

FORMIDABLE FORCE

ALUMEX PLC

Annual Report

2021/22

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FORMIDABLE FORCE

The year under review will go down in history as one that posed many obstacles to growth and it was a change that set the bar which dictated the survival of the fittest. While the industry, like many others, slowed down to absorb the impact of the new normal, we picked up the pace in seeking out opportunity amid trial and expanded our capabilities to encompass development and innovation, brought about by a team committed to success.

While the year pushed back with unique challenges, we met it head on with tact, stability and strength, a formidable force that showed our true potential.

VISION MISSION AND VALUES

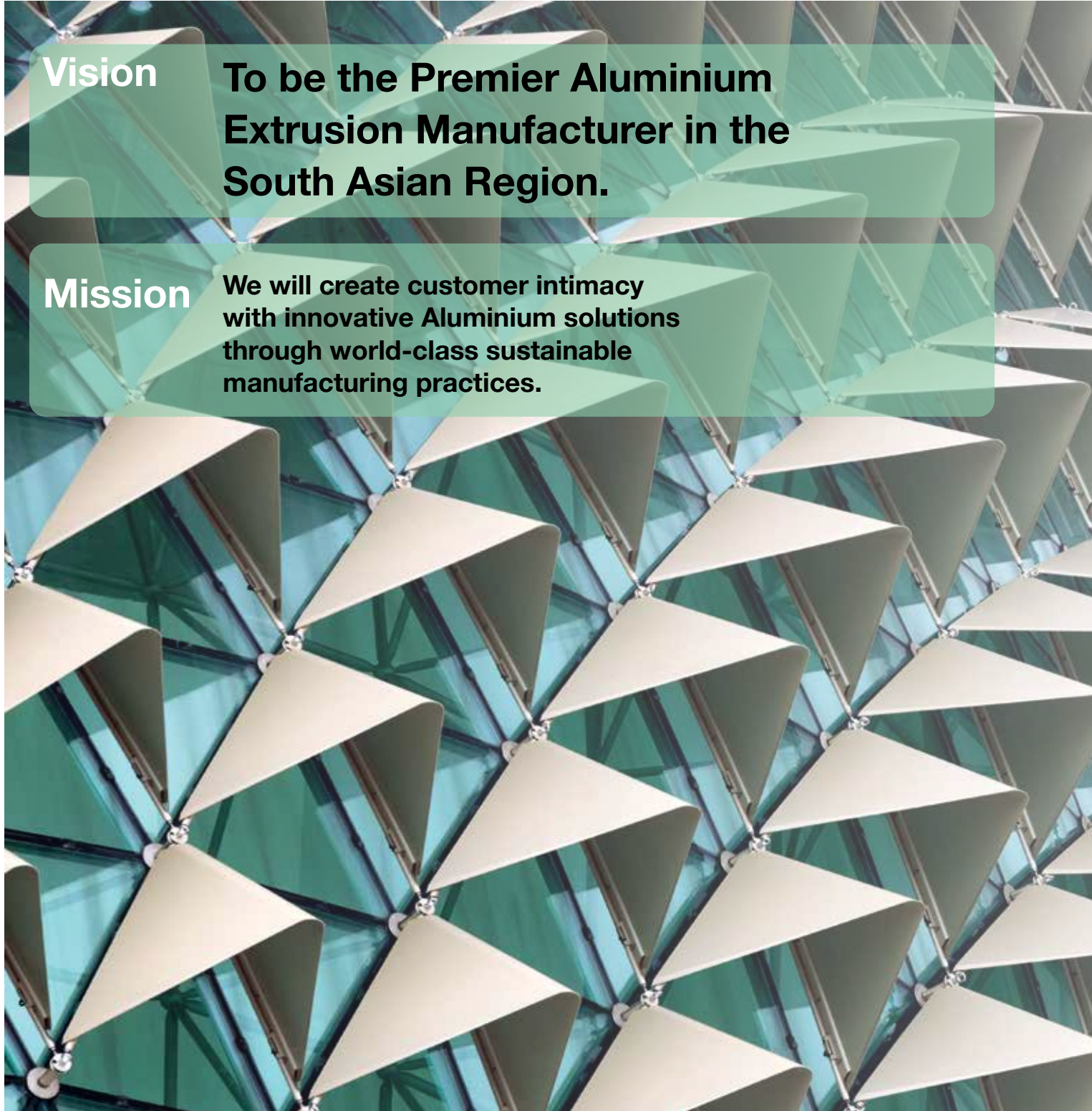
GRI 102 - 16

Vision

To be the Premier Aluminium Extrusion Manufacturer in the South Asian Region.

Mission

We will create customer intimacy with innovative Aluminium solutions through world-class sustainable manufacturing practices.



Values

- **Integrity** : Ethical and transparent in all our dealings
- **Enduring Customer Value** : Enhancing experiences for every customer, from the rural farmer to the global consumer
- **A Will to Win** : Exhibiting the will to win is important to Alumex and its shareholders
- **Respect for People** : Treating everyone with respect and dignity, providing for the development of our people and rewarding them for good performance
- **Good Citizenship** : Caring for the communities in which they work, actively supporting their growth and being environmentally responsible in all we do
- **Teamwork** : Working with each other and with partners across boundaries to make things happen
- **Accountability** : Holding ourselves responsible to deliver what we promise

ABOUT THIS REPORT

GRI 102 - 12, 45, 46, 48, 50, 51, 52, 53, 54, 55, 56

REPORT PROFILE

Reporting Period

We follow through a 12-month reporting cycle and this current report which covers the period from 01st April 2021 to 31st March 2022 corresponds to our financial reporting year ending 31 March 2022.

Since 2016 Alumex PLC has been publishing an integrated annual report. All previous integrated reports including the most recent past report for FY ended 31 March 2021 are available for viewing and download on our corporate website - www.alumexgroup.com.

There are no restatements pertaining to any of these previous reports and no any changes to the reporting periods

SCOPE AND BOUNDARY

This report provides comprehensive coverage of Alumex PLC and its subsidiary, Alco Industries (Pvt) Ltd business and operational activities, as well as the risk, governance, and sustainability measures that support the achievement of the Company's strategic ambitions, while balancing the expectations of all stakeholders. Towards this end, the report contains both financial and nonfinancial information, thus enabling not only our shareholders but a diverse stakeholder across our value chain to ascertain the Company's performance across multiple dimensions.

REPORTING FRAMEWORKS

The content of this report is based on the Six Capitals model incorporated in the International <IR> Framework issued by the International Integrated Reporting Council (IIRC). By adopting the Six Capitals model, we want to portray how we use integrated thinking to transform our capital resources (Inputs) in order to deliver financial results and create value (Outcomes) for our stakeholders. To illustrate how this takes place, the report content has been structured to flow from the Material Topics that influence our business model, strategy, performance and future prospects. Our Material Topics and how they are determined are described in detail on pages 40 to 41 of this report.



Financial Capital



Manufactured Capital



Human Capital



Social and Relation Capital



Intellectual Capital



Natural Capital

Other applicable reporting frameworks include;

FINANCIAL Reporting

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Sri Lanka Financial Reporting Standards - SLFRS
- The Companies Act no. 7 of 2007

GOVERNANCE, COMPLIANCE AND RISK Reporting

- Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka
- Listing Rules of the Colombo Stock Exchange

SUSTAINABILITY Reporting

- Global Reporting Initiative (GRI) Standards "In Accordance Core"
- United Nations Sustainable Development Goals (SDG's)

COMBINED ASSURANCE

We have adopted the principles of combined assurance wherein inputs from both internal and external sources are used to review and verify the accuracy and authenticity of the content included in this report.

Internally, our Management Teams as well as assurance from the Company's compliance function have confirmed the accuracy and completeness of the information and data contained in the report.

Mssrs. Ernst and Young, Chartered Accountants have provided external assurance for the Financial Statements and other statutory financial disclosures. The GRI sustainability indicators included in this report have been reviewed by Messrs. KPMG, report shown

on pages 220 to 222. For the first time, we have taken the additional step of obtaining an independent limited assurance on the content elements in this report and its alignment with the <IIRC> Integrated Reporting Framework for the FY 2021/22 annual report. The independent assurance report issued by Mssrs. KPMG in this regard is shown on page 223 to 225.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements with regard to Alumex PLC's financial position, results, operations and business activities. These statements involve risk and uncertainty as they relate to and depend on events that occur in the future. Therefore it can be reasonably assumed that incidents that occur in the future may cause actual results or outcomes to differ materially from what was expressed or implied by forward-looking statements.

As such all forward-looking statements are deemed to be applicable on the date of publication of the report. Alumex PLC does not accept any obligation to revise or in any way update information expressed in these forward-looking statements.

BOARD RESPONSIBILITY STATEMENT

The Alumex PLC Board takes full responsibility for the credibility of this integrated annual report for FY 2021/22. The Board assures that the report gives a fair and a transparent account of all material issues underlying the sustainability of Alumex PLC.

A. M. Pandithage
Chairman

03 May 2022
Colombo

FEEDBACK AND QUERIES

We greatly appreciate the insights received regarding our previous reports and urge our readers to be proactive in providing their feedback regarding this current report as well. Any feedback or queries should be directed to:

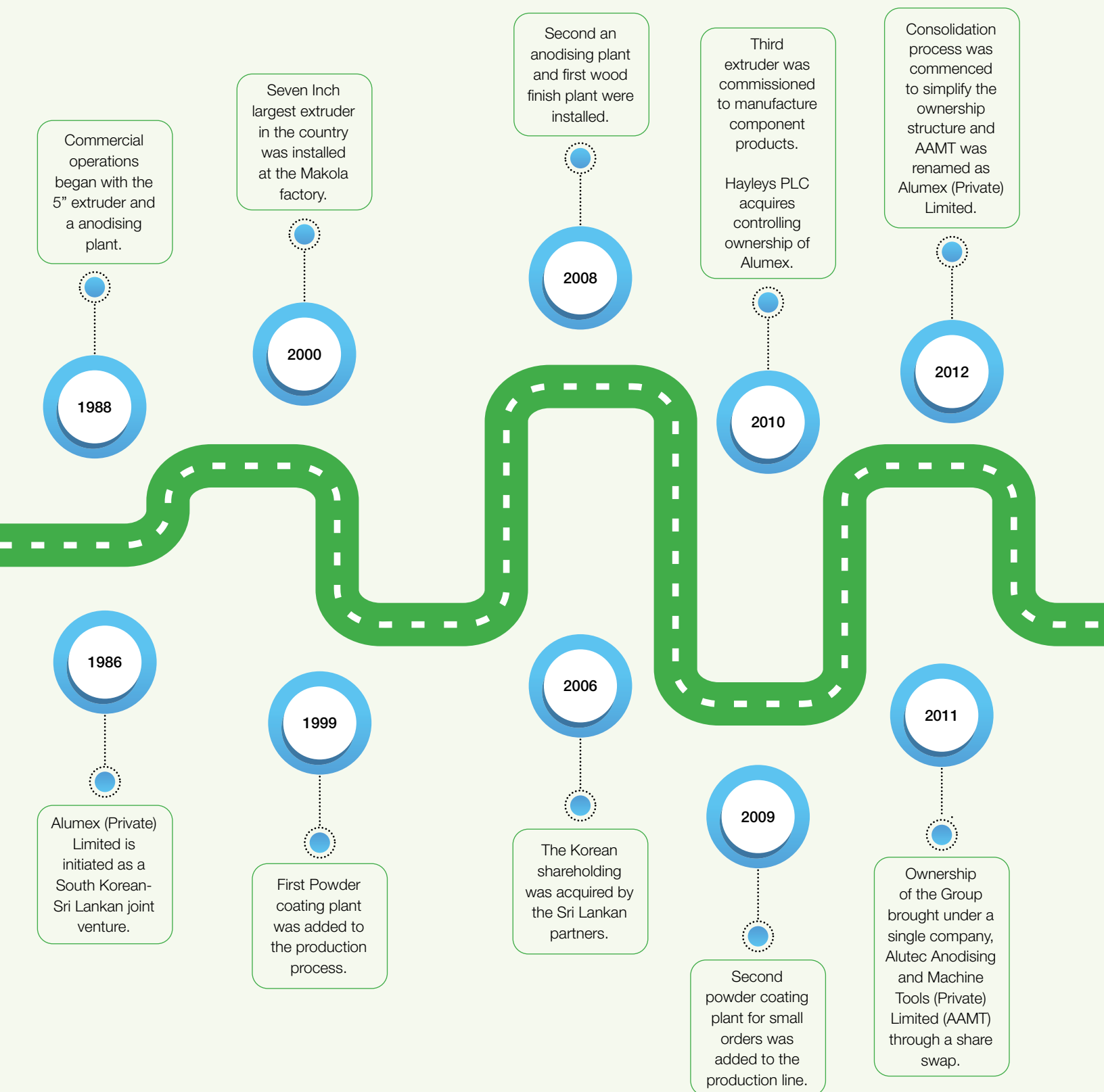
The Chief Financial Officer,
Alumex PLC,
Pattiwila Road,
Sapugaskanda, Makola
Tel - 94 11 2400332
Email: info@alumexgroup.com
www.alumexgroup.com

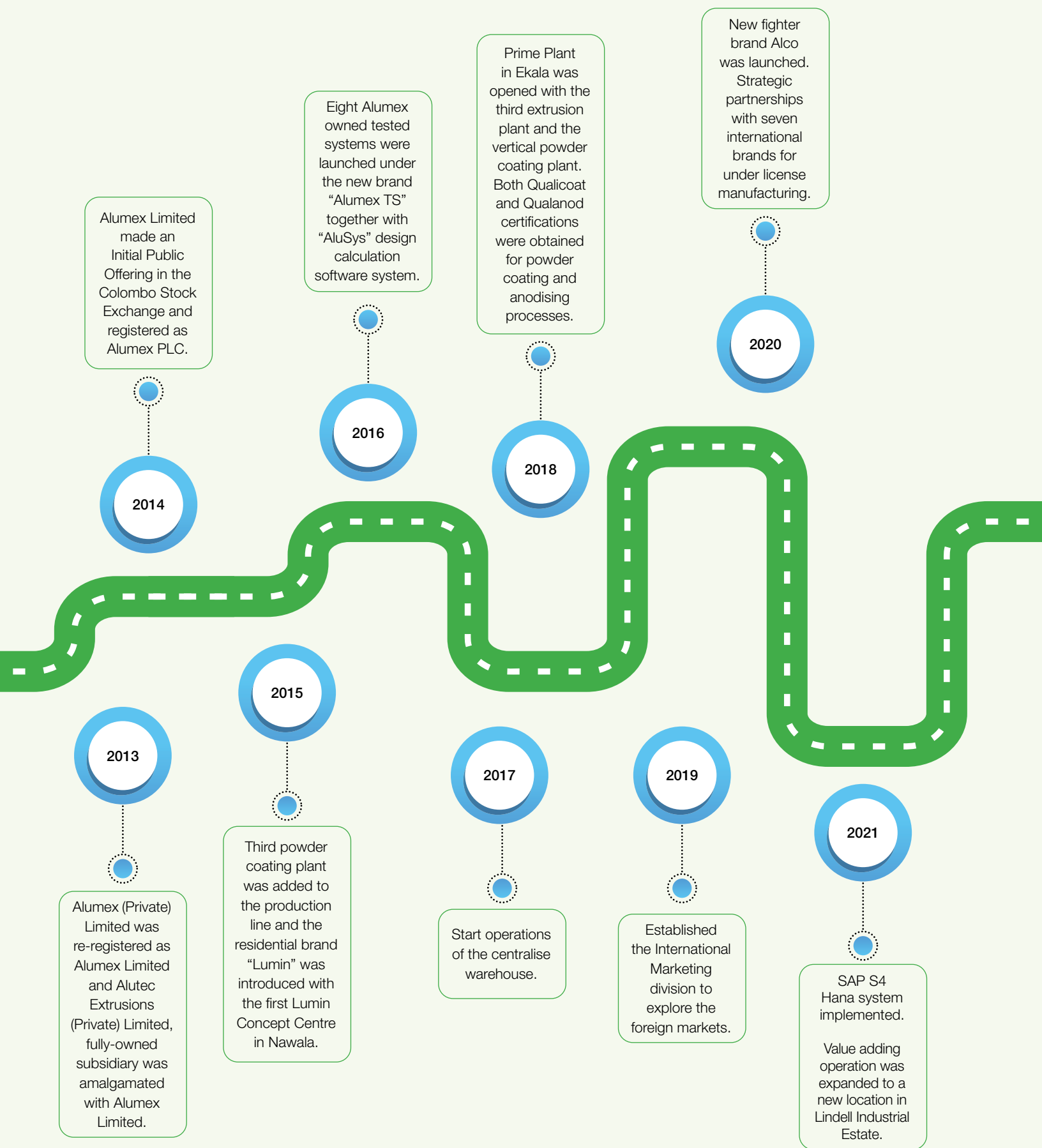
ACHIEVEMENTS AND AWARDS

Award	Ranking	Year	Awarding institute
29th Annual NCE Export Awards	Gold Award in the Medium Category of Machinery & Light Engineering Products Sector	2022	National Chamber of Exporters of Sri Lanka
7th Asia Integrated Reporting Awards	Bronze Award in the category of Integrated Report (SME) at the Asia Integrated Reporting Awards (AIRA)	2022	Asia Integrated Reporting Awards CSRWorks International
56th Annual Report Awards 2021	Silver Award Awarded in the category of Manufacturing Companies (Turnover LKR 5 Bn)	2021	Institute of Chartered Accountants of Sri Lanka
National Business Excellence Awards 2021	Winner – Manufacturing – Engineering Sector	2021	The National Chamber of Commerce of Sri Lanka
CNCI Achiever Awards 2021 for Industrial Excellence	Merit Award Winner at National Level – Extra Large Category Manufacturing Sector	2021	The Ceylon National Chamber of Industries - CNCI
Green Labeling Awards Ceremony 2021	Alumex PLC endorse as GREEN Labelled Product Alumex Aluminium Extrusions	2021	Green Building Council of Sri Lanka



HISTORICAL MILESTONES





CHAIRMAN'S STATEMENT

GRI 102 - 14



Dear Stakeholder

Presenting the Annual Report and financial statements of Alumex PLC for the year ended 31st March 2022, I would like to take a moment to recount our remarkable journey. From humble beginnings in 1986, Alumex has worked its way up to become not only the largest manufacturer of Aluminium extrusions in the Country, but also Sri Lanka's largest exporter of Aluminium products.

I believe our success over the years, and in particular over this past year, is the result of our well attuned approach to business; our clear vision of who we are and where we want to go; our pursuit of excellence in everything we do and our appetite for continuous innovation.

OPERATING CONTEXT

After experiencing muted growth since 2019, the Sri Lankan economy regained ground in 2021 as the government-led vaccination campaign paved the way for the broad based resumption of economic and industrial activity. The manufacturing sector which was severely affected by pandemic induced challenges in 2020, bounced back to record solid growth in 2021. A notable revival was seen in construction sector activity as well, following the resumption of state and private sector projects that were stalled due to COVID-19. With all key sectors of the economy rebounding strongly, Sri Lanka noted a credible 3.5% GDP expansion in 2021.

Despite good growth indicators however, downside risks remained elevated amidst the Country's depleting foreign reserves, rising inflationary pressures and devaluation of the Rupee in the early of 2022.

STRATEGIC IMPERATIVES

Moving quickly to capitalise on improved business sentiments and the revival in construction sector activity, we focused on three strategic imperatives; deepening local market penetration, growing exports and

driving operational excellence. Focused strategies under each pillar saw Alumex making great strides on several fronts.

Highlights 2021/22 - Highest Results

Revenue Rs. 9.60 Bn	Profit Before Tax Rs. 1.38 Bn	Profit After Tax Rs. 1.15 Bn
---------------------	----------------------------------	---------------------------------

A combination of our brand visibility initiatives, ongoing innovation and product differentiation strategies saw all our brands perform well in the local market. Alumex and LUMIN continued to dominate their respective spaces. The Alumex range which serves the mainstream was significantly expanded with a total of 189 new innovative product variations unveiled during the year, key among them; the Alumex SOLAR Ground Mounting System for the renewable energy industry. LUMIN's market presence was also further strengthened through the tactical increase in island-wide coverage. It is very encouraging to see our latest mid-range offering - ALCO continuing to gain traction within its target market. With consistent month on month growth across all brands driving up overall market share, Alumex was able to further cement its dominance in the local Aluminium extrusion space.

I am very pleased with how our aggressive export market strategies have brought us closer to our ambition to position Alumex as a global brand. The fact that our presence is now marked in over 13 countries around the world, most recently in Italy, gives me reason to believe that we are very close to achieving this ambition. A quick glance at the historical figures will suffice to show the massive strides we have in our export strategy. Starting with mere 43 MT in FY 2019/20, in three short years we are now reporting 1,291 MT, a thirty-fold increase in export volumes. It goes without saying that revenue attributed to exports has also increased significantly during this time.



Our third strategic imperative - manufacturing excellence was the key catalyst driving our success both locally and internationally. I proudly acknowledge that our legendary commitment to manufacturing excellence saw Alumex reporting the best year yet in terms of productivity, cost efficiency and capacity utilisation. We also witnessed a significant reduction in customer complaints, yet another reflection of our relentless commitment to excellence. Leveraging our track record for manufacturing excellence, Alumex was able to secure the license for another globally renowned proprietary system, Capral - Australia and with this new addition, our portfolio of proprietary licenses stands at 7, giving Alumex solid competitive advantage both in the local and overseas markets.

FINANCIAL PERFORMANCE

Bolstered by volume growth across all market segments, Group revenue increased to a record-high of Rs. 9.6 Bn, denoting 59% improvement year-on-year. While local revenue remained the largest contributor, accounting for 86% share of total Group Revenue, the share of export revenue in the total revenue mix increased to 14% from 6% in the previous year.

Meanwhile despite pressure on margins due to rising Aluminium prices on the London Metal Exchange (LME), we managed to register a Gross Profit of Rs. 2.3 Bn, 33% higher than the figure reported in the previous year. This, I believe is a direct result of the manufacturing

Chairman's Statement

excellence programme and diligent cost containment initiatives deployed across the business.

We achieved a significant milestone in terms of our bottom line as well. Group EBIT increased to Rs. 1,488 Mn, up 21% from Rs. 1,233 Mn in the previous year. Consolidated post-tax profit crossed the Rs 1 Bn mark for the first time in Alumex history, to reach an all-time high of Rs. 1,151 Mn - 37% increase year on year.

Eager to share our success with our shareholders, the Board declared and paid a dividend of Rs. 0.60 per share resulting in the highest dividend payout in our 8-year history.

The Alumex share price in the Colombo Stock Exchange (CSE) also performed well during the year, a clear indication of investor confidence in our performance and prospects. The share recorded-high of Rs 18.40 in the FY 2021/22 compared to Rs 16.10 reported in the previous year.



AWARDS AND ACCOLADES

I am very pleased to see our achievements being noticed at a national level. In January 2022, Alumex celebrated its first export win by claiming the Gold award at the 29th Annual NCE Export Awards, under the Machinery & Light Engineering Products' sector in the Medium Category.

Aside from being awarded for our export growth strategy and consistently meeting the needs of international trade, this award also acknowledges our adherence to ethical and green practices that contribute towards a more sustainable future for our industry as a whole.

GOVERNANCE AND STEWARDSHIP

The Alumex PLC Board stands firm in its commitment to ensure the Group's operations are framed by the principles of good governance and responsible stewardship. Towards this end, the Board continues to develop and strengthen governance procedures. We spent a considerable amount of time this past year reviewing and strengthening risk management framework in light of the rapid expansion in our business, both locally and overseas.

At the same time, our HR teams worked closely with the Hayleys Group Management Committee to improve the transparency and clarity of Alumex's employee communications framework to benchmark HR best practices.

I am pleased to note that Alumex was ranked in 21st place by Transparency International in their annual survey to evaluate the governance processes of publicly listed entities. I see this as further assurance of the efficacy and completeness of our overall approach to governance.

COMMUNITY SUPPORT

We continued to channel resources to support Sri Lanka's fight against the COVID-19. Alumex tied up with Mabroc Teas (Pvt) Ltd - another Hayleys Group company to renovate the High Dependency ward at the Base Hospital, Kiribathgoda in order to strengthen its capacity to manage critical COVID patients. The refurbishment activities were undertaken entirely by employees of both companies and I am proud to see Alumex employees willingly dedicated their personal time and effort for this community work.

We also got involved in setting up digital classrooms in rural schools for the benefit of students who did not have access to online learning tools.

FUTURE OUTLOOK

Coming away from what has been the most successful year in Alumex's history, we will look to further build on our achievements. However, as we strive to accelerate the momentum, we remain mindful that economic uncertainties are likely to persist for some time to come.

Amidst this backdrop, I expect scalability, manufacturing excellence and optimal market positioning will be the critical levers for Alumex to drive and sustain growth across all its key markets. Going forward, even as we adopt an aggressive approach to support our growth ambitions in the export sector, we will focus on continuously reasserting our leadership position in the local market. In short - our plans for the future are centered on producing consistent results for the benefit of all our stakeholders, and the country as a whole.

APPRECIATIONS

To my colleagues on the Board, thank you for your active participation in all Board matters and for the support extended to me at all times.

On behalf of the Board, I wish to extend my heartfelt thanks to our employees for their remarkable dedication which has been instrumental in Alumex's success this year and always.

The Board joins me in thanking our shareholders, customers, suppliers, licensing partners and other stakeholders for their continued confidence in our business and strategic direction. We seek your continued support to realise the Alumex vision in the years ahead.

A. M. Pandithage
Chairman

Alumex PLC

03 May 2022

REASONS TO INVEST IN ALUMEX

01

MARKET LEADERSHIP

- Over 50% market share in Sri Lanka supplying to a wide range of customer segments.
- State-of-the-art warehousing and logistics infrastructure for island-wide distribution.
- Solid brands – Alumex, LUMIN and Alco.

5-Year - Compound Average Growth of Local Sales: 7%

02

GOING BEYOND BORDERS

- Strong established presence in key South Asian markets.
- Penetration into high-value added markets in Europe and North America.
- Entry to the Australian and New Zealand markets.

FY 2021/22 - Growth in Export Market Sales: 288%

03

OUTSTANDING RETURNS TO SHAREHOLDERS

- Delivering a smart strategy combined with best business practices to optimise shareholder returns.
- Over 40% dividend pay-out.

FY 2021/22 - Return on Equity 34%

04

STATE-OF-THE-ART MANUFACTURING FACILITIES

- Largest manufacturer in Sri Lanka with an annual capacity of 22000 metric tons of Aluminium extrusions.
- Capability to produce customised value added solutions.
- Strategic investments for ongoing capacity expansion and continuous upgrades.

5-Year - Cumulative Capex: Rs. 1,103 Mn

05

UPHOLDING QUALITY AND STANDARDS

- Quality certifications for highest warranty.
- Multiple quality certifications for finishing processes.
- Manufacturing licenses for world renowned proprietary systems.

5-Year - Cumulative Certification and Licensing Investment: Rs. 40 Mn

06

PRODUCT AND PROCESS DEVELOPMENT

- Focused research on value addition and new product development.
- Ongoing process improvements to drive cost efficiencies.




5-Year - Cumulative Research and Development Investment: Rs. 29 Mn

MANAGING DIRECTOR'S REVIEW



This past year has been a very busy and exciting period for Alumex PLC. Like everyone around the world, we continued to battle with the COVID-19 pandemic, its impact on our people and the disruption to our business. We also found ourselves dealing with economic uncertainty that brought forth fresh challenges. Nevertheless underpinned by our solid risk management fundamentals and resilient business model, we kept our focus on our core strategies and made calculated decisions to strengthen our position in our key markets.

With these well timed strategies, Alumex not only delivered remarkable results but went on to break all-time records on many fronts. If I am to sum up - FY 2021/22 was one of transformational growth for Alumex PLC.

Highlights 2021/22		
Revenue Rs. 9.60 Bn (6.02Bn – 2020/21) 59%	Profit Before Tax Rs. 1.38 Bn (1.02Bn -2020/21) 35%	Profit After Tax Rs. 1.15 Bn (0.84Bn 2020/21) 37%
		

SUPPORTING STAKEHOLDERS THROUGH THE NEW NORMAL

With the COVID-19 pandemic far from over, outbreaks from new variants of the virus saw a steady increase in country-wide infections. However, having dealt with the pandemic for over a year, we had become quite seasoned at handling these challenges. For the safety of those reporting to work, we continued to tighten COVID safety protocols at our factories and remained on high alert for those showing symptoms, while further streamlining our contact tracing mechanism to keep tabs on employees who could be potentially exposed to the virus outside of the workplace. Shifts and meal rosters were adjusted to minimise one-on-one contact between employees. Accommodations were arranged for those who wished to avoid traveling to and from home. Meanwhile, keen to relieve the burdens of employees and their families under home quarantine, we provided dry rations, meals, medicines and other support including facilitating virtual medical consultations.

We adopted multiple strategies on the distribution front as well. We assisted our dealers and distributors who came under pressure due to work stoppages during lockdown periods, even extending special credit facilities to some in order to ensure the continuity of their businesses. We were thus able to secure the support of our dealer network to actively mobilise our distribution to ensure service delivery timelines were met, often going as far as delivering products to the doorsteps of our customers.

STRATEGY AND PERFORMANCE

As I said before, having been operational from the onset of the pandemic in March 2020, we at Alumex have now become quite adept at tackling these challenges. This gave us the confidence to move into high gear and decided to pursue our growth ambitions. We undertook systematic procurement planning and also proceeded to diversify our global supply chains to assure a continuous flow of Aluminium logs to keep our extrusion plants up and running throughout the year. Strict procurement planning principles were applied to streamline our local sourcing activities as well to ensure a steady supply of dies and other essentials for our finishing plants.

These efforts together with ongoing maintenance and upkeep saw overall capacity utilisation at our factories almost touch pre-pandemic levels. In FY 2021/ 22, average annual capacity

utilisation at our plants was 40% and 36% at our finishing plants, both substantially higher than the 31% and 32% respectively recorded the previous year.

Seeing world Aluminium prices were escalating rapidly we paid special attention to order planning combined with strict inventory management to alleviate margin pressure as much as possible. Cost containment strategies were also further intensified with strong emphasis on curtailing recurring operational variables as well as controlling selling and distribution expenses.

In an effort to further strengthen Alumex's USD liquidity coverage, we took steps to expedite our export strategy. We also began thinking more purposefully about the use of locally sourced alternative aluminium materials for the manufacture of extrusions. I must admit our research so far has been very encouraging. So much so, that in fact it has allowed us to significantly increase the volume of recycled aluminium used for the manufacture of extrusions. Recycled Aluminium now accounts for 50% share of our raw material mix, up by 11% from the previous year consumption.



On the marketing front, we made a strong push to expand our export market coverage. Alongside broad based efforts to develop our existing export base, we moved quickly to reorient ourselves to cater to the emerging global demand for premium value added solutions which paved the way for Alumex to break into several new markets in Europe. On a related note, the new capacity expansion at our component plant which we undertook and completed all within the financial year, has added a significant boost to our ability to create customised solutions for these discerning overseas markets.

Our financial performance for FY 2021/22 stands testament to the robustness of these strategies in supporting our ability to deliver sustained results despite headwinds. Group revenue increased to Rs. 9.6 Bn, a

Managing Director's Review

phenomenal 59% increase from the Rs. 6 Bn registered in the previous year. While revenue growth was observed in both the local and export segments, growth in the export segment far outpaced the improvement registered in the local market.

Export revenue grew from Rs. 374 Mn in the previous year to Rs. 1,451 Mn for the FY 2021/22. This impressive 288% increase in export revenue was the result of three-fold incremental volume growth coupled with price advantages stemming from demand and supply dynamics in the global marketplace.

Local vs Import Billet Usage	50 % 
Export Sales by Total Sales	15% 

In the local segment, all revenue streams reported solid growth in excess of 20%+ year on year, which I believe points to the strong customer acceptance of our flagship Alumex brand. I am also very pleased to see how well our high end brand LUMIN continued to gain traction in the domestic market. During the year, we initiated a focused plan to increase the visibility for LUMIN in the local market through the expansion of our island-wide dealer network. Further reinforcing our footprint, we also opened five dealer-managed LUMIN centers in Pepiliyana, Nawala, Nagoda, Kilinochchi and ambalangoda to give customers in these areas the opportunity to benefit from first-hand experience.

Bolstered by exceptional revenue growth, the Group reported Gross Profits of Rs. 2.3 Bn, a praiseworthy 33% increase, while profit after tax crossed the Rs. 1 Bn mark to reach a historical milestone of Rs. 1,151 in FY 2021/22.

COMMITMENT TO INNOVATION

Since our inception, we have relied on innovation as the main pivot to articulate our value proposition and differentiate ourselves from peers. In fact, I firmly believe innovation

has been the key catalyst of Alumex's success over the past 33 years.

The challenges encountered in this past year only served to fuel our passion for innovation enabling several new products and product variations to be added to our portfolio. Key among them was the launch of Sri Lanka's first-ever DIY (Do It Yourself) range of stylised Aluminium doors and windows presented to the market under the LUMIN brand.

Furthermore being the only manufacturer in South Asia with licensing rights to manufacture the top seven global proprietary systems, we continued to leverage these relationships to release 189 new design variations to further augment our generic product portfolio.



2021-22 - 189
2020-21 - 52
2019-20 - 35

PEOPLE DEVELOPMENT

I readily acknowledge that our people are the heart of our business and their contributions to our success are highly valued. In the year under review, we reiterated our commitment to our people by assuring their financial security throughout the pandemic period. Accordingly, no pay cuts or retrenchments were announced with salaries and other dues paid in full and on time during the pandemic. Production incentives and bonus entitlements were also granted and paid as per usual. Meanwhile, a salary increment was declared across the board, while the cost-of-living allowance was raised with due consideration of inflationary pressures.

Further reiterating our commitment towards employee development, we deepened our focus in training and directed significant funding to increase the annual average training hours for both executives and non-executives to 250 hours respectively.

We also launched a broad based competency development programme to focus on strengthening leadership, soft skills and technical competencies among our teams.

Needless to say employee engagement remained a priority with our leaders making use of every opportunity to maintain continuous and ongoing engagement with their respective teams.

SUSTAINABLE OPERATIONS

Alumex's transition to sustainable operations is a continuous and ongoing exercise involving integrated thinking and a dynamic approach to taking action. Our journey towards sustainable operations is underpinned by our desire to reduce the carbon footprint of our operations. Our primary effort towards this end is the use of recycled Aluminium in the manufacture of our core products.

As I outlined before we have made some remarkable progress in this sphere in seeking out new sources of waste Aluminium to be recycled in our operations. Beyond this we have continued work towards reducing our carbon footprint by systematically tackling all environmental concerns associated with our operations in line with global best practices.

More recently we have broadened our focus to gradually increase the use of alternative energy in our production plants. Our investments in renewable energy also make an important contribution towards Alumex's transition to sustainable operations. Through consistent investments over the years we have ensured that almost 10% of our energy requirements are met by renewable energy.

In acknowledgement of the progress made in these areas, in 2021 Alumex was granted the green building certification covering all products and processes. Such formal recognition tells us that we are on the right track. More importantly, it inspires us to reach for even greater heights.

SOCIAL RESPONSIBILITY

As a large organisation, we are very much aware of our responsibility to demonstrate leadership as a good corporate steward. In the year we channelled Rs. 4.9 Mn towards socially responsible initiatives, including to our flagship white cane donation project to support the visually impaired community in Sri Lanka as well as the Rural School Development Project.

Alumex also partnered with the VTA (Vocational Training Authority) of Sri Lanka and several technical training schools around the country to support the development of vocational training programmes for youth in the areas of welding, carpentry, etc.

We continued providing assistance for COVID-19 prevention activities across the country.

THE NEXT STEPS

Having achieved all that we set out to do in this past year certainly gives Alumex the leverage to approach the future with confidence. While we are determined to move forward and build on our success, we will nonetheless remain cautious of the downside risk from the forex liquidity crisis in the country and it's far reaching consequences on the economy.

Amidst this backdrop, our priority will be on export orientation where we will aim to grow aggressively and strengthen our position in existing markets, while strategically making inroads into new markets and territories. I expect innovation to be the cornerstone of our export market penetration strategy.

In the domestic market, I foresee some challenges as prevailing economic uncertainty and inflationary pressure influence the prospects of the construction industry and erodes the disposable income of households.

For our part, we have never been deterred by such challenges. We are confident that the strength of the Alumex brand and the resilience of our business model will underpin our ability to move firmly ahead to reinforce our position as the most trusted Aluminium brand by all Sri Lankans.

APPRECIATIONS

Before I conclude, I would like to express my sincere appreciation to my management team and all Alumex employees for their outstanding commitment and the willingness to go above and beyond which made it possible for Alumex to excel in these difficult times.

Let me also take this opportunity to thank our Chairman, Deputy Chairman and fellow members of the Board for their guidance and visionary leadership that made Alumex what it is today.

A special word of thanks also to all our valued customers, suppliers, business partners, shareholders and other stakeholders for their continued trust and loyalty towards supporting our path to progress. I urge you to stay connected with Alumex as we strive for bigger and better things in the years ahead.



Pramuk Dediwela
Managing Director

Alumex PLC

03 May 2022

YEAR AT A GLANCE

**ACHIEVED EVER
HIGHEST PROFIT
BEFORE TAX**

**1.4 Bn WITH
TURN OVER
9.6 Bn**

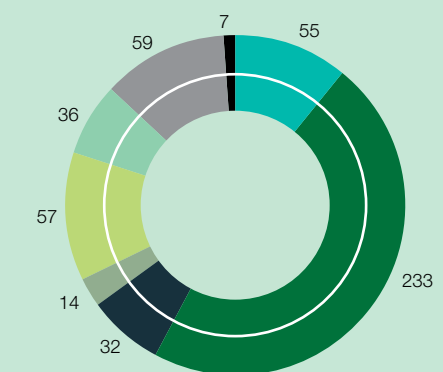


**ONLY ONE ALUMINIUM
MANUFACTURER TO HOLD
QUALANOD & QUALICOAT
LICENSE**

IN SRI LANKA

**HDU & ISOLATION UNIT TO
KIRIBATHGODA HOSPITAL**

Customer Network



Contractor
 Dealers
 Direct
 Distributor
 Fabricator
 Foreign
 Industrial
 Other

WAY TO SUCCESS

155

Fabricators Trained

189

New Products and Designs

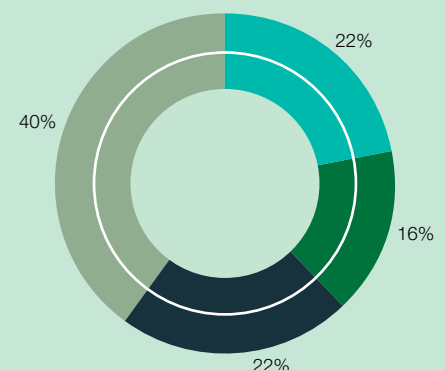
5,395 MT

Local Billet Production

383 MN

Investment on New Melting plant

Employee Grade Category by Contract Type (%)



Casual
 Executive
 Staff
 Wages

8,425

Employee Training Hours

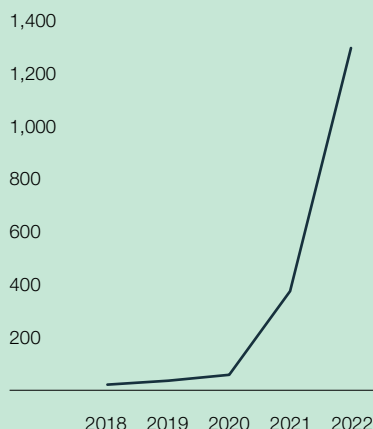
2,000

White canes donated

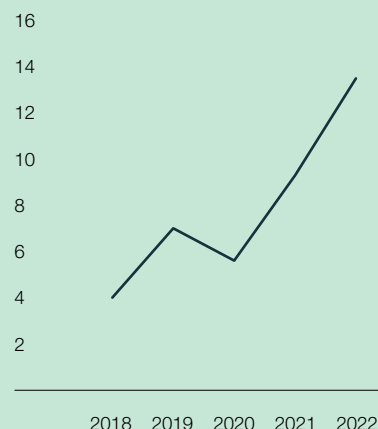
250

School children received stationery items and school bags

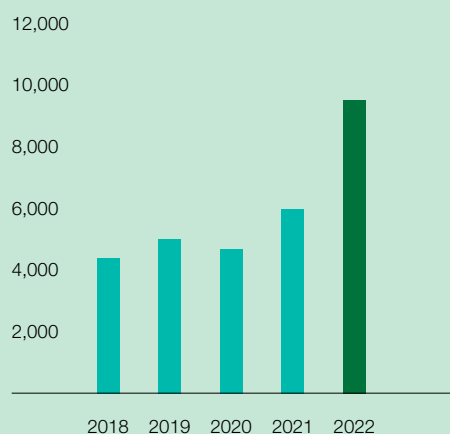
Export Sales (Rs. Mn)



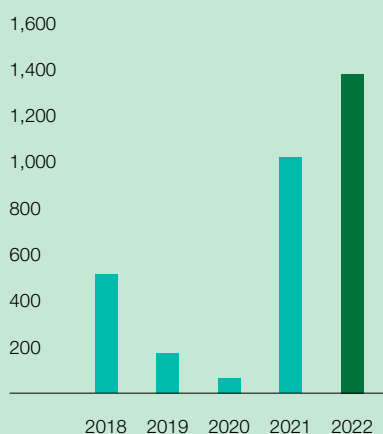
Foreign Exchange Saving (USD)



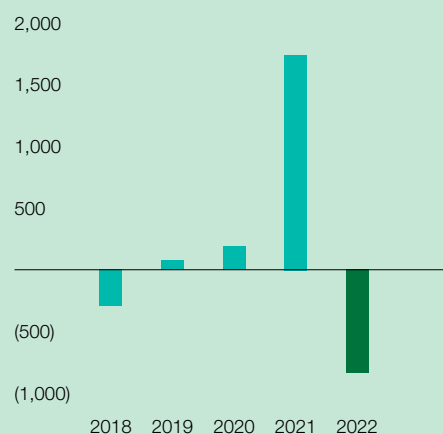
Revenue (Rs. Mn)



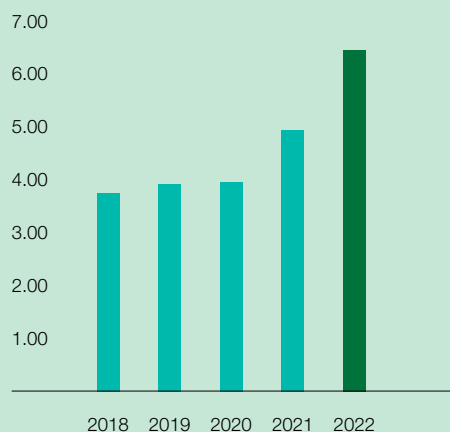
Profit Before Tax (Rs. Mn)



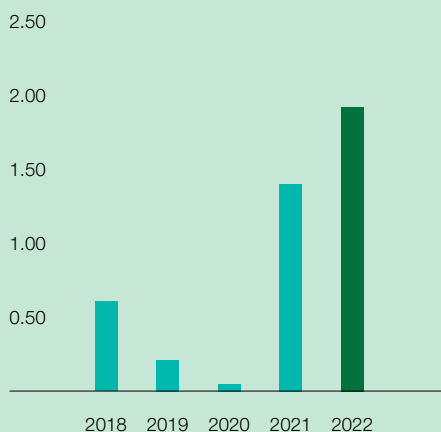
Cash from Operations (Rs. Mn)



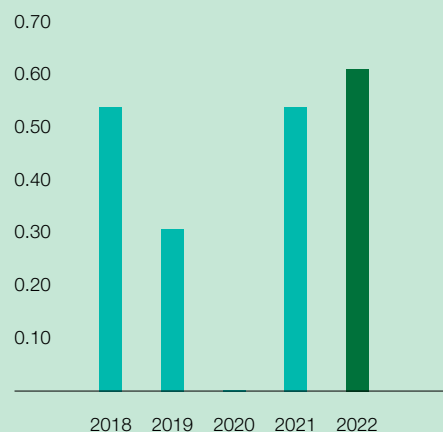
Net Asset Per Share - Group (Rs.)



Earning Per Share (Rs.)



Dividend Per Share (Rs.)



ABOUT US

GRI 102 - 01, 02, 03, 04, 05, 06, 07

Alumex PLC is the undisputed market leader in Sri Lanka for Aluminium extrusions. Founded in 1986, Alumex started commercial operations in 1988. Alumex PLC, a subsidiary of Hayleys PLC, was listed on the Dirisavi Board of the Colombo Stock Exchange in 2013.

Over the past three decades, we have led from the front to transform Sri Lanka's Aluminium extrusion industry on par with global standards.

Our manufacturing facilities are world-class and comply with international standards. Alumex PLC's head office and the main factory are located at Pattiwila Road, Sapugsknda, Makola. We have over the years invested in strategically expanding our manufacturing capacity which saw the commissioning of the Prime Plant at Ekala, Ja-Ela in 2018. Our most recent capacity expansion is the Value Adding Plant and 3R plant at Lanka Industrial Estates, Makola opened in 2021.

Our current capacity stands at over 1,850 metric tonnes of Aluminium extrusion manufacturing capacity per month, combined with melting and casting, die manufacturing, extruding, surface finishing of profiles and component items. We are also the leading expert in Sri Lanka for mill finished, anodised, powder coated and wood finished Aluminium profiles for industrial and architectural use.

Positioned with 9 distribution centers, 3 LUMIN concept centers, and an island-wide network of dealers and distributors across all nine provinces, we serve a wide range of

customers including fabricators, contractors and engineering industry buyers from the residential, commercial and industrial segments.

Today, we have a diverse portfolio catering to all segments of the market through a broad gamut of UKAS accredited architectural, hardware, and industrial products including the globally recognised international proprietary systems for doors, windows, and facades manufactured under license from reputed global principals. The most recent addition to our product portfolio is the DIY (Do-It-Yourself) range of prefabricated doors and windows for the retail market and the Alumex Building System - custom designed to support ground mounted solar installations for the expansion of the renewable energy sector. As a testament to our superior range of high quality products, we have been recognised with the Qualicoat, Qualicoat SeaSide, and Qualanod international accreditation labels.

Our unwavering commitment to quality and excellence and the deep rooted desire to innovate have propelled our brands - Alumex, LUMIN and Alco, to secure leading positions in their respective spaces.

Our global expansion strategy launched in 2019 has made excellent progress, with our value added engineering solutions now highly sought after in the USA, Australia, Europe, Asia, and Africa.

In the reporting year, there were no significant changes to Alumex PLC's capital structure, or our supply chain including the relationships.

KEY FACTS



Rs. 9.6 Bn

Revenue for FY 2021/22
(59% growth year-on-year)



Rs. 1.4 Bn

Export Revenue for FY 2021/22
(288% growth year-on-year)



Rs. 1.2 Bn

PAT for FY 2021/22 -37%
(growth year-on-year)



Rs. 12 Bn

Asset Base as at 31st March 2022



Rs. 202 Mn

Investment in Capacity expansion



22,000 Mt p.a

Manufacturing capacity



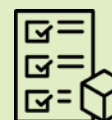
879

No. of Employees



(Tco2) 13,426

Carbon Footprint



189

New Product portfolio



50%

Supply Chain – Local 50 % and Foreign
50 %



50%

share of recycled Aluminium used in the
production

OUR BUSINESS PARTNERS

NORWAY

HYDRO ALUMINIUM

Hydro Aluminium-Norway is a Norwegian Aluminium and renewable energy company, head-quartered in Oslo.



ITALY

AluK

A leader in the design and manufacture of a range of sophisticated Aluminium building systems.



USA

DUPONT CORIAN

A manufacturer of advanced composite product used as a decorative material.



CANDORVIEW

Most innovative system design company based in Wilmington, Delaware, USA.



GERMANY

ORG ADATA AG

A leading technology-driven company which develops analytical software systems.



UAE

JOTUN MENA

JOTUN is the premier brand in Europe and the Middle East manufacturing powder and thermal polymer alloy coatings.



EMIRATES GLOBAL

ALUMINIUM COMPANY

The most productive single-site Aluminium smelter in the world, and the fifth largest Aluminium producer in the world.

INDIA

VEDANTA LIMITED

Vedanta is a leading producer of Oil & Gas, Zinc, Lead, Silver, Copper, Iron Ore, Steel, Aluminium & Power







VALUE CREATION MAP

Value Creation Model / 24
Economic Contribution / 26
Our Strategy / 27
Performance Highlights / 34
Stakeholder Engagement / 36
Identifying Material Issues / 39



VALUE CREATION MODEL

GRI 102 - 07

INPUT



FINANCIAL CAPITAL

Shareholders' Fund : Rs. 3,895 Mn
New Debt Funding: Rs. 1,420 Mn
Finance Facilities: Rs. 4,750 Mn
Read more on pages 58 to 66.



MANUFACTURED CAPITAL

Monthly Production Capacity:
1,850 MT
Investments in Machineries
Rs. 449 Mn
New Investments: Rs. 654 Mn
Read more on pages 67 to 71.



HUMAN CAPITAL

879 Employees
8,425 Training Hours
Organisational Structure
Read more on pages 80 to 96.



SOCIAL & RELATIONSHIP CAPITAL

Customer base: 493
Supplier base : 1,096
Relationship with our business partners
Community partnership
Read more on pages 97 to 106.



NATURAL CAPITAL

Material consumption: 11,328 MT
Energy consumption:
122,667,606 MJ
Water consumption: 98,995 m³
Read more on pages 107 to 114.



INTELLECTUAL CAPITAL

Tacit Knowledge
Information system
Industrial Designs
Brands: Alumex, Lumin, ABS
Dwelling
Read more on pages 72 to 79.

VISION

MISSION

KEY STRATEGIC PRIORITIES

Export Market
Growth

Innovation and
Digitisation
Initiatives

Local Market
Leadership

Manufacturing
Excellence

Inspired and
Dedicated Team

OUR VALUES

GOVERNANCE

Integrity

Respect People

Aluminium
Scrap
Recycling

Importing
Raw
Materials

Die
Manufacturing

New Product
and Process
Development

Planning and
Scheduling

Value adding
Powder Coating
Wood finish
Anodising
Component

Extrusion

Fabricator
Training &
Technical
Handbooks

Packing &
Labeling

Import
Accessories

Warehousing &
Distribution

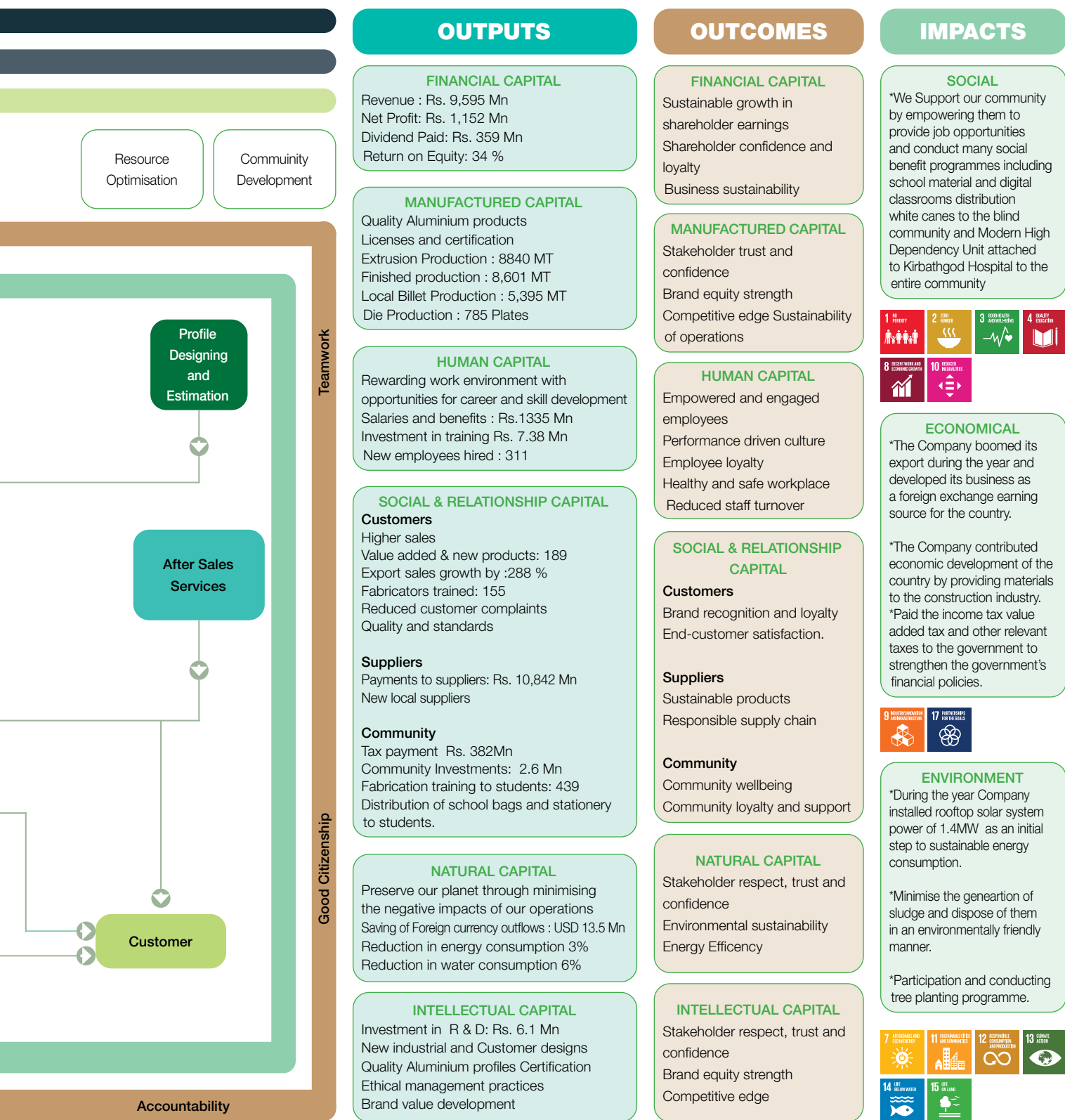
Customer engagement
Via Concept centres

Advanced Equipment
& Tooling Support

Risk Management

A Will to Win

Enduring Customer Value



ECONOMIC CONTRIBUTION

GRI 201 - 01

OVERVIEW

Alumex is in a strong position to support Sri Lanka's economy. Backed by a legacy spanning 33+ years, our portfolio of innovative, world class solutions continue to deliver the best possible outcomes for multiple industries, ranging from construction and industry to renewable energy.

This section encapsulates Alumex's contribution to the economy, with special reference to the value created and distributed to stakeholders.

MANAGEMENT APPROACH

Our overall management approach to economic value creation is based on the premise that maintaining financially sound business operations that are also environmentally and socially sustainable. Essentially our aim is to achieve maximum value for shareholders and other stakeholders, with minimum adverse effects. The Alumex Board has implemented a robust strategy supported by specific targets and objectives to drive economic value creation.

CREATING VALUE

At Alumex we take our responsibility to the nation very seriously. Over the years we have continued to deepen our contribution to the national economy through consistent investments to enhance our core infrastructure. Today, with an annual manufacturing capacity of 22,000 MT, we are the largest Aluminium extrusions manufacturer in Sri Lanka.

We are also the largest exporter of Aluminium products from Sri Lanka, with our products reaching across four continents - Asia, Australia, Europe and North America

INFRASTRUCTURE INVESTMENT

	Investment to date (Rs.)	Annual Capacity (MT)
Aluminium Extrusion Plant	1,043,369,709	22,000
Powder Coating Plant	1,082,047,039	16,600
Wood Finish Plant	106,768,083	1,200
Anodising Plant	406,493,919	5,400
Aluminium Melting	476,207,696	6,000

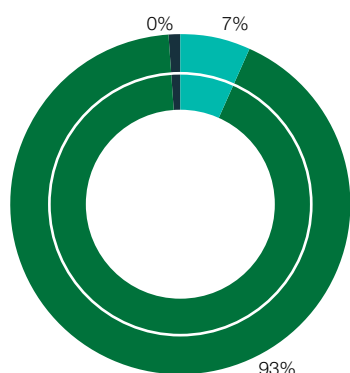
Direct Economic Value Generated FY 2021/22

Total Revenue Generated	Rs. Mn 10,364
Total Value of Exports	USD Mn 4.9
Net Gain from exports	Rs. Mn 1,450
Operating Profit	Rs. Mn 1,487
Economic Value-Added	Rs. Mn 9,311
Value Retained	Rs. Mn 1,053

Economic Value Distributed FY 2021/22

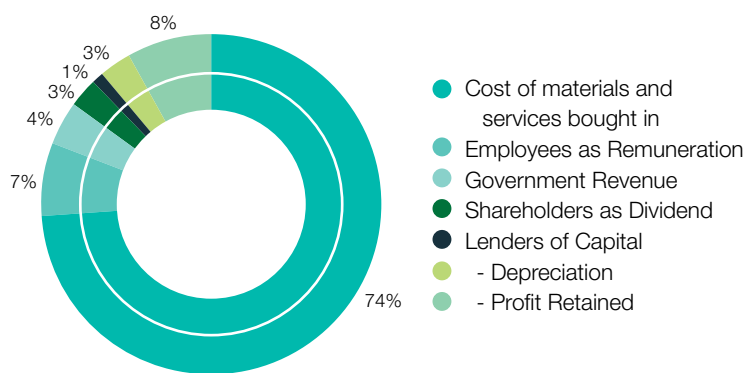
Operating Costs	Rs. Mn 7,114
Dividends	Rs. Mn 359
Capacity Expansion	Rs. Mn 201
Employee Wages and Benefits	Rs. Mn 1,335
Payments to suppliers	Rs. Mn 10,842
Payments to Government	Rs. Mn 382
Community Investments	Rs. Mn 15
Environmental Investments	Rs. Mn 106

Value Created (%)



- Revenue from Contracts with Customers
- Other Income & Gain
- VAT Output

Value Distributed (%)

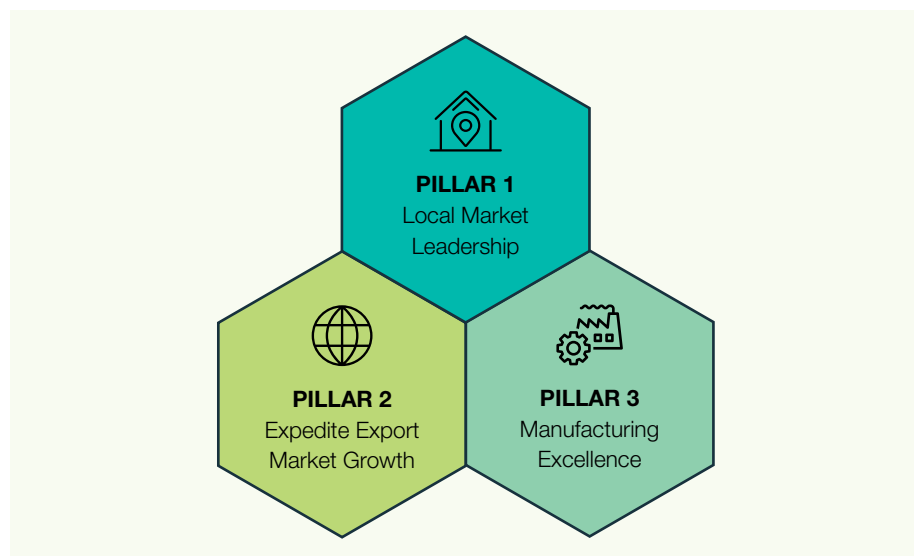


- Cost of materials and services bought in
- Employees as Remuneration
- Government Revenue
- Shareholders as Dividend
- Lenders of Capital
- Depreciation
- Profit Retained

OUR STRATEGY

Our strategy is anchored to our vision “To be the Premier Aluminium Extrusion Manufacturer in the South Asian Region” and drives our focus towards transformation-led growth in order to deliver on the core expectations of our stakeholders.

Towards this end, we are taking steps to accelerate our strategy to fully capitalise on the opportunities to drive increased shareholder value, and build a world-class manufacturing Company. Our strategy rests on their key pillars;



PILLAR 1
Local Market Leadership

Our strong presence in the local market for the past 35+ has propelled Alumex as the leading Aluminium extrusion manufacturer in the local market, with a dominant 50 % share of the market.

Earnings from local market operations represent 84 % of our total annual revenue and hence remains the primary focus of our strategy. Within the local market segment, generic products under the Alumex brand account for the largest share of our earnings. In this highly competitive generic market, our strategy revolves around continuous expansion of the portfolio to support the creation of a broader range of value propositions for a wider cross section of the market. The introduction of the Alco range of products for the mid-tier market marks an important step in this direction.

We continue to remain aggressive in our efforts to develop niche markets for premium products that despite lower volumes, offer significantly higher margins. Towards this end, our exclusive LUMIN brand of high-end residential housing solutions, the Dwellings DIY range of prefabricated doors and windows as well the range of proprietary systems manufactured under license, have reinforced Alumex's footprint in the niche market space.

Our fundamental strategy in regard to local market operations, aims to deepen the penetration into the niche market space while strengthening Alumex's coverage across generic domains.

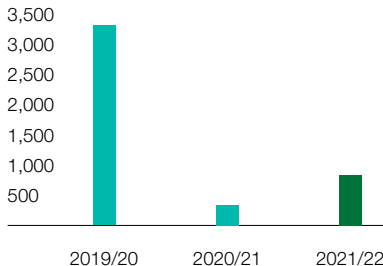
Risks

- Shortage of foreign currency, higher exchange rate fluctuations, impacts from the COVID-19 pandemic to local and global supply chain disruptions affected Alumex's ability to access imported materials. The same challenges had an impact on other local suppliers who import and supply various supplementary needs to Alumex.
- Shortage in the Money market liquidity
- Increase in commodity prices in the London Metal Exchange
- Ad-hoc policy and regulatory changes leading to business uncertainty and loss of investor confidence.

Opportunities

- Policies on import substitution through the development of the domestic industry
- Rapid urbanisation and the rise in the middle class, with higher disposable income
- Changing consumer perceptions and attitudes towards Aluminium as durable, cost-effective and environmentally friendly material as substitute for timber
- Diverse brand portfolio of differentiated products provides a strong competitive edge against competition and strengthens market positioning as the market leader.

Our Strategy

PILLAR 1 - RESOURCE ALLOCATION FOR FY 2021/22												
Strategic Drivers	Key Targets	Status	Resource Allocation	Actionable Initiatives	Medium to Long Term Goals							
Customer Engagement	Strengthen distribution networks	Achieved	Capital Ex: Rs. 1.524 Mn	Opened 5 LUMIN Concept Centers	<ul style="list-style-type: none">➤ Strengthen the fabricator training programme to incorporate customised curricula➤ Form an alumni for Alumex registered fabricators➤ Intensify fabricator training on LUMIN range and establish an advanced fabrication training facility.➤ Carry out well-structured customer satisfaction and feedback surveys to ascertain market trends							
	Specialised training to raise awareness on niche products	Achieved	Fabricator Training Cost Rs0 .548 Mn	<div>No. of Participants<table><caption>No. of Participants</caption><thead><tr><th>Year</th><th>No. of Participants</th></tr></thead><tbody><tr><td>2019/20</td><td>3,400</td></tr><tr><td>2020/21</td><td>300</td></tr><tr><td>2021/22</td><td>800</td></tr></tbody></table></div>	Year	No. of Participants	2019/20	3,400	2020/21	300	2021/22	800
Year	No. of Participants											
2019/20	3,400											
2020/21	300											
2021/22	800											
Brand Building	Focused brand building	Achieved	Rs. 19.4 Mn for Advertising and Promotions	12 campaigns on Facebook 05 Youtube campaigns	<ul style="list-style-type: none">➤ Explore and establish new dealerships as per regional demand trends➤ Expand warehouse infrastructure to support demand in respective regions➤ Launch fully-fledged marketing and branding campaigns➤ Open dealer-managed concept centers island wide on a cost sharing basis							
Product Development	Portfolio expansion - generic market	Achieved	Rs. 10.8 Mn for Advertising and Promotions	99 new products launched for the retail market	<ul style="list-style-type: none">➤ Add new brands to the portfolio to reinforce differentiation in the market							
	Improve brand diversity in the niche market portfolio	Achieved	Rs 22.45 Mn for new brand development and promotion	90 new products launched for the industrial market Launched the Alumex Building System for the large scale project segment Launch of the Dwellings range of DIY doors and windows								



PILLAR 2

Expedite Export Market Growth

Since the launch of our export market strategy in 2019, Alumex has been on an accelerated drive to strengthen its export market orientation, specifically to capture the growing demand for premium value added engineering solutions for high rise buildings and large infrastructure projects.

In this regard, we have significantly expanded upstream marketing to make inroads into new markets, while working in parallel to grow our presence in existing market strongholds. Our focus in efforts have yielded promising results enabling Alumex to break into the North American, European and Australian territories in quick succession over the past three years.

Downstream capacity expansion has become a critical priority in driving our accelerated export market strategy. Our most recent capacity expansion is the recently opened Value Adding Plant at Lanka Industrial Estate, Makola, which will remain a key catalyst in expediting export market growth in the years ahead.

Risks

- COVID-19 pandemic related supply chain disruptions
- Global recession and geopolitical uncertainties due to Russia/Ukraine tensions
- Restrictive trade measures imposed against Sri Lanka by the international community along with downgrading of Sovereign Debt by International rating agencies increase the country risk.

Opportunities

- US trade sanctions against China creating a movement in favour of South Asian producers
- Untapped global market for pre-fabricated and value added product segments
- Rapid Rs. depreciation helps to boost margins and profitability and paves the way for competitive order pricing for the global market

PILLAR 2 - RESOURCE ALLOCATION FOR FY 2021/22					
Strategic Drivers	Key Targets	Status	Resource Allocation	Actionable Initiatives	Medium to Long Term Goals
Market Penetration and Market Development	Strengthen capacity for export orientation	Achieved	Capital Ex: Rs 22.4 Mn for value added plant	Value added plant was re-located to facilitate capacity expansion of 200MT capacity p.d Upgraded machinery with new technology while investing in new state-of-the-art machinery to drive manufacturing efficiency	<ul style="list-style-type: none"> ➤ Develop markets across all six continents. ➤ Increase the production capacity and capability on the value added product segment
	Expand the portfolio of value added engineering solutions	Achieved	Investment cost of Rs. 9.52 Mn on new products	69 new products launched for the international market	

Our Strategy



PILLAR 3

Manufacturing Excellence

The pursuit of manufacturing excellence has been ingrained in the very fabric of our operational code right from the inception. Over the years, we have continued to demonstrate our commitment to operational excellence through the adoption of global standards and best manufacturing practices such as the ISO 9001:2015 Quality Management System Standard. Our products are further augmented by the Qualicoat, Qualicoat SeaSide, and Qualanod international accreditation labels.

Environmental and social sustainability are two important elements of our overall approach to

manufacturing excellence. Towards this end we strive to benchmark global best practices for Environmental and Social aspects in line with the Sustainable Development Goals (SDG's).

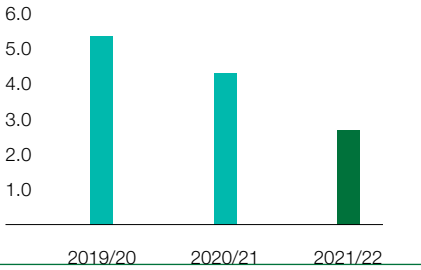
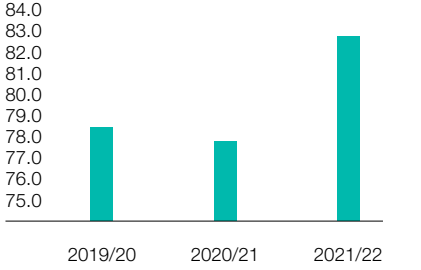
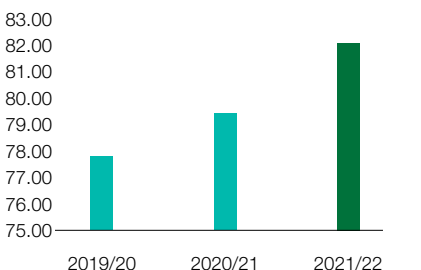
Risks

- Pandemic induced lockdown and other related mobility restrictions along with the virus spread within the workplace, leading to closure of operations and loss of work days
- High cost of frequent technology adoption
- High environmental footprint due to manufacturing activity in terms of using non-renewable material, energy usage, water withdrawal, solid waste including hazardous waste and carbon emissions
- Possible work disruptions due to trade union issues

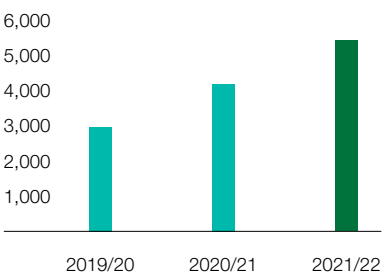
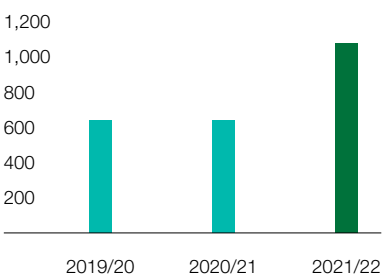
Opportunities

- Supports local recruitment in order to promote wider distribution economic benefits across wider community
- Leading the way towards uplifting the standard of the local Aluminium industry through innovation
- Capacity building and skill development to empower community youth
- Advance technology knowledge sharing by securing the license to manufacture proprietary system suppliers
- SAP ERP system with wider coverage on operation facilitating accurate data capture and timely reporting

PILLR 3 - RESOURCE ALLOCATION FOR FY 2021/22					
Strategic Drivers	Key Targets	Status	Resource Allocation	Actionable Initiatives	Medium to Long Term Goals
Quality and Standards	Continue to maintain existing portfolio of licenses	Achieved	Rs. 11 .8 Mn on the license & certification	All existing licenses were renewed by the respective certification bodies	<ul style="list-style-type: none"> ➤ Deployment of Lean six sigma concepts across all the organisation ➤ Supervisory, Executive and Management development Programmes ➤ Technical skills development Programmes for operational employees.
Production Efficiency	Improve Capacity utilisation	Achieved	Capital Ex: Rs 0.35 Mn for digitalisation and improvements	Increase digitisation in the operation management and process automation	<ul style="list-style-type: none"> ➤ Investment in new technologies

PILLR 3 - RESOURCE ALLOCATION FOR FY 2021/22					
Strategic Drivers	Key Targets	Status	Resource Allocation	Actionable Initiatives	Medium to Long Term Goals
Production Efficiency	Reduce Rejects	Achieved	Rs 7.4 Mn investment in employee trainings	Reduce the reject levels Overall Rejects (%) 	<ul style="list-style-type: none"> ➤ Deployment of Lean six sigma concepts across all the organisation ➤ Supervisory, Executive and Management development Programmes ➤ Technical skills development Programmes for operational employees. ➤ Investment in new technologies
	Improve net yield	Achieved		Progressive yield improvement Yield Improvement (%)  <p>■ Net Yield</p>	
				Summary of Yield Improvement (%) 	
	Reduction in powder consumption volumes	Achieved		Reduced the powder consumption per MT by 2 %	
Production Efficiency	Improve on-time delivery ratio	Achieved		Increased the average on time delivery ratio to 85% from 51 % of the previous year	
	Reduce customer complaints	Achieved		Reduced the customer complaints (measured for every 100 MT sales) by 40 %	

Our Strategy

PILLR 3 - RESOURCE ALLOCATION FOR FY 2021/22					
Strategic Drivers	Key Targets	Status	Resource Allocation	Actionable Initiatives	Medium to Long Term Goals
Environmental Stewardship	Increase the volume of recycled Aluminium billets	Achieved	Rs.1,095 Mn worth of Aluminium scrap purchased from the local market	Expanded the use of alternative Aluminium materials for the recycled billets Local Billet MT 	<ul style="list-style-type: none"> ➤ Increase the recycled Aluminium Usage. ➤ Reduction in the carbon emission scope 2 by 2030. ➤ Continue to invest on employee training and development and increase employee earnings. ➤ Continuing ongoing CSR activities.
	Reduce the Company's carbon footprint	Achieved	Rs. 110 Mn invested in the second roof solar plant	Increased the solar energy generation capacity from 400Kwp to 1384Kwp	
	Improve waste recycling	Achieved	Rs. 7 Mn invested in recycling waste sulfuric acid plant	There is a saving due to reduction of production changeovers estimated to Rs. 1.71 Mn per annum	
Social Responsibility	Improve value created for employees	Achieved	Rs.7.38 Mn investment in Training and Development	Monetary Benefits Paid to Employees (Rs. Mn) 	
	Increase value created for the community	Achieved	Rs. 7.72 Mn investment in CSR activities	<ul style="list-style-type: none"> ➤ COVID-19 Awareness and disinfections Programmes ➤ High Dependency Unit to Kiribathgoda Hospital ➤ Fabricator Trainings 	

RESOURCE ALLOCATION AND TRADE-OFF

Our success over the years has been based on pragmatic decision making with a structured process to allocate our resources effectively and efficiently in order to achieve stakeholders value creation objectives.

In doing so, we aim to find the right balance between resource allocation and trade-offs, in terms of short and medium to long term impacts. This process is carried out during our annual corporate planning sessions where we formulate our action plans, (for each department), with necessary budgets set for the deliverables as aligned to our strategic priorities. All strategic decisions are tabled at Board Meetings and deliberated extensively by the Directors prior to finalising the strategic plans and establishing the mechanics of resource allocation for the year.

Resource Allocation and Utilisation – 2021/22

	Budget Rs. Mn	% of Total Budget	% Actual Budget Utilisation
Upgrading manufacturing process	6,164,281	0.12%	55.37%
Research and development, Certification and Licenses	19,221,039	0.38%	92.83%
Customer training initiatives	1,750,000	0.03%	14.97%
Employee training initiatives	8,675,000	0.17%	85.07%
Corporate social responsibility	27,500,000	0.54%	28.07%

STRATEGY IN ACTION - OUR TRIPLE-BOTTOM-LINE PERFORMANCE

The success of our strategy manifests in various ways across different areas of our business. We consider these indicators as a reflection of Alumex's Triple-bottom-line performance - essentially depicting the Company's capacity to generate value from economic, social and environmental perspectives.

Overall Operations Key Indicators, Targets vs. Actuals

Key Indicators	Unit of Measurement	Target 2021/22	Achievement	Actuals	
				2021/22	2020/21
Operational Indicators					
Local market share	%	53	94%	50	50
Exports share in revenue	%	15	93%	15	6
Exports Sales	MT	1,568	82%	1,291	447
LUMIN concept centres	Number	10	40%	5	3
Brand Portfolio	Number	4	100 %	4	3
Dealers and distributors	Number	150	102%	153	129
Aluminium extrusions production	MT	8,797	100%	8,840	6,887
Worker productivity	Metric tons/worker	1	78%	.78	.62
Capital expenditure	Rs. Mn	421	178%	751	301
Social Indicators					
Training hours - overall	Hours	5075	166%	8425	3,294
Training hours on health and safety	Hours	336	80%	269	192
New Fabricator Trainings	No. of Trainees	155	84%	155	339
Environmental Indicators					
Investment on environment management	Rs. Mn	163	92%	150.1	42.5

PERFORMANCE HIGHLIGHTS

		2022	Change %	2021	2020
Earnings Highlights and Ratios					
Revenue	Rs. Mn	9,595	59.35	6,022	4,730
Earnings Before Interest, Taxes, Depreciation & Amortisation (EBITDA)	Rs. Mn	1,779	20.12	1,481	690
Results from Operating Activities (EBIT)	Rs. Mn	1,488	20.69	1,233	461
Profit Before Tax	Rs. Mn	1,382	35.16	1,022	67
Income Tax	Rs. Mn	230	26.78	181	36
Profit After Tax	Rs. Mn	1,152	36.97	841	31
Profit Attributable to Shareholders	Rs. Mn	1,152	36.97	841	31
Dividends	Rs. Mn	359	14.29	314	-
Gross Profit Margin	%	23.75	(16.36)	28.39	21.19
Operating Profit Margin	%	15.50	(24.26)	20.47	9.74
Net Profit Margin	%	12.00	(14.05)	13.97	0.65
Earnings Per Share (Basic)	Rs.	1.92	36.97	1.40	0.10
Return on Assets (ROA)	%	9.54	(12.91)	10.96	0.45
Return on Capital Employed (ROCE)	%	20.64	(10.25)	23.00	8.32
Return on Equity	%	33.60	7.00	31.41	1.30
Interest Cover	No. of times	5.55	(1.24)	5.62	1.29
Financial Position Highlights and Ratios					
Total Assets	Rs. Mn	12,069	57.27	7,674	6,798
Total Debt	Rs. Mn	4,923	86.84	2,635	3,154
Equity Attributable to Equity Holders of the Parent	Rs. Mn	2,615	43.11	1,827	1,291
Stated Capital	Rs. Mn	284	0.00	284	284
Revenue Reserve	Rs. Mn	983	13.97	863	807
Gearing	%	55.91	19.01	46.98	56.98
Debt/Equity	%	126.83	43.12	88.62	132.43
Equity Asset Ratio	%	32.16	(16.99)	38.75	35.04
Net Assets Per Share	Rs.	6.49	30.48	4.97	7.96
Current Ratio	No. of times	1.15	4.43	1.10	1.12
Quick Asset Ratio	No. of times	0.58	11.18	0.52	0.43
No. of Shares in Issue	No.	598,605,680	0.00	598,605,680	299,302,840
Market / Shareholder Information					
Market Value Per Share	Rs.	7.30	(32.41)	10.80	7.20
Highest Market Price Per Share	Rs.	18.40	(42.86)	32.20	15.80
Lowest Market Price Per Share	Rs.	7.00	16.67	6.00	6.50
Value as at End of Financial Year	Rs.	4,370	(32.41)	6,465	2,155
Dividend Per Share	Rs.	0.60	14.29	0.53	-
Price Earnings Ratio	No. of times	3.79	(48.10)	7.31	69.86
Effective Dividend Rate (Dividend Yield)	%	8.22	69.08	4.86	-
Dividend Payout Ratio	%	31.18	(17.95)	38.00	-
Dividend Cover	No. of times	3.21	19.85	2.68	-
Others					
Economic Value Generated	Rs. Mn	10,364	58.14	6,554	5,464
Economic Value Distributed	Rs. Mn	9,311	62.88	5,716	5,213
- Government	Rs. Mn	382	12.17	341	162
- Employees	Rs. Mn	1,335	67.21	799	649
- Others	Rs. Mn	7,593	65.90	4,577	4,402
Value Added Per Employee	Rs. Mn	11.79	71.45	6.88	8.84
Group Employment	Number	879	(7.76)	953	618
Average Revenue Per Employee	Rs. Mn	10.92	72.76	6.32	7.65
Average Operating Income Per Employee	Rs. Mn	1.69	30.85	1.29	0.75
Interest Rate of Comparable Government Security					
- Treasury Bill (1 year)	%	12.28	140.78	5.10	8.46
- Treasury Bond (5 year)	%	20.21	186.67	7.05	9.27

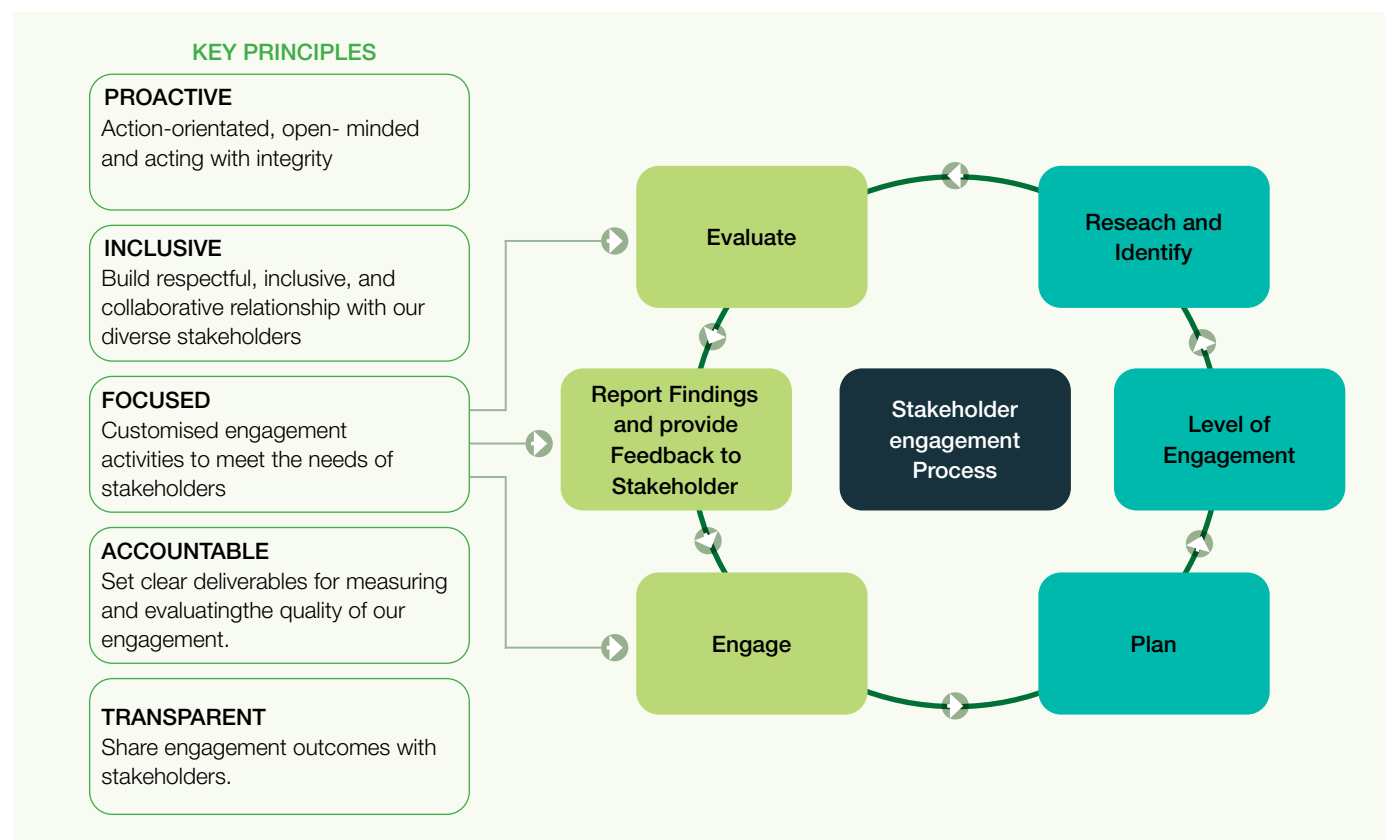
		2022	Change %	2021	2020
Consolidated Statement of Social Performance					
Employees					
Employees on payroll	No.	879	(7.76)	953	607
Female representation	%	4.10	21.97	3.36	5.44
New recruits	No.	311	(46.01)	576	190
Investment in training	Rs. Mn	7.38	182.54	2.61	1.57
Income tax	Rs. Mn	229.85	26.79	181.29	36.04
Training hours	Hours	8,200	84.02	4,456	6,640
Average training hours per employee	Hours	4.30	(8.51)	4.70	10.94
Dividends	Rs. Mn	359.16	14.29	314.27	-
Retention rate	%	88.50	(0.23)	88.70	85.50
Workplace injuries	No.	27	42.11	19	21
Lost working days	No.	425	767.35	49	33
Customers					
Customers acquired	No.	22	340.00	5	2
Revenue generated	Rs. Mn	9,595.28	59.35	6,021.53	4,729.95
Suppliers and Business Partners					
Total number of suppliers (as at end-March)	No.	1,096	22.46	895	898
SME suppliers	No.	916	18.35	774	744
Payments to suppliers	Rs. Mn	10,842.76	192.53	3,706.50	3,861.78
Proportion of spending on local suppliers	%	50.50	(8.10)	54.95	37.57
Suppliers supported through development Programmes	No.	1	100	-	-
Community Engagement					
Investment in CSR	Rs. Mn	4.99	898	0.5	1.46
No. of new products developed	No.	189	7.39	176	181
Investment in R&D	Rs. Mn	6.11	(56.69)	14.11	8.85
Consolidated Statement of Environmental Performance					
Total Energy consumption	MJ	122,667.61	32.65	92,475.24	80,409.70
Non-renewable energy consumption	MJ	122,667.61	32.65	92,475.24	80,409.70
Renewable energy generated	KWH	897,182.00	525.02	143,545.29	-
Renewable energy generated %					
Out of total energy consumed	%	2.63	371.18	0.56	-
Out of total electricity consumed	%	10.02	434.90	1.87	-
Total Carbon footprint (GHG emission)	tCO ₂ e	13,426.00	28.75	10,428.00	8,983.00
Scope 01 emissions	tCO ₂ e	6,159.00	35.01	4,562.00	3,744.00
Scope 02 emissions	tCO ₂ e	5,562.00	2.43	5,430.00	4,914.00
Scope 03 emissions	tCO ₂ e	1,703.00	290.60	436.00	325.00
Total water withdrawal	m ³	98,995.00	11.44	88,830.00	89,889.00
Recycled water usage	%	13.33	(10.27)	14.86	14.68
Solid waste	MT	2,018,231	152.34	799,801	387,514
Effluents discharged	m ³	75,246.00	12.94	66,622.00	68,097.00
Waste water treated through internal treatment plants	%	100.00	0.00	100.00	100.00
Energy intensity (energy per revenue)	MJ / Rs. Mn	12.78	(16.76)	15.36	17.00
Emission intensity (emission per revenue)	KgCO ₂ e / Rs. Mn	1.40	(19.20)	1.73	1.90
Water intensity (water withdrawal per revenue)	L / Rs. mn	10.32	(30.06)	14.75	19.00
Consolidated Statement of Economic Performance					
Foreign exchange income earned	USD Mn	6.73	239.83	1.98	0.32
Supplier reach	No.	1,096	22.46	895	898
Capacity Building					
Property, plant and machinery	Rs. Mn	751	158.83	301	132.89
Job creation outside the Western Province	No.	58	(43.69)	103	49
Payments to Government	Rs. Mn	382.10	12.17	340.66	161.86
Innovations (total new products introduced)	No.	189	7.39	176	181
Renewable energy generated	KWh	897,182.00	525.02	143,545.29	-

STAKEHOLDER ENGAGEMENT

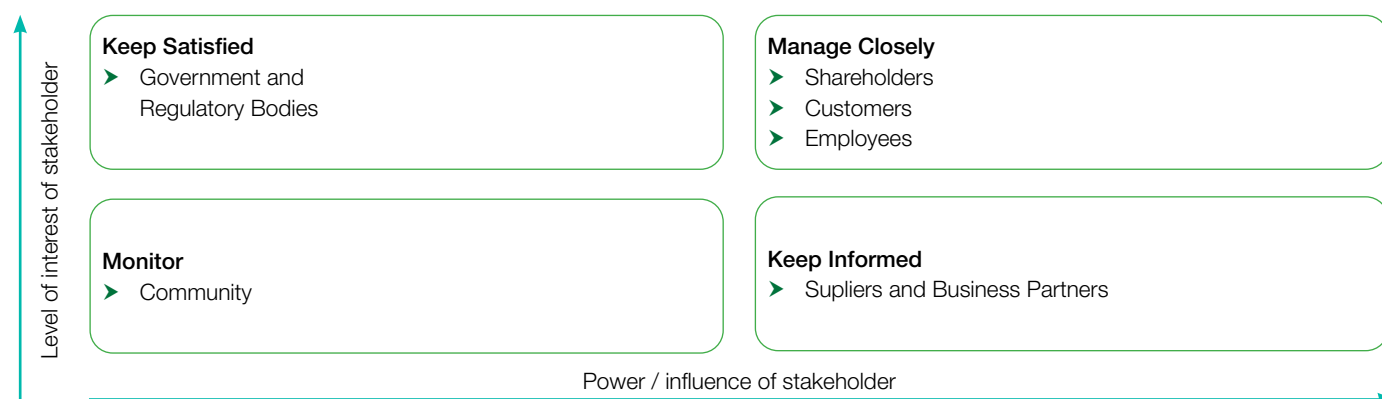
We believe the fundamental purpose of our business, is to deliver what our stakeholders expect of us. To be able to do this in a sustainable manner we need to first understand what these expectations may be.

For this reason we have developed a Stakeholder Engagement Framework based global best practices for identifying our various stakeholders and engaging with them in the most effective and efficient manner through which we hope to gain their trust and secure their participation in our long term success.

ALUMEX PLC STAKEHOLDER ENGAGEMENT FRAMEWORK



STAKEHOLDER MAPPING



GRI 102 - 40 42, 43, 44, GRI 207 - 03

Mode of engagement	Frequency	Stakeholder issues and expectations	Strategic response
Shareholder / High Priority Focused Engagement			
Interim Financial Reports	Weekly	➤ Sustainable growth in earnings	➤ Deliver a smart growth strategy with profitability and returns
Annual report	Monthly	➤ Responsible corporate management	
Company website	Quarterly	➤ Growth opportunities	➤ Provide timely disclosures on corporate performance, plans and goals
Corporate disclosures	Annually	➤ Future plans	
Press conferences and releases	As and when required	➤ Transparency and timely disclosures	➤ Comply with laws, rules and regulations
Customer / High Priority Focused Engagement			
Annual dealer awards	Daily	➤ Architectural designs	➤ New product development
Company website	Quarterly	➤ Product quality and value-addition	➤ Establishing new dealerships
Social media	Monthly	➤ Product innovations	➤ Opening LUMIN concept centres
Customer visits	Annually	➤ Technical training	
Exhibitions and trade shows	As and when required	➤ Ease of transactions	➤ Extending technical training opportunities
Training programmes		➤ Price and availability	
		➤ Timely delivery services	
Employees / High Priority Focused Engagement			
Management meetings	Daily	➤ Organisational developments	➤ Equal opportunity employment
Dialogue with trade unions	Monthly	➤ Workplace improvements	➤ Fair remuneration and benefits
Communications via memos and e-mails	Bi-annually	➤ Review of remuneration policies and practices	➤ Skills training
Employee networking events	Annually	➤ Training and development	➤ Career development
Performance appraisals		➤ Health and safety	➤ Rewarding for performance
Workplace improvement meetings			➤ Ensuring a healthy and safe workplace
Meetings to review goal achievements			
Suppliers and Business Partners / Medium Priority Moderate Engagement			
On-site visits	As and when required	➤ Discussions on ease of transactions, prompt payments and procurement policies	➤ Building long-term relationships
Meetings with suppliers	Annually	➤ Agreements of long-term partnerships	➤ Upholding contractual obligations
Regular dialogue and interaction		➤ Quality of service	➤ Giving fair referrals
Annual report			➤ Advocating best business practices
Government and Regulatory Bodies / Medium priority Keep informed			
Annual report	As and when required	➤ Compliance with statutory and regulatory requirements	➤ Best business practices
Annual tax returns	Annually	➤ Corporate governance	➤ Complying with relevant laws, rules and regulations
Submission of special reports		➤ Payment of statutory dues	➤ Timely tax payments
Submission of disclosures			➤ Submission of statutory reports and disclosures
Meetings and workshops			
Local communities and Society / Medium Priority Engage if Necessary			
Focus group discussions	As and when required	➤ Capacity development	➤ Extending technical training opportunities for the community
Training for undergraduates		➤ Discussions on environmental and social impacts	➤ Carrying out community development projects and environmental campaigns
Fabricator training for school leavers		➤ Discussions on sponsorships and donations	
Community development projects		➤ Direct and indirect job opportunities	➤ Community recruitments
Written and oral communications			➤ Employee volunteering for community projects
Company website			
Social media			
Employee volunteerism			



IDENTIFYING MATERIAL ISSUES

GRI 102 - 47, 49 GRI 103 - 01, 02, 03

SCOPE & BOUNDARY

Alumex PLC and its subsidiary Alco Industries (Pvt) Ltd. This creates the financial reporting boundary of the Annual Report 2021/22 with both entities included in the materiality assessment boundary.

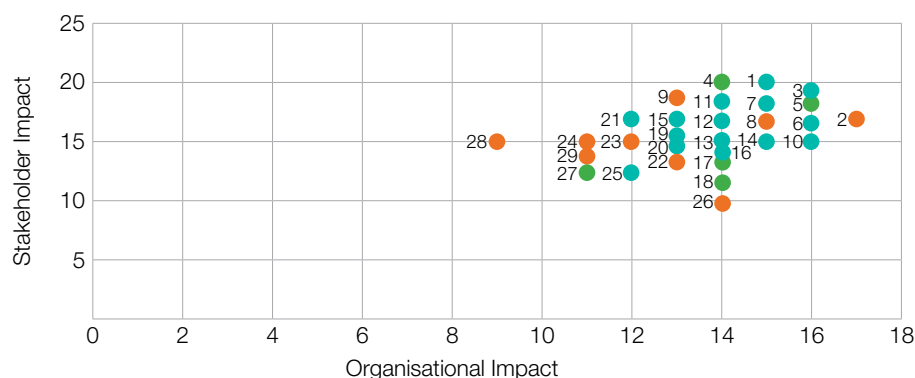
Materiality is informed in multiple ways; through our ongoing risk assessment efforts, due to changes in the both internal and external operating environment, insights from stakeholder feedback, investor queries, industry forums as well as global mega trends

Broader issues identified in this manner are then prioritised using the following assessment criteria to identify the relative importance of the topics to stakeholders and the importance to the organisation.

Importance to Organisation	Importance to stakeholders
Financial Impact	Customers
Innovation Opportunity	Employees
Reputation	Shareholders
Externalities	Suppliers
Strategic Link	Business Partners
Risk	Government
	Communities

These topics are mapped on a Materiality Matrix to measure their impact on our business against their importance to stakeholders.

On this basis we have identified a list of 29 Material Topics applicable to Alumex PLC. (There is no change in the Material Topics from the previous year).



1. Availability of foreign exchange
2. Customer satisfaction
3. Commodity prices
4. Environmental compliance
5. Materials
6. Economic performance
7. Manufacturing capabilities
8. Employment
9. Occupational health and safety
10. Product quality
11. Exchange rate fluctuations
12. Operational efficiency
13. Procurement practices
14. Innovation
15. Import restrictions
16. Market presence
17. Energy
18. Effluents and waste
19. Interest rate movements
20. On time delivery (OTD)
21. Tax
22. Marketing and labelling
23. Labour/management relations
24. Socio economic compliance
25. Indirect economic impacts
26. Training and education
27. Emissions
28. Public policy
29. Freedom of association and collective bargaining

The priority ranking derived through this process allows us to establish topic boundaries and thereby determine how best to integrate each Material Topic into our strategy and business model. Topics that are significant with widespread implications to both the organisation and stakeholders are given 'high' reporting priority whilst topics that are coming under high to medium in significance are categorised as 'medium' in reporting priority.

Identifying Material Issues

A formal review of Material Topics is undertaken annually by the Company's Sustainability Team, where pre-existing topics are assessed to determine if they continue to remain relevant in the current business context. This annual review process also helps to identify any new material issues that could potentially affect our strategy, business model and access resources. Any changes observed are presented for Board approval.

	Topic	Reason for Materiality / Change in priority ranking
New Material Topics Identified	Availability of foreign exchange	Ability to secure a consistent supply of imported raw materials
	Customer satisfaction	Helps to earn customer trust and build a loyal customer base
	Commodity prices	Higher Aluminium prices on the LME (London Metal Exchange) affects the Company's pricing strategy and brings margin pressure
	Manufacturing capabilities	Top of the range manufacturing capability enables Alumex to drive innovation-led responses to capture the market
	Product Quality	Differentiates Alumex from peers
	Exchange rate fluctuations	Exchange rate volatility, especially the Rupee depreciation has an adverse impact on the cost of imported raw materials
	Operational efficiency	Improved operational efficiencies help to lower costs
	Innovation	Provides a significant combative advantage
	Import restrictions	Import restrictions hamper the ability to access raw materials from overseas
	Interest rate movements	Rising interest rate will increase the average cost of borrowed funds
	On time delivery (OTD)	Earns customer trust and helps to build a loyal customer base
Not considered as Material Topics this year due to Priority ranking	Supplier Environmental Assessment	Alumex maintains long standing ties with high quality suppliers who are certified by institutions
	Supplier social assessment	
	Diversity and equal opportunity	
	Non-discrimination	
	Child labour	
	Forced or compulsory labour	The Company has a strong policy framework
	Local communities	
	Customer health and safety	
	Customer privacy	

Material Topic	GRI Reference	Reporting Boundary	Management Approach	
1 Availability of foreign exchange	Non-GRI	Relates to Group's FC resources	Financial Capital	Page - 61
2 Customer satisfaction	Non-GRI	Relates to Group's customers	Social and Relationship Capital - Customer	Page - 100
3 Commodity prices	Non-GRI	Relates to commodities purchased by the Group	Financial Capital	Page - 60
4 Environmental Compliance	307	Relates to Group's compliance	Natural Capital	Page - 114
5 Materials	301	Relates to Group's material	Natural Capital	Page - 108
6 Economic performance	201	Relates to Group's Economic performance	Financial Capital	Page - 58
7 Manufacturing capabilities	Non-GRI	Relates to Group's Manufacturing capabilities	Manufactured Capital	Page - 69

Material Topic	GRI Reference	Reporting Boundary	Management Approach	
8 Employment	401	Relates to Group's employees	Human Capital	Page - 81
9 Occupational health and safety	403	Relates to Group's employees	Human Capital	Page - 88
10 Product Quality	Non-GRI	Products manufactured by the Group	Social and Relationship Capital - Customer	Page - 106
11 Exchange rate fluctuations	Non-GRI	Relates to impact on the Group	Financial Capital	Page - 61
12 Operational efficiency	Non-GRI	Relates to Group's operations	Financial Capital	Page - 60
13 Procurement practices	204	Relates to Group's procurements	Social and Relationship Capital - Supplier	Page - 101
14 Innovation	Non-GRI	Relates to Group's Product and Process innovations	Intellectual Capital	Page - 78
15 Import restrictions	Non-GRI	Relates to impact on the Group	Financial Capital	Page - 61
16 Market presence	202	Products manufactured by the Group	Social and Relationship Capital - Customer	Page - 98
17 Energy	302	Energy used by the Group	Natural Capital	Page - 109
18 Effluents and Waste	306	Effluents and Waste generated by the group	Natural Capital	Page - 111
19 Interest rate movements	Non-GRI	Relates to impact on the Group	Financial Capital	Page - 61
20 On time delivery (OTD)	Non-GRI	Products manufactured and Distributed by the Group	Social and Relationship Capital - Customer	Page - 97
21 Tax	207	Relates to impact on the Group	Financial Capital	Page - 62
22 Marketing and labelling	Non-GRI	Products manufactured and Distributed by the Group	Social and Relationship Capital - Customer	Page - 99
23 Labour/Management relations	402	Relates to Group's employees	Human Capital	Page - 96
24 Socio economic compliance	419	Relates to Group's compliances	Social and Relationship Capital - Community	Page - 100
25 Indirect economic impacts	203	Relates to impact on and by the Group	Social and Relationship Capital - Community	Page - 81
26 Training and education	404	Relates to Group's employees	Human Capital	Page - 96
27 Emissions	305	Emissions generated by the Group	Natural Capital	Page - 110
28 Public policy	415	Relates to impact on and by the Group	Social and Relationship Capital - Community	Page - 104
29 Freedom of association and collective bargaining	407	Relates to Group's employees	Human Capital	Page - 92



MACRO ENVIRONMENT & RISK ANALYSIS

Aluminium Industry Review / 44

Economic Review / 46

Risk Management / 50



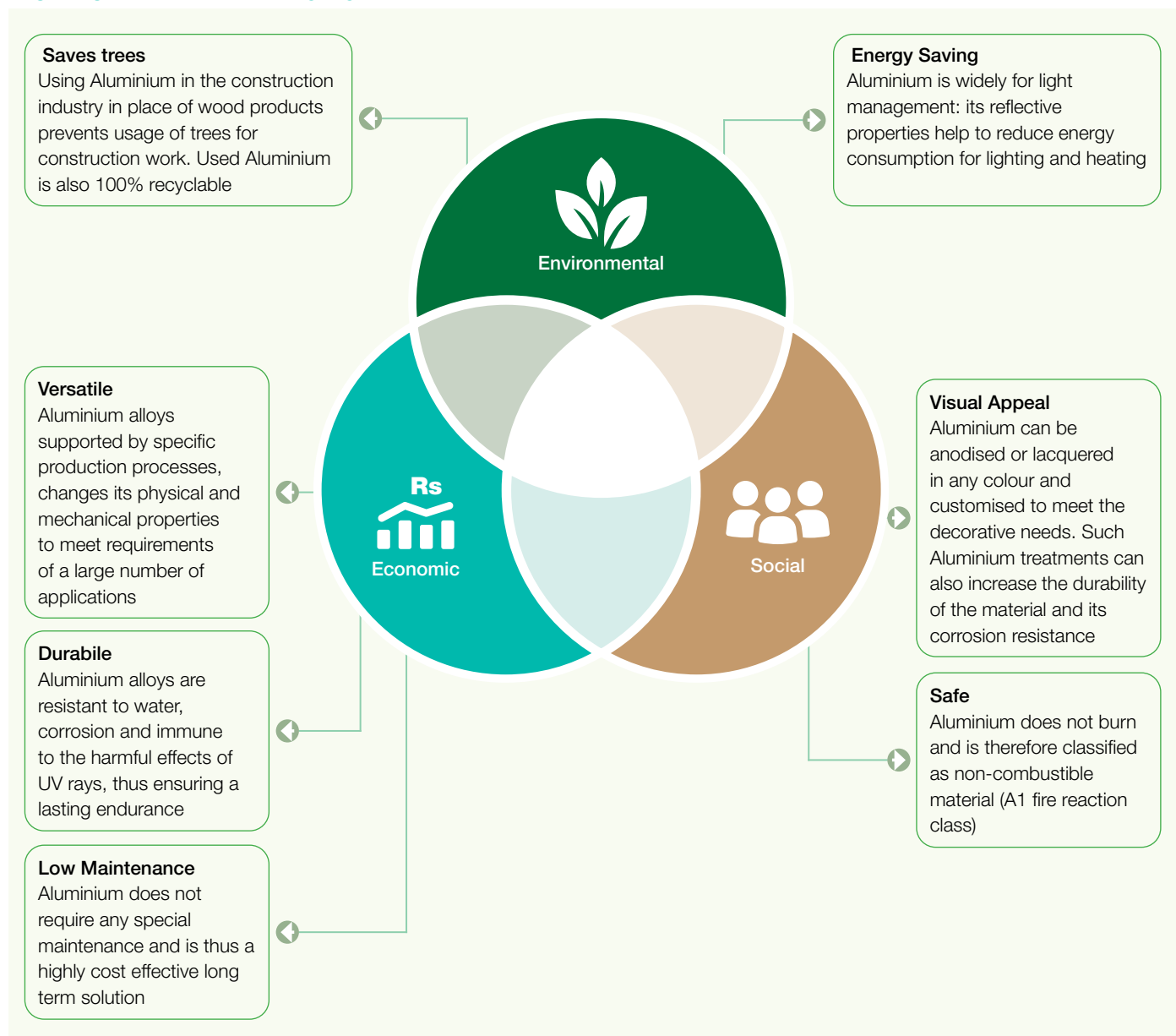
ALUMINIUM INDUSTRY REVIEW

ALUMINIUM SHAPING A BETTER TOMORROW

Aluminium has been in production for well over a hundred years and many tech innovations of the 20th century were made possible through the use of Aluminium.

Aluminium comes with special qualities: it is strong, lightweight, versatile, rust-resistant, a good conductor of heat and electricity, comes from an abundant source of raw material and is recyclable. In fact nearly 75% of the almost 1.5 Bn tonnes of Aluminium ever produced continues to remain in productive use even today.

ALUMINIUM AND THE TRIPLE BOTTOM LINE



GLOBAL ALUMINIUM INDUSTRY OVERVIEW

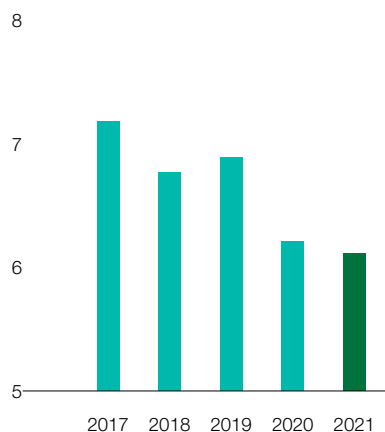
Aluminium is produced using Bauxite extracted from the earth's core. Bauxite is the third most abundant element in Earth's crust, after oxygen and silicon, 8.13% by mass of the total crust.

Rapid globalisation over the past three decades has seen global Aluminium production growing exponentially during this time. Today, Aluminium is the second most used metal in the world after steel with an annual consumption of 88 Mn Tonnes (including scrap). It is also the fastest growing metal, having grown nearly 20-fold in the last sixty years (compared to 6 to 7 times for other metals).

In the year 2021, the demand for Aluminium witnessed a sharp uptick. As global economic activity bounced back after COVID-19, demand for Aluminium accelerated across most major markets around the world, with usage increasing from 86.9 Mn tonnes in 2020 to 93.5 Mn tonnes in 2021.

It is projected that Aluminium demand will progress in 2022 but at a slower rate from last year. In contrast to 7.6% growth rate in 2021, Aluminium demand is estimated to increase by about 3.3% to reach 96.6 Mn tonnes by the year-end.

Share of GDP (Growth Rate %)



Aluminium prices on the LME (London Metal Exchange), continued to rise throughout 2021 reflecting an 80% increase year on year. Prices are projected to keep moving upward in 2022 and beyond, influenced by the growing demand-supply mismatch.

THE ROLE OF ALUMINIUM IN THE CONSTRUCTION INDUSTRY

Since being first discovered over a century ago, the Empire State Building in New York was the first skyscraper to use Aluminium extensively in its construction. The use of Aluminium in construction has come a long way since those early days.

Today the use of Aluminium has become increasingly more mainstream across the construction industry. By virtue of the fact that it its resistance to corrosion, Aluminium is relatively maintenance free, making it an ideal material for large infrastructure projects such as road construction and high rise building. Another key feature of Aluminium, is its lightweight and highly flexible profile that can easily be contoured into any desired shape, thus allowing modern architects the freedom to innovate and design ever more futuristic structures

SRI LANKA'S ALUMINIUM INDUSTRY

The Sri Lankan Aluminium industry plays a vital role in supporting the Country's housing and construction sectors. The demand for Aluminium in the construction industry has continued

to grow exponentially since 2009 amidst the Country's post war boom. The rapid increase in. High rise construction as well as the broad based infrastructure development Country-wide has heightened construction sector demand for Aluminium to a never-before-seen level.

CONSTRUCTION INDUSTRY GROWTH AND SHARE OF GDP

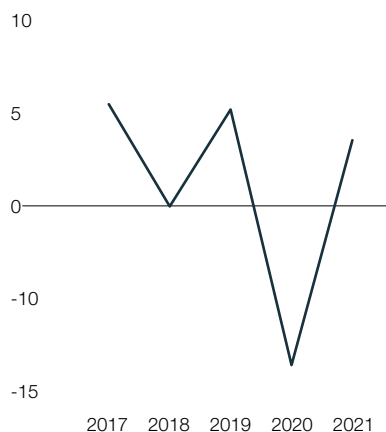
The construction industry and its contribution to the Country's Gross Domestic Products (GDP) has grown steadily over the last few years. The construction sector accounts for approximately 6% share of the Country's GDP.

The year 2021 saw the local construction industry recovering well as the post COVID economic rebound paved the way for good growth. However, towards the latter part of 2021 and into 2022, the prospects of the construction sector were again affected by the raw material scarcity amidst of strict import restrictions imposed by the government in response to the forex liquidity crisis.

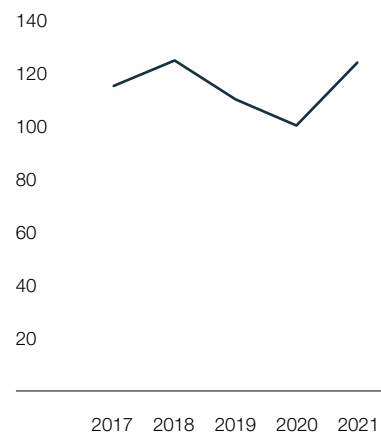
ALUMINIUM EXTRUSION MARKET GROWTH

The Aluminium extrusion space in Sri Lanka continues to be dominated by four large manufacturers, collectively accounting for nearly 80% market share. Buttressed by strong market demand, the Aluminium industry reported strong growth with revenue reaching an all-time high.

Construction Sector Growth (Growth Rate %)



Index of Industry Production Index - (IIP) (Growth Rate %)



ECONOMIC REVIEW

GLOBAL ECONOMY

The gradual resumption of global economic activity on the back of broad based easing of COVID restrictions worldwide saw the global growth surging to an estimated 5.5% in 2021 — its strongest post-recession pick up in 80 years.

The recovery in advanced economies was seemingly faster with most recording healthy expansion. The US economy is estimated to have grown by a robust 5.6%, while the Euro area economies too recorded similar growth of 5.2% in 2021.

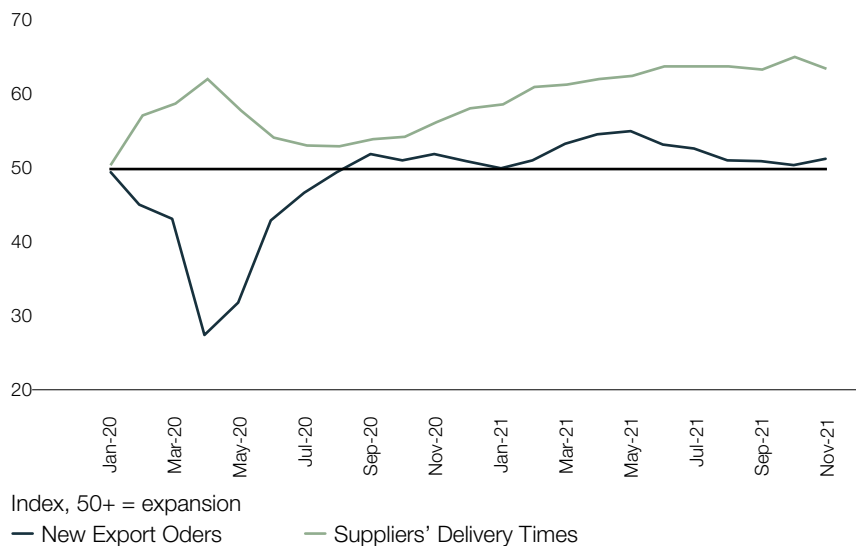
Slower vaccination rates and inherent policy weaknesses saw emerging market and developing economies (EMDEs) experiencing notably weaker and more fragile recoveries compared to advanced economies. Cascading effects of the pandemic also continued to hamper EMDE growth.

Although global trade has rebounded in tandem with global economic activity, the lingering effects of the pandemic were evident in widespread supply chain bottlenecks. These bottlenecks have led to a surge in the backlog of orders for traded goods resulting in record-high shipping prices, which at their peak in October 2021 were six times their 2019 levels.

Energy prices surged in the second half of 2021, with natural gas and coal prices rising sharply. Metal prices stabilised in the second half of 2021 following sharp increases in the first half. Tin prices reached an all-time high, supported by continued strong demand from the electronics sector and supply disruptions, while Aluminium prices on the London Metal Exchange increased on the back of China's decision to limit production amid electricity shortages.

Source: Global Economic Prospects - January 2022

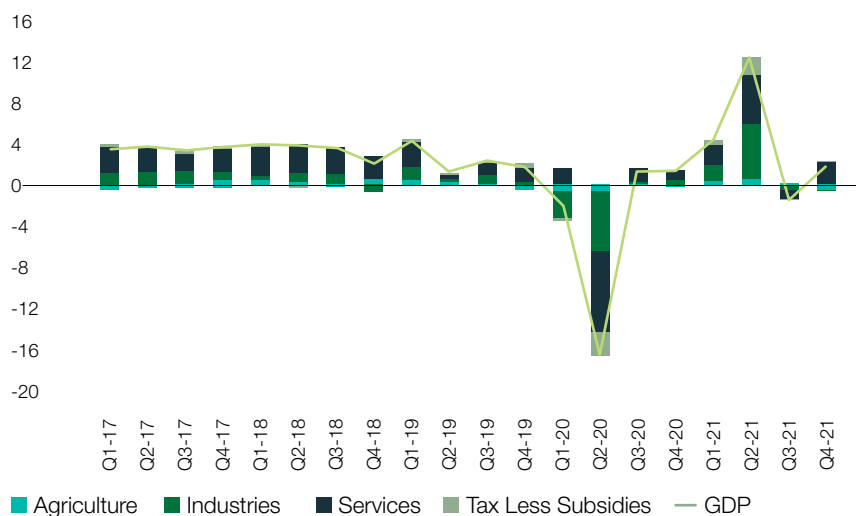
Global Trade Indicators



SRI LANKAN ECONOMY

The Sri Lankan economy recovered well in 2021, declaring solid GDP expansion of 3.7% - compared to de-growth of 2.2% recorded in 2020. With COVID-19 brought under control thanks to the aggressive country-wide vaccination drive, mobility restrictions and lockdowns were largely removed, paving the way for the resumption of economic activity. Amidst this backdrop, strong improvements were noted in all key sectors of the economy. The agriculture sector grew by 2.0% and services by 3%, while the industry sector expanded by a robust 5.3%.

Activity-wise Contribution to GDP Growth (per cent)



Source: Department of Census and Statistics

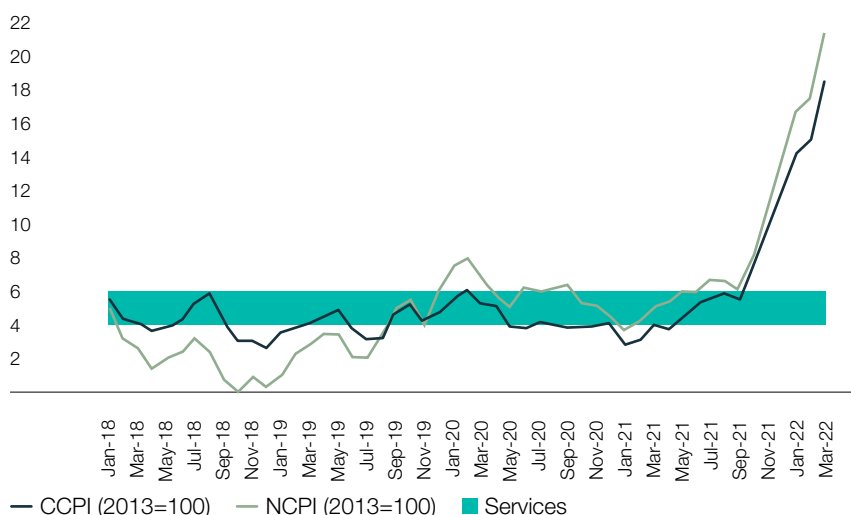
The overall size of the economy expanded to US dollars 84.5 Bn in 2021 from US dollars 81.0 Bn in the previous year., while Per capita GDP grew to US dollars 3,815 in 2021 from US dollars 3,695 in 2020. The steady recovery in economic activity saw the unemployment rate also declining to 5.1% in 2021 from 5.5% in the previous year.

Inflation

On the back of pandemic induced supply chain disruptions, headline inflation accelerated sharply to 12.1% in 2021, a substantial increase from the desired 4 -6% range that had been maintained for the past several years. Also responsible for driving up inflation, were the upward revisions to energy prices and other administered pricing structures in order to capture changes in international market movement.

However, strong proactive policy measures taken by the Central Bank are expected to arrest further build-up of demand driven inflationary pressures and adverse inflation expectations in order to drive inflation rates towards the target range in the period ahead.

Headline Inflation (Year-on-Year) (per cent)



Source: Department of Census and Statistics Central Bank of Sri Lanka

External Sector

Sri Lanka's External Sector continued to be plagued by several challenges, among them - the buildup in current account deficit, limited inflows to the financial account, and depletion of gross official reserves (GOR) as a result of large debt servicing requirements as well as the significant depreciation of the Sri Lanka rupee.

The current account deficit increased further in 2021, as imports again outpaced exports. Although exports increased to an all-time high, the combined effect of higher commodity and fuel prices, the heightened demand for imported items due to normalisation of economic activity along with the increased medical imports such as vaccines pushed up the Country's import bill.

Foreign investment in the form of FDI remained modest while foreign investment to the stock market and the government securities market recorded net outflows during the year

Central Bank intervention ensured that the Sri Lanka rupee remained broadly at stable levels during 2021 and in early 2022. However, the decision by the Central Bank to allow greater flexibility in the determination of the exchange rate saw the Sri Lankan Rupee depreciating sharply towards March 2022. Consequently, the Rupee which had experienced only 7% depreciation throughout 2021, slipped by 27% in the January to March 2022 quarter.

Sri Lanka's total external debt increased to US dollars 50.7 Bn by end 2021 from US dollars 49.0 Bn as of end 2020. Sri Lanka settled the ISB of US dollars 1 Bn that matured in July 2021 and the ISB of US dollars 500 Mn that matured in January 2022. However, the Country's excessive debt burden prompted the government in April 2022 to announce its intention to default and seek the assistance of an IMF for a long term debt restructuring and bailout package.

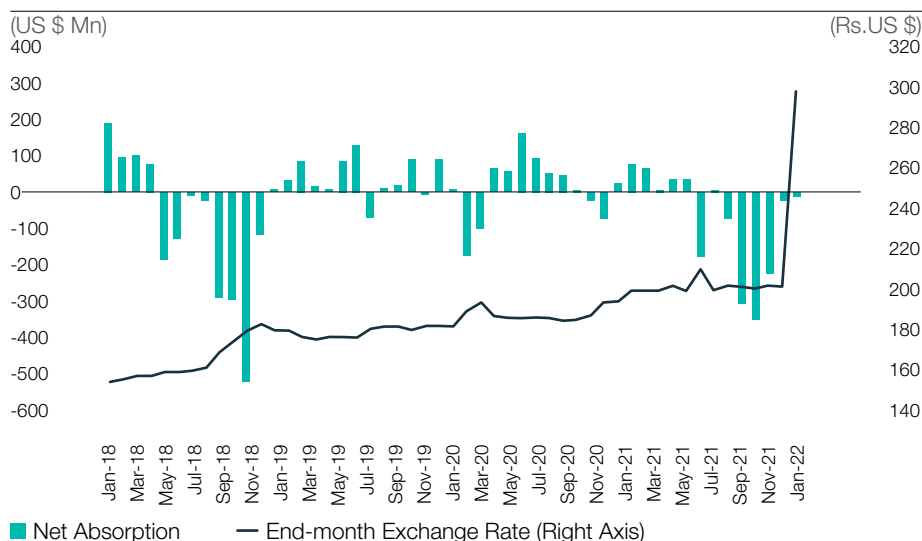
Monetary Policy Measures

Following the deployment of an unprecedented monetary stimulus package since the onset of the COVID-19 pandemic in 2020, the Central Bank reversed its stance and initiated monetary tightening measures in mid-August 2021. After remaining at historical lows for over a year, policy interest rates were revised upward in August 2021, leading the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) to increase by 50 basis points each to 5.00% and 6.00%, respectively. The Central Bank also raised the Statutory Reserve Ratio (SRR) applicable on all rupee deposit liabilities of Licensed Commercial Banks (LCBs) by 2 percentage points to 4.00%, effective from September 2021.

In light of heightened inflationary pressure and persistent challenges in the external sector the Central Bank further tightened its monetary policy stance in the January to

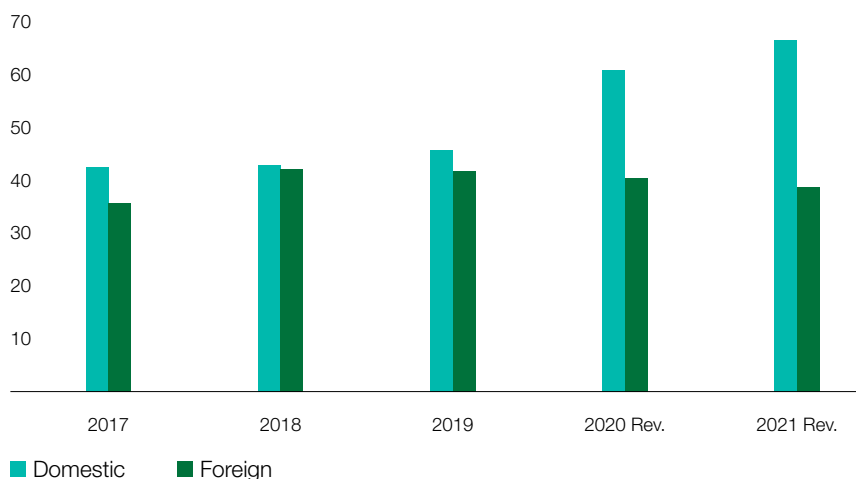
Economic Review

Exchange Rate and Central Bank Intervention in the Domestic Foreign Exchange Market



Source: Central Bank of Sri Lanka

Outstanding Central Government Debt(as a percentage of GDP) (per cent)



Source: Ministry of Finance Central Bank of Sri Lanka

March 2022 quarter, again moving to raise the SDFR and the SLFR by 150 basis points each.

Fiscal Sector Performance

The loss of revenue flows stemming from the tax relaxations implemented in late 2019 and early 2020, saw Government revenue declining to a historic low level of 8.7% of GDP in 2021 as against 9.1% in 2020.

To add to this, government expenditure, in nominal terms, increased by 15.8%, year-on-year, to Rs. 3,521.7 Bn in 2021 due to higher expenditure on salaries and wages and interest expenses. Government expenditure as a percentage of GDP increased to 21.0% in 2021 from 20.2% in 2020.

A culmination of these factors saw the overall fiscal deficit worsening. The fiscal deficit as a percentage of GDP stood at 12.2% (Rs. 2,057.9 Bn) in 2021 down from 11.1% (Rs. 1,667.7 Bn) recorded in the preceding year.

OUTLOOK FOR 2022 AND BEYOND

With both advanced and EMDE's set to accelerate their post-COVID recovery plans, global economic activity is predicted to grow at a steady pace in 2022. However recent developments, in particular the ongoing Russia-Ukraine conflict will have major implications for the prospects of the global economy. In addition to the tragic loss of lives and human suffering, the conflict presents significant downside risks that extend beyond these two countries raising concerns regarding the worldwide repercussions. Massive disruptions to supply chains are expected, in turn pushing up commodity prices with oil and other essentials likely to escalate rapidly.

The year ahead will be a tough one for Sri Lanka's economy as well. Heightened vulnerabilities on both the external and fiscal fronts, rising social unrest and political instability, effects of the pandemic, the domestic energy crisis, and elevated commodity prices both globally and domestically are expected to significantly dampen the country's growth prospects in 2022. The announcement by the government of its intention to suspend external debt servicing is also likely to affect economic activity in the interim until a suitable debt restructuring programme is worked out.

However, strict macro prudential policy measures aimed at stabilisation of the domestic economy coupled with a possible IMF engagement, together with greater monetary and fiscal policy coordination and stringent public sector reforms are expected to restore the pace of growth over the medium term.

Source: CBSL AR 2021.



RISK MANAGEMENT

RISK MANAGEMENT APPROACH

Alumex PLC's approach to risk management aims to balance the expectations of our stakeholders, while effectively safeguarding the interests of the Company. Towards this end, we seek to identify, we have adopted the precautionary principle to identify assess and quantify all risks faced by Alumex PLC covering inherent, residual and emerging risks in the context of the Company's annual business plan and the five year strategic roadmap. Risks associated with specific objectives are identified and documented at the time of setting the objectives.



Identification

Relevant risks are identified on an ongoing basis during management discussions and by reviewing internal audit reports and management letters received from external auditors.

Assessment

Identified risks are mapped on the risk matrix based on likelihood of occurrence and impact to the business. All risks are assessed in this way and assigned a ranking based on their position on the risk matrix.

Response

Depending on the significance of the risk, decisions are taken to appropriately manage the risk by accepting, reducing, sharing or avoiding it. Appropriate risk responses are formulated in keeping with the Company's business and strategic objectives and implemented in relevant areas of the business and implemented in relevant areas of the business

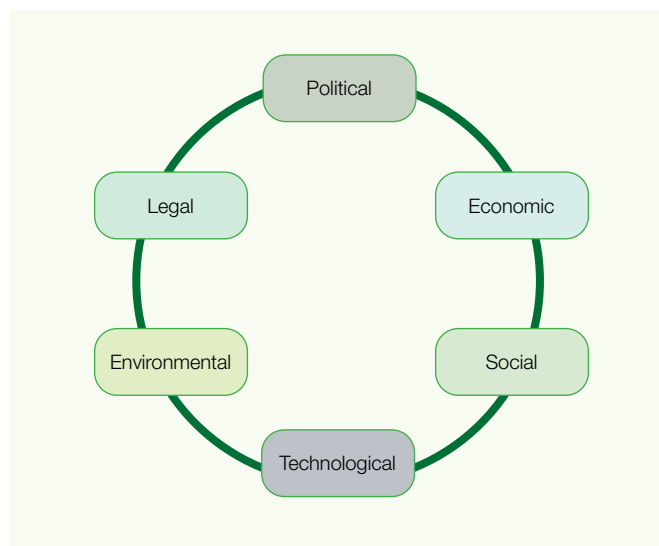
Monitoring and Reporting

Risk is monitored at multiple levels: During the monthly performance review meetings, all significant risks and their action plans are reviewed by the corporate management team and the group managers. The Hayleys' Group Management Director of the Alumex Group, also reviews these risk areas on a monthly basis. The Audit Committee, which has the ultimate responsibility of monitoring the process of risk management, reviews the risks and action plans on a quarterly basis and makes recommendations to the Board.

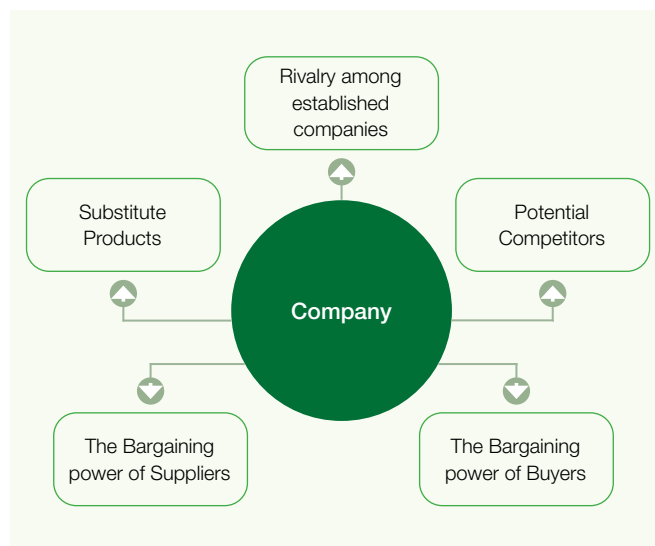
RISK IDENTIFICATION

The formal risk identification process starts alongside the annual corporate planning and budgeting exercise, whereby the Group Management Committee of Alumex PLC reviews the PESTAL analysis and the Porter's Five Forces analysis prepared by the finance department highlighting the risks and opportunities that will influence the Company's strategy and objective development process. Similarly, risk factors that emerge on going basis are identified by the Hayleys Group business advisory and control units, the Hayleys Group Management Committee as well as during ongoing management discussions within the Alumex and with external stakeholders.

ENVIRONMENTAL ANALYSIS



INDUSTRY ANALYSIS



RISK ASSESSMENT

Alumex use the COSO Framework to assess risk based on the likelihood and impact of a specific type of event; with the output denoting the probability weighted impact. The high-risk area in the top right corner of the matrix demands higher and prompt attention

LIKELIHOOD	High (3)	3	6	9
	Medium (2)	2	4	6
	Low (1)	1	2	3
		Low (1)	Medium (2)	High (3)
		IMPACT		

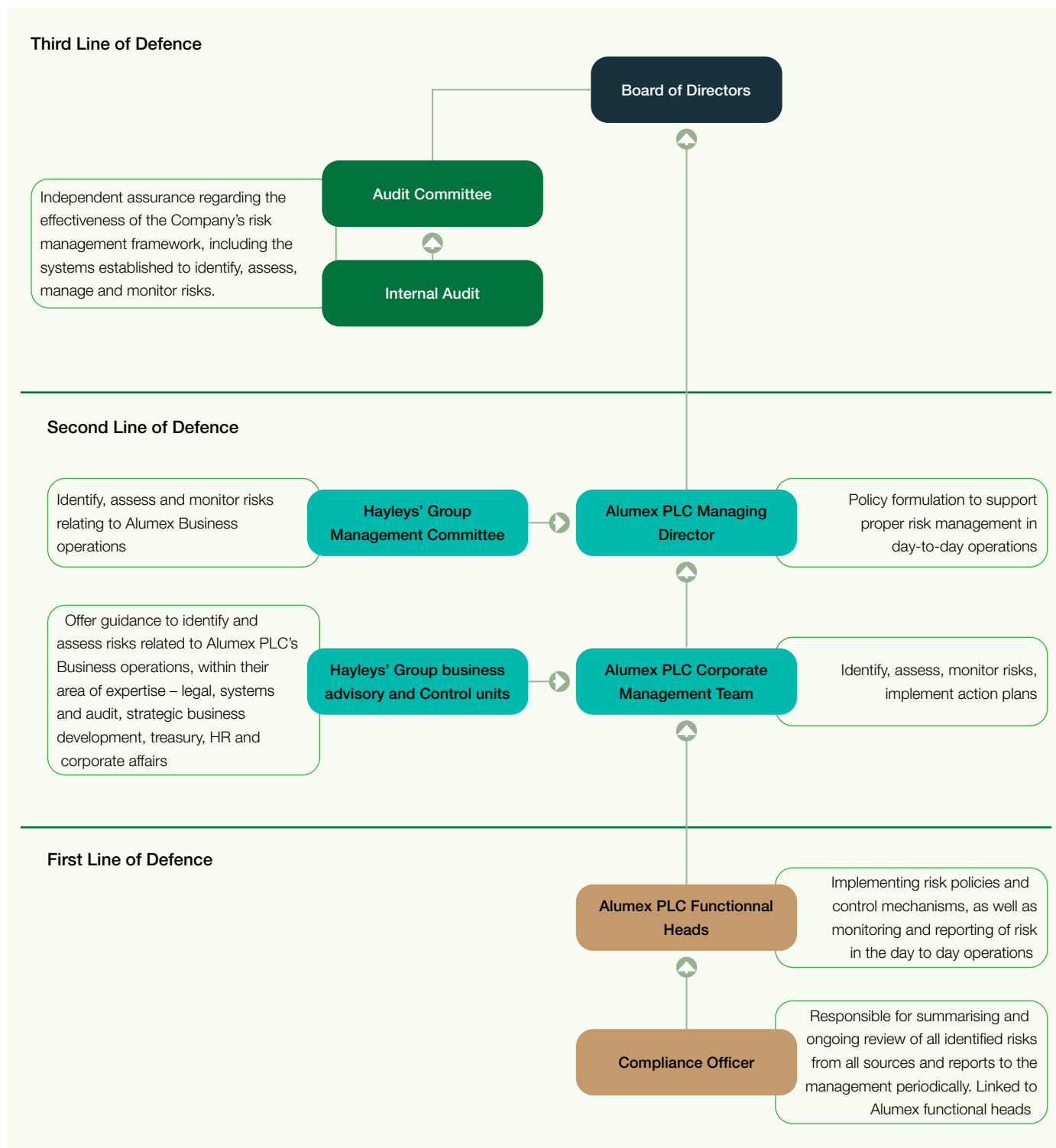
RISK GOVERNANCE

Risk Governance is a vital component of our approach to risk management. In the current dynamic environment with increasing regulatory requirements, changing customer behavior, new competitors and technologies, Alumex PLC's Risk Governance model seeks to promulgate both individual responsibility and collective oversight, supported by comprehensive reporting to ensure that all risks are monitored, managed and reported on properly.

The Alumex PLC Board as the apex body responsible for the administration of risk across the organisation, focuses on applying the principles of sound corporate governance to assess and manage risks to ensure that risk taking activities are aligned with the entity's risk governance structure.

Risk Management

ALUMEX PLC RISK GOVERNANCE STRUCTURE



The Alumex Group Management Committee takes the lead in the total risk management process—the identification of risks and finally the implementation and monitoring of identified risks. A bottom-up approach is taken in the process of risk identification. The management team also evaluates the options available to mitigate risks. Functional heads, with the assistance of their respective teams, provide useful information and feedback for risk management.

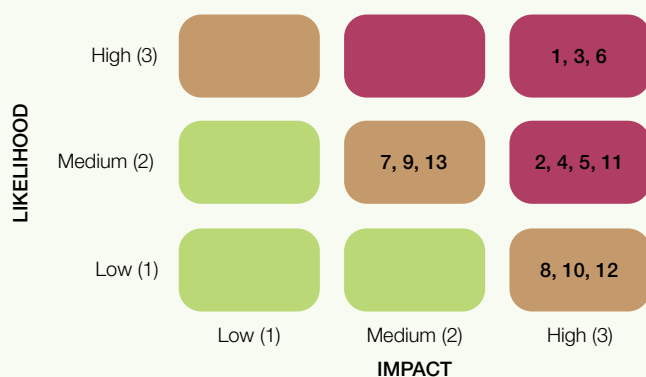
The Hayleys' Group Management Committee and the business advisory and control units, in legal, management audit and system reviews, strategic business developments, treasury, HR and corporate affairs, also play a key role in identifying, assessing, controlling and monitoring the risks applicable to the Alumex Group.

RISK AWARENESS CULTURE

The strong awareness of risk at all levels of the business is central to the execution of our risk management approach. We strive to build a Company-wide risk culture by focusing on devolving the appropriate values and behaviours to shape risk decisions of management and employees to complement the Company's risk management objectives. The Alumex PLC Board and Senior Management have to play a vital role in setting the tone from the top in building a sound risk awareness at all levels of the business.

RISK MANAGEMENT ACTIONS

The tables below set out the broader categories of risks, along with specific risk elements Alumex is exposed to and the implications of the same as along with the risk management measures in place.



RISK IMPACT ON OUR CAPITALS

Financial Risk

1. Interest rate risk
2. Liquidity Risk
3. Commodity Price Risk
4. Risk of Bad Debts
5. Foreign Currency Risk
6. Political instability

Human Capital

7. Labour Shortages
8. Industrial Health and Safety

Intellectual Capital

9. Confidentiality of Information










Social & Relationship Capital

10. Single Customer/Supplier
11. Availability of raw materials

Natural Capital

12. Using Hazardous Chemicals
13. COVID-19 Global Crisis Risk

Risk Management

<div>  Taken action to mitigate  Remain un-changed  Risk level increased </div>							
No.	Risk Category	Risk Element	Implications	Mitigating Measures	Risk Level for Year 2020/21	Risk Level for Year 2021/22	Risk Trend
1.	Risk of Financial Capital	Interest Rate Risk Arising due to the sensitivity to interest rate changes	Short-term and Long-term Increase in interest rates could impact on the cost of Aluminium due to high cost of financing and increase in the cost of borrowing	<ul style="list-style-type: none"> Effective management of working capital Maintain a proper combination of fixed and floating rates 	Medium	High	
2.		Liquidity Risk Availability of funds—the Group has to be liquid and solvent to carry out its operations smoothly	Short-term and Long-term Non-availability of sufficient funds may interrupt the smooth functioning of the Company's operations	<ul style="list-style-type: none"> Effective treasury function to forecast fund requirement and availability Maintain a portfolio of short-term liquid assets Arrange sufficient financial facilities 	Medium	High	
3.		Commodity Price Risk Fluctuations in Aluminium prices in the world market	Short-term and Long-term Increase in Aluminium raw material prices will create losses due to fixed selling prices	<ul style="list-style-type: none"> Monitor price trends and book forward Quote variable prices to customers, based on the London Metal Exchange prices. 	High	High	
4.		Risk of Bad Debts Occurs due to settlement default by credit customers	Short-term and Long-term Could result in direct losses due to bad debts and increase in finance cost due to delayed payments	<ul style="list-style-type: none"> Implementation of Group credit policy Periodic review of receivables, legal and other recovery actions 	Medium	High	
5.		Foreign Currency Risk Arises from exposure to foreign currency positions	Short-term and Long-term Losses can arise when foreign currency assets and liabilities are translated into local currency as at the Balance Sheet date, or when transactions are carried out in foreign currency	<ul style="list-style-type: none"> Maintain foreign currency denominated assets to hedge against liabilities Increase export earnings 	Medium	High	
6.		Political instability Unstable political environment	Short-term and Long-term Adhoc policy decisions affect the business as a whole	<ul style="list-style-type: none"> Stay up-to-date with the policy changes and their impact on the business Effective decision making to mitigate the negative impact on Company 	Medium	High	

No.	Risk Category	Risk Element	Implications	Mitigating Measures	Risk Level for Year 2020/21	Risk Level for Year 2021/22	Risk Trend
7.	Risk of Human Capital	Labour Shortages Reduction in skilled and un-skilled labour	Short-term and Long-term Increase in production costs due to higher wages	<ul style="list-style-type: none"> Automation Increase living standards of employees to reduce turnover 	Low	Medium	↑
8		Industrial Health and Safety Could lead to workplace accidents, penalties, negative image and hiring difficulties on future requirements	Short-term and Long-term Lower productivity due to higher employee turnover and dissatisfaction of existing employees	<ul style="list-style-type: none"> Providing necessary safety equipment to all employees Focused training on health and safety to all employees. Insurance coverage to mitigate the risks 	Medium	Medium	↔
9.	Risk of Intellectual capital	Confidentiality of Information Loss of confidential data through security breaches in the IT systems	Short-term and Long-term Loss of the unique profile designs of Alumex to competitors	<ul style="list-style-type: none"> Extensive controls and reviews to maintain security of IT infrastructure and data Regular back up of data and off-site storage of data backup system Disaster recovery plan 	Medium	Medium	↔
10.	Risk of Social & Relationship Capital	Single Customer/ Supplier Risk of having a few major customers and/or suppliers	Short-term and Long-term Loss of a major customer can affect revenues and loss of a major supplier affects the supply of critical raw material for manufacture	<ul style="list-style-type: none"> Diversify and increase the customer base Develop a multiple supplier networks 	Medium	Medium	↔
11.		Availability of raw materials Risk of non-availability of the local and imported raw materials	Short-term and Long-term Cannot meet the customer demand and lose the market in the long run	<ul style="list-style-type: none"> Maintain adequate stock Develop a multiple supplier networks 	Medium	High	↑
12.	Risk of Natural Capital	Using Hazardous Chemicals Risk of using hazardous chemicals for the production can cause health and safety issues	Short-term and Long-term Public resistance and/or regulatory involvement on environmental pollution protection	<ul style="list-style-type: none"> Shifting to environmentally friendly chemicals Developing effluent water treatment process Safe disposal of solid waste 	Medium	Medium	↔
13.	Risk of Natural Capital	COVID-19 Global Crisis Risk Arising due to isolation of people, societies and countries without movements with external world. Multiple risk factors will adversely increase	Short-term and Long-term Demand decline, liquidity of markets, supply chain disturbances will arise.	<ul style="list-style-type: none"> Closely monitor and manage existing customers Look for new markets not affected by the Virus. Look for new supply chain avenues, reduce overhead cost and improve liquidity position 	High	Medium	↓

SUSTAINED THROUGH CAPITALS

Financial Capital / 58

Manufactured Capital / 67

Intellectual Capital / 72

Human Capital / 80

Social and Relationship Capital / 97

Natural Capital / 107

Future Targets / 115

Alumex Commitment to Sustainability / 116

Sustainable Development Goals / 118





FINANCIAL CAPITAL



MANAGEMENT APPROACH

The Financial Capital is made up of Alumex PLC's financial assets on the Company's balance sheet - equity and debt capital, other liquid assets as well as the retained earnings generated through profitable business operations. Our fundamental approach to managing financial capital is consistent with our strategic intent to produce incremental returns for our shareholders over time. To achieve this objective we have in place a multi-pronged action plan to grow revenue, while exercising strict control over both operating and administrative costs along with with a disciplined working capital management and a strong emphasis on liquidity and gearing management.

Strategic Imperatives and Strategy

Prudent Growth

- Allocate resources to increase capacity, bring in process improvements and develop markets to drive for sustainable top-line growth.
- Be disciplined in cost management to minimise wastage and leakages to boost bottom-line profitability and margins.

Disciplined Treasury and Cashflow Management

- Prudently manage cash flows to meet present and future payment obligations to sustain operations and maintain business stability.
- Maintain a sound gearing level to minimise financial risks through excessive debt obligations.
- Maintain a quality asset position and adequately cover liabilities for a healthy financial position.

Compliance

- Follow best practices and standards in accounting, auditing and management.
- Comply with relevant laws, rules and regulations.

with prolonged impact of the pandemic, a situation that was further aggravated by the deepening macroeconomic crisis in the country.

It is also noteworthy that this outstanding performance is a testament to Alumex PLC distinct strategy and relentless efforts to innovate and evolve faster than the industry.

FINANCIAL PERFORMANCE

Group revenue increased to Rs. 9.6 Bn, denoting a 59% increase from the Rs. 6.0 Bn registered in the previous year, while profit after tax grew to Rs. 1,152 Mn reflecting an increase of 37% from the Rs. 841 Mn in the FY 2020/21.

Revenue growth was primarily driven by higher exports. Total export revenue increased by 288% to Rs. 1,451 Mn from Rs. 374 Mn in the previous year. This nearly three-fold growth was the result of the relentless focus on improving productivity coupled with proactive capacity enhancements which allowed Alumex to capitalise on the post-COVID revival in global demand.

“Group revenue increased by a robust 59% to Rs. 9,595 Mn despite severe external pressures during the year owing to the shortage of forex in the Country which caused disruptions to supply chain in turn affecting the continuity of manufacturing activities.”

OVERVIEW

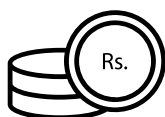
FY 2021/22 saw Alumex PLC register its best ever results to date, with almost all key metrics recording historical highs. The Group reported Turnover of Rs. 9.6 Bn, denoting impressive growth of 59% year-on-year, while

PBT recorded the Rs. 1,382 Mn to further reinforce the stability and resilience of the balance sheet. These achievements are more pronounced as it comes at a time when many sectors of the economy, including the Aluminium industry struggled to cope

FINANCIAL POSITION



Rs.
12,069 MN
Assets



Rs.
4,752 MN
Non-current Assets



Rs.
7,317 MN
Current Assets



Rs.
8,187 MN
Liability



57%
Group Assets Increased

Interest Bearing Borrowing

Rs.

2,840 MN
Short term debt

Rs.

1,780 MN
Long term debt

STABILITY

Financial Stability 2018-2022						
Criteria	Performance indicator	31.3.2022	31.3.2021	31.3.2020	31.3.2019	31.3.2018
Capital structure	Debt: Equity (%)	56:44	48:52	57:43	57:43	54:46
	Cash flows from operations (Rs. Mn)	(839)	1,785	188	80	(300)
	Dividend payout ratio (%)	31.18	38.00	-	141.98	86.25
Liquidity	Current assets ratio	1.15	1.10	1.12	1.03	1.14
	Quick assets ratio	0.58	0.52	0.42	0.42	0.48
	Finance facilities - Trade (Rs. Mn)	4,155	2,230	2,130	1920	1770
	Finance facilities - Bank OD (Mn)	595	470	470	310	310
	Finance facilities - Remaining long-term loans (Mn)	-	-	-	-	430
Solvency and reserves	Interest cover (Times)	5.55	5.62	1.29	1.81	547
	Net reserve position (Rs. Mn)	3,598	2,690	2,098	2,070	1,969
	No. of financial institutions providing funds	8	8	8	8	7

REVENUE

Consolidated Group revenue grew by a robust 59% to Rs. 9.6 Bn during the year, marking the highest increase in the Group's 33-year history. Growth was supported primarily by the export segment, which recorded a revenue growth to Rs. 1,451 mn from Rs. 374 Mn in previous year. This 288% increase was the result of the relentless focus on improving productivity and short term capacity enhancements coupled with aggressive customer acquisition strategies.

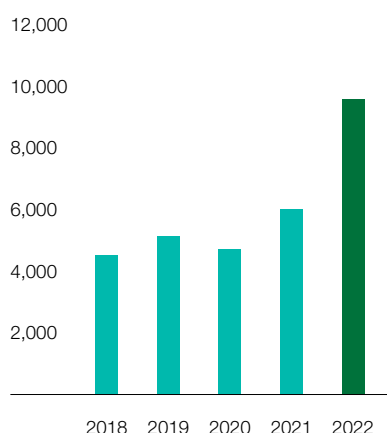
The powder coating product category remained the single largest contributor to Group revenue, accounting for 52% of Group revenue. Powder coating revenue increased by 58% compared to the previous year. The second largest revenue contributor to Group revenue

Financial Capital

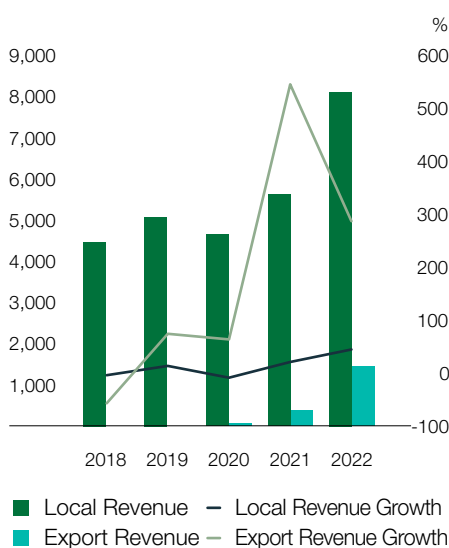
was the export segment, which contributed 15% to the Group revenue. Other revenue categories also performed commendably, with revenue in most categories showing revenue growth of 20%+ over the previous financial year. The only exception was the natural anodising product category where only 3% revenue growth was recorded compared to last year.

Higher revenue was largely due to the consistent efforts to strengthen market presence and brand visibility. In the year under review, Alumex expanded its footprint in the local market by opening five new dealer-managed LUMIN centers in Pepiliyana, Nawala, Nagoda, Kochchikade, and Ambalangoda. The Company further deepened its presence in the local mainstream market with the launch of Sri Lanka's first-ever DIY (Do it Yourself) range of prefabricated Aluminium doors and windows.

Revenue (Rs. Mn)



Revenue -Local Vs Export (Rs. Mn)



EARNINGS BEFORE INTEREST AND TAX (EBIT)

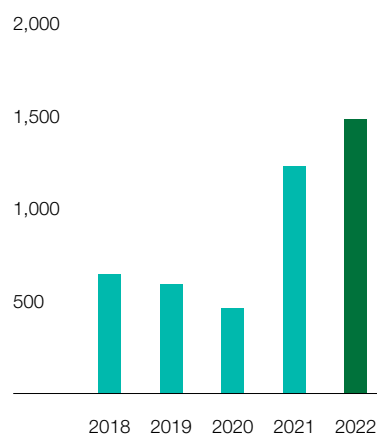
The Group as a whole reported Gross Profits of Rs. 2.3 Bn, a praiseworthy 33% increase that comes even amidst significant margin pressure. Margin pressure due to the high cost of imported raw materials saw GP margins declining to 24% in the year under review from 28% in the previous year. The high cost of raw materials is attributed to the gradual increase in price of raw Aluminium in global markets. Amidst the backdrop Alumex adopted various cost containment strategies along with globally accepted lean management practices such as Total Productive Maintenance (TPM) and Six sigma to keep operational costs under control as much as possible.

The improvement in Gross Profit combined with the Rs. 9 Mn increase in other income and Rs. 76 Mn increase in distribution expenses translated into lower EBIT margin for the Group.

In absolute terms, Group EBIT increased to Rs. 1,488 Mn from Rs. 1,233 Mn last year, depicting growth of 21%. Group operating expenses increased by 62% to Rs. 844 Mn

primarily due to higher distribution costs and other operating expenses including higher staff expenses and staff traveling costs during the COVID-19 lockdown periods. Although strong revenue growth helped to cushion the impact to some extent, Group operating margins declined to 16% in the year under review from 20% in the previous year.

EBIT (Rs. Mn)



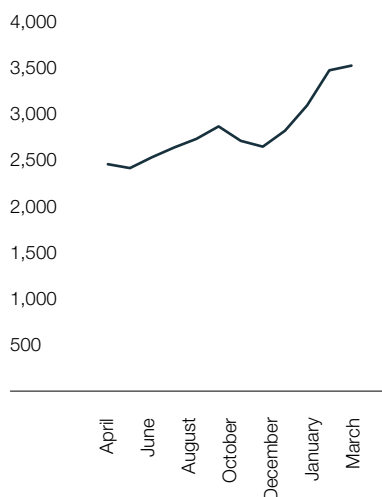
Commodity Prices

Since Aluminium is the core raw material in the Company's production process, the movement of Aluminium prices on the London Metal Exchange (LME) prices is one of the key factors impacting the profitability of the Company. Throughout 2021, Aluminium prices continued to rise driven by a one Mn tonne global supply shortage, attributed by China's decision to cut production amidst rising energy cost (specially coal). Consequently, the LME price for Aluminium which was at USD 2200 per MT in April 2021, escalated to USD 3,502 per MT March 2022 reflecting 58%+ increase over the year. Furthermore the LME price crossed the USD 4,000 milestone in first week of March 2022.

Other than Aluminium, the Company also uses a range colored polyester powders for the powder coating process, chemicals for various process and wood effect paper for the wood finishing process. These are also

are sourced from overseas. Price fluctuation of such material also affected the product pricing and profitability of the Company.

LME Price per MT in USD (MT/USD)



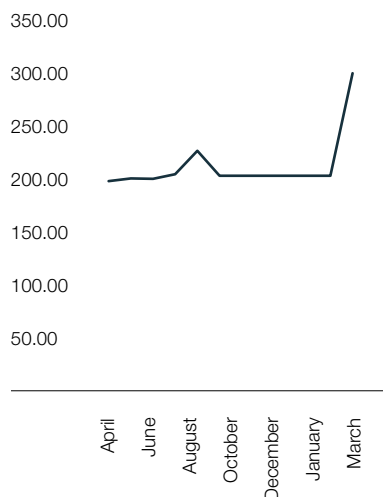
FOREIGN EXCHANGE AVAILABILITY AND EX-CHANGE RATE MOVEMENT

Given the lack foreign exchange liquidity crisis in the country, the Group faced severe difficulties in sourcing import raw material. The scarcity of Dollars meant the Banks were unable to open the LCs sight or on usance terms. Alumex for its part was able to minimise the impact thanks by leveraging its higher export revenue to settle the import bills on the Dollar sharing basis with the banks.

On 08 March, Sri Lanka devalued the Rupee against the US Dollar, entering into a floating exchange rate regime, with the Central Bank of Sri Lanka forced to abandon the pegged exchange rate in order to defend the Rupee amidst dwindling reserves. Consequently the inter-bank exchange rate shot up. The initial shoot-up was followed by further rallying of the US Dollar reaching close to Rs. 300 per USD by 31st March 2022. Accordingly Rupee depreciated almost 50% year on year against the Dollar.

Our product cost composition consist of 55%-65% of foreign source raw materials. Therefore fluctuation of exchange rate at a higher price has impacted profitability. On the other hand, following the Rupee devaluation, the Group did make a net exchange gain on its sizeable Dollar reserve.

Exchange Rate Movement - Rs. Vs USD (USD/Rs.)



Import Restrictions

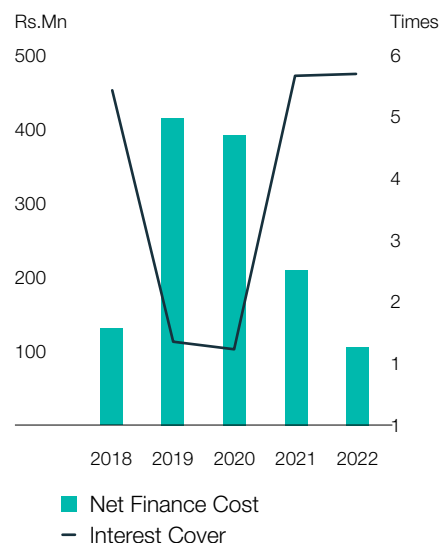
As the precautionary measure to excessive demand for foreign currency at the onset of the COVID-19 pandemic in March 2020, the government imposed temporary import suspensions on a range of goods deemed non-essential. Such suspensions were extended from time to time due throughout 2020 and into 2021. While raw material used by Alumex have not yet been categorised under the suspension list, the risk of this eventuality remains a key concern for the Group especially with the worsening foreign currency crisis situation.

NET FINANCE COST AND INTEREST COVER

The Group's finance cost decreased by 50% to Rs. 106 Mn in the year under review from to Rs. 210 Mn in the FY 2020/21. This was largely attributed to the net exchange gain

of Rs. 144 Mn recorded in the month of March 2022 from the Group's dollar reserve, which helped to offset the increase in interest expenses by 22% to Rs. 268 Mn. Interest on short-term borrowings accounted for 48% of total interest costs for FY 2021/22, while Interest on long-term borrowings accounted for the remaining 52%. Meanwhile, finance income more than tripled to Rs. 18.3 Mn during the year supported by interest income earned from the Group's dollar reserve. Lower finance costs, along with higher EBIT saw the interest cover decreasing to 5.55 times from 5.62 times. In light of the accommodative monetary policy stance of the CBSL market interest rates remained consistently low in the first half of 2021, a scenario that Alumex Group sought to capitalise on in order to reduce overall cost of funds.

Net Finance cost/ Interest Cover



PROFIT AFTER TAX

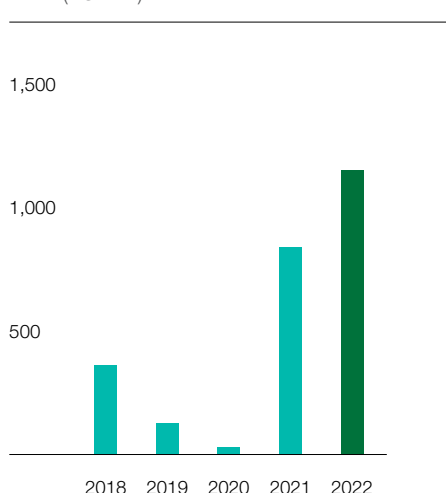
Group's Consolidated post-tax profit recorded the Rs. 1 Bn milestone for the first time in Alumex history, to reach an all-time high of Rs. 1,152 Mn - 37% increase year on year. This improvement was the result of

Financial Capital

conscious efforts to ensure continuity of operations amidst unprecedented pandemic related challenges, along with aggressive market penetration and market development strategies to capitalise on favourable demand trends. The sizeable reduction in finance costs made a strong positive contribution towards profit augmentation. The tax expenses for the period was Rs. 261 Mn. A deferred tax reversal of Rs. 31 Mn was also accounted for. This deferred tax reversal is in relation to the reduction of debtor's impairment and Increase of inventory provision.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, at the reporting date. According to the amended Inland Revenue Act No 24 of 2017, the applicable income tax rate for Alumex PLC as a manufacturing entity, is 18%. The reconciliation between accounting profit and taxable income is available in Note 9, in the Notes to the Financial Statements. A summarised computation of deferred tax is given in Note 9.

PAT (Rs. Mn)

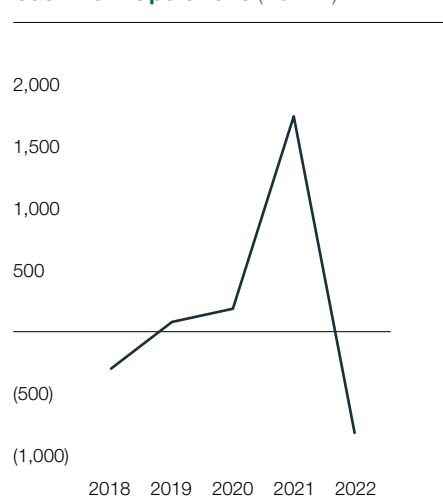


CASH FLOW AND LIQUIDITY POSITION

The Group's cash flow and liquidity level deteriorated during the year, reflecting the negative net cash position of Rs. 839 Mn compared to positive cash flow of Rs. 1,750 mn the previous year. The main reason for this was the higher investment in working capital to accommodate inventory and advances. The Group had to maintain a higher inventory in order to mitigate supply chain risk stemming from the forex crisis prevailing in the country. At the same time, the Group had to pay higher advances to secure the import of raw material which was previously imported under the usance LC's. Consequently, the Group's cash cycle has been extended during the reporting year. The Group made some major capital investments in the year under review, including the SAP S4/HANA ERP system and significant capacity expansions at the local billet manufacturing plant. The Group also increased the investment in rooftop solar during the year. The resulting net cash outflow from investing activities amounted to Rs. 733 Mn, up from Rs. 288 Mn the previous year. Net cash flow from financing activities amounted to an outflow of Rs. 59 Mn, as the Group paid dividends totaling to Rs. 359 Mn. The Group also reported Rs. 180 Mn of cash inflows from net long term borrowing. A culmination of these factors saw the net change in cash and cash

equivalents amounting to an outflow of Rs. 1,630 Mn, compared to net increase in cash and cash equivalents of Rs. 600 Mn in the previous year.

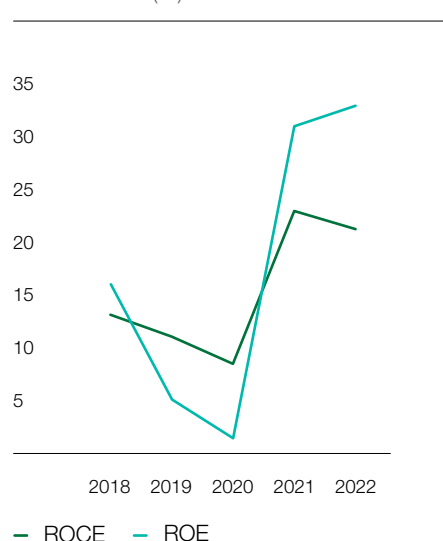
Cash from Operations (Rs. Mn)



ROCE AND ROE

Return on capital employed (ROCE) as at the year-end was 21% (2020/21 – 23%) driven by the 21% percent increase in EBIT. With the Group net profits increasing by Rs. 311 Mn, return on equity (ROE) increased to 34% in the reporting year against 31% in the previous financial year.

ROCE / ROE (%)



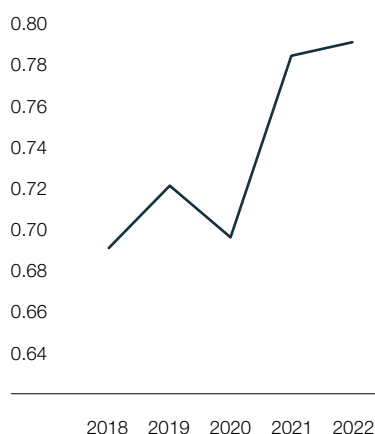
ASSET TURNOVER

The efficient and prudent management of assets such as property, plant and equipment, intangible assets, inventory, receivables and cash in hand and at bank, is critical in maximising profitability and liquidity. The management of assets is of paramount importance to the profitability of the Group.

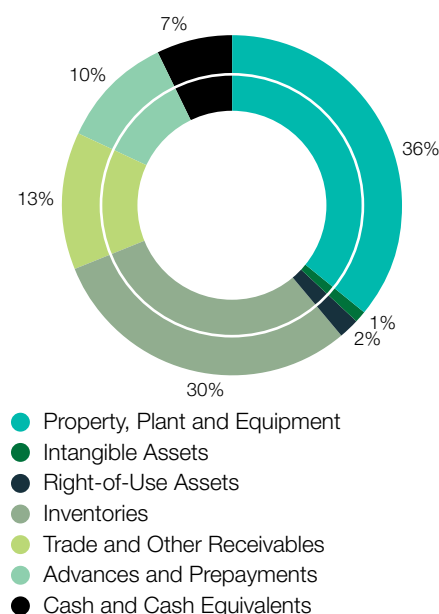
Group assets increased by 57% to Rs. 12 Bn, owing to higher investments in working capital. A key working capital investment of Rs. 2.4 Bn saw the asset composition tilting more towards current-assets. Consequently in the year under review, current assets accounted for 61% of total assets compared to 47% the previous year. In FY 2021/22, the Group invested in non-current-assets amounting to Rs. 752 Mn. Of this, Rs. 560 Mn was incurred for the purpose of upgrading machinery, tools and equipment, while Rs. 65 Mn was attributed to buildings, Rs. 30 Mn for furniture and office equipment, Rs. 122 Mn for ongoing construction and another Rs. 4 Mn for acquisition of intangible assets. Investments in plant and machinery and ongoing construction included expenses to purchase new state-of-the-art technology for the local billet manufacturing plant at a cost of Rs. 383 Mn. Plant and Machinery also included the 984 KW solar power plant installation, marking the 2nd phase of the green energy project at the Ekala prime factory at the cost of Rs. 110 Mn.

Higher capacity utilisation combined with improved revenue, the Group asset turnover reached 0.80 times in the reporting year, up from 0.78 times in the preceding year. The non-current asset turnover ratio also registered a remarkable increase to 2.02 times in the year under review from 1.49 times in the previous year even after land value increased by Rs. 153 Mn with revaluation made in the reporting period.

Asset Turnover (Times)



ASSET COMPOSITION (%)



BORROWINGS

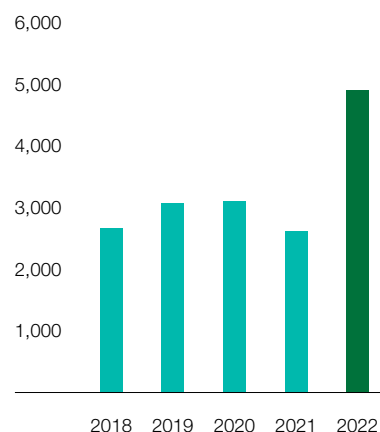
Despite an increase in borrowings to fund capital expansions and working capital, the Group's funding profile remains healthy supported by a strong equity base. Strong profit generation during the year resulted in the Group's equity increasing by 31% to Rs. 3.9 Bn, thereby representing 32% of

total assets. Borrowings reached Rs. 4.6 Bn, primarily due to funding of working capital requirements and capital expansions. Short-term borrowings accounted for 61% of the Group's debt profile amounted to Rs. 2.8 Bn, while long term borrowing which accounted 39% of the Group's debt profile amounted to Rs. 1.8 Bn.

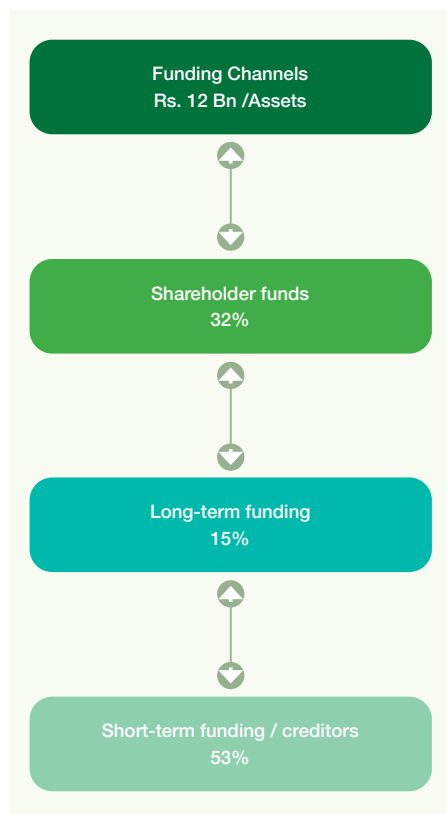
Long-term borrowings as at the year-end amounted to Rs. 1.8 Bn as compared to Rs. 1.6 Bn in 2020/21. Of the total borrowings of Rs. 651 Mn (2020/21 – Rs. 737 Mn) was reflected under current liabilities as the repayment falls due in the FY 2022/23. The long-term loan of Rs. 380 Mn that was obtained at a concessionary rate was partly to finance the working capital requirement, while Rs. 1,040 Mn was obtained for the purpose of the capital capital expansion projects (Rs. 715 Mn) and also for refinancing existing two term loans (Rs. 325 Mn)

Interest on short term borrowings changed as per the money market rates which were reviewed periodically by the Group's central treasury. The details of borrowings are set out in Note 16 in the Notes to the Financial Statements.

Borrowings (Rs. Mn)



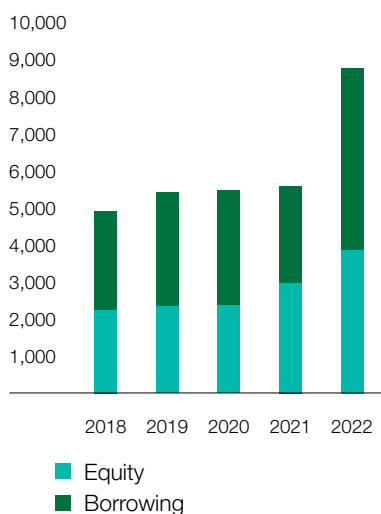
Financial Capital



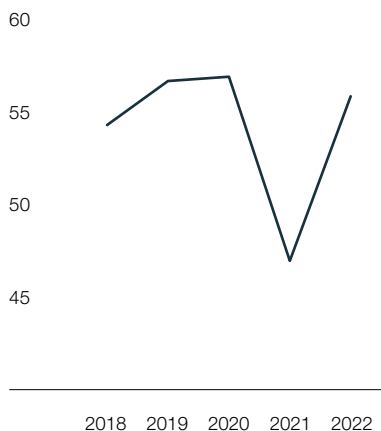
CAPITAL STRUCTURE AND GEARING

Financial gearing stood at 56%, indicating an improvement from 47% in the previous financial year. Borrowings increased to Rs. 4.9 Bn up by 87% from Rs. 2.6 Bn in the previous years. Group equity strengthened by 31% in FY 2021/22 compared to the previous year. The stated capital remained unchanged. The Group's debt/equity ratio decreased to 1.27 from 0.89 the previous year.

Capital Structure (Rs. Mn)



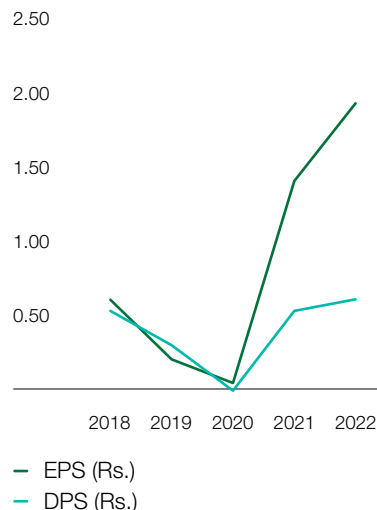
Gearing (%)



EARNINGS PER SHARE (EPS), DIVIDEND PER SHARE (DPS), SHAREHOLDER RETURNS

The year under review was characterised by superior shareholder returns. Underpinned by record profitability, the highest dividend payout in the Group's history as well as the escalation in the share price was noted in FY 2020/21. Shareholder returns as measured by earnings per share increased from Rs. 1.40 to Rs. 1.92 during the year. Net asset per share increased by 31% to Rs. 6.49 by end-March 2021. The computation of EPS is given in Note 4.7 in the Notes to the Financial Statements. The Group divided for the year was Rs. 359 Mn, translating into DPS of Rs. 0.60 per share in FY 2021/22 from Rs. 0.53 per share in the previous year. Accordingly, the dividend payout ratio for 2021/22 stood at 31%.

EPS / DPS (Rs.)



SOLVENCY AND RESERVES

Section 56 of the Companies Act No. 07 of 2007, requires that a solvency test be performed prior to the payment of dividends. In order to satisfy this requirement, the Group conducted solvency tests prior to the payment of the three interim dividends and final dividends for the FY 2021/22. As per the Act, prior to payment of dividends, the independent auditors have certified the following;

- Group is able to honour its debt commitments
- The value of the Company's assets is greater than the value of its liabilities and stated capital.

Following is a computation of solvency criteria for the Company as at the year-end.

As at 31 March	2021/22 Rs. '000"	2020/21 Rs. '000"
Non-current assets	4,557,884	3,870,778
Current assets	6,678,499	3,184,508
Total assets	11,236,383	7,055,306
Non-current liabilities	1,809,008	1,380,140
Current liabilities	6,471,508	3,435,519
Total liabilities	8,280,516	4,815,659
Assets less liabilities	2,955,867	2,239,645
Stated capital	283,735	283,735
Net position	2,672,132	1,955,910

FINANCIAL STRENGTH

GRI 201-04

As at the year-end, the Group obtained several financial facilities from local and international banks (as shown below) for the purpose of funding its import and working capital requirements. Interest rates and commissions for these facilities were reviewed periodically, whilst rate changes on facilities were determined based on market rates. The Group did not receive any direct financial assistance from the government during the reporting year.

- Facilities for Letter of Credit and import loan – Rs. 4,155 Mn
- Facilities for bank overdraft – Rs. 595 Mn

FINANCIAL RISK MANAGEMENT

The risk elements affecting the financial operations of the Group in relation to credit, liquidity, operations and the markets are duly explained in the Note 30 in the Notes to the Financial Statements and risk management section on page 208 - 209. However, the main risk element substantially affecting the results of the Group in the year under review, was foreign currency risk. The Group manages its foreign currency risk to greater extent by maintaining foreign currency denominated assets to hedge against the liability.

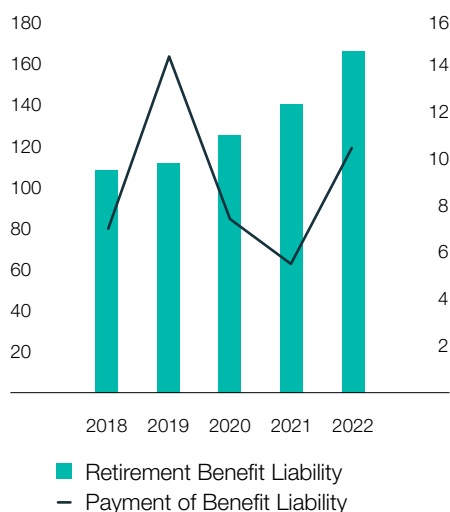
DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT PLANS

The Group's defined benefit plan is in line with statutory requirements outlined under the Payment of Gratuity Act, No.12 of 1983. The defined benefit is calculated by independent actuaries using Projected 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 outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations as at 31 March 2022 was Rs. 166 Mn as compared to Rs. 140 Mn in 31 March 2021.

The Group paid Rs. 10.55 Mn to employees retiring during the reporting period compared to the Rs. 5.5 Mn paid in the previous financial year.

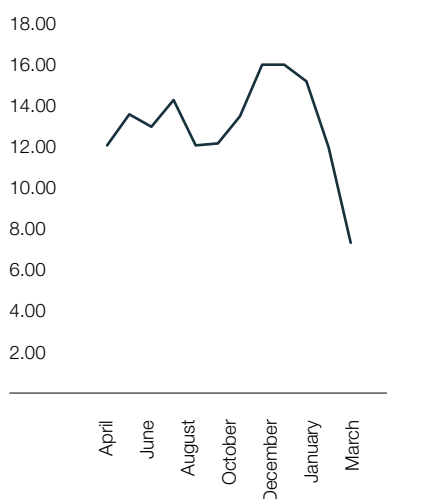
Financial Capital

Retirement Benefit (Rs. Mn)



Alumex PLC' recorded a market capitalisation value of Rs. 4,370 Mn as at 31st March 2022, compared to Rs. 6,465 Mn at the end of previous financial year.

Movement of Share Price at the End of Each Month (Rs./Share)



PERFORMANCE OF THE SHARE

The Alumex PLC share price showed mixed results in the current financial year. After subdivision of share on 21 March 2021, where one ordinary share was split into two (2), the Alumex share reached an all time high of Rs. 18.40 in January 2022. The share maintained its position above the benchmark Rs. 10.00 throughout February, before dropping to Rs. 7.00 on 30th March 2022, it's lowest level over the twelve month period. This was result of poor investor sentiment due to the macro-economic imbalance in the country.

MANUFACTURED CAPITAL



MANAGEMENT APPROACH

Our Manufactured Capital comprises the physical and technology assets that form the building blocks of our business. To ensure our Manufactured capital performs optimally at all times, we maintain a disciplined approach based on the following principles;

New Infrastructure Investments

All new investments and capacity expansions are fully aligned to our business objectives. Such decisions are taken annually by the Board in line with the Company's 3-year strategic plan. Annual CAPEX budgets are prepared with clear return-on-investment parameters set for various investment thresholds. CAPEX decisions are made by the Board based on investigative reports to assess not only financial viability but also consider environmental and social impacts associated with these investments.

Our highly streamlined procurement process which has been developed in line with global best practices, is a key enabler in our efforts to acquire the most desirable assets to suit our precise needs. We follow procurement best practices to verify supplier credibility, in terms of product quality, installed capacity, availability of spare parts, pre- and after-sales services, as well as to scrutinise their environmental and social performance, including plant safety standards. When it comes to infrastructure projects, we look at contractors' track records and their ability to fulfill deadlines.

Maintenance and Upkeep

We have appointed a team of trained engineers to oversee routine maintenance and upkeep of our machinery and equipment as per the manufacturers' specifications.

At the same time to ensure our plants continue to operate at optimal levels, we proactively review and renew all service contracts as needed.

Our framework of ISO certifications and globally recognised licenses for proprietary manufacturing systems also help in driving ongoing improvement and enhance functional efficiencies across our core infrastructure.

Asset Rationalisation

Our asset rationalisation initiatives are aimed at phasing out old and underperforming assets from our portfolio.

Strategic Imperatives and Strategy

Capacity Expansions

- Strategically invest in new buildings, plant, machinery and equipment in line with best practices in procurement and awarding of contracts.

Technology Upgrades and Maintenance

- Keep abreast of the latest technological developments in the industry, and ensure timely upgrades to factory buildings, plant and machinery.
- Carry out daily preventive maintenance in manufacturing plants to ensure smooth flow in operations, safety and cost optimisation.

Manufactured Capital

MANUFACTURING AND DISTRIBUTION INFRASTRUCTURE

Alumex PLC's manufacturing infrastructure comprises strategic investments made by the Company to build manufacturing capacity in order to support various aspects of its business model. Today our core infrastructure accounts for 37% of the Company's asset base.

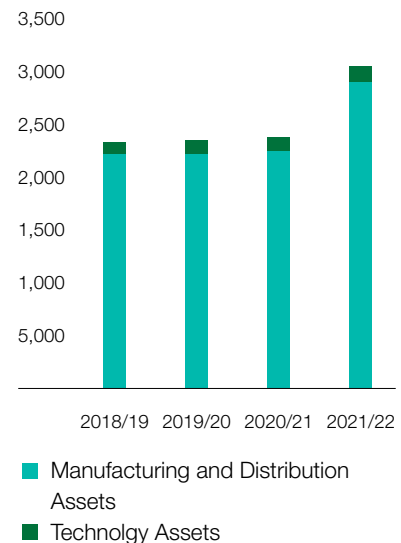


TECHNOLOGY ASSETS

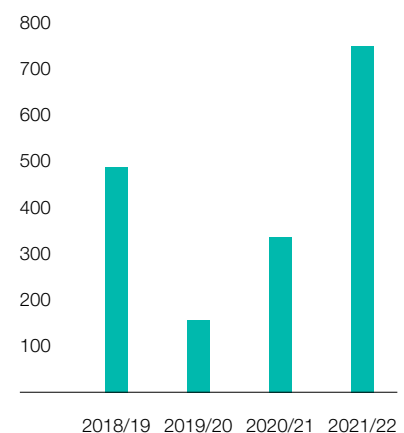
Over the past decade we have increasingly focused on technology-based applications to transform our core infrastructure in line with global Aluminium industry standards. A cautious approach underpins our technology investments, as we seek out the most appropriate

technologies to augment our unique business model. In the year under review, we achieved a significant milestone in advancing our IT infrastructure by investing in the SAP S4 HANA Enterprise Resource Planning platform to manage complex business operations.

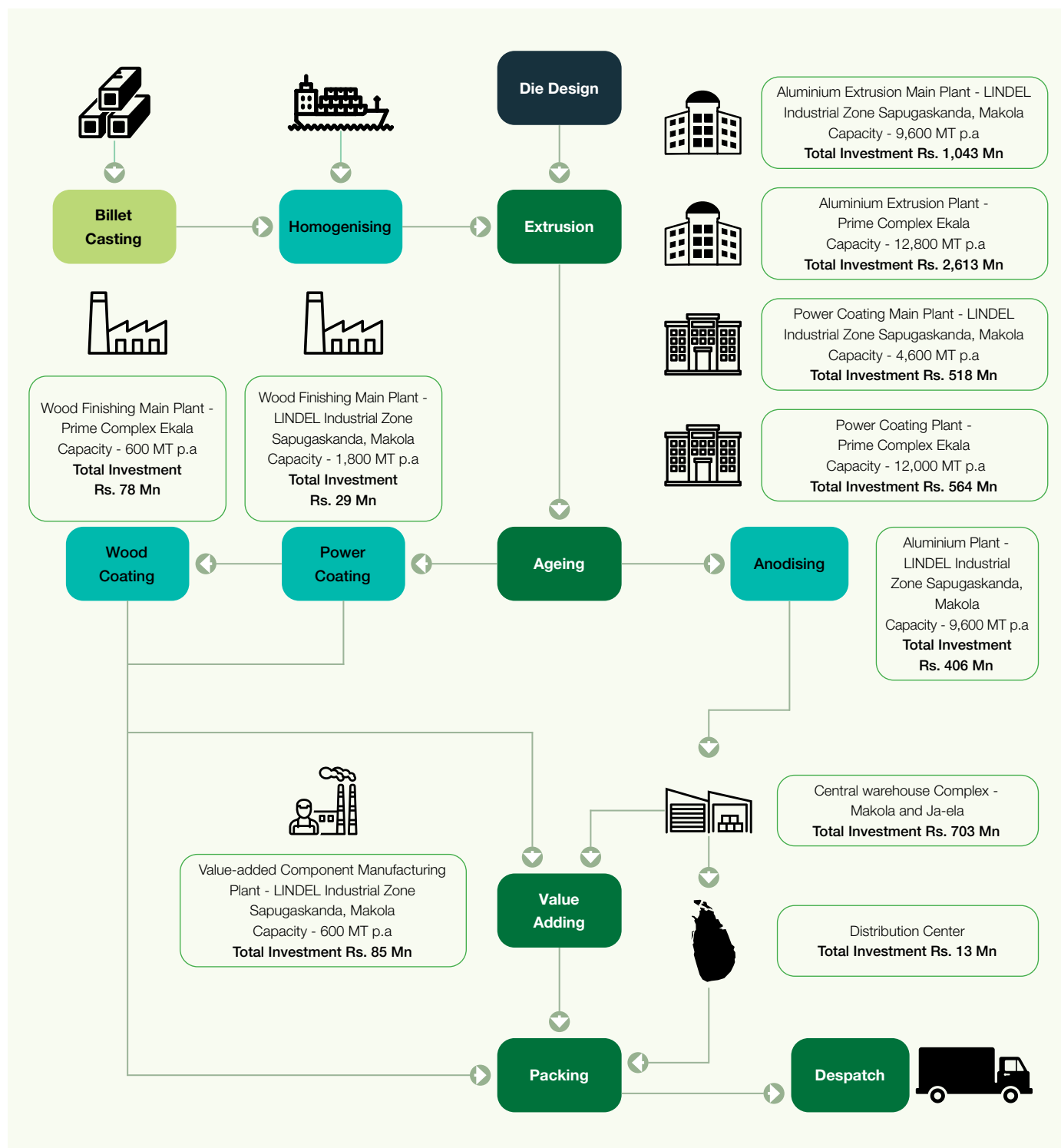
Asset Mix (Rs. Mn)



Total Capital Expenditure (Rs. Mn)



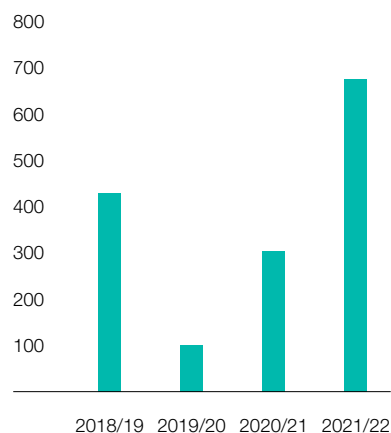
MANUFACTURING AND DISTRIBUTION INFRASTRUCTURE



Manufactured Capital



Investment in new Technology (Rs. Mn)



INSTALLED PLANT CAPACITY AND UTILISATION

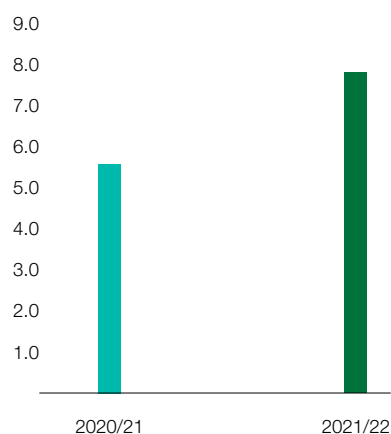
	Plant capacity (MT p.a)	Current utilisation (MT p.a)	Current utilisation %	Utilisation Increase/ Decrease (MT p.a)	Utilisation FY 2020/21
Extrusion	22,200	8,840	40%	1,951	31.00%
Anodising	5,400	1,933	36%	149	40.00%
Powder coating	16,600	5,817	35%	1,444	40.00%
Wood effect finishing	1,200	435	36%	6	55.00%
Die manufacturing -(Plates)	1,080	785	73%	154	50.00%
Aluminium melting	6,000	5,395	90%	1,225	85.00%

KEY PERFORMANCE INDICATORS

	FY 18	FY 19	FY 20	FY 21	FY 22
Net Yield	80.9%	81.3%	77.8%	79.4%	82.1%
Finishing Rejects	5.8%	3.8%	5.4%	4.3%	2.7%

Alumex aims to deepen its penetration into the local market as well as expand the coverage in export markets by leveraging the excess capacities of extrusion, anodising, powder coating & wood-finishing can be effectively utilised.

CAPEX to sales ratio (%)



NEW INFRASTRUCTURE INVESTMENTS FOR FY 2021/22

	Description	Value (Rs.000)
Buildings	Installation of fire hose and fire hydrant system, factory building Ekala, Negambo Lumin Concept Center, Converting old house into chemical/powder stores, New melting plant-12T Tilting Melting Plant, Scrap Processing Yard	186,651
Plant, Machinery and Equipment	New Melting Plant-Scrap Processing Equipment, New Melting Plant-12T Tilting Melting Plant, New Melting Plant-5 Ton Single Girder Hoist Crane, 1" Diaphragm Pump with Aluminium Fluidside, 60KW Vacuum Type Nitriding Furnance & installation	420,308
Furniture and Fittings	Table with side return for DGM-Component-Lindel, Visitor Chairs for Pro DGM-3 No.s-Component Lindel, Damro Steel filling Cupboard for EKL DIC, High back Chair for Pro DGM-Component Plant-Lindel	4,249
Technology Assets	Dell Mobile Precision Workstation, HP Probook 440 G7 Laptop- Ekala-Production office, Desktop computer for production coordinator-GM Office,	110,591

VALUE CREATION HIGHLIGHTS FOR FY 2021/22



FUTURE PLANS

Short Term	Medium Term	Long Term
<p>Implementing a new manufacturing strategy to improve plant productivity and optimise overall asset utilisation.</p> <p>This will be coupled with lean application to enhance production efficiency and strengthen competitive positioning.</p>	<p>Expand the existing renewable energy infrastructure to ensure 1,384 KwP to Company's energy requirements will be fulfilled through renewable sources of energy (Solar Power).</p>	<p>Invest in the latest technology to reinforce Alumex's position as the leading technological influencer in Sri Lankan Market.</p>

INTELLECTUAL CAPITAL



MANAGEMENT APPROACH

Developing Alumex PLC Intellectual Capital is seen as one of the Company's foremost strategic priorities. Given its crucial role in complementing our efforts to deliver positive stakeholder outcomes, systematic planning and budgetary control processes have been put in place to ensure necessary resources are allocated to develop all key components of our Intellectual Capital. These plans and budgets are reviewed and updated by our leadership teams during their annual strategic planning and budgeting discussions where they take cognisance of our short to medium term goals, any notable developments in the Company's immediate operating environment and wider global trends.

Strategic Imperatives and Strategy

Corporate Capital Standing

- Nurture Alumex values and leverage the corporate standing to stay ahead of the competition

Tacit knowledge and Improvements

- Strategically strengthen and draw upon the tacit Knowledge to mitigate and reach out to growth

Building Brand Equity

- Build the leverage brand equity of Alumex & Lumin

Research and Development

- Prioritise and invest in research and development to improve processes and to develop products to meet standards

Licensing and Certifications

- Invest in digital solution to improve operational processes for higher productivity and cost efficiency

BRAND STRENGTH

Backed by over three decades experience in the business, Alumex has built a solid reputation as the vanguard for Aluminium extrusions in Sri Lanka. The emphasis we have put into continuous and ongoing innovation has positioned Alumex as one of the Trail Blazers responsible for accelerating the broad based transformation

of Sri Lanka's construction industry. The Company's core brands - Alumex, Lumin and Alco, all occupy leadership positions in their respective spaces testifying to our commitment to cater to the full spectrum of market needs. Alumex, our flagship brand is known for its pioneering role in promoting the mainstream use of Aluminium extrusions in large scale construction projects in the

Country. Today, 30 years on Alumex stands proud to be the brand most trusted by all stakeholders in the construction industry. Consistent quality and reliability are the hallmarks that have propelled Alumex as the market leader in Aluminium extrusions in Sri Lanka with a captive market share of 50%. True to our trail blazing roots, we launched Lumin, which since its launch in 2015 has

taken the local residential housing market by storm through its range of versatile and practical solutions for houses and condominiums. The latest addition to our portfolio is the new 'fighter' brand, 'Alco' which targets the lower to mid-tier market.

Alumex drives innovation as a core strategy. Hence the company invest on developing products which will be top priority in the future. As a result, Alumex launched its 1st proprietary system Alumex Building system last year.



The Alumex brand profile received yet another significant boost in 2019 as the Company became the first Sri Lankan Aluminium extrusions manufacturer to mark its entry to overseas markets. After starting our journey by exporting 43 MT in 2019, the Company's export volumes have since multiplied by almost 10 times in 2020 along with a further 3-fold expansion from thereon in 2021. In recognition of the Company's phenomenal contribution towards Sri Lanka's export earnings in a short span of time, Alumex was conferred the Gold award under the 'Machinery & Light Engineering Products' sector in the medium category at the 29th annual Export Awards conducted by the National Chamber of Exporters on 21st Jan 2021. The award marks a major achievement for Alumex as it marks the first time that an Aluminium extrusions manufacturer has received recognition at this forum.



Intellectual Capital

STRATEGIC PARTNERSHIPS

Strategic partnerships that Alumex has established with reputed international suppliers allow the Company to benefit from the technical expertise and cutting edge technological knowhow of these organisations.

NORWAY

HYDRO ALUMINIUM

Hydro Aluminium-Norway is a Norwegian Aluminium and renewable energy company, head-quartered in Oslo.

JAPAN

MITSUBISHI PLASTICS INC.

Manufacturer and supplier of Aluminium composite panels.

DGL INTERNATIONAL

A leading manufacturer of powder and thermal polymer alloy coatings.

UAE

JOTUN MENA

JOTUN is the premier brand in Europe and the Middle East manufacturing powder and thermal polymer alloy coatings.

AUSTRALIA

EMIRATES GLOBAL ALUMINIUM COMPANY

The most productive single-site Aluminium smelter in the world, and the fifth largest Aluminium producer in the world.

TURKEY

EKSTEK XP

Manufacturer of Aluminium Extrusion Profile, Die & Tools with experience of 30 years.

USA

DUPONT CORIAN

A manufacturer of advanced composite product used as a decorative material.

CANDORVIEW

Most innovative system design company based in Wilmington, Delaware, USA.

RUSSIAN/ UK

QFORM GROUP

Providing the essential needs in metal forming simulation for large and small manufacturing companies as well as research and educational establishments.

CHINA

GIANTALLY

Provider of high-tech R&D, design and production and specialises in providing extrusion dies, copper & Aluminium profile production lines, extrusion press tooling, precision components, wind turbines and Aluminium products.

ANDONE INTERNATIONAL GROUP

Reputed trading organisation in China, supplying all kind of industrial machineries and chemicals.

GERMANY

ORG ADATA AG

A leading technology-driven company which develops analytical software systems.

INDIA

VEDANTA LIMITED

Vedanta is a leading producer of Oil & Gas, Zinc, Lead, Silver, Copper, Iron Ore, Steel, Aluminium & Power.

ITALY

ALUK

A leader in the design and manufacture of a range of sophisticated Aluminium building systems.

To further uplift our competitive position, we have worked to build up a portfolio of exclusive licensing arrangements which grant us the rights to use trademarked products and processes to complement our offerings. These licensing agreements have been obtained after rigorous investigation by principals to assess our quality systems and processes, factory capacities and sustainability parameters, and followed by routine due diligence to confirm the continuity of these key considerations. Thanks to these consistent measures, Alumex today is the only Aluminium extrusion manufacturer in Sri Lanka and the wider South Asian region that can claim to possess three globally acclaimed licenses - the Qualicoat license for lacquering, painting and coating of Aluminium architectural applications, Qualicoat Seaside for quality weather-proof Aluminium applications for coastal constructions and Qualanod to assure the quality of anodised Aluminium.

KNOWLEDGE-BASED ASSETS

Given the rapidly evolving nature of the construction industry, Alumex has always given precedence to advancing its know-how as a means of staying a step ahead of peers. Over the years the Company allocated considerable resources towards its R & D programme with the intention of augmenting its offerings through design innovation. Through these efforts over the years we have successfully enhanced our know-how and design capability to manufacture a range of profiles that dynamically respond to market trends. Our designs are patented and duly registered with the National Intellectual Property Office under the Intellectual Property Act of Sri Lanka No. 52 of 1979.

The Company's ties with overseas principals and strategic business partners are another important source of know-how especially in terms of access new technologies, market intelligence, and international and current best practices in the Aluminium industry.

We also leverage the acquired knowledge and expertise of our senior employees, who through their long years of experience are privy to deep

CERTIFICATIONS AND LICENSES

In a highly competitive environment, we consider the right certifications to be highly desirable as they produce a strong competitive edge that enables the retention of market share locally and also in driving our efforts to access export markets. Premised in this, Alumex has actively sought out specific certifications to augment its core business operations, especially with regard to innovation and quality standards. These voluntary undertakings underscore the importance we place on ensuring our operations are benchmarked against global best practices.

insightful knowledge regarding our business, the broader competitive environment as well as industry trends. We encourage all our senior employees to act as mentors and share their experiences and learnings among newer employees. At the same time we are committed to invest in targeted training interventions to strengthen the technical and industry knowledge of all teams across the organisation.

Certifications and Licenses FY 2021/22

CERTIFICATIONS

SYSTEMS AND PROCESSES

QMEA, The Quali Middle East Association (QMEA) is an international non-profit membership-based organisation formed under the Law No. 9 of 2012 Concerning the Organisation of Dubai Chamber of Commerce and Industry



License validity: 2022.12.31

Qualanod, Zurich, Switzerland
(A global quality label organisation, licensing quality of anodised Aluminium.)



Scope

- Entire anodising process and product quality

License validity: 2022.12.31

“Alumex is the only Aluminium manufacturer to hold Qualanod license in Sri Lanka.”

QUALICOAT, Zurich, Switzerland
(A global quality label organisation, licensing for lacquering, painting and coating on Aluminium architectural applications.)



Scope

- Entire powder coating process and product quality

License validity: 2022.12.31

Sri Lanka Standards

(National level standards body to protect consumer from business malpractices)



Scope

- Third party guarantee on product quality
- Standardise product quality base on BS standard.

Certification validity: 2023.05.12

ISO 9001:2015 Quality Management System
(International standards body, advocating proprietary, industrial and commercial standards)



Scope

- Assurance of quality management processes and improvements to systems
- Risks and opportunities in relation to context and objectives

Certification validity: 2023.04.26

JOTUN MENA, United Arab Emirates
(Premier brand of powder coating range of products in Europe and the Middle East)



Alumex Scope: Exclusive and approved applicator in Sri Lanka.

Warranty : Up to one years

License validity : 2022.12.31

Intellectual Capital

Certifications and Licenses FY 2021/22	
LICENSES	
APPLICATOR LICENSES	
<p>DuPont Corian, USA, Japan (Manufacturer of an advanced composite product as a decorative material for residential and commercial applications.)</p>  <p>Alumex Scope : Authorised agent to import and distribute DuPont Corian in Sri Lanka since 2015</p>	<p>AluK, ITALY A leader in the design and manufacture of a range of sophisticated Aluminium building systems.</p>  <p>Alumex Scope: Manufacturing AluK Aluminium systems under license in Sri Lanka.</p>
<p>CandorView, USA This is a USA brand with superior designs for large size windows. The operation mechanism of the doors and windows is very smooth although the sizes are above the norms.</p>  <p>Alumex Scope : Manufacturing Candor View proprietary system under license in Sri Lanka since 2020</p> <p>License Validity : One year</p>	<p>Mitsubishi Plastics Inc. Japan (Manufacture of the world's most popular Alpolic Aluminium composite panels since 1971.)</p>  <p>Alumex Scope : National distribution rights in Sri Lanka since 2011</p>
<p>Hydro Aluminium, Oslo, Norway (The largest Aluminium company with a presence in over 50 countries and renowned brands including Wicona (Germany), SAPA (Belgium) and Technal (France).)</p>  <p>Alumex Scope : Manufacturing hydro Aluminium systems under license in Sri Lanka since 2019.</p> <p>License validity : One Year</p>	<p>GUTMANN, German The company GUTMANN ALUMINIUM DRAHT GMBH (GAD) is one of the leading German suppliers of drawn Aluminium round wires, Aluminium round rods and Aluminium profile bars.</p>  <p>Alumex Scope : Manufacturing hydro Aluminium systems under license in Sri Lanka since 2019.</p> <p>License validity : One Year</p>
<p>CAPRAL Australia, It commenced operations in Australia in 1936 and is Australia's largest manufacturer and distributor of Aluminium profiles, with net assets of approximately \$135 Mn.</p>  <p>Alumex Scope : Manufacturing CAPRAL Aluminium proprietary systems under license in Sri Lanka since 2021</p> <p>License validity : One Year</p>	

BUSINESS ETHICS

As a respected industry leader, Alumex strives to lead by example in ensuring its business activities at all times are conducted in a manner that is beyond reproach.

Business ethics are a fundamental part of Alumex's overall approach to business, of which compliance plays a critical role. Since the inception we have made a conscious effort to maintain a 100% regulatory compliance record across all facets of the business. Moreover in seeking to portray Alumex as a compliance leader, we have further prioritised the early adoption of recommendations by the various regulatory governing bodies applicable to our business.

Our commitment to ethics goes beyond compliance and permeates across all aspects of our business through the Alumex Code of Ethics which sets out guidelines to enable all employees to practice the Company's corporate value system during the course of their day to day work both in their internal activities as well as when acting on behalf of the Company with external parties.

Our focus on ethics is further reinforced through a robust internal assurance and reporting framework based on routine due diligence activities conducted by the Company's own internal compliance teams, annual surveillance audits by certification bodies and independent verifications by licensing partners.



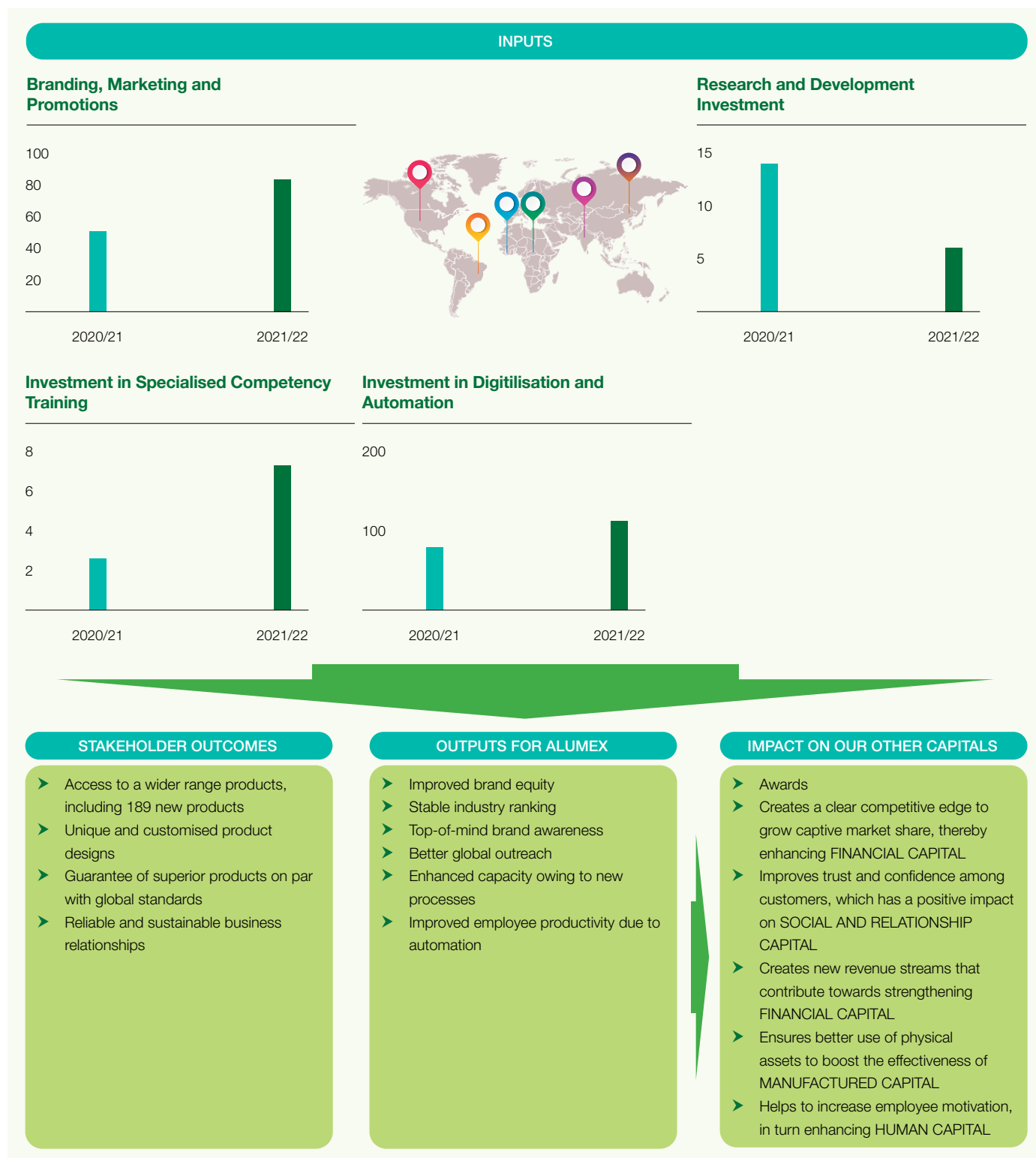
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| 📍 Canada | 📍 Seychelles | 📍 Bangladesh |
| 📍 United States | 📍 Maldives | 📍 Australia |
| 📍 United Kingdom | 📍 Nepal | 📍 New Zealand |
| 📍 Switzerland | | |

New licenses / Renewals

QUALICOAT	Certificate for a coating applicator QUALICOAT authorises Alumex PLC to use the quality label in the conformity with the QUALICOAT 2022 Specification, applicable from 1 January 2022
QUALANOD	Alumex PLC is authorised to use the quality sign according to the regulations for the use of quality label for ARCHITECTURAL ANODISING as described in the current edition of the Specifications for the QUALANOD quality label.
Quali Middle East Association	Alumex PLC is a member of Quali Middle East Association and is a signatory to the policies and procedures related to the membership of the Association.
Approved Applicator License ➤ CANDOR VIEW ➤ Hydro Aluminium ➤ Guttman	Alumex PLC is certified as an Approved Applicator to coat products from Jotun Powder Coating.
GREEN ^{SL} Labeling System	Alumex PLC has met with all requirements of the GREEN ^{SL} Labeling system's Environmental Performance Criterion to endorse as GREEN ^{SL} Labelled Product.

Intellectual Capital

VALUE CREATION HIGHLIGHTS FOR FY 2021/22



Due Diligence Activities

ISO 9001: 2015 Annual Surveillance Audit

SLS 1410 : 2011

DIGITISATION AND AUTOMATION

With the advent of technology and its exponential growth in the past decade or so, Alumex has fully embraced technology as a key value driver in its business. In recent years, the Company has accelerated its investment in technology in order to fuel productivity improvement and drive cost efficiencies through targeted automation and digitisation initiatives.

Key Digitisation and Automation Initiatives

Introduce a digital dashboard for manufacturing plants.

We introduced digital dashboards for all the manufacturing plants during the last financial year. The manufacturing dashboard is a real time visual representation of the manufacturing process. It displays, typically in chart form or graphical form, the key KPIs or metrics that indicate the performance of the plant. This is a good initiative and it gives the right information to right person at the right time and also it simplify the complex information by its visual representation.

Die Shop Operation Management App

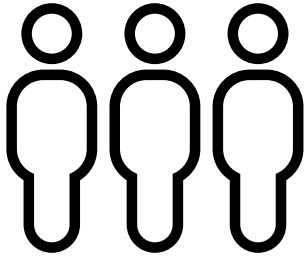
Die Shop operation management app was developed as an initial step in the digitalisation of the die shop project. The UI was designed using the MIT app inventor open-source platform and database is managed through google sheets. Previously die manufacturing data was recorded in the die card by manual writing and it was worthless and time consuming for analysis to get decisions, process follow up, etc. IA QR code was introduced for each job and employees could just enter the data relevant to their operation themselves through scanning of the QR code from app. Then entered data as workstation wise is displayed in a dashboard to effectively drive the die shop towards targets and achieve higher productivity from the die shop employees.

FUTURE PLANS

Short Term	Medium Term	Long Term
Increase brand awareness and improve visibility among key industry stakeholders.	Invest in digitisation and automation to drive ongoing efficiency improvements.	Drive export revenue through product development and market development activities to make inroads into new and emerging global markets.

HUMAN CAPITAL

GRI 401 - 01, 02, 03



MANAGEMENT APPROACH

People are the backbone of Alumex PLC's success and sustainability. Hence our Human Capital development vision is based on "Attracting, sustaining, developing and inspiring Human Resources, whilst empowering them to work with great passion towards making 'ALUMEX' a desired place to work".

Given the highly competitive nature of our business environment, our goal is to build an effective, efficient and a highly motivated workforce, with exceptional work ethics and professionalism. We focus on eight strategic priorities to create the best in-class employee experience - fair and equitable recruitment, competitive remuneration and benefits, equal opportunities for training and career progression, best health and safety practices and strong labour relations.

Our efforts are underpinned by a solid HR Policy Framework that encapsulates the Company's commitment to comply with all governing labour laws in Sri Lanka as well as to align with the ILO standards and the UNGC Principles on labour, human rights, safety and non-discriminatory employment.

Strategic Imperatives and Strategy

Employee Diversity

- Advocate 'equal opportunity' and create a fair and an inclusive workplace.

Recruitment and Turnover

- Attract and recruit 'right-profiled' candidates through a fair recruitment process.
- Be proactive and uphold best labour practices to retain talent within the organisation.

Compensation and Welfare

- Extend industry competitive and fair compensation along with comprehensive welfare benefits.
- Uphold responsibility in meeting statutory payment obligations.

Human Resource Development

- Develop skills to build a competent workforce.
- Develop management, technical and leadership skills for succession planning.

Performance Management System

- Nurture a performance-based work culture and duly reward, incentivise and recognise high achievers.
- Support poor-performers to improve their confidence and job delivery.

Employee Engagement and Work-Life

- Closely engage the workforce and encourage work-life balance to boost employee productivity, confidence and loyalty.

Occupational Health and Safety

- Extend a safe workplace in line with corona virus health guidelines and protocols.
- Train employees and invest in safe manufacturing practices and in handling chemicals and substances.
- Create staff awareness on health, nutrition and hygiene.
- Extend medical camps and health facilities for employee wellbeing.

Industrial Relations and Compliance

- Closely work with unions to achieve mutual goals.
- Address employee grievances and maintain good industrial relations.
- Comply with labour laws, rules and regulations.

HUMAN CAPITAL PROFILE

GRI 102 - 08, GRI 405 - 01



Gender	No. of Employees	%
Female	36	4
Male	843	96
Total	879	100

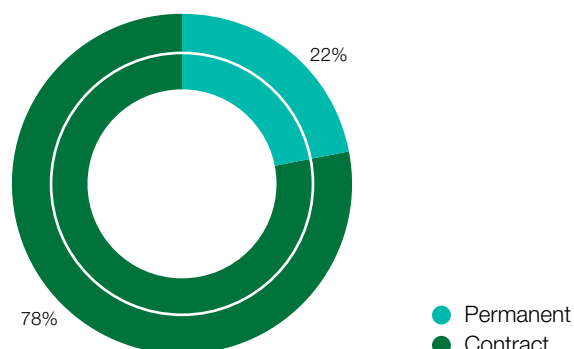
Age	Head Count	Percentage
18-25	211	24%
26-30	171	19%
31-35	105	12%
36-40	119	14%
41-45	119	14%
46-50	93	11%
> 50	61	6%
Total	879	100%

HR GOVERNANCE

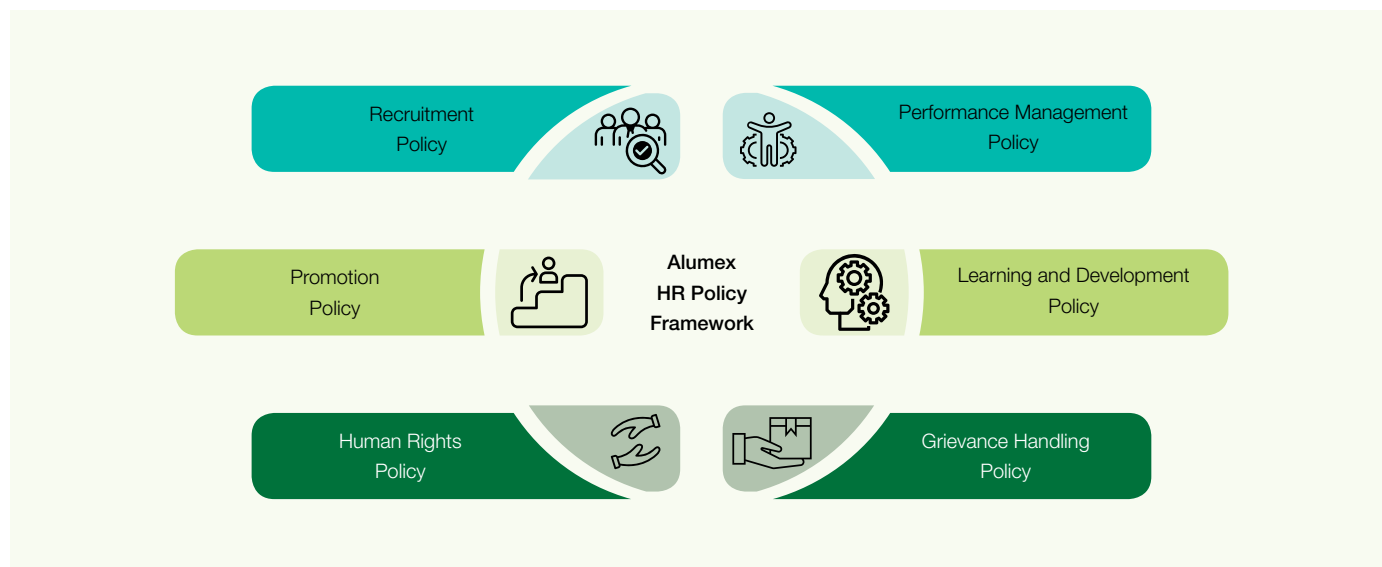
The Alumex HR function operates under the purview of the Company's Managing Director who provides oversight for the governance of Company-wide Human Capital development activities, in line with the Company's HR Strategic Plan. The HR Strategic Plan is formulated annually and serves as the basis ensuring the right people with the right skills are in the right positions at the right time in order to execute operational plans leading to the fulfillment of corporate objectives. The process of formulating the HR strategic plan provides the HR function the opportunity to consider new economic, legislative, technological and competitive trends that impact the Company's human resources.

As the main steward for HR related matters within the Company, the Alumex HR function is tasked with ensuring that policies have been duly implemented, HR systems are up to date and a conducive work environment is in place in compliance with legal or regulatory changes and other best practices. The HR function also plays a vital role in perpetuating a strong culture and ensuring that all employees are aware of and remain committed to the Alumex value culture.

Cadre Mix (%)

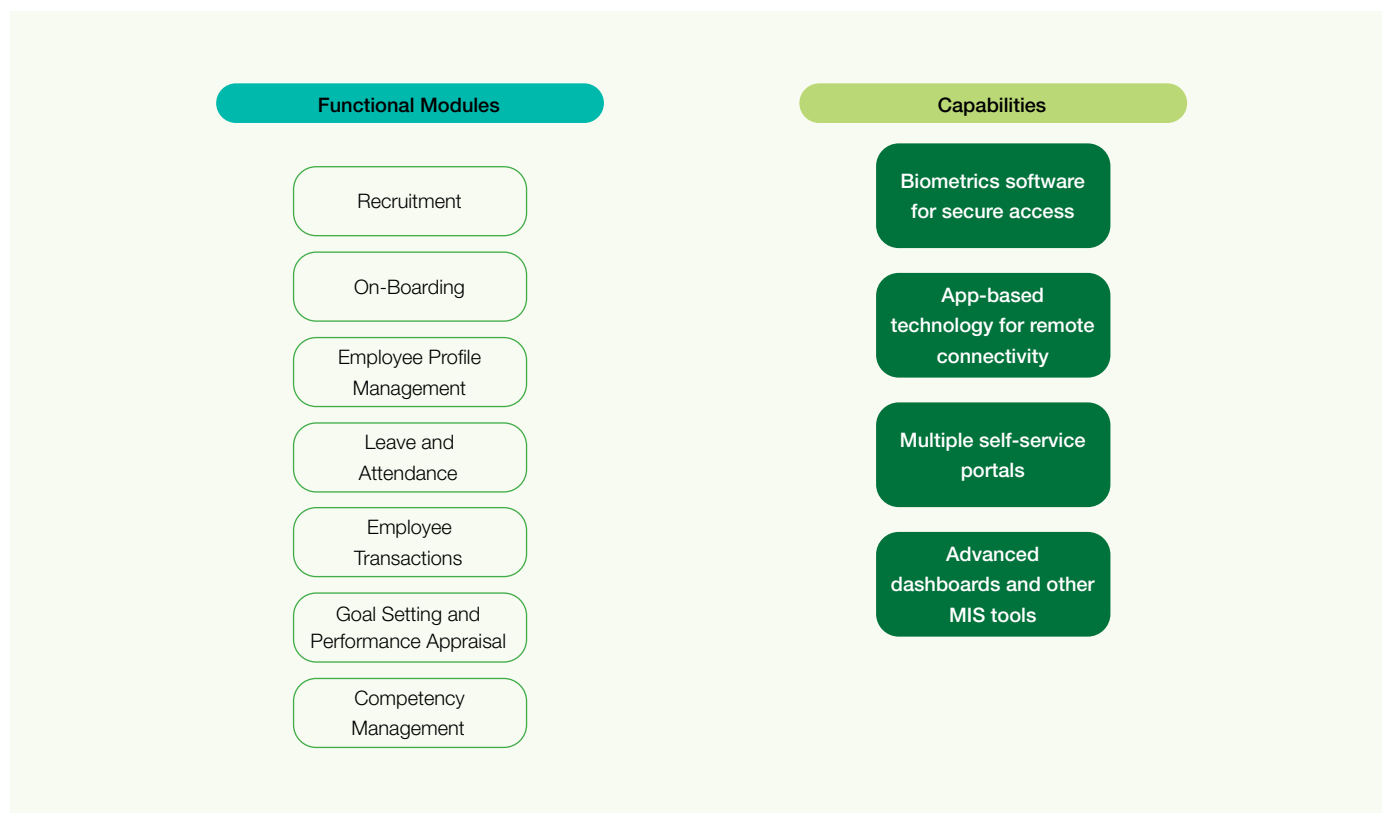


Human Capital



The Hayleys Group – Corporate HR Department provides strategic guidance to the Alumex PLC to further enhance the efficacy of the HR function. Under the direction of the Hayleys Group – Corporate HR Department, Alumex has replicated the same HRIS as that of the broader Group.

KEY HIGHLIGHTS OF OUR HRIS



BEST PRACTICES

Diversity, Inclusion and non-Discriminatory Employment

GRI 405 - 01, GRI 406 - 01

We believe in the power of diverse, talented people to create value and deliver on our customer and shareholder expectations. Underscoring our efforts to create an inclusive workplace is a zero tolerance for discrimination or harassment in any form. This is supported by a fair, equitable and merit-based approach to managing all aspects of the employment lifecycle from recruitment, remuneration, promotion and termination.

We are an equal opportunity employer, and do not discriminate against people by age, gender, marital status, religion or caste. We remain open to employing anyone as long as they meet the required criteria of the job and satisfy the Company's employment requirements. Hiring, wages / salary, benefits, promotions, are strictly merit based and will depend solely on a candidate's ability to perform a job function. As per our equality principles, we ensure that all employees have equal opportunity to benefit from training and development opportunities that will allow them to progress in their careers with the Company.

As a non-discriminatory employer, all Alumex employees are treated with dignity and respect. Alumex's value system is fully aligned to the employment and work-related policies as set out by the International Labor Organisation. The Company upholds and conforms to the International Labor Standards and the Universal Declaration of Principles of Human Rights.

Adequate measures have been put in place to safeguard human rights within the organisation and ensure any disciplinary action taken against employees does not violate human rights of the individual.

As part of their orientation all new recruits are required to complete mandatory

training on the Code of Conduct, which encapsulates our approach to inclusion and non-discrimination. In addition, our leadership principles dictate that those in managerial roles should lead by example in the treatment of colleagues with respect and dignity. The Company refrains from using corporal punishments, threats of violence or any other forms of physical, sexual, psychological, or verbal harassment or abuse against our employees. A formal grievance handling process is in place for reporting of incidents of discrimination or harassment.

No incidents of discrimination or harassment were recorded in the reporting period.

Child Labour and Forced Labour

GRI 408 - 01, GRI 409 - 01

Alumex upholds and adheres to the UN Convention on the Rights of the Child and to Principle Five of the UN Global Compact regarding child labour. To reflect our commitment to these mandates, we have made sure that our recruitment procedures include strict screening protocols to ensure all potential new recruitments comply with the minimum age regulations as stipulated by Sri Lanka's labour laws.

Moreover, as per the principle of No Forced Labour stipulated under the International Labour Organisation (ILO) convention, Alumex ensures all employees have the right to enter into and remain in employment voluntarily and at their free will. The Company's HR Policies are structured to prevent forced labour.

Accordingly, Alumex operations are not subject to the risk of child labour or forced labour.

We also strongly reject the use of child labour and forced labour by suppliers. In this regard, our supplier on-boarding process includes a series of verification protocols to assess labour compliance status of our outsourced labour suppliers and other service providers.

Our legal agreements contain appropriate compliance clauses on minimum age and minimum wage regulations along with other ethical considerations. Over and above this we also conduct routine due diligence to monitor labour management practices of these suppliers and service providers. Our investigations did not indicate any reported incidents of child labour or forced labour among our supplier base in the year under review.

Freedom of Association

GRI 407 - 01

Alumex is fully supportive of its employees' right to freedom of association. To demonstrate our commitment towards this principle, we have continued to maintain cordial relations with the two branch unions that represent the Clerical, Supervisory and Manual grade workforce of Alumex. Unionised employees represent more than 40% of the total non-executive permanent cadre.

RECRUITMENT AND SELECTION

We follow a highly streamlined recruitment process combining both internal and external recruitment strategies to support our goal of sourcing candidates who are a best-fit for Alumex in terms of talents and capabilities as well as their ability to align with our unique culture and values system.

Our external recruitment strategies focus on attracting suitable candidates from different areas around the country. In this regard, we work closely with local universities, Vocational Technical Training Institutes and professional bodies, and schools to seek out candidates who satisfy the Company's job profile. Generally, the highest number of new recruits in any year have been from the Western Province as majority of the Company's operations are centered in it.

Human Capital

Province	Total	Executive	Clerical	Manual	Casual
Western Province	253	16	35	19	183
Central Province	14	2	1	3	8
North Central Province	6	-	1	1	4
Eastern Province	4	1	1	-	2
North Western Province	9	-	2	-	7
Southern Province	11	1	3	2	5
Uva Province	6	-	1	2	3
Sabaragamuwa Province	8	1	-	2	5
Total	311	21	44	29	217

Another valuable source of recruitment is the Alumex internship programme that offers graduate students from various universities and technical or vocational training institutions the opportunity to complete their practical training modules. On completion of their internship, suitable interns are earmarked and directly absorbed into the Company's permanent cadre to fill available cadre vacancies.

Our efforts to ensure merit-based recruitment is complemented by a stringent selection process. Applicants for executive level positions are subject to multiple screening tests and several rounds of interviews before final selections are made, while floor level employees (manual grade) have only one stage of interview with the participation of respective head of Department and Human Resource representation.

All new recruits will remain on probation for six months during which time the employee's performance is closely monitored by their immediate supervisor. Throughout their probationary period, employees are scrutinised holistically to gauge not only their work performance but also their mindset, attitudes/values, relationship within team, physical and mental aptitudes, general intelligence and ability of acquisition of knowledge and skills. During the probation period employees are channeled through a series of counselling and performance review sessions, in the 1st, 3rd and 5th months, of their employment. The objective of these sessions is not to find fault with employees but merely to support and guide the new recruits.

Based on the outcomes of the formal performance review at the end of the 5th month of the probationary period, the Company reserves the right to extend probation by a further three (03) months. During the period of probation or extended probation, either party may terminate this contract without notice and without pay in lieu of notice and without assigning any reason for such termination.

It is mandatory for all new recruits to participate in our induction programme, which is designed to orient them with the Company culture, and disseminate key information on our policies, procedures, operational environment, ethics, working standards, safety, code of conduct and values, etc. A detailed factory visit covering all operational departments is also included in the orientation programme.

We also promote employees internally to fill certain vacancies or as a means of career progression for high performers. Promotions are typically offered based on the outcomes of the annual performance reviews. In such instances relevant training opportunities are offered to help employees transition to their new job responsibilities.

The Company went ahead with all planned recruitment for the current financial year notwithstanding pandemic related challenges. A total of 311 new employees were recruited to fill vacancies mainly in the manual and clerical categories.

REMUNERATION AND BENEFITS

GRI 201 - 03 - 01, GRI 202 - 01, GRI 405 - 02

To preserve the financial wellbeing of all our employees, we offer competitive remuneration and benefits in line with industry standards and in compliance with the statutory requirements of the Country. Section 10 of the Shop and Office Employees (Regulation of Employment and Remuneration) Act serves as the basis of establishing salary structures for all employee grades in Shops and Offices and National Minimum Wage act prescribed the national minimum wage levels for any category. Alumex maintains an unbiased approach to ensure men and women in similar roles across all employment categories, are remunerated equally without prejudice. Accordingly, the ratio of basic salary of female to male employees is 1:1 Company-wide.

Entry level wages are based on minimum wage requirements as stipulated by the National Minimum Wage of Workers Act, No. 3. Striving to go beyond the minimum benchmark, our standard entry level wage is 33 % higher than the minimum wage set out under the Act.

Annual salary increment and bonus payments are linked to individual performance outcomes derived from annual performance appraisal, while any deductions from wages / salaries are implemented in accordance with applicable labour laws and implemented only with the due consent from employees in terms of authorised deductions.

Alumex remains fully committed to honour all statutory retirement benefit obligations pertaining to its employees. In adherence to the labour laws in Sri Lanka, the Company contributes an equivalent of 12% of the employees' total earnings to the Employees

Provident Fund and an equivalent of 3% of the total earnings to the Employees Trust Fund. At the same time, we provide necessary allocations to meet our gratuity obligations.

Remuneration for key management personnel are decided by the Board of Directors at the Hayleys group level, as per recommendations by the HR and Senior Leadership Team. This Committee also reviews staff salary periodically. Meanwhile the Company's remuneration structures are periodically reviewed and updated on par with market rates and to reflect the Company's future aspirations.

Key Benefits to Permanent Employees			
Benefit	Executive	Clerical	Manual
Life insurance	√	√	√
Healthcare insurance - outpatient medical expenses and spectacles	√	-	-
Disability and invalidity cover	√	√	√
Retirement provision	√	√	√
Loan scheme	-	√	√
Meal facility	√	√	√
Transport	√	√	√
Uniforms	√	√	√
Personal protective equipment	√	√	√
Production, attendance, shift and grading incentives	-	√	√
Department, shift and cost of living allowances	-	√	√
Sales incentives	√		
Bonus	√	√	√
Leave encashment	-	√	√
Company doctor service	√	√	√
Mobile phone and mobile expenses reimbursement	√	√	
Subscriptions payments for professional bodies and sponsorship for higher studies	√		
Membership of Hayleys Group Recreation Club	√	√	
Library service	√	√	√
Employee Sale – Aluminium profiles at Discounted Rate	√	√	√
Cash Awards for children of employees who passed grade 5 scholarships, highest achievements at O/L and Govt. university entrance	√	√	√
School bag & Stationeries – For children of the employees	√	√	√
Subsistence – Official Duty	√	√	√
Study Leave – Professional Exams	√	√	
Financial Assistance for Critical Illness	√	√	√
Workmen's Compensation Insurance	√	√	√
Long Service Award (25 Years)	√	√	√
Death donation scheme	√	√	√
Personal Accident Cover	√		

Despite COVID-19 challenges, Alumex did not declare any salary or wage cuts and all employees were paid their dues on time without delay. A total of Rs. 600 Mn was paid as salaries and wages for the FY 2021/22.

Human Capital

PERFORMANCE MANAGEMENT

GRI 404 - 03

The Performance Management system is an integral part of our efforts to develop Human Capital as strategic business partners. The purpose of the system is to establish a standardised mechanism to measure employee contribution to the Company. Equally importantly the performance management system provides managers with a framework to clearly communicate work expectations and systematically monitor progress.

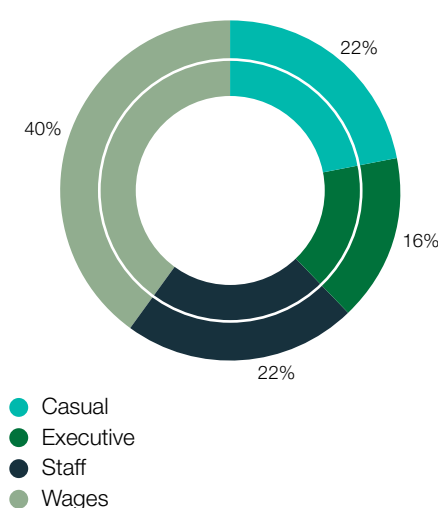
One of the key forums in this regard is the monthly management meeting chaired by the Alumex Managing Director with all top managers and senior managers to discuss operations and strategies. Market and product information is shared with relevant teams and discussed in relation to the divisional performance of the preceding month along with action plans for the following month.

Alumex has a well-defined and transparent performance management system which gives all employees a fair opportunity to review his or her performances against departmental goals and individual Key Performance Indicators (KPIs) set at the start of the year.

Performance reviews of floor level manual employees are conducted annually and serve as the basis of determining Bonus awards and for establishing training needs. Evaluations of this level are based on Behavior and Performance Criteria with pre-defined weightage as signed to Job Knowledge, Quality of Work, Dependability, Positive Attitude, Teamwork, and Safety & Housekeeping etc.

The performance of clerical and supervisory grade employees is evaluated bi-annually and annually based on their KPIs set prior to the commencement of review period. A balanced scorecard is used to assess the expected level of Competencies under 8 categories - Customer Focus, Building High Performance Teams and Developing People, Using Initiatives, Decision Making & Problem Solving, Effective Communication, Teamwork, Innovation and Sound Business Judgment. Fixed Weightage points are allocated among KPI and Competencies. These weightage points may be reduced if the individual fails to conform to the Company's values.

Employee Grade Category by Contract Type (%)



Performance of Executive grade employees are evaluated through a web based HR Information System using a balanced scorecard process similar to that applied for clerical and supervisory grades. However for executive grades, the balanced scorecard is structured to allocate a higher weightage to the achievement of competency-based

KPI's in particular to assess their willingness to take on greater responsibility and accountability for the Company's strategic performance. This category does not receive any KPI based incentives monthly as they are accountable for overall results for the period.

113 executive grade employees of the Company received both the mid-year and annual reviews under the 2021/22 review cycle.

Addressing the needs of underperformers is an equally important aspect of our Performance Management System. In this context, we focus on tackling the root cause of under-performance, with the relevant underperforming employee placed under the care of a designated mentor who would provide guidance in overcoming challenges and assisting them to work towards improving their performance. If this strategy too does not produce the desired results, the employee is referred to the HR department to arrange for counselling expertise and specialised training interventions if required.

TRAINING AND DEVELOPMENT

GRI 404 - 01, 02

We recognise that effective training and development benefits both the individual employee and our business, and ultimately contributes to the achievements of our Company's short term business objectives as well as to deliver on our long term strategy. An annual training plan and budget is prepared by the HR function by combining the training requirements of all business units / departments and the training needs identified through the performance management system. The training plan and budget serve as the basis for all mainstream training activities conducted during the year.

In recent years we have significantly expanded the scope of our training and development activities with the aim of inculcating a continuous learning culture among our various teams. In this regard, we have focused on promoting the principles and concepts of Total Productive Maintenance which is a key driver for increasing the plant performance. Increased emphasis has also been placed on continuous improvement of operations, quality, safety standards and working conditions on par with global benchmarks. Further in tandem with the increasing demand for diverse skills we have begun to develop employee capacity in the areas of research and development, automation and innovation, which will significantly enhance their overall capability to work for the benefit of the industry as a whole in the future.

TYPE AND CATEGORIES OF TRAINING PROGRAMME

Area of Training	Internal Programmes	External Programmes	Total Participants	Traning Hours
Technical skills development	31	37	763	4,176
Refresher programmes (work standards and operational procedure)	25	0	378	1,125
Awareness programmes (health and safety, quality and productivity techniques)	43	5	451	1,478
Individual development training (soft skill development)	1	23	364	1,646
	100	65	1,956	8,425

Gender	Manual & Casual	Clerical & Supervisory	Executive	Total
Male	1,467	1,366	5,000	7,833
Female	8	219	365	593
Total	1,475	1,585	5,364	8,425

REWARDS AND RECOGNITION

It is the Company's policy to reward employees for their performance. Annual salary increment and bonus payments for executive are linked to individual performance. The annual bonuses of all permanent non-executive employees are linked to the performance. The increment rate is dependent on the appraisal marks received on the balanced scorecard which determines the individual's position on the bell curve. A statistical process is used to calculate the increment percentage in line with the approved budget with top performers on the bell curve awarded additional merits in the increments and bonus computation. This standardised computation methodology provides the assurance that the performance reward system is fair and equitable for all levels of employees.

Productivity incentive schemes for floor level employees are designed to offer monetary awards tied to with periodical productivity ratios. Production incentives are based on actual production volumes with higher production incentives awarded if output exceeds the targets set. In deriving team performance for production incentives and productivity incentives, performance factors such as efficiency, productivity, yield and rejects are considered.

Human Capital

Attendance incentives based on monthly attendance are in place to promote higher attendance of non-executive employees.

To ensure higher income generation, sales staff are offered an incentive scheme combining both fixed and variable elements to motivate them to achieve the as signed targets. Fixed incentives are granted for the achievement if the employee achieves as signed targets, while the employee is entitled to the variable component only when performance exceeds the targets.

Standard salary increments for Clerical, Supervisory and Manual grade employees are negotiated annually at the time of renewing the wage agreement.

On an overall basis, salaries and bonus payments for FY 2021/22 showed a 63% increase compared to the previous financial year. This includes the salary increments negotiated in 2022 as part of the latest renewal cycle of the collective agreement.

CAREER MOBILITY



To make certain that our employees grow with the Company, we continue to work towards providing them with a range of opportunities for both vertical and lateral career mobility. High performing employees identified through the annual performance review process are either promoted or earmarked for further development through structured Executive Development Plans (EDP) and Individual Development Plans (IDP).

On occasion we also offer and also offer placements. Such placements are followed by rigorous “on-the-job training” by the respective departments. This programme has had a significant effect in strengthening employee retention as well as motivating them to develop a career path within Hayleys Group.

A total of 20 employees were promoted during the course of the current financial year, while 15 employees were earmarked for further development and on-boarded to special leadership development initiatives.

OCCUPATIONAL HEALTH AND SAFETY

GRI 403 -0 1, 10

As a manufacturer of Aluminium extrusions, a significant portion of our production operations involve manual handling of products machinery, equipment and chemicals that could pose potential safety risks. Amidst this backdrop we readily acknowledge and accept that it is our duty to ensure the health, safety and welfare of all Alumex employees.



To demonstrate our commitment to create a safe workplace free of the risk of harm or injury, we comply fully with all legal and regulatory frameworks applicable to our business. We also take pride in having world class management systems to support our efforts to keep people safe in their day to day operations. Our collective bargaining agreements which cover key health and safety topics also play a vital role preserving workplace safety. All our employees are protected by the workmen's compensation insurance cover.

Safety Governance is a critical component in our health and safety management system. It includes a comprehensive framework of policies and procedures through which the Company's safety vision is cascaded and internalised by employees at all levels of the business.



HEALTH AND SAFETY MEASURES AND INITIATIVES

Compliance and Best Practices

- National and international laws, regulations standards,
- Guidelines and codes of practice
- OSHAS
- ISO 14001
- ISO 45001
- ILO
- Factory Ordinance of Sri Lanka

Administration

- Dedicated health and safety manager carrying out daily factory visits
- Health and safety committee represented by all departments and employee categories
- Periodic audits on health and safety aspects
- WhatsApp message board to inform staff on safety issues, violations and remedial action
- Formal accident reporting and investigation
- Accident statistics compiled and deliberated at monthly management meetings

Safe Manufacturing

- Process and machine modifications with improved safety features and ergonomics
- First-aid treatment centre 24/7
- Personal Protective Equipment
- Awareness training sessions on first aid and responsiveness to emergency situations

Safe Chemical Usage

- Awareness building and special training on chemical handling, transport, storage and application
- Personal protective equipment for chemical handlers
- Follow best practices and guidelines set by chemical regulatory authorities

Fire Emergency

- Fire drills
- Established fire assembly points
- Fire emergency evacuation plan
- Fire and rescue teams
- Periodic risk assessment, investigation and reporting

Health, Nutrition and Hygiene

- Duty-leave for clinical visits
- Ex gratia medical leave for long-term illness
- In-house doctor service with a government doctor for consultations, twice a week
- Free medical consultations
- Free general medicines
- Awareness sessions on health, nutrition, first aid and sanitation
- Medical testing - COVID -19
- Awareness building on non-communicable diseases
- Awareness building on virus outbreaks and preventative action
- Formal accident reporting and investigation
- Accident statistics compiled and deliberated at monthly management meetings

Human Capital

A central Safety Committee headed by the Alumex MD / Executive Director is the apex body in charge of safety across the organisation. The Central Safety committee several key responsibilities;

- Formulating health and safety standards in compliance with regulatory requirements and best practices
- Setting the tone to promote the Company-wide safety culture
- Initiate new measures to upgrade employee health and safety
- Review accident investigation reports and remedy any lapses in the workplace
- Monitor workplace injuries and implement corrective action
- Formulate the annual health and safety plans in consultation with the Health and Safety Manager

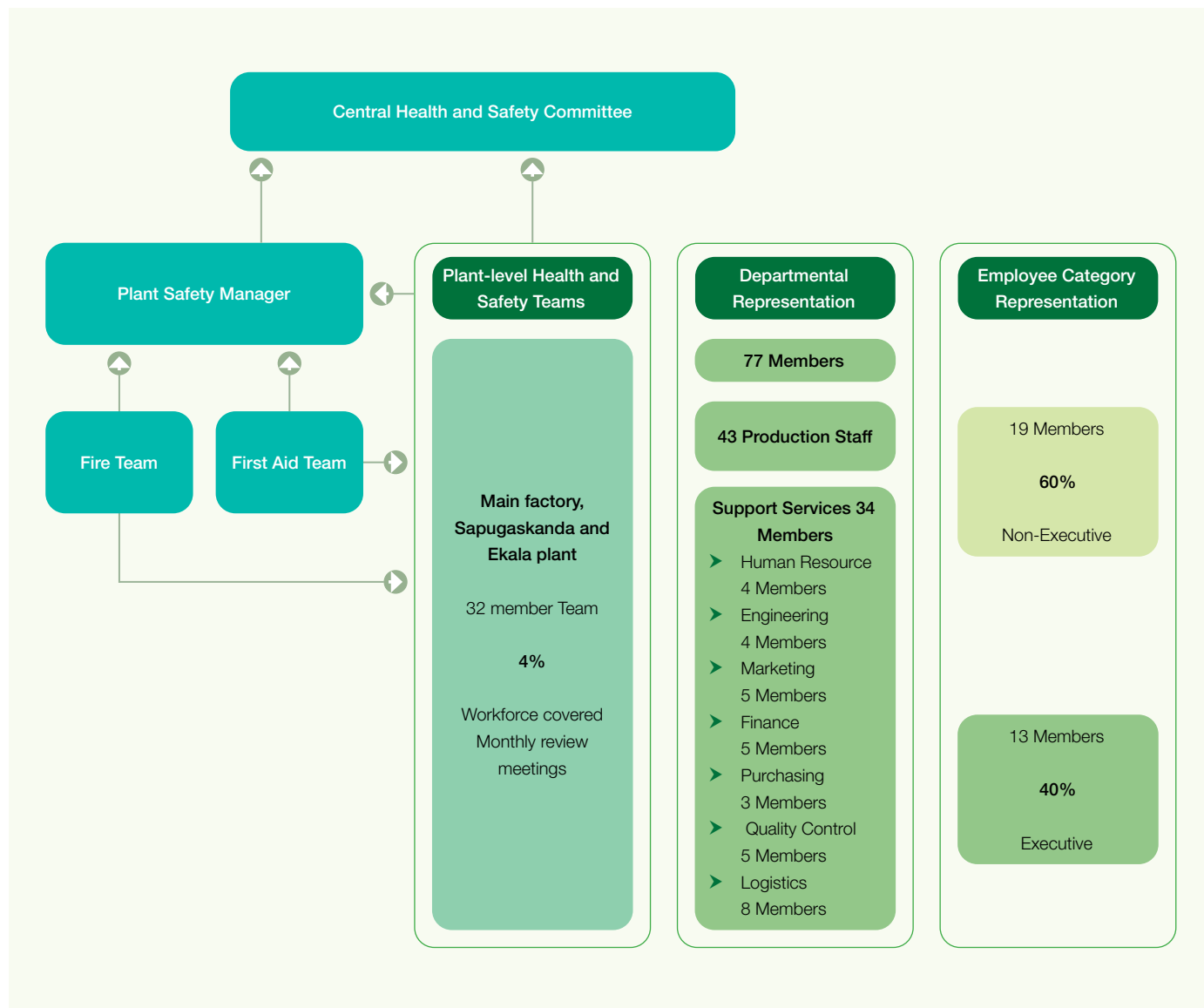
A dedicated Safety Manager has been appointed to provide oversight for the compliance with safety regulations, for the implementation of safety policies at plant level, for monitoring of safety performance in the day to day operations and for driving continuous improvement of safety systems in line with best practices. The Safety Manager is further tasked with arranging necessary training interventions to inculcate the safety culture among plant employees.

H & S TRAINING INTERVENTIONS FOR FY 2021/22

Focus	No. of Participants	Training Hours
Confined Space Standard & Hot Work Standard	19	28.5
Hot Work & Work at Height	10	20
Work at Height Standard	27	27
Incident Reporting & Investigation Process	16	24
Fire & Rescue advanced training for Fire team members / Basic	34	125
Awareness for heavy vehicle	9	13
Refresh Training	72	16

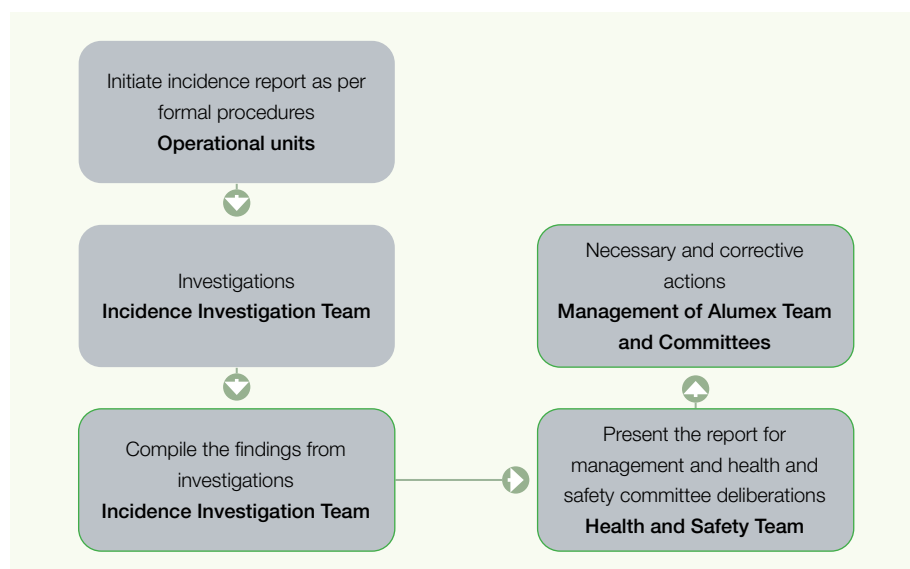


SAFETY GOVERNANCE STRUCTURE



Human Capital

INCIDENTS REPORTING PROCESS



Each plant also has a dedicated Health and Safety Team consisting of employees representing all key segments of the production line. The Health and Safety Teams play an active role in hazard identification as well as incident reporting and investigation and supporting the Safety Manager in promoting the safety culture at a granular level.

Fire safety teams and first aid teams have been established at all Alumex locations to serve as first responders in the event of an incident.

All incidents including but not limited to onsite fatalities, lost time injuries, medical treatment injuries, first aid incidents, near misses and property damages, are reported and investigated. Depending on the severity of the incident the investigation team may be escalated to the Group Health and Safety Division. All incidents, including the minor incidents, are carefully analysed by the Safety Manager with the intention of deploying appropriate remedial action to prevent recurrence in the future. All incidents, including minor incidents along with the remedial actions taken are collated together as part of the monthly safety report and presented at the monthly central safety committee meeting.

Quarterly safety audits complement our efforts to maintain a 100% safety compliance record and also drive continuous improvement of safety systems. Safety audits which are carried out by the Health and Safety Division, provide an independent assurance regarding the efficacy of our plant safety mechanism. Audit findings are compiled and presented to the central safety committee for recommendations and necessary action.

During the period under review, there were no permanent or partial disability or fatality causing incidents reported. There were 27 injuries reported. The total man-hours lost due to these accidents was 425 days. These losses were covered under the workmen's compensation insurance cover.

Incidents of occupational diseases were also not reported.

Occupational Health & Safety – 2021/22	
Occupational Diseases	No.
Reportable injuries	27
Lost time injury rate	2.4
Severity Injury Rate	1.7

Note:

1. Injury rate is calculated based on man hours
2. Lost days are calculated based on scheduled work days

EMPLOYEE RELATIONS

GRI 102 - 41, GRI 402 - 01, GRI 407 - 01

The strength of the relationships we have with our employees fundamentally defines our ability to engage them as strategic business partners. Premised on this, our management teams continue to regularly engage with their staff, while our open door policy ensures that all Alumex employees have access to the top management at any given time.

Several other forums are also in place to promote healthy communication between employees and the Alumex management. The Workplace improvement meeting: Organised once every two months, with the participation of the senior management, is a forum for employee representatives of different divisions to raise and resolve workplace related issues and staff grievances. These representatives are nominated for six months by their supervisors. An executive is tasked with the responsibility to implement the agreed solutions and recommendations. The HR department follows up on the progress and submits a weekly report to the senior management.

Town hall meetings are designed as a common forum for employees from similar grades to voice their issues and concerns, with the top management including the managing director and the executive director, without their

supervisors and the heads of departments. The top management considers these town hall meetings as an opportunity to keep teams apprised of the latest developments and inform them of the Company's strategic initiatives.

'We Care': is another important initiative aimed at promoting employee relations. Under the We Care programme, the HR team visits all divisions to discuss individual employee grievances and address common and recurring issues.

Our Clerical, Supervisory and Manual grade employees are unionised under the Free Trade Zone and General Services Employee Union. A formal meeting schedule is in place to facilitate effective dialogue between union officials and various department heads. Meetings with the head of HR are also at the request of union representatives. Frequent and ongoing discussions have helped Alumex to build strong relationships with both unions, which has also made it easier for operational changes to be notified prior to being implemented. As per the existing collective agreement, the minimum period for notifying of operational changes is 3 days.

Meanwhile all employees have access to the Company's grievance process, which is supported by our formal 'Grievance Handling Policy and Procedure'. As per the policy, employees who do not receive a satisfactory resolution for their grievances within their departments, can raise their concerns and seek a solution via the grievance process. The grievance process is managed independently by the Hayley's Group and mediated by the Group HR Manager. If the need arises, the grievance is further escalated for review by the head of HR, Executive Director and or the Managing Director.

Alumex is a member of the Employer's Federation of Ceylon, which handles all the Company's industrial relation concerns within its professional and legal background.

The Company follows an open door policy and any dispute can be discussed with relevant authorities. Any dispute can be raised as an individual or as a collective team and can be raised at higher levels if not resolved. However, if the dispute is not resolved within the organisation, such dispute can be raised at the labour department level as per the provisions of the Industrial Dispute Act

During the year under review, there were no formal grievances recorded. However, the senior management mediated in resolving the absence of an incentive scheme for the clerical and supervisory staff who are not directly involved with production or sales functions. After several rounds of discussion, a consensus was reached to implement incentive scheme for this category in back-office operations

In FY 2021/22, the Company was not subjected to any fines or sanctions owing to non-compliance with laws, rules and regulations relating to labour management and relations.

COVID Safety Update for 2021/22

Much of the same measures deployed in the previous year at the onset of COVID, continued in this year as well. Accordingly the following safety procedures remained in place;

- Providing face masks, shields and gloves along with instructions on the proper use of these items
- Stringent sanitisation of workplace, changing rooms, vehicles, boarding
- Continuous engagement with the workforce, building awareness and prevention of the virus-spread
- Extended transport facilities to staff to avoid public transport
- Strictly social distancing protocols were implemented at the workplace and during traveling
- Inter-departmental movement restrictions
- Segregated shifts with special roster scheme
- Minimum number of workers at boarding facilities
- Free meals for those housed at boardings houses
- Proactive contact tracing of COVID-19 infected workers
- Introduction of work-from-home arrangements and online meetings
- Temperature checking and distribution of Vitamin C to all employees on a daily basis
- Mandatory PCR testing of new recruits at Company expense
- Free intermediary care facilities for high-risk groups

At the same time we continued to work closely with public health inspectors and other relevant health authorities to keep abreast of the latest developments in the interest of preventing the spread of COVID among the Alumex workforce.

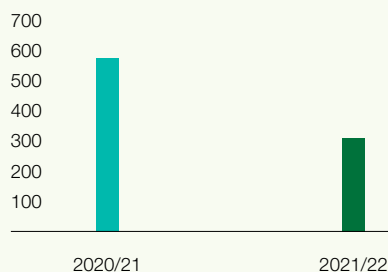
As at the year-end, a total of 400 COVID-19 cases were reported among Alumex employees. This represents 45% of the Company's workforce. No COVID related fatalities were reported among Alumex employees.

Human Capital

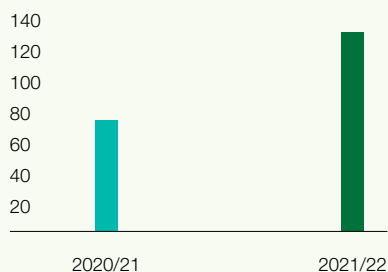
VALUE CREATION HIGHLIGHTS FOR FY 2021/22

INPUTS

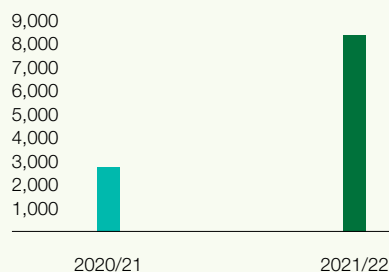
Recruitment (No. Employees)



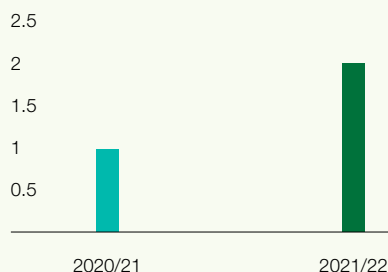
Average Remuneration and Benefits per Employee (Rs. 000)



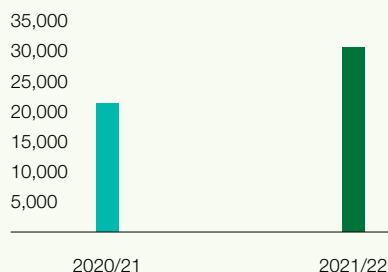
Training Investment per Employee (Rs.)



Health and Safety Training Hours / per Employee (Hrs)



Health and Safety Expenditure During the Year (Rs. Mn)



STAKEHOLDER OUTCOMES

- Attractive employment opportunities
- Financial stability in times of uncertainty
- Inclusive and non-discriminatory workplace free of harassment
- Opportunity for continuous learning and professional development
- Strong communicative environment for resolution of grievances
- Access to vertical and lateral career pathways
- Guarantee of safe injury-free working conditions

OUTPUTS FOR ALUMEX

- Efficient and highly motivated employees
- Highly skilled employees possess the capability for innovation
- Tacit knowledge of employees
- A strong safety record and reputation for good labour relations

IMPACT ON OUR OTHER CAPITALS

- Drive income growth and contribute towards improving FINANCIAL CAPITAL
- Helps to increase captive market share and strengthen FINANCIAL CAPITAL
- Provide a key competitive advantage that enhances INTELLECTUAL CAPITAL
- Positions the Alumex brand as an employer of choice in turn augmenting the Company overall brand equity to improve INTELLECTUAL CAPITAL

Age	Head Count	Percentage
18-25	159	51%
26-30	55	18%
31-35	31	10%
36-40	25	8%
41-45	31	10%
46-50	7	2%
> 50	3	1%
Total	311	100%

Gender	No. of Employees	%
Female	10	3
Male	301	97
Total	311	100

Employee Recognition Initiatives

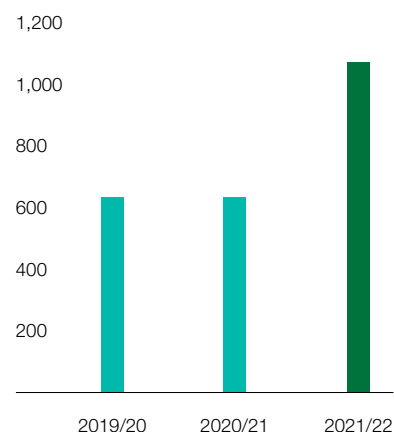
- Recognising children of employees who achieved exemplary results in GCE O/L & A/L in Year 2020
- Recognising & rewarding 28 employees who contributed for ERP & HRIS implementation project at Alumex PLC
- Recognising & rewarding 5 employees for their efforts to help the Company during the COVID pandemic
- Best Employee of the Year (Non-Executive Grade) - 2021
- Best Performers (Executive Grade) for Years 2019/20 and 2020/21
- Long Service Awards (LSA) for 17 employees who completed 25 Years

EMPLOYEE RELATIONS

Town hall meetings	Meetings held – 1 meeting Participants – morethan 80 executives participated
We Care programme	No. of employees reached - 4 visits per month by each team and every department will be covered monthly. Hence we can assume that at least 600 employees will be covered through visits and 72% issues resolved
Discussions with union reps	Approximately 15+ meetings held
Employee satisfaction survey	All employees under each category surveyed for their working environment in different aspects.

REMUNERATION AND BENEFITS

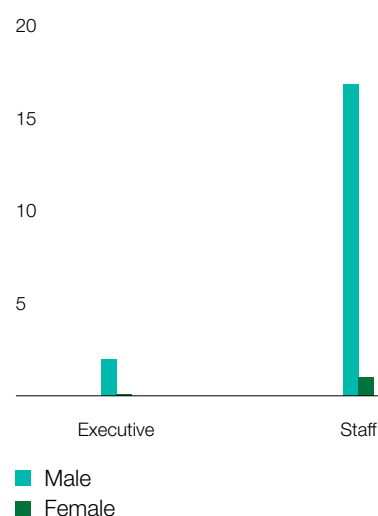
Monetary Benefits Paid to Employees (Rs. Mn)



PERFORMANCE MANAGEMENT

- Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period

Promotions During the Year (No. of Employees)



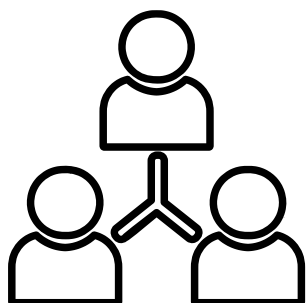
Human Capital

FUTURE PLANS

Short Term	Medium Term	Long Term
Implement a change management programme focused on inculcating positive attitudinal behaviours among all employees	Manage the employment mix Alumex employees:outsourced workers (80:20) and work towards reducing absenteeism to <5%	Conduct an employee satisfaction survey every 2 years
Implement a structured programme for worker upskilling at all locations	Implement a structured framework for Management Development / Executive Development based on an individual competency development roadmap	Increase annual training hours per person to 15 for executives and 8 hours for non-executives
Implement a talent management system including performance monitoring to track KPI's of permanent employees on an ongoing basis		Establish and maintain platforms to promote regular employee dialogue

SOCIAL AND RELATIONSHIP CAPITAL

GRI 102 - 06, 16, GRI 202 - 02, GRI 203 - 01, GRI 207 - 01, GRI 308 - 02, GRI 408 - 01, GRI 409 - 01, GRI 413 - 01, GRI 414 - 02, GRI 418 - 01



MANAGEMENT APPROACH

We see Social and Relationship capital as a key enabler in the continuity and sustainability of our business. As such we maintain a highly disciplined approach to build Customer Capital, Supplier Capital and Community Capital, where our efforts are driven by robust strategies that seek to earn the trust and respect of these key stakeholder groups.

Strategic Imperatives and Strategy

Local market development

- Expand the outreach and strengthen ties with the distribution network to increase market share.

International Business Development

- Explore and firm up on new market opportunities to expand and diversify the international business segment.

Customer Engagement

- Closely engage customers, redress their grievances in an effective and timely manner.
- Extend pre and after sales support to ensure seamless customer service.
- Consolidate concept stores to support end-users with hands on product experience.
- Use digital solutions to create awareness and support customers on product usage.

Marketing Communications

- Consolidate and responsibly promote the brand along with focused marketing and product promotions.

Product Development

- Collaborate with the academia and allocate adequate resources for research and development to add value to existing products and to develop new products.

Product Responsibility

- Follow guidelines set by well-renowned certification bodies to uphold highest quality and standards across the value chain.
- Conform to stringent safety standards within the manufacturing process to ensure customer health and safety.
- Extend necessary product information and ensure accurate labelling to secure buyer confidence.
- Learn international best practices by collaborating with international manufacturers/suppliers.
- Maintain customer privacy and security of data and information.
- Comply with relevant laws, rules and regulations in terms of product responsibility.

Social and Relationship Capital

CUSTOMER CAPITAL

Alumex PLC has several different interpretations of who our customers are. Our customers range from large industrial customers and contractors who collaborate with us on joint bids for large tender projects, to fabricators, architects and building consultants who promote our products to the end-consumers. Another important customer group is our network of channel partners - dealers and distributors who are responsible for showcasing our products in the retail market. Dealers and distributors account for 50% share of Alumex's overall revenue mix. Meanwhile our overseas clients are predominantly large B2B customers based in Maldives, India, Bangladesh, Nepal and Kenya.

As the leading producer of Aluminium extrusions we remain equally committed to serve all customers, where we focus on exceeding customer expectations at every step of their journey with Alumex PLC.

PRODUCT DIVERSITY

In seeking to meet and exceed the needs of our diverse customers, we have built a solid product portfolio to cater to diverse customer segments. Our philosophy is based on continuous innovation, where we constantly seek to deliver new and improved Aluminium products. We have in place a full-time R & D team to focus on product improvements and new product development. To further augment our efforts we invest in the latest technology and expertise, and pursue early adoption of best practices in order to maximise value customer creation.

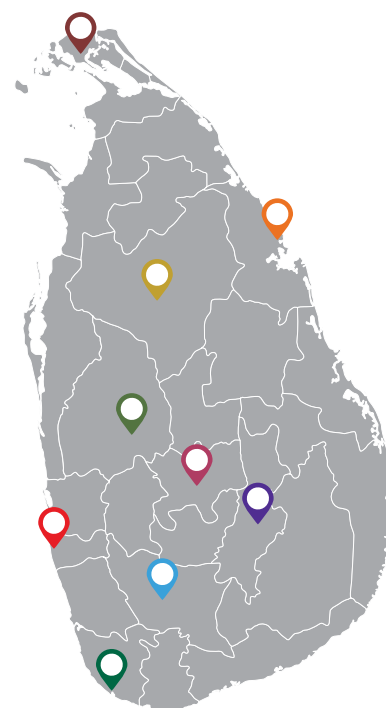
Our efforts over the years have positioned our flagship brand Alumex as the most trusted mainstream Aluminium brand in the Country. Versatile solutions offered through our bespoke brand LUMIN also continue to gain traction in the domestic market, while our latest 'fighter' brand, 'Alco' pitched as a 'value-for-money' solution to the lower to mid-tier market, has become an instant hit.

Product Reach	New Product Portfolio	
	Retail Market	Industrial Market
144 Dealers 09 Distributor Centers	99	90
89 Dealers 09 Distributor Centers		
3 Lumin Concept Centers		



warehouses in Sapugaskanda and Ekala bring synergies and ensure uninterrupted distribution and seamless connectivity across our distributor network.

Lumin products are made available through 3 LUMIN Concept Centres strategically located in key cities across Sri Lanka.



- Colombo
- Rathnapura
- Galle
- Badulla
- Kandy
- Kurunegala
- Anuradhpura
- Trincomalee
- Jaffna

PRODUCT AVAILABILITY

Ensuring our products are readily available and accessible is an important part of our customer experience management strategy. Our channel partners - the network of 144 dealers and 09 exclusive "Alumex" branded distributors play a vital role in maintaining our island-wide reach. More recently we have appointed a network, 20 authorised dealers to expand the coverage of our newest brand "Alco". Downstream logistics support through our

PRODUCT RESPONSIBILITY

GRI 416 - 01, 02

All Aluminium extrusions produced by Alumex comply with the regulatory framework set out under SLS 1410: 2011 and SLS 1411:2011. Alumex products are further credentialed by the voluntary adoption of industry-specific quality and technical standards such as the British and European Standard Specifications, British Standards and relevant ISO standards for Aluminium extrusions.

It has been our long standing policy to use only AA 6063 Aluminium Alloy in the manufacture of our products. All raw materials, including Aluminium billets, chemicals, powders etc. are sourced only from globally reputed suppliers.

The certifications and manufacturing licenses we have secured and the knowledge transfer systems we have access to through our global partner network provide additional assurances regarding the quality of our products and efficacy of our manufacturing systems. On this basis, we are able to provide quality assurances of up to 30 years on all Alumex products.

Refer to the intellectual Capital section on page 75 to 76 for more comprehensive details regarding our certifications, licenses and strategic partnerships.

Our commitment to product responsibility is further reinforced through a rigorous framework of due diligence activities conducted by governing bodies and various licensing agencies that we are aligned with. Routine audits conducted by these institutions create a viable platform to identify potential areas for improvement on an ongoing basis.

There were no incidents of non-compliance of product safety regulation or violation of voluntary codes reported in the current financial year. Hence Alumex was not subject to any fines or penalties.

OUR COMMITMENT TO PRODUCT SAFETY

Alumex does not use hazardous substances harmful for human health in the production and manufacture of its Aluminium extrusions. Also our products are essentially 'maintenance free' and as such do not require chemical applications for long term maintenance.

Meanwhile our architectural products such as curtain walls, Aluminium doors and windows are routinely tested at a UCAS (United Kingdom Accreditation Services) certified laboratory in Dubai to assess specific safety hazards like air infiltration, water penetration and wind resistance. The fact that our extrusion systems are used by some of the worlds' leading accessory manufacturers including Giesse, Assa-abloy, Kinlong, 3H and LGF is an affirmation of their confidence in our product safety principles.

PACKAGING AND LABELLING

GRI 417 - 01, 02

While there are no industry-specific packaging regulations applicable to Aluminium extrusion products, Alumex follows international best practices in packaging. Accordingly anodised and mill finish extrusions are securely packed with polythene while bronze anodised products are packed with an additional protective layer. Finished, powder coated and wood finish Aluminium profiles are foam wrapped prior to polythene packaging.

Alumex complies with all relevant product labelling guidelines applicable to our business, with our labels carrying relevant bar codes and information including instructions for the safe use of the product.

There were no incidents of non-compliance of regulation regarding labelling reported in the current financial year.

CUSTOMER SUPPORT AND ENGAGEMENT

GRI 417 - 03

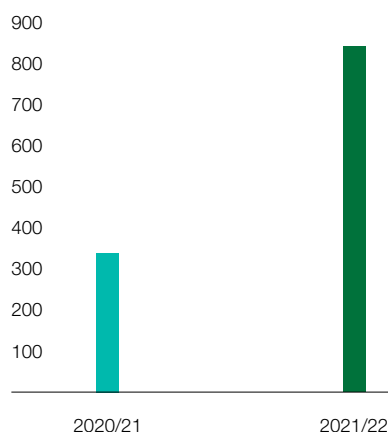
Being perceived as a customer-centric organisation is central to achieving our objective of providing the best in-class customer experience. Towards this end, we offer comprehensive customer support covering both pre and after sales services. Pre-sales support includes technical assistance, free consultations, site visits, technical drawings and necessary guidance. Our technical teams along with company recommended fabricators are well-trained, and possess the necessary expertise to support the installation process and to extend after sales service.

Our marketing and communications activities form an important part of our overall approach to customer support. While no regulatory requirements are applicable to our marketing and communications activities, our internal ethics code and industry best practices serve as a guide in preserving the integrity of our customer communications. These principles are encapsulated in all our published materials including advertisements, social media content as well as the printed instruction manuals/booklets distributed to fabricators, contractors and end-users to guide them in the proper use of Alumex products.

Beyond this, we have in place a broad based framework to tailor make our engagements with various customer groups. A dedicated sales team has been assigned to manage engagements with our island wide network of channel partners, while routine customer satisfaction surveys help to reach out a wider audience of end users. Our technical training initiatives and product awareness forums for fabricators and others serve a dual purpose in strengthening ties with these customers.

Social and Relationship Capital

Fabricators & Technical Students Train (No. of Trainees)



STRENGTHENING CUSTOMER ENGAGEMENT THROUGH LUMIN CONCEPT CENTERS

While showcasing the full range of LUMIN products, the ambiance and layout of LUMIN Concept Centre's are designed to present a high end shopping experience where customers have the opportunity to experience the 'real look and feel' of using Aluminium in their housing and other building projects. All three centers are equipped with a sophisticated graphics system to allow customers to create customised concepts using appropriate Aluminium profiles. Given their exclusive profile, the centers have become popular as a source of inspiration for local architects and design consultants to innovate and develop new design concepts. Similarly Alumex certified fabricators also benefit from the referrals routed through the concept centers.

COMPLAINT HANDLING

We greatly value feedback from our customers, which we see as a key catalyst in maintaining and enhancing our reputation as a manufacturer of high quality Aluminium

extrusions. It is our goal to address all complaints speedily and effectively. Accordingly we have opened up multiple channels for customers to report complaints. All complaints received are documented and channelled through our formal complaints handling process which is managed under the purview of our customer support team.

All complaints are analysed for the purpose of continuous improvement which may result in appropriate action to amend our business practices or policies

No. of Complaints Received



CUSTOMER PRIVACY

GRI 417 - 03, GRI 418 - 01

We remain conscientious in maintaining and protecting customer confidentiality and have implemented all necessary protocols to safeguard customer privacy. As a large scale manufacturer, Alumex PLC enters into non-disclosure agreements (NDA) with its B2B customers, both locally and overseas. These NDA's include data and information of end-customers, sales plans, pricing formulas and discounts, among other things.

During the year under review, there were no complaints reported regarding breach of customer privacy and/ or loss of customer data and information.

CUSTOMER SATISFACTION

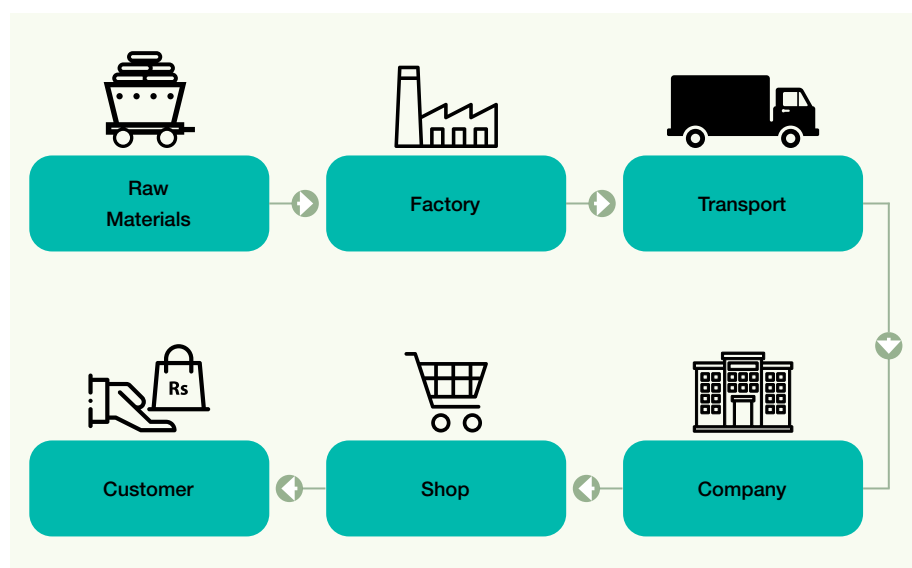
Customer satisfaction has remained one of our primary objectives since inception. To track customer satisfaction in our day to day front end operations, we have implemented a mechanism to gather quarterly data on customer satisfaction across 5 key metrics. Data collected on this basis is analysed to understand the ratings under each category with the findings tabled at the monthly management review meetings. In FY 2021/22 overall customer satisfaction reached 80%, a significant achievement under the challenging market situation. The highest satisfaction level was noted in the technical aspect, indicative of the customer's trust on Alumex quality.

Under the service aspect, the main indicator is on-time delivery (OTD) of the orders. Being able to record over 80% satisfaction in OTD for FY 2021/22 is considered to be a major achievement given the challenging environment resulting from COVID-19 mobility restrictions.. Customer satisfaction on communication also improved significantly in the year under review thanks to proactive efforts to keep customers updated on delivery timelines. The table below captures the customer satisfaction details under each category for the quarter 4 of the FY.

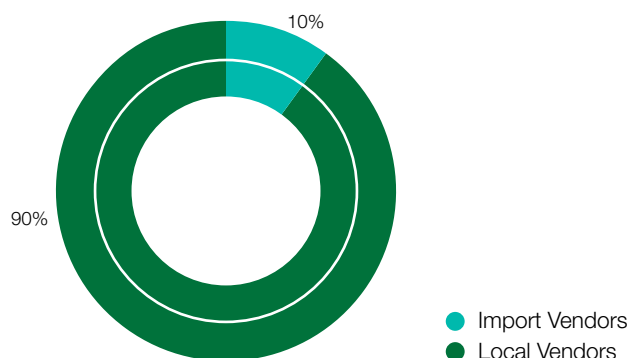
SUPPLIER CAPITAL

GRI 102 - 09

Our suppliers play an important role in supporting our performance and long term sustainability. For the purpose of manufacturing Aluminium extrusions we procure goods from a wide range of suppliers, both locally and overseas. Fair and equitable procurement and continuous engagement are the two key underpinning principles that frame our approach to managing Supplier Capital.

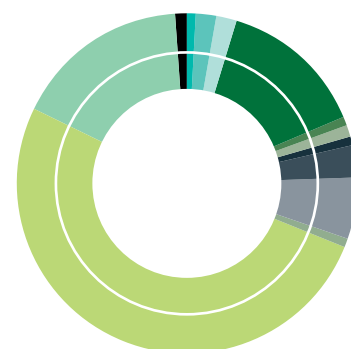


Suppliers- Foreign and Local (%)



PROCUREMENT BEST PRACTICES

Suppliers - Category



Aluminium Billet & Ingot	5
Powder	8
Chemical	25
Packing Materials	25
Machinery and Parts	156
Contractors	6
Outsourced Labour	2
Fuel, Lubricant Oil & Electricity	15
Advetising & Promotion	27
Support Services	67
Die Steel Material	11
Other	567
Aluminium Scrap	182
Total	1,096

GRI 102 - 10, GRI 204 - 01

Driven by our core values, we seek to act with integrity and to be fair, honest and open in all our dealings with suppliers. Led by our non-discriminatory approach, we ensure all new suppliers are screened using Alumex PLC's Supplier Evaluation checklist which has been developed in line with global best practices and industry norms including mandatory environmental and social screening.

As stipulated in our procurement guidelines, high value contracts are subject to a tender process, where all contracts are evaluated by a separate committee and/or the tender board based on pre-agreed procurement criteria to assess the supplier's quality and standards, certifications, licenses, delivery track record and overall reputation.

Social and Relationship Capital

It has been our practice to establish long term contracts with reputed overseas suppliers for the procurement of key raw material such as Aluminium billets and ingots. These procurement contracts are reviewed annually and renewed based on the continuity of agreed terms and conditions. In a bid to further strengthen the sustainability and reliability of our supply chain, we have over the years sought to increase the geographical distribution within our international supplier base.



- | | | |
|-------------|-----------------|-------------|
| 1 Australia | 7 Netherlands | 13 Thailand |
| 2 China | 8 New Zealand | 14 Turkey |
| 3 Germany | 9 Singapore | 15 UAE |
| 4 India | 10 South Africa | 16 UK |
| 5 Italy | 11 South Korea | 17 USA |
| 6 Japan | 12 Switzerland | |

As per our equity principles, we have ensured that more than 44% of our annual procurement spend is allocated to local suppliers in Sri Lanka. Goods procured locally include; purchase of Aluminium scrap, chemicals, spare parts and fuels. Services such as advertising, machine repairs and utility bill are also obtained from local service providers based in Sri Lanka.

SUPPLIER DUE DILIGENCE

GRI 308 - 01, GRI 414 - 01

Our supply chain is dominated by large international suppliers and several leading local entities who are industry leaders in their respective fields, whose business credentials along with their

social and environmental credentials are verified independently and disclosed publicly. As such we do not seek to conduct annual environmental and social assessment on these suppliers.

However for specific supplier categories, such as our labour outsourcing partners we do have an annual due diligence programme to verify their social performance with regard to compliance of labour laws and adherence to global best practices for the preservation of human rights and the prevention of child labour forced and compulsory labour etc. We also have a special audit framework, including site visits to verify the environmental credentials of our packing material suppliers. We share the findings from these audits with the relevant suppliers and work closely with them to find solutions for gap areas, if any. The entire supplier audit framework is managed independently by the Alumex Internal Control Department.

From the suppliers evaluated during the year we did not record any incidents of environmental and social non-compliance.

SUPPLIER REVIEWS

GRI 409 - 01, 414 - 01, 02

In the interest of safeguarding the sustainability of our supply chain, we seek to build long term relationships with suppliers, based on trust. For this reason, we reach out to suppliers who share in our value system. We maintain regular and ongoing dialogue with these suppliers, and also conduct annual reviews to monitor and follow-up on their agreed commitments in relation to social and environmental responsibility. Suppliers who provide outsourced labour are assessed annually specifically to review their compliance in terms of labour laws including wages and statutory benefits.

COMMUNITY CAPITAL



Our efforts to build Community Capital is premised on responsible community stewardship. Our approach is two-fold where on one hand, we undertake community service initiatives each year to address immediate needs of the community. While on the other hand, driven by our desire to play a bigger role in uplifting the socioeconomic status of the nation, we invest in long term high impact projects aimed at uplifting the lives of underserved communities across Sri Lanka.

All CSR activities for a given year are planned alongside the annual budgeting process to enable necessary resource allocations to be made accordingly. Within our budget, separate allocations are also made to support projects by the Hayleys Group Foundation. The annual CSR budget requires the approval of the Company's Managing Director. Under the guidance of the Managing Director, the Marketing department is responsible for overseeing project execution to meet stated objectives. As part of their role the marketing department is tasked with maintaining ongoing dialogue with community stakeholders to assess their needs and determine how the Company can contribute towards finding appropriate solutions.

COMMUNITY INVESTMENT

GRI 413 - 01

White Cane Donation - Alumex PLC's, flagship community initiative -the White Cane Donation programme was launched in 2012 and is now in its 10 consecutive year. Our commitment to the programme is met through the manufacture of white canes for visually impaired members of society. In the year under review, Alumex donated 2000 white canes to several blind societies around the country. A total of 29,000 blind persons have benefitted from this initiative to date.

Rural School Development Project - Another one of our ongoing projects, where we undertake to donate school supplies to students in rural schools around Sri Lanka. A total of 4,779 children from 3 schools have benefitted from this initiative to date.

Blood donation campaign: 117 employees volunteered and donated blood to the Central Blood Bank on 02 February 2022.

Save water awareness campaign: An art and essay competition was organised by the Company for the students in Sapugaskanda Division inter-schools

Vocational Training for Community Youth - Alumex PLC in partnership with the VTA (Vocational Training Authority of Sri Lanka) and several technical training schools around the Country, has undertaken to facilitate training programmes for youth to develop technical skills in the areas of welding, carpentry etc.

COMMUNITY SERVICE

GRI 203 - 02

Accelerating our philanthropic efforts amidst the pandemic relate challenges, we invested a sum of Rs. 1.4 Mn on community service in the FY 2021/22, denoting an 8% increase over the Rs. 1.3 Mn spent in the preceding year.

Hiring from the community is one of our key sustainability commitments. We recruit most of our staffing requirements from communities living in and around our plants. As of the reporting year-end, 75% of the total permanent cadre was sourced from the communities in which we operate. Of this, 6% hold executive and management roles within the organisation. In terms of gender, 4% of the community recruits are female employees. Meanwhile 80% of our total cadre is represented by temporary staff hired from the community.

COMMUNITY RECRUITMENT

Responsible Corporate Citizen

GRI 205-03 GRI 206-01

The 'Alumex Way' policy which is aligned to the Hayleys Group ethics principles, serves as the overarching mandate outlining a code of business conduct to guide the Board, management, and employees. The code sets out clear anti-corruption, anti-competitive behaviour, non-discrimination and equal

Social and Relationship Capital

opportunity guidelines. All policies are well-internalised through periodic employee training and access to the intranet. Our compliance function is well-structured and maintained under the stewardship of a dedicated team. An effective whistleblower policy is also in place, and offers an avenue to report any perceived breach of Alumex values and policies or any violations of laws and regulations. All complaints submitted through the whistleblower mechanism is taken up by the senior management and escalated up to the Board, if necessary, for corrective action.

During the reporting year, there were no incidents of corruption, discrimination or legal actions taken by or against the Company on anti-competitive behaviour, anti-trust, and monopoly practices.

Community Impacts and Compliance

GRI 413-02 GRI 419-1

Earning the trust and respect of the community is very important to us. Towards this end, we have adopted preventive measures to manage effluents, noise controls and toxic emissions concerning environmental considerations and human rights, discrimination, and forced and child labour issues from a social perspective. In addition, we strive to maintain close relationships with relevant local and central government authorities, community leaders, and associations.

We have also established a sound mechanism to allow the community to escalate their complaints/grievances on social and environmental impacts.

There were no significant complaints on negative impacts to the local community in the reporting year due to our operations. No fines and non-monetary sanctions were recorded for non-compliance with laws and regulations in social and economic areas.

Statutory Payments

GRI 201-4 GRI 415-01

As an exemplary corporate citizen, we abide by applicable tax laws and ensure that taxes and all statutory payments are met promptly and on time. In the year under review, we contributed Rs. 398.08 Mn by way of taxes and other duties to the government. Other statutory payments, including contributions to the EPF, ETF and PAYE obligations to the Inland Revenue on employee earnings, were paid in full and on time. Alumex did not extend any political contributions either in financial terms and in-kind. We also did not receive any financial assistance from the government regarding subsidies, tax relief and grants.

Memberships, Associations and Affiliations

GRI 102-13

Being the largest Aluminium extrusion manufacturer in Sri Lanka, Alumex has the capacity to promote greater policy advocacy within the local Aluminium industry. In this regard, we proactively participate in key associations in the country, where we get involved in lobbying for significant industry issues and advocating best business practices. Some of our senior managers are also hold senior positions in many of these associations. Currently, our Managing Director and the Group Manager - Marketing hold the following positions:

- The Alumex Managing Director is a council member of the
 1. Foundry Development and Services Institute, Sri Lanka
 2. The Light Engineering Sector of Export Development Board
 3. Member of Economic Association of Sri Lanka
- The Group Manager - Marketing is a council member of the Manufacturing and Engineering Services Industry Skills Council (MESSCO).



HDU Unit- Kiribathgoda Hospital



COVID-19 Relief



School Material Distribution

VALUE CREATION HIGHLIGHTS FOR FY 2021/22



Social and Relationship Capital

PRODUCT DIVERSITY

New Products Launched		
Alumex Plant -58	Alco Plant – 62	Prime Plant - 69

PRODUCT RESPONSIBILITY

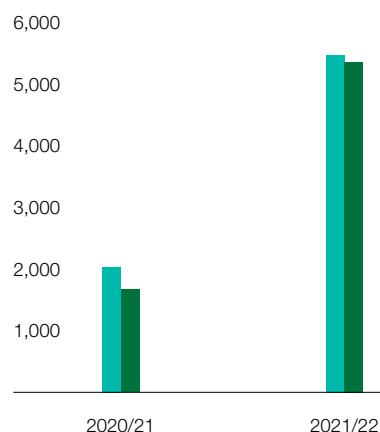
Quality and Standards Audits – 2021/22			
Location of audit	Audited by	Audit findings	Action taken
Alumex head office (QUALICOAT)	QUALICOAT body	No	-
Alumex head office (Qualanod)	Qualanod body	No	-
Alumex head office (Approved applicator certificate)	Jotun	No	-
Alumex head office (SLS)	SLSI	No	-
Alumex head office & Prime plant (ISO 9001-2015)	SLSI	Deviation of process parameters	Corrected quality parameters
Prime plant(Approved applicator certificate)	Jotun	Deviation of oven temperatures	Modified oven heat transfer system

CUSTOMER SUPPORT AND ENGAGEMENT

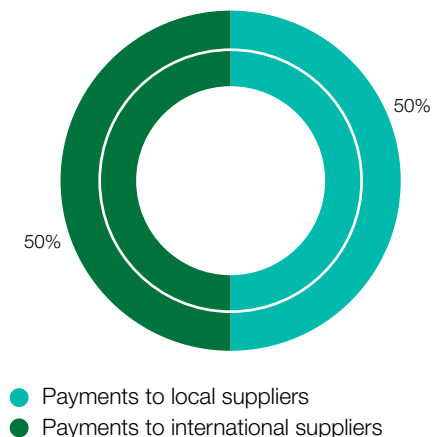
Product Training for Customers (Fabricators)			
Customer Category	No. of programmes	Total No. of Participants	Total Investments
Fabricators	15	155	Rs 914,500.00

PROCUREMENT BEST PRACTICES

Procurement Expenditure Foreign & Local (Rs. Mn)

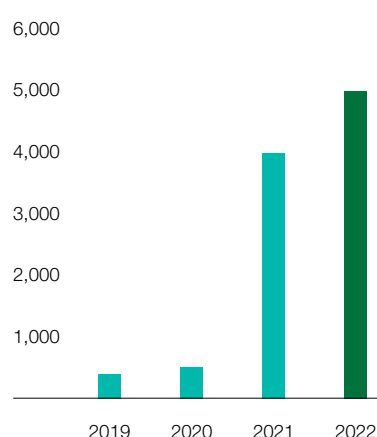


Supplier Payments to Foreign Suppliers and Local Suppliers (%)



COMMUNITY INVESTMENT

Community Investment (Rs. Mn)



Capacity Building - Training Youth	No. of Programmes	2021/22 Participants (No.)	Investment (Rs)
VTA Training and Technical College	34	439	2,590,100
Fabricator Training	15	155	914,500
Total	49	594	3,504,600

FUTURE PLANS

Short Term	Medium Term	Long Term
Strengthen customer engagement through targeted initiatives for each customer group	Expand the focus on social and environmental criteria in the supplier audit framework to cover a wider base	Streamline community investments to achieve specific targets

NATURAL CAPITAL

GRI 102 - 11



MANAGEMENT APPROACH

As a manufacturer of Aluminium extrusions, Alumex PLC's operations contribute towards the loss of Natural Capital in few different ways. Key among them are emissions generated through our energy intensive operations, the water used in our manufacturing process and effluents released at various stages of production. Based on a deep understanding of the critical environmental levels across our production value chain, we have adopted a comprehensive approach to focus on planning, controlling and managing six key components; material consumption, energy, emissions, water, effluents and waste. The compliance requirements stipulated under the Environmental Protection Licence issued by the Central Environmental Authority provides the foundation for these efforts. Both our plants have secured the EPL's. We also strive to benchmark global best practices for environmental management.

Plant managers are held accountable for ensuring compliance with EPL guidelines and for promoting the adoption of best practices at every level of the production process.

Periodic audits carried out at the factory level by our internal audit and quality assurance teams as well as the annual EPL audit by the CEA help to identify potential gaps and facilitate continuous and ongoing improvement of our environmental systems.

Strategic Imperatives and Strategy

Material Management

- Be resourceful and carefully monitor material consumption and opt to use recycled material, whenever possible.

Energy Management

- Measure and monitor energy usage, adopt energy efficient measures and opt for alternative renewable energy sources.

Water Resources Management

- Closely monitor and be conscious of water consumption.
- Treat and test wastewater before discharging to water bodies.

Emissions Management

- Measure, monitor and be responsible in greenhouse gas emissions.

Solid Waste Management

- Follow best practices in solid waste management, focusing on '3Rs' reducing, reusing and recycling.

Environmental Compliance

- Comply with applicable environmental laws and regulations.

Natural Capital

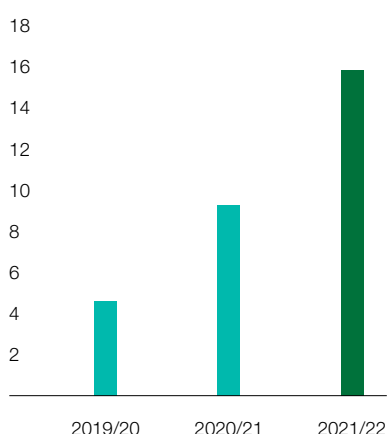
MATERIAL MANAGEMENT

GRI 301 - 01, GRI 301 - 02, GRI 301 - 03

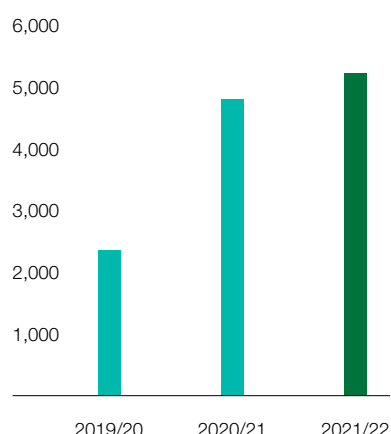
In the process of manufacturing Aluminium extrusions, Alumex PLC consumes large volumes of Aluminium billets / logs. This is a non-renewable material produced using mined bauxite. We procure Aluminium logs from overseas.

Thanks to recent technological developments, we have succeeded in recycling our scrap Aluminium logs back into our production process. In this way we have ensured that recycled materials account for almost 50% of our annual raw materials consumption. More recently we have also begun using pre-used Aluminium for the manufacture of our Aluminium extrusions. This reclaimed Aluminium now accounts for almost 4% of our total annual material consumption. The foreign exchange savings in this regard stood at US dollars 15.99 Mn, equivalent to Rs. 4,157 Mn.

Saving of Foreign Exchange (USD)



Aluminium Logs Recycled (MT)



RECYCLED AND RECLAIMED PRODUCTS

GRI 301 - 03

Product Category	2021/22	2020/21	Variance (%)
	(metrictons)		
Recycled Aluminium billets/logs - onsite	5,239	4,810	9
Aluminium extrusions sold	8,198	6,449	27
Reclaimed products	3,530	2,563	38
Reclaimed as % of extrusions sold	43	40	8



	Material Consumption		
	2021/22 (metrictons)	2020/21	Variance (%)
Non-renewable			
Aluminium logs			
➤ Non-recycled Aluminium logs	5,231	3,472	51%
➤ Recycled Aluminium logs	5,239	4,810	9%
Recycled Aluminium as % of total Aluminium consumed	50	58	

ENERGY MANAGEMENT

GRI 302 - 01, GRI 302 - 02, GRI 302 - 03, GRI 302 - 04

As a highly energy-intensive business, energy efficiency remains one of our key priorities. Through our CAPEX plan, we invest in energy efficient equipment and have an annual budgetary allocation for maintenance and upkeep to improve overall efficiency of our production equipment. Building awareness among our floor employees is also an important part of our overall energy management programme. Moreover we measure daily energy consumption against benchmark levels, and carry out further investigations in the event of serious deviations.

Meanwhile, in a bid to reduce our dependence on grid electricity, we installed second roof-top solar panel system at the Prime Extrusion Plant at Ekala. The installed capacity of the solar panels is 984 kilowatts with the renewable energy generated from this initiative being supplied to the national grid. In indirect terms, this translates to savings of 50,612 liters of fossil fuels and reduces our carbon footprint by 133 tCO₂e.

Energy consumption within the organisation

(Mega Joules)

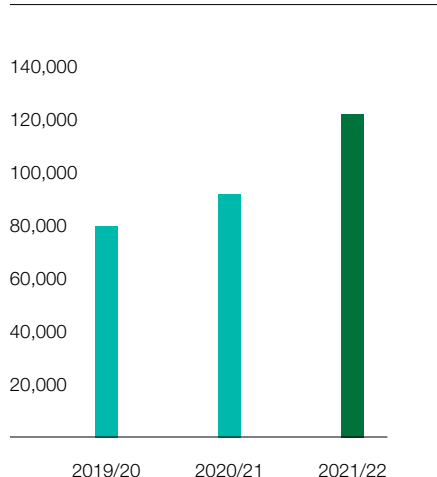
Direct	2021/22	2020/21	Variance (%)
Petrol for vehicles	467,428	200,211	133
Diesel for vehicles	458,911	209,452	119
Diesel for plant and generators	37,863,580	25,564,644	48
Furnace oil for plants	33,750,410	23,996,448	41
LP gas	10,924,880	10,223,684	7
Indirect			
Electricity for plants	26,728,115	25,653,885	5.4
Electricity for administration areas	5,503,750	1,930,938	156
Total energy consumed within the organisation (1)	115,697,074	87,779,262	32

Energy consumption outside the organisation

Direct

Petrol for vehicles	0	6,600	(100)
Diesel for vehicles	6,970,531	4,689,379	49
Total energy consumed outside the organisation (2)	6,970,531	4,695,975	48
Total energy consumed (1+2)	122,667,605	92,475,241	33

Total Energy Consumed (MJ)



Energy consumption outside the organisation refers to external transportation (third-party) used by the Company for inward carriage of raw material imports from the port; as well as outward carriage of finished goods to the eight warehouses located across the island. This also includes the pool transport we provide (occasionally) for our employees. The methodology used for energy consumption outside the organisation is the estimation based on predetermined distances multiplied at an average fuel consumption rate.

Conversions: Average energy content of fuel

The methodology used for energy consumption within the organisation is the direct measurements of actual consumption at the factories and administration areas.

Natural Capital

GRI 201 - 02

ENERGY INTENSITY

GRI 302 - 03

Consumption Base	2021/22	2020/21	Variance (%)
Total energy consumed	122,667,605	92,475,241	33
Total material consumed	11,328	8,282	37
Total production output	8,840	6,887	28
Average energy consumption – material	10,829	11,166	(3)
Average energy consumption – output	13,876	13,428	3

EMISSION MONITORING

GRI 203 - 01, GRI 302 - 05,
GRI 305 - 01, 02, 03, 05

Emissions released from our operations have an impact on the environment and in turn the communities that live in and around our plants. To mitigate this impact as much as possible, we refrain from using any ozone depleting chemicals or substances stated under the Montreal Protocol. Nonetheless the nature of our business is such that certain ozone depleting substances are released as a result of metal cleaning in our

laboratory, our heating and cooling systems and from the use of motor vehicles for commuting and transport purposes.

Significant emissions which the Company is responsible for are Oxygen, Carbon Monoxide, Oxides of Nitrogen and Sulfur Dioxide. We take responsibility for these emissions and have set clear control limits to manage them in line with CEA guidelines, while stringent monitoring ensures these parameters are not exceeded.

Our efforts in this regard are further assisted by the emphasis we place on improving energy efficiency across our operations.

Our Aluminium recycling efforts also make a notable contribution towards reducing energy. Recycling in effect saves almost over 90 percent of the energy required to produce Aluminium logs from bauxite ore. On average, recycling one kilogram of Aluminium saves 55 megajoules of energy. Recycling also minimises the emission of toxic gasses such as Sulfur Oxide (SOx) and Nitrogen Oxide (NOx) released during the production of aluminium logs, thereby indirectly lowering Alumex PLC's overall emission footprint.

Alumex PLC measures and reports on Scope 1, Scope 2 and Scope 3 emissions as per the GHG protocol. Emissions are calculated in-house and cover all operations of the Company.

Carbon Footprint

Scope	Description	2021/22		2020/21		Variance %
		tCO2e	% Share	tCO2e	% Share	
Scope 1	Diesel for generators Diesel for manufacturing plants Furnace oil for plants	6,160	46	4,562	44	35
Scope 2	Purchased electricity	5,562	41	5,430	52	2
Scope 3	Air travel and others	1,703	13	436	4	291
Total	Greenhouse gas emissions	13,426	100	10,428	100	29

EMISSIONS INTENSITY

GRI 305 - 04

Our greenhouse gas emissions intensity stood at 1.19 tCO₂e per metric ton of material consumed. Emissions intensity in the year declined by six percent over the preceding year.

	Unit of Measure	2021/22	2020/21	Variance %
Greenhouse gas emissions	tCO ₂ e	13,426	10,428	29
Material consumed - Aluminium	metric ton	11,328	8,282	37
Greenhouse gas emission per input of material consumed	tCO ₂ e /metric ton	1.190	1.26	-6

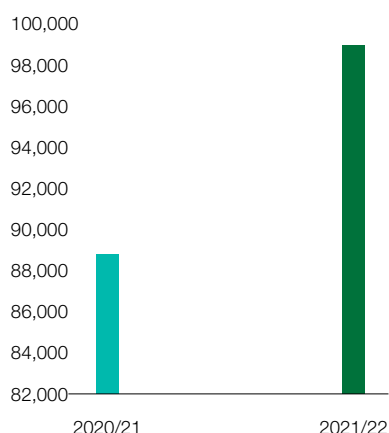
WATER MANAGEMENT

GRI 303 - 01, 03, 05

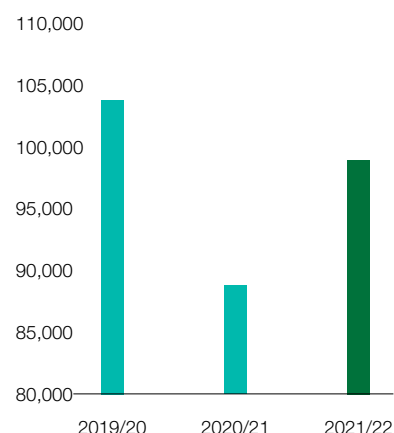
Water is used across almost 76% of our production processes, including anodising, powder coating, cooling towers as well for consumption by employees. Hence Alumex PLC's interactions with water are relatively high.



Total Water Consumed (M3)



Treated Water Disposed (M3)



Our water requirements are met through different sources. At our main factory in Sapugaskanda which is located within the LINDEL Industrial Zone, water is provided by the zone water system which in turn extracts water from the Kelani river. Water requirements at our Prime plant in Ekala are met by onsite deep tube wells. We also extract small quantities of water from shallow wells at our sites, mainly for use at our Aluminium recycling foundry and for the fire extinguishing hydrant system. Water drawn from onsite wells does not impact any common water bodies located in these areas.

We have set a goal to reduce water consumption across our manufacturing processes by at least 3% each year. Careful planning coupled with coordinated action and continuous monitoring underpin our efforts to achieve this objective.

Natural Capital

WATER RESOURCES STATEMENT

	2021/22	2020/21	Variance
Consumption Base	cubicmetres (m3)		%
Water withdrawal			
➤ Total water withdrawal (third party withdrawal, surface water)	98,995	88,830	11
Water consumed			
➤ Water consumed in manufacturing plants	75,246	66,622	13
➤ Water consumed by employees	23,749	22,208	7
Water recycled/ reused	13,200	15,000	(12)
Purified water discharged	98,995	88,830	-
Total water recycled as % of water consumed	13.3	11	11
Purified water discharged % of water withdrawn	100	100	-

EFFLUENT TREATMENT

GRI 303 - 02, 04

Effluent treatment goes hand in hand with our water management programme. All wastewater from the manufacturing process is treated prior to being released to the environment at our onsite effluent treatment plants, which conform to CEA guidelines. The quality of treated water is monitored and measured against the CEA's water quality parameters. Water quality is tested daily at our in-house lab prior to being released to the environment. We also engage the service of an accredited laboratory for independent sampling of water quality on a monthly basis.

In FY 2021/22, a total of 98,995 cubic meters of treated water by internal effluent treatment plants was discharged to the water bodies in to the natural water streams. With all water quality parameters of the discharged water being in line with CEA approved limits, the water released by the Company to the environment is deemed to have no significant impact on ecosystems or habitats in the immediate vicinity.

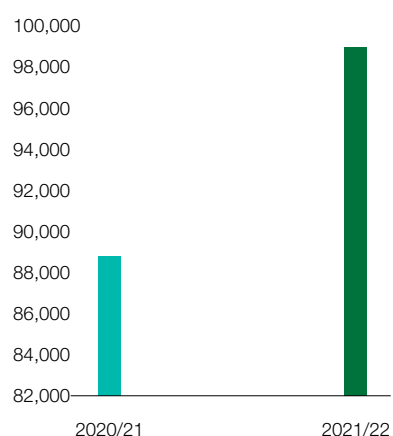
Meanwhile water discharged from the melting plant is cooled and reused in the casting operation. In this process the hot water used in the melting plant is circulated through a cooling tower and once fully cooled, the same water is reused for the casting operations. At our PC2 plant, we have an Aluminium pre-treatment system, which consists of series of pre-treatment tanks. The volume of water in the DI tank is recirculated through DI plant in order to maintain the water conductivity level at the desired level.

WASTE MANAGEMENT

GRI 201 - 01, GRI 306 - 01, 02, 03, 04, 05

We remain firmly committed to observing best practices in handling and managing waste at our factories. This commitment includes, complying with all regulatory requirements and the adoption of global best practices for responsible waste management.

Total Water Consumed (m3)



An integrated waste management programme underpins our efforts to manage our waste disposal responsibly to minimise our waste generation impacts on the environment and on the society, including impacts on human health; endangering habitats and ecosystems; and contributing to climate change and global warming through the production of methane in landfill sites.

We reiterate our commitment by practicing the 3R principles, to reduce the amount of waste produced; re-using and recycling by way of composting and resorting to waste to energy incineration, as much as possible and practical. Included in our waste management programme are stringent monitoring and testing mechanisms to ensure disposal of all waste including proper disposal of hazardous waste to prevent impacts on the environment. Our efforts are further complemented by the measures adopted by the LINDEL Industrial Zone. Disposal to landfill sites is at the bottom of our waste management pyramid.

Meanwhile, our Aluminium waste recycling initiatives which reduces the need to mine bauxite to produce new Aluminium logs, also make an important contribution towards combating climate change and managing global warming.

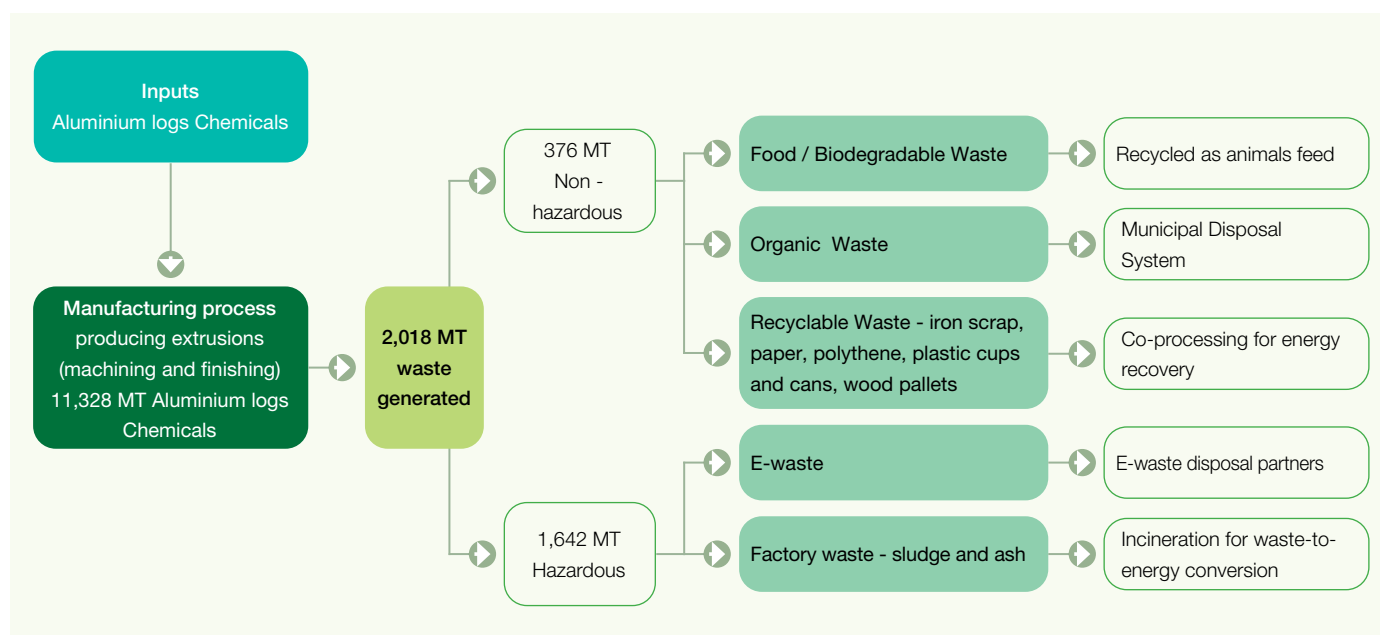
In 2021 we invested Rs. 7 Mns to install a new machine to recycle waste sulfuric acid. This initiative has helped to minimise waste sludge produced in the effluent treatment plant.

Waste Composition	Waste generated		Variance %
	2021/22 (metric tons)	2020/21	
Non-hazardous	376	1	75,184
Hazardous	1,642	799	105
Total waste generated	2,018	800	152

Environmental Investments	2021/22 (Rs Mn)	2020/21 (Rs Mn)
Recycling of scrap Aluminium (market value)	1,095	485
Purifying cost of waste water	5	5
Disposal cost of solid waste – sludge alumina and other hazardous waste	27	16
Other environmental initiatives	51	43

Alumex PLC does not monitor or maintain volume-wide or category-wise records of waste volumes diverted to/from disposal.

ALUMEX PLC WASTE MANAGEMENT VALUE CHAIN



Natural Capital

ENVIRONMENTAL COMPLIANCE

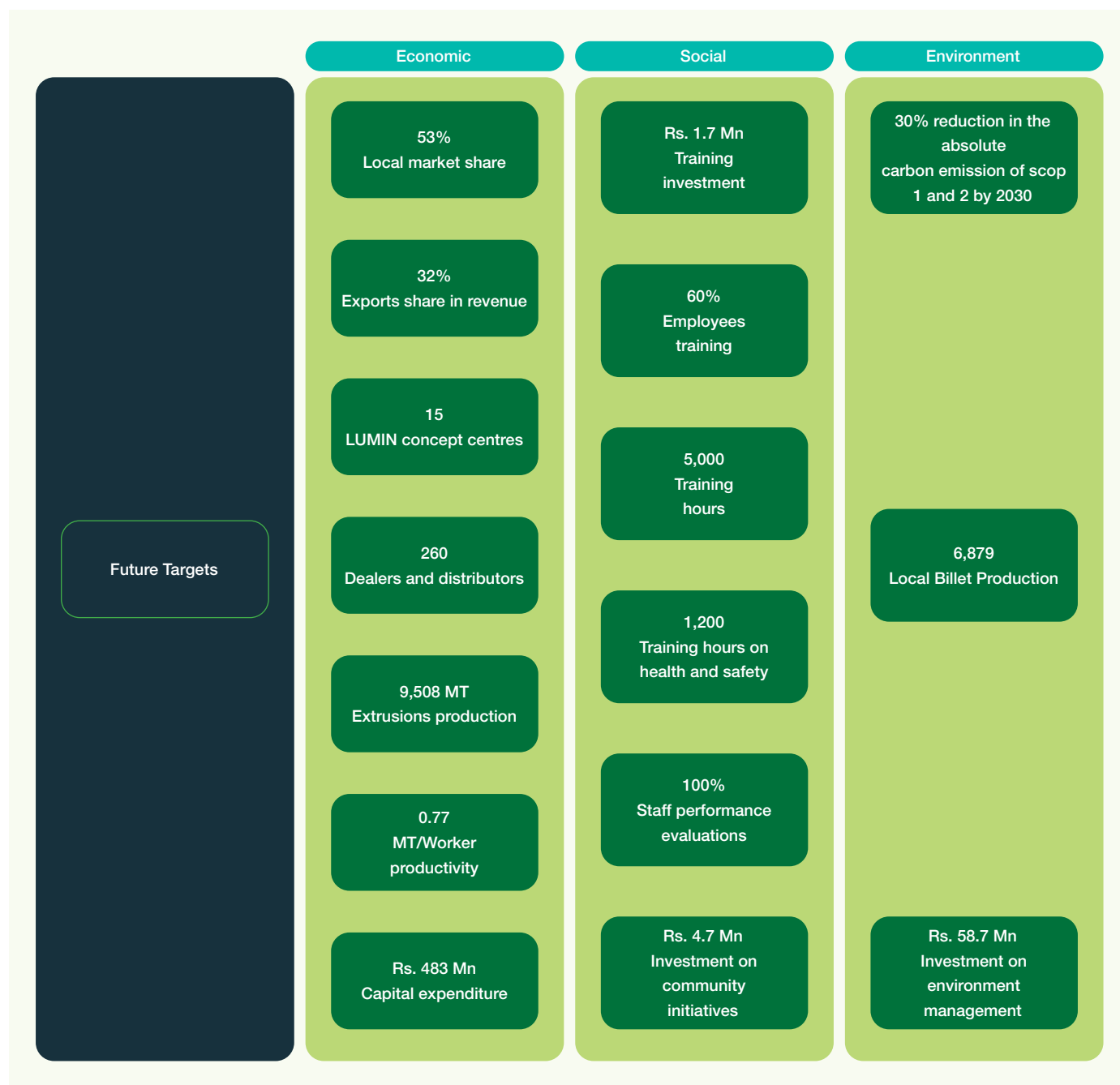
GRI 307 - 01

Alumex PLC was not subjected to any fines in the reporting year, due to non-compliance of environmental regulations

FUTURE PLANS

Short Term	Medium Term	Long Term
Increase the volume of non-hazardous sent for energy recovery	Explore more productive uses for waste sludge produced by the effluent treatment plant	Total used of non-hazardous waste for recycling and reuse.
Sending non-reusable plastic and polythene for waste power generation plants	Find the ways of converting all plastic and polythene material in to useful forms of energy and chemicals for industry. (pyrolysis process)	Reduce the use of polythene and polythene materials for operations.

FUTURE TARGETS



ALUMEX COMMITMENT TO SUSTAINABILITY

At Alumex PLC, sustainability is at the core of everything we do. Our approach to sustainability aims to reflect how our responsible business practices are making a positive impact on economic activity as well as on the environment and on society as a whole. As the scope of our business grows, we continually rethink and reframe our impact.

Since the inception, Alumex has been conducting its business operations with due process to take into account social and environmental considerations. In doing so, we have also come to understand the importance of appropriate governance mechanisms.

We marked an important milestone in this regard, when we started reporting on Environmental, Social and Governance principals in our annual report of FY 2013/14.

The year under review denotes yet another important milestone in our ESG journey, where we moved to adopt a formal Sustainability Framework for Alumex, based on the direction of our parent - the Hayleys Group. Through this, Alumex aims to address emerging societal and environmental issues while mitigating the adverse external impacts, along with strong emphasis on strengthening the monitoring and reporting of our non-financial impacts.

THE ESG FRAMEWORK

During the year under review, Hayleys Group Sustainability Unit launched a Group-wide, holistic ESG Framework aimed at delivering triple bottom value while driving sustainable economic growth, fostering social development, and prompting greater

investment towards environmental sustainability. The framework has set specific targets for year 2030 across all three aspects with progress to be monitored on a quarterly basis by the Sustainability Team.

PURPOSE

- Thriving business that shapes a better future

ENVIRONMENTAL

- Minimise our footprint while seizing opportunities to shape a greener future

SOCIAL

- Striving and thriving together for a better tomorrow

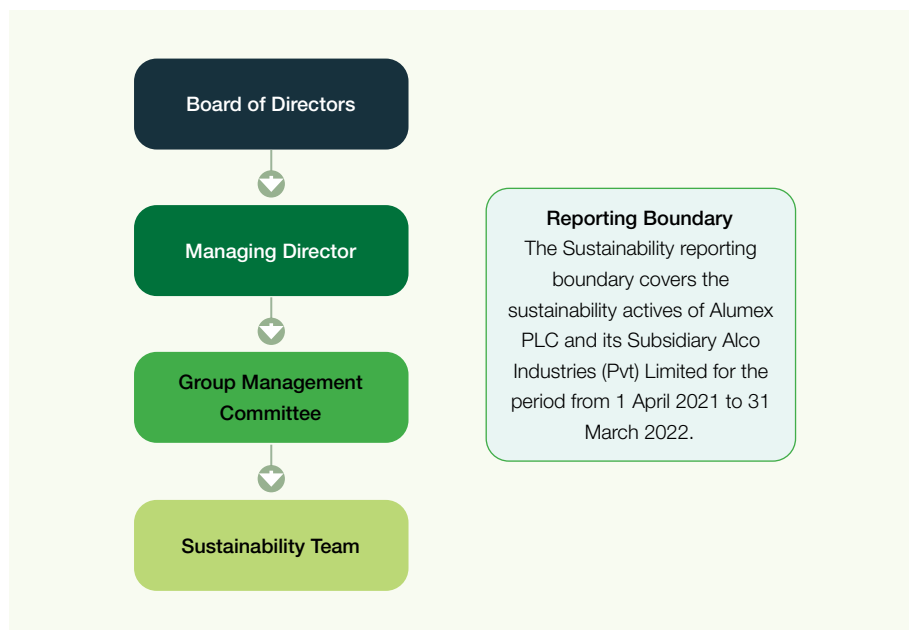
GOVERNANCE

- Responsible and responsive corporate citizenry

GOVERNANCE OF SUSTAINABILITY

The Board of Directors of Alumex PLC takes the leadership and responsibility in establishing ESG principals at Alumex. The Company's Managing Director provides strategic oversight for sustainability, while the Alumex Sustainability Team facilitates the implementation of sustainable initiatives. The Sustainability Team is also tasked with monitoring and reporting progress to the Alumex Group Management Committee on a quarterly basis.

A customised portal captures and analyses sustainability information on a monthly basis and summarises environmental and social performance for review by the management. The Hayleys Group sustainability division provides satellite supervision in policy formulation, monitoring and governance of all sustainability activities.



SUSTAINABILITY OBJECTIVES AND ACHIEVEMENTS

Stemming from the new launched Sustainability Framework Alumex has set out targets for the long term to be achieved in 2030 supported by a series of annual short term targets.

ESG Strategy	Long Term Target	Target 2021/22	Achievement	Results
Reliance on Sustainable and Renewable Energy Sources	15% energy requirement to be met through renewable energy by 2030	5% energy requirement to be met through renewable energy	Achieved	Alumex generated 897,182 MWH (10% of total Electricity consumed during 2021/2022 financial Year) from its two roof solar plants at the Sapugaskanda and Ekala premises.
Reduction in Energy Intensity by Improving Operational Efficiencies	5% reduction in energy intensity by 2030	1% reduction in energy intensity	Achieved	Achieved 16% reduction of energy intensity compared to last financial year.
Phase-Out Our Absolute Carbon Footprint (Aligning with Science Based Targets)	5% reduction in scope 1 and 2 emissions	1% reduction in scope 1 and 2 emissions	Not Achieved	17% increases was recorded compared to last year.
	10% reduction in absolute carbon emissions of scope 3 by 2030	1% reduction in scope 3 GHG emissions compared with last year	Not Achieved	219% increase compared to last year
Application of Sustainable Water Sources	10% improvement of total waste water recycled or reclaimed from 2019/20 level	2% improvement of total waste water recycled or reclaimed	Not Achieved	1.5% decrease of total water recycled compared to the year 2020/21
Reduction in Water Intensity Through Efficiency Improvements	5% improvement of water intensity from 2019/20 level	1% improvement of water intensity	Achieved	30% of improvement of water intensity ratio during 2021/22 financial year
Value Additions Through Waste Generation	Zero landfilling by 2030	5% reduction in landfilling	Achieved	0' land filling during 2021/22
	30% recycled/reclaimed material used in the production process by 2030	20% recycled/reclaimed material used in the production process by 2021/22	Achieved	50% recycled material used in the production process
Biodiversity Conservation and Preservation Relating to Our Business Operations	Reforestation projects to be conducted every year to achieve 15 Acres in 2030.	Reforestation to cover 2 Acres in 2021/22	Partially Achieved	Joined Hayleys Reforestation Project and planted 100 trees

SUSTAINABLE DEVELOPMENT GOALS

At Alumex PLC, sustainability is at the core of everything we do. Our approach to sustainability aims to reflect how our responsible business practices are making a positive impact on economic activity as well as on the environment and on society as a whole. As the scope of our business grows, we continually rethink and reframe our impact.

We now strive to align our efforts to the UN Sustainable Development Goals (SDG's). The SDG's provide the framework to direct our efforts more meaningfully as to what we as a Company can and must achieve in order to sustain our business, build a strong society and preserve the environment for future generations. On this basis, we have discovered that due to our broad positioning and our multilayered business model, Alumex contributes in some way to all 17 SDG's - some more significantly than others.

Alumex PLC Executive Director provides strategic oversight for sustainability, while the Manager Safety & Health acts as the lifecycle champion in executing sustainability initiatives. The Hayleys Group sustainability division provides satellite supervision in policy formulation, monitoring and governance of all sustainability activities.

ALUMEX CONTRIBUTION

United Nations Sustainable Development Goals



We create employment opportunities including for our local communities and we engage small and medium enterprises within the supply chain. This reporting year, we distributed 8 percent of value created to our employees reaching over Rs. 839 Mn. We also distributed 53 percent to local suppliers and 3 percent as tax obligations.

Page 83



We extend a rounded welfare package worth Rs. 106 Mn to our permanent employees. We also provide free meal facilities across all staff grades.

Page 85



We have a comprehensive health and safety mechanism in place with employee representation and consultation. We invest in health and safety training and extend personal protective equipment. We invested Rs. 30 Mn on health and safety initiatives in the reporting year.

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We invest well on training initiatives whilst extending funding support and study leave to encourage staff to take up further professional studies. This year we invested Rs. 7.3 Mn in this regard.

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Female employees represent 4.1 % percent of our total cadre. We uphold equal opportunity in terms of career development, incentives and rewards. Remuneration between male and female employees is comparable.

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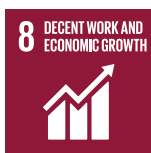


Both factories provide clean water and sanitation facilities to ensure staff wellbeing. We also have in place water treatment facilities to discharge treated water into water bodies. Water and sanitation facilities investment for the year stood at Rs. 51 Mn.

Page 111



We are focused in our efforts to be energy efficient. We invested in solar energy through a rooftop solar plants at the Central Warehouse in Sapugaskanda and Prime Plant at Ekala. We also use recycled Aluminium in the manufacturing process, rather than using bauxite which requires high energy for processing. This indirectly contributes to energy savings. In indirect terms, this translates to savings of 50,612 liters of fossil fuels and reduces our carbon footprint by 133 tCO2e. **Page 109**



We give extensive employment opportunities including for community people, especially youth. We uphold fair labour management practices and extend a progressive workplace where employees can develop skills and their careers. We also build capacity of fabricators as well as youth.

Page 83



We invest well on research and development for product and process improvements and innovation. We invest in state-of-the-art plant, machinery and equipment to upgrade and expand factory operations. We invested Rs. 6.1 Mn on research and Rs. 654 Mn on capital expenditures.

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We extend community recruitment opportunities including building capacity of youth. We also give business opportunities to small and medium enterprises. We have in place a wide outreach with an island wide presence—extensive dealerships and distribution. We also extend training to fabricators and community youth to build capacity.

Page 83



We extend community employment opportunities and capacity building. We invested Rs. 4.9 Mn in philanthropy to uplift communities. We also produce Aluminium extrusions which can be used in modern construction projects, thus substituting for unsustainable timber.

Page 103



We use recycled Aluminium in the production process. We also recycled water in production. Waste water is duly treated prior to disposal to water bodies. We also have in place a solid waste management process, disposing hazardous and non-hazardous waste in a regulated mechanism. Efficient energy management is prioritised whilst investing in solar energy. We invested Rs. 43 Mn on environmental management initiatives. **Page 108**



Energy efficiency measures are in place to reduce greenhouse gas emissions. We also invested Rs. 53 Mn on renewable solar energy as an alternative to burning fossil fuels.

Page 110



Focused measures are in place to ensure that the waste water is treated prior to disposing to water bodies.

Page 113



As an alternative to timber, Aluminium extrusion manufacturing indirectly prevents deforestation and conserves biodiversity.

Page 117



For over 30 years, we have nurtured a solid organisation, with responsible and fair business practices and governance. Sound labour relations are maintained, ensuring industrial peace. There is no discrimination within the workplace and no forced and child labour.

Page 83



We distributed Rs. 319 Mn of the value generated to the government as taxes for sustainable development. We facilitated knowledge transfer and bring in latest technology from advanced nations.

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GOVERNANCE

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BOARD OF DIRECTORS



1. MR. MOHAN PANDITHAGE
Chairman



2. MR. SARATH GANEGODA
Deputy Chairman



3. MR. PRAMUK DEDIWELA
Managing Director



4. DR. HARSHA CABRAL , PC
Independent Non-Executive Director



5. MR. SOMASIRI MUNAWEERA
Independent Non-Executive Director



6. MR. RANIL PATHIRANA
Non-Executive Director



7. MR. ASGHAR AKBARALLY
Non-Executive Director



8. MR. PRAGEETH RAJAPAKSHA
Executive Director

1. MOHAN PANDITHAGE

Chairman

Joined the Hayleys Group in 1969. Appointed to the Board of Hayleys PLC in 1998 and as the Chairman and Chief Executive of Hayleys PLC in July 2009.

Appointed to the Board of Alumex PLC in 2010.

Fellow of the Chartered Institute of Logistics and Transport (UK). Serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. Council Member of the Employers' Federation of Ceylon. Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA).

Leadership Excellence Recognition by the Institute of Chartered Accountants of Sri Lanka. Recipient of the 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers. Honoured with a Lifetime Achievement Award by Seatrade - Sri Lanka Ports, Trade and Logistics (SLPTL) and the first-ever Sri Lanka Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport (CILT). Inducted as Legend of Logistics by the Sri Lanka Logistics and Freight Forwarding Association in recognition of services rendered to Sri Lanka's logistics industry.

2. MR. SARATH GANEGODA

Deputy Chairman

Rejoined Hayleys in March 2007. Appointed to the Group Management Committee in July 2007. Appointed to the Board in November 2010. Fellow Member of CA Sri Lanka and Member of Institute of Certified Management Accountants of Australia. Holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. Worked for Hayleys Group between 1987 and 2002, ultimately as an Executive Director. Subsequently, held several senior

management positions in large private sector entities in Sri Lanka and overseas. Has responsibility for the Strategic Business Development Unit, Group Information Technology of Hayleys PLC and appointed as the Deputy Chairman of Alumex PLC in October 2020. He serves on the Boards of Unisyst Engineering PLC, Dipped Products PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Regnis (Lanka) PLC, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, The Kingsbury PLC and Horana Plantations PLC.

3. MR. PRAMUK DEDIWELA

Managing Director

Mr. Dediwela started his career in January 1989 and has over 33 years of experience in the fields of Marketing and Sales, Material and Logistics, Finance, Manufacturing and Administration as well as Human Resources under Alumex Group. He was appointed as an Executive Director of the Alumex PLC and its subsidiaries in December 2010, as the Chief Operating Officer in November 2017 and as the Managing Director in July 2018.

Mr. Dediwela is a Marketer cum Financial Economist and holds a Master in Financial Economics (University of Colombo), Master of Business Administration (University of Southern Queensland), Post-Graduate Diploma in Business and Financial Administration (CA Sri Lanka/Cranfield - UK), Postgraduate Diploma in Marketing (Chartered Institute of Marketing - UK).

Mr. Dediwela is a member of the Advisory Committee on Light Engineering sector under EDB/Ministry of Industry & Supply Chain Management and member of the Sri Lanka Economics Association. He is a Council Member of the Foundry Development & Services Institute of Sri Lanka.

4. MR. RANIL PATHIRANA

Non-Executive Director

Mr. Pathirana was appointed to the Board in November 2010. He is a Director of Hirdaramani Apparel (Private) Limited, Hirdaramani Leisure Holdings (Private) Limited and Hirdaramani Investments Holding (Private) Limited which are the holding companies of the Hirdaramani Group. He is the Managing Director for Hirdaramani International Exports (Pvt) Limited and Chairman of Wind force PLC.

Mr. Pathirana is a Non-Executive Director of BPPL Holdings PLC, AMBEON Capital PLC, AMBEON Holdings PLC, Ceylon Hotels Corporation PLC and ODEL PLC. He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Commerce Degree from the University of Sri Jayawardenepura.

6. MR. ASGHAR AKBARALLY

Non-Executive Director

Mr. Ali Asghar Akbarally was appointed as a Director of the Alumex Group of Companies in 2010, and is a Director of the Akbar Brothers Group of Companies, since 1981, He currently serves as the Executive Chairman of Windforce PLC and Chairman of Amana Bank.

He holds a degree in Industrial Engineering from the University of California, and is a Fellow Member of the Institute of Chartered Management Accountants of Sri Lanka.

Mr. Akbarally is the Honorary Consul of Hashemite Kingdom of Jordan in Sri Lanka, and is a past President of the Rotary Club of Colombo.

Board of Directors

7. DR. HARSHA CABRAL, PC

Independent Non-Executive Director

Dr. Cabral is a President's Counsel in Sri Lanka with thirty-five (35) years' experience in the field of Commercial Arbitration, Company Law, Intellectual Property Law, Commercial Law, Securities Laws, International Trade Law covering both civil and criminal aspect of the said areas of law. He has been a President's Counsel for sixteen (16) years and commands an extensive practice in the Commercial High Courts and the Supreme Courts of Sri Lanka, and has fifteen (15) Attorneys-at-Law working in his Chambers. He holds a doctorate in Corporate Law from the University of Canberra, Australia. He is a former member of the Board of Investment (BOI) of Sri Lanka. He is also a former sitting member of the International Chamber of Commerce (ICC) International Court of Arbitration in Paris and a Representative Member of the Federation of Integrated Conflict Management (FICM) as well as a Representative Member of the International Commercial Disputes Tribunal (ICDT). Dr. Cabral is a director of the CCC-ICLP (Ceylon Chamber of Commerce and the Institute for the Development of Commercial Law and Practice) International ADR Centre, a member of the Council of Management of ICLP, and a member of the Ministerial Committee appointed to reform Commercial Arbitration in Sri Lanka. He was the Founder Board Member of the Sri Lanka International Arbitration Centre and was involved in the drafting of the Arbitration Act, No. 11 of 1995, the current Act. At the request of the Government of Sri Lanka he was part of a two-member delegation sent to create awareness on commercial arbitration to the official & unofficial bars of the Republic of Maldives. Dr. Cabral is also a member of the Law Commission of Sri Lanka, a

member of the Intellectual Property Advisory Commission in Sri Lanka and the Chairman of the Intellectual Property Law Reform Project of the Ministry of Justice, a member of the Corporate Governance Faculty and the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka, a member of the Council of Legal Education in Sri Lanka and University Grants Commission (UGC) nominee on the Post Graduate Institute of Medicine (PGIM). As a member of the Advisory Commission on Company Law in Sri Lanka, Dr. Cabral was one of the architects of the Companies Act No. 7 of 2007, the current Act. Dr. Cabral is also a Senior Advisor to the Ministry of Sports in drafting the new National Sports Law, a Senior Advisor to the Ministry of Justice on the new House of Justice Project (Chairman) and a Senior Advisor to the Ministry of Justice on Commercial Law Reform.

Dr. Cabral serves as the Chairman of the Tokyo Cement Group, which commands the largest market share for cement in Sri Lanka. He was the immediate past Chairman of LOLC Finance PLC, one of the largest Finance Companies in Sri Lanka. He was also the immediate past Acting Chairman of Hatton National Bank PLC (HNB). In addition, Dr. Cabral was a senior Director of the Union Bank of Sri Lanka. Dr. Cabral currently serves as Independent Non-Executive Director of DIMO PLC, Hayleys PLC, Tokyo Cement Company (Lanka) PLC, Tokyo Super Cement Company Lanka (Private) Limited, Tokyo Cement Power Lanka (Private) Limited, Tokyo Eastern Cement Company (Private) Limited, Tokyo Super Aggregate (Private) Limited, Tokyo Supermix (Private) Limited, World Export Centre Limited, Darley Property Holdings (Private) Limited, CCC-ICLP Alternative Dispute Resolution Centre (Guarantee) Limited and Sri Lanka Institute of

Information Technology (Guarantee) Limited (SLIIT), SLIIT International (Private) Limited, and he serves on several Audit Committees, Nomination Committees, Remuneration Committees, Recoveries Committees and the Related Party Transaction Committees, chairing most of them.

Dr. Cabral is a senior visiting lecturer at several Universities here and abroad, a regular speaker at public seminars and an author of several books. He has also presented several papers on Commercial Arbitration, Corporate Law, Intellectual Property Law, International Trade Law here and abroad. In addition to his active practice in courts and lecturing, he has been a counsel in many a Arbitration and has served as Sole-Arbitrator, Co-Arbitrator and Chairman in a large number of Arbitrations, domestic and international.

8. MR. SOMASIRI MUNAWEERA

Independent Non-Executive Director

Mr. Munaweera was appointed to Alumex Board in January 2014. He counts over 34 years of experience in mercantile and audit sector.

Mr. Munaweera is the Precedent Partner of S. Munaweera & Company, Chartered Accountants and also serves as the Managing Director of Southern Management and Corporate Services (Private) Limited, Director, SM Bentley Corporate Services (Private) Limited and New Anthony's Farms (Private) Limited and Independent Director of Unisyst Engineering PLC.

He holds a Bachelor of Commerce (Special) Degree from the University of Colombo and a Master of Business Administration from

the Post-Graduate Institute of Management, University of Sri Jayawardenepura. Mr. Munaweera is a fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and the Institute of Certified Management Accountants of Sri Lanka (FCMA).

8. MR. PRAGEETH RAJAPAKSHA

Executive Director

Mr. Prageeth joined Alumex PLC in March 2012 as the Chief Financial Officer and was appointed as an Executive Director in November 2017. He has 20 years of experience in External Audit and Financial Management disciplines in varied industries of Auditing, Telecommunication and Manufacturing in local and overseas companies.

He holds a Bachelor of Business Administration and a Master of Business Administration Degrees from the University of Colombo and a Diploma in Information Systems Security Control and Audit from the Institute of Chartered Accountants of Sri Lanka. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and an Associate Member of the Institute of Certified Management Accountants of Sri Lanka.

9. MR. AROON HIRDARAMANI

*(Alternate To Mr. R. P. Pathirana,
Non-Executive Director)*

Mr. Hirdaramani was appointed to the Board of Alumex PLC in November 2010. He holds a bachelor's degree in Business Economics from the Brown University in 2001. From

2001 to 2003, Aroon worked as an Investment Banking Analyst at Credit Suisse in New York. In 2003, he was appointed to the Board of the Hirdaramani Group. He is also the Chairman of the Sri Lanka Apparel Exporters' Association and a member of the Young Presidents' Organisation. In 2016 Aroon was selected to the Forum of Young Global Leaders by the World Economic Forum.

10. MR. TYEABALLY AKBARALLY

*(Alternate To Mr. A. A. Akbarally,
Non-Executive Director)*

Mr. Akbarally was appointed to the Board of Alumex PLC in November 2010. He has been a Director of the Akbar Brothers Group of Companies since 1979 and is currently the Group Managing Director. Mr. Akbarally is actively engaged in the tea and commodity export trade. He was a past Chairman of the Colombo Tea Traders Association and Spices and Allied Products Producers and Traders Association. He is also the Chairman of Amana Takaful Maldives PLC, and is on the Board of several other companies.

CORPORATE MANAGEMENT



1. MR. PRAMUK DEDIWELA

Managing Director



2. MR. PRAGEETH RAJAPAKSHA

Executive Director/ Chief Financial Officer



3. MR. CHAMINDA SENARATHNE

General Manager Manufacturing



4. MR. DILHAN JAYAWARDENA

Deputy General Manager - Logistics



5. MR. THUSHARA JAYALATH

Deputy General Manager – Manufacturing



6. MR. WASANTHA DISSANAYAKE

*Deputy General Manager -
Central Procurement*



7. MR. RAJITHA PERERA

*Deputy General Manager - Sales &
Marketing*



8. MR. DICKSHON GANGE

*Deputy General Manager - Research &
Development*



9. MR. DUSHAN WADUWAALA

*Deputy General Manager - International
Business Development & Marketing*

1. MR. PRAMUK DEDIWELA*Managing Director*

Please refer page 123 for profile.

2. MR. PRAGEETH RAJAPAKSHA*Executive Director/ Chief Financial Officer*

Please refer page 125 for profile.

3. MR. CHAMINDA SENARATHNE*Group General Manager – Manufacturing*

Chaminda joined Alumex PLC as the Group General Manager with effect from 2nd December 2020 with the overall manufacturing responsibility of both our state Group General Manager of art facilities in Ekala and Sapugaskanda. Further, he leads the Engineering, Die Manufacturing, Quality and Planning pillars in the aforementioned position.

Chaminda is a Lean Six Sigma and Manufacturing specialist with more than 13 years of experience in multinational manufacturing organisations. He has a proven track record of business transformation and change management through employee engagement and Lean Six Sigma principles.

He is Lean Six Sigma Master Black Belt and a TPM/TPS practitioner and hold a BSc Engineering degree from University of Ruhuna. Currently he is reading for MBA (PIM) and holds a BSC.

4. MR. DILHAN JAYAWARDENA*Deputy General Manager - Logistics*

Dilhan joined Alumex PLC and appointed as a member of the corporate management team with effect from April 2016 with overall responsibility for both local and overseas marketing and sales functions. In 2018, Dilhan was as signed new responsibilities of the Logistics operation.

He has over 30 years of broad expertise in areas such as market research, customer services, promotions and production planning, whilst managing many local as well as international brands across industries such as, apparel, logistics and transportation, accessories, electric & electronics, household decorative, hardware, advertising and printing.

Dilhan, was instrumental in elevating the logistics function to support the business growth and created multiple distribution networks to enhance customer service. He is a member of Chartered Institute of Marketing (UK) and Chartered Institute of Logistics and Transport (UK).

5. MR. THUSHARA JAYALATH*Deputy General Manager – Value Added Manufacturing*

Thushara joined Alumex PLC in April 2016. He has over 27 years of hands-on experience in Manufacturing and Supply Chain functions in Fast Moving Consumer Goods industry. Prior to join Alumex PLC, he held a number of senior managerial positions in the field of Manufacturing and Supply Chain in multinational environments.

He is an accredited TPM instructor of both Japan Institute of Plant Maintenance (JIPM) And Japan Technology Group. He has been intensively trained on 5S, Kaizen, TQM, TPM, Operations Excellence and Lean Manufacturing, and have mastered problem-solving techniques and Continuous Improvement Initiatives.

He holds a Postgraduate Diploma in Manufacturing Management from University of Colombo and possesses a MBA from University of Bedfordshire, UK.

6. MR. WASANTHA DISSANAYAKE*Deputy General Manager – Central Procurement*

Wasantha joined Alumex PLC in June 2018 in the responsibility of Alumex Prime plant. He has over 20 years' experience on General Management, Manufacturing, Material Management, Quality Assurance in Automotive Parts Manufacturing industry in multinational companies.

He has experience in manufacturing management systems in Germany and India, and a lead auditor for ISO 9001, ISO 14001 and IOSH qualified. Before joins Alumex PLC, he held several senior general management positions in automotive manufacturing industry. He is a council member of Sri Lanka Mold and Die Makers Association.

He holds a BSc degree in mathematics and industrial management and MBA in management of technology from the University of Moratuwa.

Corporate Management

7. MR. RAJITHA PERERA

Deputy General Manager - Sales & Marketing

Rajitha joined Alumex PLC and appointed as a member of the corporate management team with effect from 1st March 2019 with overall responsibility for both Domestic Sales & Marketing functions.

Rajitha is a Marketing Professional with over 15 years of experience in crafting winning marketing and brand strategies for local & International brands with differentiated communication, innovation and visual identity across industries such as FMCG & Techocommercial.

He is a member of Chartered Institute of Marketing (UK) and hold a MBA from University of Queensland Australia

8. MR. DICKSHON GANGE

Deputy General Manager - Research & Development

Dickshon joined Alumex PLC and appointed as a member of the corporate management team with effect from 22nd January 2019 with the overall responsibility for both R&D and Design functions. He has over 15 years of experience working for reputed multinational and local companies. He has a vast experience on research & development, intellectual property, product design, industrial automation, industrial engineering and mastered leadership techniques from Center for Creative Leadership, Singapore and a license holder from General Sewing Data, UK.

He is a Mechanical Engineer with a Bachelor of Engineering First Class Degree from National Institute of Technology, Durgapur, India and holds a Postgraduate Diploma in Manufacturing Systems Engineering from University of Moratuwa, and a MBA from University of Colombo and a Certified Project Management Professional (PMP) from Project Management Institute, USA, and currently reading for Lean Six Sigma Black Belt Certification (CLSSBB) from Dr. Mikel J Harry Six Sigma Management Institute, USA.

9. DUSHAN WADUWALA

Deputy General Manager - International Business Development & Marketing

Dushan joined Alumex PLC and appointed as a member of the corporate management team with effect from 8th September 2019 with overall responsibility for International Marketing (Exports) functions.

Dushan having diversified experience in International marketing and business development over 17 years promoting different product the global market, he is specialised in International business development, marketing and strategy development.

He obtained his professional postgraduate diploma in marketing from the Chartered Institute of Marketing (CIM) UK and holds MBA from the postgraduate institute of Management (PIM) holds an MBA University of Sri Jayewardenepura.

MANAGEMENT TEAM



1. MR. TISSA JAYATILAKE
Group Manager – Marketing



2. MR. SARDHA PERERA
Group Manager – Sales



3. MR. SANJAYA KUMARASEKARA
Group Manager – Production



4. MR. JEBENDRAN INDRAN
Group Manager - Business Development



5. DHARMASIRI NAMAL
Group Manager - HR & Administration



6. MR. KAVINDA RAJAPAKSHA
Group Manager, Engineering

CORPORATE GOVERNANCE

GRI 102 - 16, 18

Alumex PLC is a Public Limited Company listed on the Colombo Stock Exchange (CSE) and registered under the Companies Act No. 07 of 2007.

The Board of Directors of Alumex PLC has adopted core values and standards which set out the conduct of staff in their dealings with shareholders, colleagues, customers and other stakeholders which ensure positive workplace management, marketplace responsibility, environmental stewardship, community engagement and sustained financial performance. This involves the maintenance of:

- An efficient organisational structure
- Systems for internal compliance and risk management
- Transparent internal and external reporting

THE GOVERNANCE STRUCTURE

The Board of Directors of Alumex PLC comprises of eight (08) Directors of which three (03) are Executive Directors and five (05) are Non-Executive Directors. Of the five (05) Non-Executive Directors, two (02) are Independent Non-Executive Directors. Additionally, there are two (02) Alternate Directors representing the two (02) Non-Executive Directors.

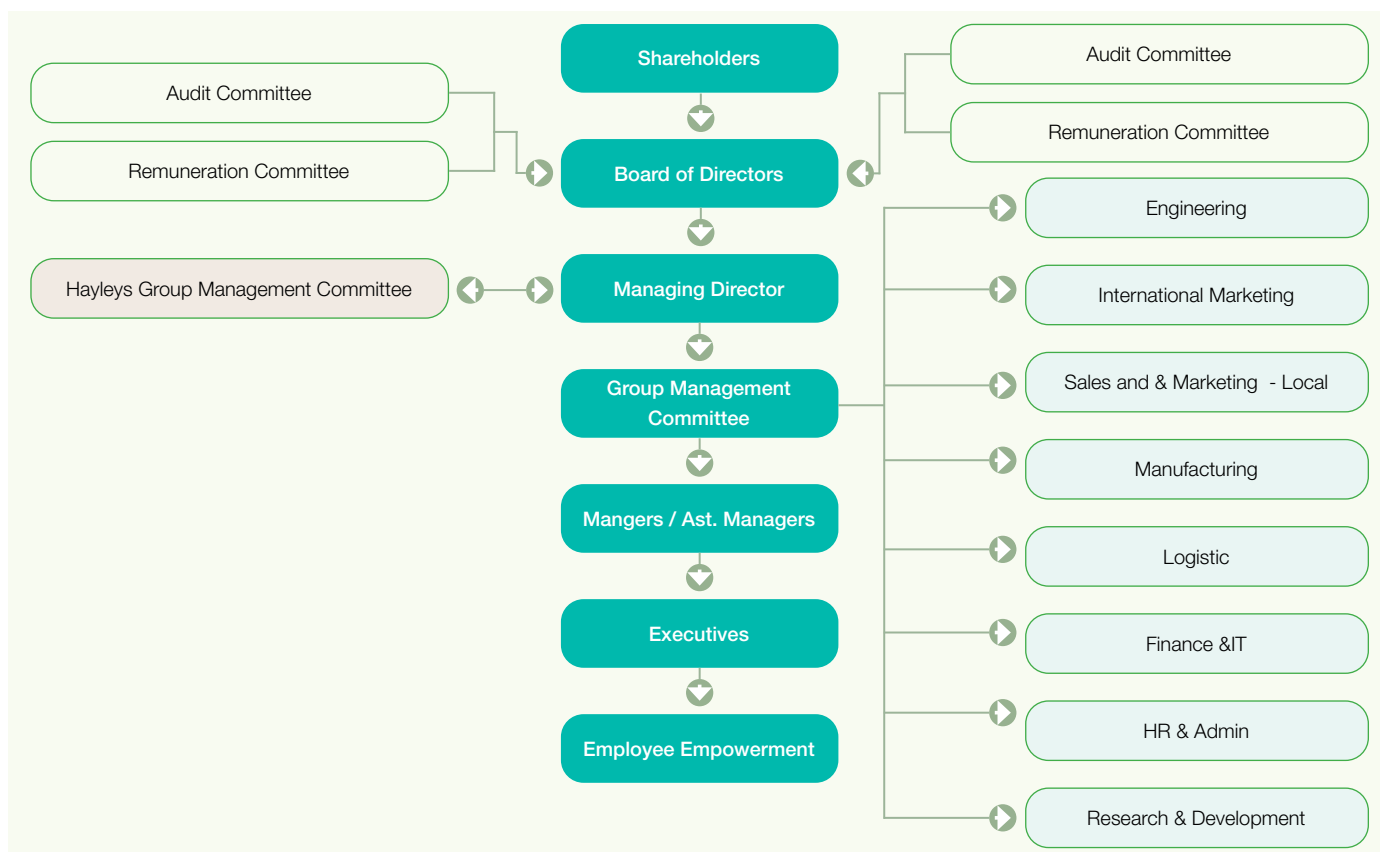
The Board has the overall responsibility and accountability for the management of the affairs of the Company, maintenance of prudent risk management practices and safeguarding stakeholder rights. In order to carry out these responsibilities, the Board has appointed a corporate management team which includes an Executive Director, General Manager and six (06) Deputy General Managers led by the Managing Director.

The Board has delegated some of its functions to two Board sub committees - the Audit committee and the Remuneration Committee - chaired by Independent and Non-Executive Directors.

Further, The Nomination Committee and the Related Party Transactions Review Committee of the parent Company, Hayleys PLC, act as the Nomination Committee and the Related Party Transactions Review Committees for the Company and make recommendations and give directions to the Board.

The Group Management Committee of Hayleys PLC is also involved with the formulation of strategies in respect of business risks, seeks approval for such strategies, and implements them within the policy framework established by the Board.

THE GOVERNANCE STRUCTURE



STATEMENT OF COMPLIANCE

As a responsible organisation, Alumex adheres to regulations, codes and best practices published by different governing bodies:

REGULATORY

- Companies Act No. 07 of 2007
- Sri Lanka Accounting and Auditing standards Act No. 15 of 1995
- Listing Rules of Colombo Stock Exchange
- Inland Revenue Act No. 24 of 2017
- Exchange Control Act
- Customs Ordinance
- The Shop and Office Employees Act No. 15 of 1954
- Factories Ordinance Act No. 45 of 1942
- Industrial Dispute Act No. 43 of 1950

VOLUNTARY STANDARDS AND CODES

- Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Alumex's commitment to adopt the Code of Best Practices on Corporate Governance and extent of adherence to the Listing Rules of Colombo Stock Exchange are summarised into four sections, purely for the convenience of our stakeholders.

SECTION 01 and **SECTION 02** cover the extent of adherence to the requirements of the Code of Best Practices on Corporate Governance issued by CA Sri Lanka. It reflects Alumex's governance in the following eight fundamental aspects:

Section 01

- A. Directors
- B. Directors' Remuneration
- C. Relations with Shareholders
- D. Accountability and Audit

Section 02

- E. Institutional Investors
- F. Other Investors
- G. Internet of things and Cyber security
- H. Environment, Society and Governance (ESG)

Section 03 of the Code deals with Alumex's extent of adherence to requirements of the Continuing Listing Requirements Section 7.10 on Corporate Rules for Listed Companies issued by the CSE. This reflects Alumex's level of conformity to CSE's listing rules which comprise of the following fundamental principles:

- Non-Executive Directors
- Independent Directors
- Disclosures relating to Directors
- Remuneration Committee
- Audit Committee

Section 04 covers the extent of adherence to the requirements of the Continuing Listing Requirements Section 9 on Related Party Transactions for listed companies as issued by the CSE. This covers all the following disclosure requirements:

- Non-recurrent Related Party Transactions
- Recurrent Related Party Transactions
- Related Party Transaction Review Committee
- Disclosure by the Board and the Committee

Corporate Governance

SECTION 1:

Code of Best Practices on Corporate Governance Issued by the Institute of Chartered Accountants of Sri Lanka (ICASL).

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2021/2022
DIRECTORS			
A.1 THE BOARD			
The Company is headed by an effective Board of Directors with local and international experience. The Board of Directors of the Company consists of professionals in the fields of Accounting, Management, Law, Economics, Engineering, Marketing and Business Leaders. All Directors possess the skills and experience and knowledge complemented with a high sense of integrity and independent judgment. The Board gives leadership in setting the strategic direction and establishing a sound control framework for the successful functioning of the Company. The Board's composition reflects a sound balance of independence and anchors shareholder commitment. Profiles of Directors are given on pages 123, 124 and 125			
Board Meetings	A.1.1	Complied	The Board usually meets at quarterly intervals, but also meets more frequently when needed. The Board met four times during the year under review. Scheduled Board meetings were arranged well in advance, and all Directors were expected to attend each meeting. Any instances of non-attendance of Board meetings were generally related to prior business, personal commitments or illness. The attendance at Board meetings held is set out on page 146
Board Responsibilities	A.1.2	Complied	<ul style="list-style-type: none"> ➤ The Board is responsible to the shareholders for creating and delivering long-term sustainable shareholder value through the business. The Board ensures the formulation and implementation of a sound business strategy. ➤ The Board has put in place a Corporate Management team led by the Managing Director with the required skills, experience and knowledge necessary to implement the business strategy of the Company. ➤ The Board also ensures effective systems are in place to secure integrity of information, internal controls and risk management. ➤ The Board ensures that the Company's values and standards are set with an emphasis on adopting appropriate accounting policies and fostering compliance with financial regulation.
Compliance with Laws and access to independent professional advice	A.1.3	Complied	The Board collectively, and Directors individually must act in accordance with the laws as applicable to the Company. The Company had complied with all applicable laws and regulations during the year. A procedure has been put in place for Directors to seek independent professional advice in furtherance of their duties, at the Company's expense. This will be coordinated through the Company or the Board Secretary when requested.
Company/Board Secretary	A.1.4	Complied	The Company Secretary acts as the Board Secretary as well. All Directors have access to the advice and services of the Company Secretary as required. The Company Secretary keeps the Board informed of new laws and revisions, and regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.
Independent judgment	A.1.5	Complied	All Directors exercise independent judgment in decisions made by the Board on issues of strategy, performance, resource allocation and the conduct of business.
Dedication of adequate time and effort by the Board and Board Committees	A.1.6	Complied	All Directors of the Company dedicate adequate time and effort to fulfill their duties as Directors of the Company (both before and after the Board Meetings), in order to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2021/2022
Call for a Resolution to be presented to the Board	A.1.7	Complied	One third of the Directors can call for a resolution to be presented to the board where they feel it is in best interest of the Company.
Training for new and existing Directors	A.1.8	Complied	Both new and existing Directors of the Company are provided guidelines on general aspects of directorships and industry specific matters. In this regard, the Directors have recognised the need for continuous training, expansion of knowledge and to take part in such professional development as and when they consider it necessary and which would assist them to carry out their duties as Directors.
A.2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)			
There should be a clear division of responsibilities between the Chairman and Chief Executive Officer in order to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decision-making.			
The roles of the Chairman and Chief Executive Officer function separately in the Company. The Chairman's main responsibility is to lead, direct and manage the work of the Board in order to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Managing Director, who performs the role of the Chief Executive Officer, is responsible for the day-to-day operations of the Company.			
Division of responsibilities of the Chairman and Managing Director (CEO)	A.2	Complied	<p>The positions and functions of the Chairman and the Managing Director have been separated; the role of the Managing Director is to manage the day-to-day running of the Company.</p> <p>The Board has delegated this responsibility to the Managing Director and he then leads the Corporate Management team in making and executing operational decisions. The Managing Director is also responsible for recommending strategy to the Board.</p>
A.3 CHAIRMAN'S ROLE			
The Chairman leads and manages the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully preserves order and facilitates the effective discharge of the Board functions.			
Role of the Chairman	A.3.1	Complied	<p>The Chairman is as an outstanding business leader, provides leadership to the Board, controls and preserves order at Board meeting and provides the Board with strategic direction and guidance in managing the affairs of the Company.</p> <p>The Chairman is also responsible for:</p> <ul style="list-style-type: none"> ➤ Ensuring the new Board members are given an appropriate induction, covering terms of appointment. ➤ The effective participation of both Executive and Non-Executive Directors. ➤ All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company. ➤ A balance of power between Executive and Non-Executive Directors is maintained. ➤ The views of Directors on issues under consideration are ascertained.
A.4 FINANCIAL ACUMEN			
The Code requires that the Board comprises of members with sufficient financial acumen and knowledge in order to offer guidance on matters on finance. The Board of the Company has met the above requirement as some of the Board members are qualified Accountants having professional qualifications and are equipped with sufficient financial acumen and knowledge to offer guidance on matters of finance.			
Financial acumen and knowledge	A.4	Complied	The Board comprises three Chartered Accountants (CA Sri Lanka) and one Management Accountant (CIMA-UK). One of them serves as Chairman of the Audit Committee. These Directors add substantial value and independent judgment on the decision-making of the Board on matters concerning finance and investment.

Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2021/2022
A.5 BOARD BALANCE			
<p>The Code requires that a balance is maintained between the Executive and Non- Executive Directors (NEDs) so that no individual or a small group of individual Directors are able to dominate the Board's decision-making.</p> <p>The Board consists of three (03) Executive Directors and Five (5) Non-Executive Directors. Each of them brings to the Board, wide experience and the ability to exercise independence and judgment when taking informed decisions.</p>			
Presence of Non-Executive Directors	A.5.1	Complied	Five (5) of the eight (8) Directors are Non-Executive Directors, which is well above the minimum number prescribed by this Code.
Independent Non-Executive Directors	A.5.2	Complied	Two (2) out of Five (5) Non-Executive Directors are independent as defined by the Code.
Criteria to evaluate Independence of Non-Executive Directors	A.5.3	Complied	Please refer Section A.5.5 below. The Board considers Non-Executive Director's independence on an annual basis. For a Director to be deemed 'independent', such a Director should be independent of management and free of any business or any other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
Annual declaration of independence - Non-Executive Directors	A.5.4	Complied	Each Non-Executive Director has been submitted declaration stating the independence or non-independence in a prescribed format. This information is made available to the Board.
Determination of independence of the Board	A.5.5	Complied	<p>The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence as a fair representation and will continue to evaluate their independence on this basis annually. No circumstances have arisen for the determination of independence by the Board, beyond the criteria set out in the Code.</p> <p>Independent Non-Executive Directors are:</p> <ul style="list-style-type: none"> ➤ Dr. H. Cabral, PC ➤ Mr. S. Munaweera
Alternate Directors	A.5.6	Complied	<p>Brief resume of all Directors is available on pages 123, 124 to 125</p> <p>Two alternate Directors have been appointed by two Non-Executive Directors and they are not executives of the Company:</p> <ul style="list-style-type: none"> ➤ Mr. A.J. Hirdaramani ➤ Mr. T. Akbarally <p>No alternate Directors were appointed during the year. Please refer page 125 for the profiles of the alternative Directors.</p>
Senior Independent Director	A.5.7	Complied	Dr. H. Cabral, PC, who is an Independent Non-Executive Director, functioned as the Senior Independent Director. The Senior Independent Director is the Director to whom concerns can be conveyed if a need arises. (Terms of Reference)
Confidential Discussions with Senior Independent Director	A.5.8	Complied	A Senior Independent Director is available for confidential discussions with other Directors who may have concerns which pertain to significant issues that are detrimental to the Company.
Chairman's meeting of Non-Executive Directors	A.5.9	Complied	The Chairman meets with the Non-Executive Directors without the presence of Executive Directors, whenever necessary.
Recording of concerns in Board Minutes	A.5.10	Complied	Concerns raised by the Directors which cannot be unanimously resolved during the year, if any, are recorded in the Board Minutes with adequate details.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2021/2022
A.6 SUPPLY OF INFORMATION			
Management should provide time-bound information in a format that is appropriate and enables the Board to discharge its duties. Financial and non-financial information is analysed and presented to the Board to make informed and accurate decisions.			
Obligation of the Management to provide appropriate and timely information to the Board	A.6.1	Complied	The Board was provided with timely and appropriate information by the management by way of Board papers and proposals. The Board sought additional information as and when necessary. The Chairman also ensured all Directors were properly briefed on issues arising at Board meetings.
Adequate time for effective Board meetings	A.6.2	Complied	The minutes, agenda and papers required for Board meeting are provided in advance to facilitate its effective conduct.
A.7 APPOINTMENTS TO THE BOARD			
The Code requires having a formal and transparent procedure in place for the appointment of new Directors to the Board.			
Nomination Committee	A.7.1	Complied	The Nomination Committee of the parent Company, Hayleys PLC, acts as the Nomination Committee for the Company and makes recommendations to the Board on all new Board appointments. The Nomination committee of Hayleys PLC consists of following members: <ul style="list-style-type: none"> ➤ Mr. A.M. Pandithage – Chairman ➤ Mr. Dammika Perera – Non-Executive ➤ Dr. H. Cabral, PC - Independent Non-Executive
Assessment of Board Composition by the Nomination Committee	A.7.2	Complied	The Nomination Committee annually assesses Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings of such assessment are taken into account when new Board appointments are considered.
Disclosure of required details to Shareholders on new appointments to the Board	A.7.3	Complied	When new Directors are appointed, a brief resume of each such Director, including the nature of his expertise, the names of companies in which the Director holds directorships, memberships in Board Sub-Committees etc., are reported to the Colombo Stock Exchange (CSE) in addition to disclosing this information in the Annual Report. Further, any changes in the details provided by the Directors are disseminated to the CSE without delay. <p>The profiles of the above Directors are given on pages 123, 124 and 125.</p>
A.8 RE-ELECTION			
The Code requires all Directors to submit themselves for re-election at regular intervals and at least once every three years.			
Appointment of Non-Executive Directors, Chief Executive Officer and Directors	A.8.1	Complied	The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting and seek re-appointment by the shareholders at that meeting. <p>The Articles call for one-third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment /re appointment. Retiring Directors are generally eligible for re-election. Accordingly, Mr. R.P. Pathirana and Mr. R.P.P.K. Rajapaksha retire by rotation and being eligible offer themselves for re-election.</p>

Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2021/2022
Election of Directors by shareholders	A.8.2	Complied	The names of the Directors submitted for election or re-election is accompanied by a resume to enable shareholders to make an informed decision on their election at the AGM .
Prior communication of resignation of a Director	A.8.3	Complied	In the event of Director resigning prior to the completion of his appointed term, written communication should be provided to the Board of his reasons for resignation.
A.9 APPRAISAL OF BOARD PERFORMANCE			
The Board should periodically appraise its own performance against the present targets in order to ensure that the Board responsibilities are satisfactorily discharged.			
Annual performance evaluation of the Board and its Committees	A.9.1 & 9.2	Complied	The Chairman and Remuneration Committee evaluate the performance of the Executive Directors Periodically. The Board undertakes an annual self-evaluation of its own performance and of its Committees. The Board evaluated its performance and effectiveness in the year under review.
Evaluation at re-election	A. 9.3	Complied	Board reviews the participation, contribution and engagement of each Director at the re-election.
Disclosure on performance evaluation criteria	A.9.4	Complied	Evaluation criteria with regard to Executive Directors are financial and non-financial targets set at the beginning of the year through the annual corporate plan. Criteria relating to evaluation of Board Committees are the performance against their duties referred in respective committee reports. Refer page 151 and page 152
A.10 DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS			
Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders.			
Details in respect of Directors	A.10.1	Complied	The following details pertaining to each Director are disclosed as follows: a) Brief profile with expertise and experience – page 123, 124 and 125 b) Directors' Interest in transactions and shareholding page 148 and 214 c) Attendance at the Board Meetings held during the year page 146
A.11 APPRAISAL OF CHIEF EXECUTIVE OFFICER			
The Board of Directors should annually assess the performance of the Managing Director who performs the role of the Chief Executive Officer			
Targets for Managing Director	A.11.1	Complied	Prior to the commencement of each financial year, the Board sets reasonable financial and non-financial targets which are in line with short, medium and long-term objectives of the Company, achievement of which should be ensured by the Managing Director.
Evaluation of the performance of the Managing Director	A.11.2	Complied	The performance is evaluated by the Board at each Board Meeting and the overall evaluation at the end of each fiscal year in order to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2021/2022
DIRECTORS' REMUNERATION			
B.1 REMUNERATION PROCEDURE			
This principle ensures that the Company has a well-established, formal and transparent procedure in place for developing an effective remuneration policy for both Executive and Non-Executive Directors where no Director is involved in deciding his/her own remuneration in order to avoid potential conflict of interest.			
Establishment of a Remuneration Committee	B.1.1	Complied	The Remuneration Committee was formed in year 2014. The Committee is required to decide on the remuneration of the Executive Directors and sets guidelines for the remuneration of the management staff within the Group. The Chairman and Managing Director are not members of this Committee. Please refer page 154 for the Remuneration Committee report.
Composition of Remuneration Committee	B.1.2	Complied	The Remuneration Committee consists of two Independent Non-Executive Directors and the Chairman of this Committee is appointed by the Board.
Chairman and the members of the Remuneration Committee	B.1.3	Complied	The Remuneration Committee consists of following Independent Non- Executive Directors: Dr. H. Cabral, PC - Chairman Mr. S. Munaweera – Member
Determination of Remuneration of the Non-Executive Directors	B.1.4	Complied	The Board as a whole determines the remuneration of the Non-Executive Directors including the members of the Remuneration Committee which the Board believes is in line with current market conditions.
Consultation of the Chairman and access to professional advice	B.1.5	Complied	Each Committee has the authority to seek internal and external independent professional advice on remuneration of other Executive Directors and also on matters falling within its purview at the Company's expense. Views of the Chairman of each Committee are obtained, in addition to the views of the Managing Director.
B.2 THE LEVEL AND MAKE UP OF REMUNERATION			
The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.			
Level and makeup of the remuneration packages of Executive Directors	B.2.1	Complied	The Board is mindful of the fact that the remuneration of Executive Directors should reflect the market expectations and is sufficient enough to attract, retain and motivate the Executive Directors of the required competence in order to run the Company.
Executive Directors' remuneration	B.2.2	Complied	Executive Directors' remuneration have been designed to promote the long term success of the Company.
Competitiveness of levels of Remuneration	B.2.3	Complied	The Remuneration Committee ensures that the remuneration of executives of each level of management including Executive Directors is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is competitive and in line with those of comparative companies.
Comparisons of remuneration with other companies in the Group	B.2.4	Complied	The Remuneration Committee reviews data concerning executive pay among the Group Companies.
Performance related elements of Remuneration for Executive Directors	B.2.5	Complied	Performance-based incentives have been determined by the Remuneration Committee to ensure that the total earnings of the Executive Directors are aligned with the achievement of objectives and budgets of the Group companies.

Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2021/2022
Executive share options	B.2.6	N/A	Presently the Group does not have an executive Share Option Schemes.
Designing schemes of related remuneration	B.2.7	Complied	The Remuneration Committee follows the provisions set out in Schedule E of the Code as required.
Early termination of Executive Directors	B.2.8 B.2.9	N/A	Termination of Executive Directors are governed by their contracts of service/employment.
Levels of Remuneration of Non-Executive Directors	B.2.10	Complied	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.
B.3 DISCLOSURE OF REMUNERATION			
The Code requires the Company to disclose in its Annual Report the details of the remuneration paid and the Remuneration Policy.			
Disclosure of Remuneration	B.3.1	Complied	Please refer page 148 for the total Directors' remuneration.
RELATIONS WITH SHAREHOLDERS			
C.1 CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS			
The Code requires the Board to use the AGM which is a major event in the Company's calendar to communicate with shareholders and encourage their active participation. In this regard, all shareholders of the Company receive the Notice of Meeting within the statutory due dates.			
Adequate notice of the AGM to Shareholders	C.1.1	Complied	A copy of the Annual Report including Financial Statements, Notice of the Meeting and the Form of Proxy is sent to shareholders 15 working days prior to the date of the AGM, as required by the statute, in order to provide the opportunity to all the shareholders to attend the AGM.
Separate resolution for substantially separate issues and adoption of Annual Report and Accounts	C.1.2	Complied	The Board remains mindful of being accountable to shareholders and the need for transparency at all levels, striving to maintain its value framework in all shareholder dealings and communications.
Use of proxy votes	C.1.3	Complied	The Company has in place an effective mechanism to count all proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands, except where a poll is called.
Availability of all Board Sub Committee Chairmen at the AGM	C.1.4	Complied	The Chairman of the Company ensures the Chairmen of Audit and Remuneration Committees are available to answer questions at the AGM if so requested by the Chairman.
Procedures of voting at General Meetings	C.1.5	Complied	A summary of the procedures governing voting at General Meeting is circulated to shareholders with every Notice of the General Meeting.
C.2 COMMUNICATION WITH SHAREHOLDERS			
The Code Requires the board should implement effective communication with shareholders.			
Channel to reach all shareholders	C.2.1	Complied	The main mode of communication between the Company and the shareholders is the Annual General Meeting. Shareholders are provided with the information prior to the AGM. Further, financial and other announcements are promptly submitted to CSE to publish in the CSE website. Comments and suggestions can be sent through marketing@alumexgroup.com Company Secretaries answers queries which are being made by the shareholders where necessary.
Policy methodology for communication with shareholders	C.2.2	Complied	An open door policy is in place, which enables shareholders to keep in constant touch, visit and obtain information from the Company Secretary and Investor Relations Department and engage in dialogue. Contact details are published in all annual and quarterly financial reporting.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2021/2022
Implementation of the policy and methodology for communication with shareholders	C.2.3	Complied	Please refer C.2.4 and C.2.5 for the implementation of the policy and methodology.
Contact person for communication	C.2.4 & C.2.6	Complied	Details of contact persons are disclosed in the back inner cover of the Annual Report and Quarterly Financial Statements.
Process to make Directors aware of major issues and concerns of shareholders	C.2.5	Complied	The Company Secretary maintains a record of all correspondence received. All major issues and concerns of the shareholders are referred to the Board of Directors with the views of the management.
Response to the shareholders matters	C.2.7	Complied	The process for responding to shareholder matters have been formulated by the board and disclosed. Such matters are responded at the shareholder meetings, publications at the Colombo Stock Exchange or through communication by the Company Secretary to the Shareholders.

C.3 MAJOR TRANSACTIONS

Directors should disclose to shareholders all proposed corporate transactions which if entered into, would materially alter/vary the Company's net asset base or the consolidated group's net asset base.

Disclosure on proposed Major Transaction	C.3.1	Complied	During the year there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007 which materially affect the net asset base of Company or the Group's consolidated net asset base.
Shareholder's approval by special resolution	C.3.2	Complied	During the year there were no transactions/events which require approval by way of a special resolution. Comply the disclosure requirements and approval by special resolution as required by the rules and regulations by SEC and the CSE.

ACCOUNTABILITY AND AUDIT

D.1 FINANCIAL AND BUSINESS REPORTING

The Board should present a balanced and understandable assessment of the company's financial position, performance and prospects.			
Board's responsibility for Statutory and Regulatory Reporting that is true and fair, balance and understandable	D.1.1 and D.1.2	Complied	The Board has recognised the responsibility to present regulatory and statutory reporting in a balanced and understandable manner. When preparing quarterly and Annual Financial Statements, the Company complied with the requirements of the Companies Act No. 07 of 2007 and prepared and presented them in accordance with Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standards. The Company has complied with the reporting requirements prescribed by the Colombo Stock Exchange.
Declaration by Chief Executive Officer and Chief Financial Officer on the financial reporting	D.1.3	Complied	Chief Executive Officer and Chief Financial Officer have made all required declarations in the 'Responsibility Statement of Chairman, Managing Director and Chief Financial Officer' and appears on page 152. The 'Statement of Directors' Responsibility' is given on page 151 See the 'Auditors' Report' on page 160 for the reporting responsibility of Auditors.
Declaration by Board	D.1.4	Complied	Directors have made all necessary declarations. Refer the Directors Report in Annual report page 148 to 150
Statement of Boards and auditors responsibility and statement of Internal Control	D.1.5	Complied	This is given in the 'Annual Report of the Board of Directors' on page 148 to 150 and the 'Statement of Directors' Responsibility' on page 151 and pertains to required declarations.

Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2021/2022
Management Discussion and Analysis	D.1.6	Complied	See 'Management Discussion and Analysis' on pages 24 to 119
Summon an EGM to notify serious loss of capital	D.1.7	Complied	Reason for such an EGM has not risen as yet but would be complied with if such a situation arises.
Disclosure of related party transactions	D.1.8	Complied	The Directors have instituted an effective and comprehensive system of internal control for identifying, recording and disclosing related party transactions. All related party transactions, as defined in Sri Lanka Accounting Standard - (LKAS 24) on 'Related Party Transactions' are disclosed in note 29 to Financial Statements.
D.2 RISK MANAGEMENT AND INTERNAL CONTROL			
The Board should have a sound system of internal controls to safeguard shareholders' investments and the Company's assets.			
Annual evaluation of the internal controls system	D.2.1	Complied	The Board is responsible for the Group's internal control and its effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision-making. It covers all controls, including financial, operational and compliance controls and risk management. It is important to state, however, that any system can ensure only reasonable, and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time. The Hayleys Management Audit & System Review Department (MA & SRD) plays a significant role in assessing the effectiveness and successful implementation of existing controls and strengthening these and establishing new controls where necessary. The MA & SRD's reports are made available to the Chairman and Managing Director and the Chairman of the Audit Committee. The Board has reviewed the effectiveness of the system of financial controls for the period up to the date of signing the accounts. There is a direct channel of communication between the Head of MA & SRD and the Chairman of the Audit Committee without the interference of any Directors or Executives.
Assessment of principle risks facing the company	D.2.2	Complied	A robust assessment on risks involved in company has been carried out review the status on every meeting. Mitigating actions have been identified and continuously review the progress. Refer page 50 and 208 for Risk Management.
Need for internal audit Function	D.2.3	Complied	This is not applicable as the Hayleys Management Audit & System Review Department (MA & SRD) is responsible for the internal audit function of the Company.
Review of the process and effectiveness of risk management and internal controls	D.2.4	Complied	The Audit Committee reviews internal control issues and risk management measures and evaluates the adequacy and effectiveness of the risk management and internal control systems including financial reporting.
Directors' responsibility of maintaining of a sound internal control system	D.2.5	Complied	Please refer statement of Directors' Responsibilities. on page 151.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2021/2022
D.3 AUDIT COMMITTEE			
The Board should have formal and transparent arrangements in selecting and applying the accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's External Auditor.			
Composition of the Audit Committee	D.3.1	Complied	<p>Audit Committee consists of two (02) independent Non-Executive Directors:</p> <ul style="list-style-type: none"> ➤ Mr. S. Munaweera - Chairman ➤ Dr. H. Cabral, PC – Member ➤ Mr. R. Pathirana - Member <p>The Company Secretary serves as its Secretary. The Chairman, Managing Director and the Chief Financial Officer (CFO) and the Hayleys Group CFO are invited to attend meetings as required. The input of the statutory Auditors will be obtained where necessary. The Audit Committee is required to help the Company to achieve a balance between conformance and performance.</p>
Duties of the Audit Committee	D.3.2	Complied	<p>The Audit Committee keeps under review the scope and results of the audit and its effectiveness, and the independence and objectivity of the auditors. Review of nature and extent of non-audit services provided by the Auditors to seek balance objectivity and independence. Refer Audit committee report on page 153 for the duties.</p>
Terms of reference of the Audit Committee	D.3.3	Complied	<p>Terms of Reference of the Audit Committee is clearly defined in the Charter of the Audit Committee approved by the Board of Directors. This clearly explains the purpose of the Committee, its duties and responsibilities together with the scope and functions of the Committee. The Committee is required mainly to deal with the matters pertaining to statutory and regulatory compliance in financial reporting, matters with regard to the External Auditors, Internal Audit and Risk Management procedures of the Company. Please refer audit committee report on page 153.</p>
Disclosures of the Audit Committee	D.3.4	Complied	<p>The names of the members of the Audit Committee are given under section D.3.1 of this Code. The Committee ensures that the rotation of External Audit Engagement Partner once every five (5) years, is met. The External Auditor, has provided an Independence confirmation in compliance with the "Guidelines for Appointment of Auditors of Listed Companies" issued by SEC. In order to safeguard the objectivity and independence of the External Auditor, the Audit Committee reviewed the nature and scope taking account of the regulations guidelines stated in Section D.3.2.</p>
RELATED PARTY TRANSACTIONS REVIEW COMMITTEE			
D.4 The company should establish a procedure that it will not engage in "Related Party Transactions" which is more favorable treatment than with third parties in the normal course of business.			
Adhere to LKAS 24	D.4.1	Complied	Related party transactions are defined as in LKAS 24.
Related party Transactions committee	D.4.2	Complied	Related Party Transactions Review Committee of the parent Company, Hayleys PLC, act as the Related Party Transactions Review Committee for the Company and make recommendations and give directions to the Board.

Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2021/2022
Terms of references of RPT Committee	D.4.3	Complied	Written terms of reference of the Committee are available. Please refer Related Party Transactions Review Committee Report on page 155.
D.5 CODE OF BUSINESS CONDUCTED AND ETHICS			
The Company should develop a Code of Business Conduct and Ethics for Directors and members of the Senior Management team and must promptly disclose any waivers of the Code for Directors or others.			
Code of Business Conduct and Ethics	D.5.1	Complied	The Company has developed a Code of Conduct for its employees. This Code addresses conflict of interest, corporate opportunities, confidentiality of information, fair dealing, protection and proper use of the Company's assets, compliance with laws and regulations and encouraging the reporting of any illegal or unethical behaviour, among a range of other criteria.
Material and Price sensitive information	D.5.2	Complied	Material and price sensitive information is promptly identified and reported to the shareholders via Colombo Stock Exchange notices.
Policy and disclosures on Share purchases by Directors	D.5.3	Complied	Company has a policy and process for monitoring and disclosure of shares purchased by any Director, Key Management Personnel or any other employee involved in financial reporting. All disclosures are duly made in the Colombo Stock Exchange.
Affirmative Statement by the Chairman	D.5.4	Complied	See the 'The Chairman's Statement' on page 8 for required details.
D.6 CORPORATE GOVERNANCE DISCLOSURE			
Directors of the Company disclose annually the Company's adherence to the Code of Best Practices on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka.			
Disclosure of Corporate Governance	D.6.1	Complied	This requirement is met through the presentation of this report.
Section 02			
E. INSTITUTIONAL INVESTORS			
E.1 SHAREHOLDERS' VOTING			
Institutional shareholders are required to make considered use of their votes and are encouraged to ensure their voting intentions are translated into practice.			
Communication with shareholders	E.1.1	Complied	In order to avoid conflicts of interest by nurturing the mutual understanding, the Board carries out dialogues with its shareholders at General Meetings. In this regard, the AGM of the Company plays a critical role. Voting by the shareholders is crucial in carrying a resolution at the AGM. The Chairman, who plays the role of the agent, communicates the views and queries of the shareholders to the Board and the senior management, in order to ensure that the views are properly communicated to the Company.
E.2 EVALUATION OF GOVERNANCE DISCLOSURES			
The Code requires the Company to encourage institutional investors to give due weightage to all relevant factors drawn to their attention.			
Due weightage by Institutional Investors	E.2.1	Complied	The Institutional Investors are encouraged to give due weightage to all relevant matters relating to the Board structure and composition.
F. OTHER INVESTORS			
F.1 INVESTING/ DIVESTING DECISIONS			
Seek Independent Advice	F.1	Complied	Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. The Company's website serves to provide a wide range of information on the Group.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2021/2022
F.2 SHAREHOLDER VOTING			
Encourage Voting by Individual Investors	F.2	Complied	Individual shareholders are encouraged to participate in General Meetings of the Company and exercise their voting rights.
G. INTERNET OF THINGS AND CYBERSECURITY			
Internal and external IT devices connected to the Business Model	G.1	Complied	Connection of internal and external IT devices to the organisation network has been allowed with necessary access controls and firewalls to safeguard the integrity of information.
Cyber Information Security officer and Cyber security risk management policy	G.2	Complied	Hayleys Group Chief Information Security officer (CISO) continuously monitor and review the security requirements of the Company's information system and has introduced and implemented a Cyber security risk management policy.
Discussions on Cyber risk management	G.3	Complied	This is a regular agenda item of the risk management discussion of the Board and have given due attention.
Independent periodic reviews and assurance	G.4	Complied	Periodic review are carried out by the external auditors and consultants and observations are submitted to the Board for review and actions.
Disclosure on Cyber security risk management	G.5	Not Complied	A detailed disclosure has not been made on the Cyber security process in this Annual report.
H. ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG)			
H.1 ESG REPORTING			
Provision of information on ESG	H.1.1	Complied	Company has included the environmental, social and governance factors in its business models and provided sufficient information on all aspects in the Annual Report. Refer page 50 to 55 for Risk management.
The Environment	H.1.2	Complied	The company adopts an integrated approach which mitigates the environmental threats and improves best practices in company's engagements to fulfill the obligation towards the environment. Such best practices are pollution prevention, sustainable resource use, protection of environment and restoration of natural resources.
Social Factors	H.1.3	Complied	The Company adopts an integrated approach to build strong relationship with community and strives towards sustainable development.
Governance	H.1.4	Complied	The Company established a governance structure to support its ability to create value and manage risks on all pertinent aspects of ESG. Refer corporate governance on page 130 and risk management on page from 50 to 55 in this Annual Report.
Board's role on ESG Factors	H.1.5	Not Complied	The Company has not followed the Integrated Reporting Framework and the Global Reporting Initiative Guidelines in presenting this Annual Report FY 2021-22.

Corporate Governance

SECTION 3 : COLOMBO STOCK EXCHANGE LISTING RULES SECTION 7.10

Statement of Compliance

This section covers Alumex PLC's extent of adherence to the requirements of the Continuing Listing Requirements of Section 7.10 on Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange.

Rule No.	Subject	Alumex Extent of Adaption	Compliance Status	Reference in this report
7.10.1(a)	Non-Executive Directors (NED)	Five (5) of the eight (8) Directors were Non-Executive Directors as at 31st March 2022.	Complied	Corporate Governance
7.10.2(a)	Independent Directors	Two (2) of the Five (5) Non-Executive Directors were independent as at 31st March 2022.	Complied	Corporate Governance
7.10.2(b)	Independent Directors	All Non-Executive Directors have submitted their confirmation of independence as per the criteria set by the CSE rules, which is in line with the regulatory requirements.	Complied	Corporate Governance
7.10.3(a)	Disclosure relating to Directors	The Board assessed the independence declared by the Directors and determined the Directors who are independent and disclosed same in item A.5.5 of the CASL Code table.	Complied	Corporate Governance
7.10.3(b)	Disclosure relating to Directors	The Board has determined that Two (2) Non-Executive Directors satisfy the criteria for "independence" set in the Listing Rules.	Complied	Corporate Governance
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the Director's areas of expertise.	Complied	Board of Directors' profile
7.10.3(d)	Disclosure relating to Directors	The appointments of new Directors disclosed to the Colombo Stock Exchange and to the public. No new Director appointment during the year.	Complied	Corporate Governance and Board of Directors profile section
7.10.5(a)	Composition of Remuneration Committee	The Remuneration Committee comprised of two (2) Independent Non-Executive Directors as at 31st March 2022.	Complied	Corporate Governance and Remuneration Committee Report
7.10.5(b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Managing Director and the Executive Directors.	Complied	Corporate Governance and Remuneration Committee Report
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration Committee	Names of Remuneration Committee members are given in section B.1.3 of the CASL code table on page 137 The disclosure of the Remuneration Committee is given on page 154 and the Remuneration paid to Directors is given in the Note 8 to the Financial Statement on page 184	Complied	Corporate Governance and Remuneration Committee Report
7.10.6(a)	Composition of Audit Committee	Shall comprise of NEDs, a majority of whom will be independent.	Complied	Corporate Governance and Audit Committee Report
7.10.6(b)	Audit Committee Functions	Audit Committee functions are stated in the Audit Committee Report on Page 153	Complied	Corporate Governance and Audit Committee Report
7.10.6(c)	Disclosure in the Annual Report relating to Audit Committee	The names of the Audit Committee members given on page 141 The basis of determination of the independence of the Auditor is also given in section D.3.4 of the CASL code table	Complied	Corporate Governance and Audit Committee Report
7.14.1 (b)	Minimum Public Holding	As a listed company in the Dirisavi Board, the Company maintained the minimum public holding under specified criteria.	Complied	Share and Investor Information

SECTION 4: COLOMBO STOCK EXCHANGE LISTING RULES SECTION 9**Statement of Compliance**

This section covers Alumex PLC's extent of adherence to the requirements of the Code of Best practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange.

Rule No.	Subject	Alumex Extent of Adaption	Compliance Status	Reference in this report
9.2.1 & 9.2.3	Related Party Transactions Re-view Committee	<p>The RPTRC of the parent Company, Hayleys PLC, a listed entity, functions as the RPTR Committee for the Company.</p> <p>The RPTRC was formed on 10th February 2015.</p> <p>The functions of the RPTRC are stated in Related Party Transactions Review Committee report on page 155.</p>	Complied	Annual report of Board of Directors and the Related Party Transactions Review Committee Report
9.2.2	Composition of the Related Party Transactions Review Committee	<p>The RPTRC consists of following Directors:</p> <p>Dr. H. Cabral - Chairman (Independent Non-Executive Director - Hayleys PLC)</p> <p>Mr. M. Y. A. Perera - (Independent Non-Executive Director - Hayleys PLC)</p> <p>Mr. S. C. Ganegoda - (Executive Director - Hayleys PLC)</p>	Complied	<p>Annual report of Board of Directors on page 148 and 150</p> <p>Related Party Transactions Re-view Committee Report on page 155</p>
9.2.4	Related Party Transactions Review Committee Meetings	The RPTRC met 04 times during the financial year 2021/22.	Complied	Annual Report of Board of Directors on page 148 and 150
9.3.1	Immediate disclosures	The Company has not been involved in any non-recurrent related party transaction which requires immediate announcement to the Exchange.	Complied	Notes 29 to the Financial Statements
9.3.2 (a)	Disclosure – Non-recurrent Related Party Transactions	The Company has not been involved in any non-recurrent related party transaction which requires immediate announcement to the CSE.	Complied	Notes 29 to the Financial Statements
9.3.2 (b)	Disclosure - Recurrent Related Party Transactions	<p>The Company is involved with provision of goods and services or financial assistance to related parties which are carried out on a continuing basis and expected to extend over a period of time in ordinary course of business of the company.</p> <p>However, aggregate values of these transactions were below 10% of gross revenue of latest audited accounts.</p>	Complied	Note 29 to the Financial Statements
9.3.2 (c)	Report by the Related Party Transactions Review Committee	Refer page 155 for the Related Party Transactions Review Committee Report.	Complied	Related Party Transactions Review Committee Report page 155
9.3.2 (d)	A declaration by the Board of Directors	Refer the Annual Report of Directors for an affirmative statement of compliance of the Board.	Complied	Annual report of Board of Directors page no148 and 150

Corporate Governance

BOARD AND THE AUDIT COMMITTEE ATTENDANCE

The number of meetings of the Board and the Audit Committee and individual attendance by members are as follows;

BOARD MEETING ATTENDANCE

Name of Director	Attendance
Mr.A.M. Pandithage	4/4
Mr. D.W.P.N.Dediwela	4/4
Mr. R.P. Pathirana	3/4
Mr. S.C. Ganegoda	4/4
Mr. A. A. Akbarally	3/4
Dr. H. Cabral,PC	4/4
Mr. S.Munaweera	4/4
Mr. R.P.P.K. Rajapaksha	4/4

AUDIT COMMITTEE ATTENDANCE

Name of Director	Attendance
Mr. S.Munaweera	4/4
Mr. R.P. Pathirana	3/4
Dr. H. Cabral,PC	3/4

GOOD GOVERNANCE AND ANTI-CORRUPTION INITIATIVES

THE ALUMEX WAY

The Company has taken measures to safeguard the continuity of the business and ethical business conduct of its employees, trade and social partners. Alumex has a publicly stated policy “ALUMEX WAY - CODE OF BUSINESS PRINCIPLES” and therein we have established the Company guidelines in terms of conducting business in a legal, ethical and transparent way to fight against anti-corruption. Alumex, being a subsidiary of Hayleys PLC, follows the provisions made under Hayleys ESG Framework. Accordingly, several policies such as Code of Business Principles, Human Rights Policy etc. have been developed and in practice. In terms of purchasing, selling and distribution a transparent business conduct is ensured through the internal policy procedures and any change to the policies are widely discussed at the Alumex Group Management Committee. In terms of its dealings with Trade Union officials, government officials and trade competitors, the Company follows an open, unbiased and transparent policy prescribed by EFC, ILO, Corporate Governance Regulations, and customer affairs regulations.

- The Board of Directors, Managing Director and the Group Management Committee demonstrate their commitment for anti-corruption by way of policy deployment, monitoring, guiding and facilitating legal, ethical and transparent business conduct and transactions. The employees and its trade partners are always guided and monitored to perform their roles in line with Company policy guidelines.
- The policy directs Alumex PLC and its employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits that are intended, or perceived, to obtain uncompetitive favours for the conduct of its business. Further, Alumex does not support or favour any political party nor contribute to the funds to any party to promote party interests.
- The Company has entered in to agreements with its dealers and agents and such agreements demands the dealers and agents to comply with all applicable laws and regulations.
- Regularly reviews are conducted for purchasing, tendering, sales transactions, and other related processes to make sure that they are properly done, recorded and handled transparently.
- The Board of Alumex expects Alumex employees to bring to their attention or to that of Senior Management any breach or suspected breach of these principles.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Alumex PLC is pleased to present their Annual Report together with the Audited Financial Statements of the Company and of the Group for the year ended 31st March 2022.

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

PRINCIPAL ACTIVITIES & BUSINESS REVIEW

The principal activity of the Company is manufacturing and selling dies and Aluminium extrusions. There were no significant changes in the activities of the Company in the year under review. A review of Company performance during the year with brief comments on the financial results and prospects is contained in the Chairman's Review of this Annual Report. These reports together with the Financial Statements reflect the state of affairs of the Company.

The Directors, to the best of their knowledge and belief, confirm that the Company has not engaged in any activities that contravene laws and regulations.

The Company was listed on the Colombo Stock Exchange on 31st March 2014 subsequent to an Initial Public Offering.

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 163 to 168.

AUDITOR'S REPORT

The Auditor's Report on the Financial Statements is given on pages 160 to 162.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of Financial Statements are given on pages 169 to 182.

The Financial Statements and Notes there to give a true and fair view of the Company's and Group financial position as of 31 March 2022 and of their performance for the year ended on that date.

INTERESTS REGISTRER

The Company, in compliance with the Companies Act, maintains an Interests Register. Particulars of entries in the Interests Register are detailed below.

Related Party Transactions

The Board of Directors has given the following statement in respect of the related party transactions.

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee which is formed under the parent Company and are in compliance with the Section 09 of the CSE Listing Rules.

The Committee met four (04) times in the Financial Year 2021/22.

Attendance

Meetings held on 17th May, 10th August, 9th November 2021 and 11th February 2022

Dr. H Cabral**	4/4
Mr. M. Y. A. Perera**	4/4
Mr. S C Ganegoda*	4/4

**Independent Non-Executive

*Executive

Directors' Interests in Transactions

The Directors of the company have made the general disclosures provided for in Section 192(2) of the Companies Act. Note 8 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

Directors' Interests in Shares

Directors of the Company who have relevant interests in the shares of the Company have disclosed their shareholdings in compliance with Section 200 of the Companies Act.

Details of Directors' shareholdings in the Company are given on page 148 to 214 of this report.

Directors' Remuneration

Executive Directors' remuneration is established within an established framework. The total remuneration of Executive Directors for the year ended 31st March 2022 was Rs. 44.78 Mn (2020/21 – Rs. 26.27 Mn), which includes the value of perquisites granted to them as part of their terms of service. The total remuneration of Non-Executive Directors for the year ended 31st March 2022 was Rs. 1.24 Mn (2020/21 – Rs. 1.43 Mn) determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the Company.

Directors' Indemnity and Insurance

The ultimate parent of the Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Group.

Directors' Shareholdings

Name	No. of shares as at 31/03/2022	No. of shares as at 31/03/2021
Mr. A.M. Pandithage	20,000	20,000
Mr. D.W.P.N. Dediwela	21,338,400	21,338,400
Mr. R.P. Pathirana	487,898	487,898
Mr. S.C. Ganegoda	380,000	380,000
Mr. A. A. Akbarally	Nil	Nil
Dr. H. Cabral, PC	Nil	Nil
Mr. S. Munaweera	40,000	40,000
Mr. R.P.P.K. Rajapaksha	39,814	39,814
Mr. A.J. Hirdaramani (Alternate Director to Mr R.P. Pathirana)	Nil	Nil
Mr. T. Akbarally (Alternate Director to A.A. Akbarally)	Nil	Nil

Hayleys PLC holds 314,826,064 shares (52.59%) in Alumex PLC in which Mr. A. M. Pandithage, Mr. S. C. Ganegoda and Dr. H. Cabral, PC are Directors.

Dean Foster (Pvt) Ltd holds 28,427,800 shares (4.75%) in Alumex PLC in which Mr. A. M. Pandithage and Mr. S. C. Ganegoda are Directors.

Akbar Brothers (Pvt) Ltd holds 80,169,400 shares (13.39%) in Alumex PLC in which Mr. A.A. Akbarally and Mr. T. Akbarally are Directors.

Rosewood (Pvt) Ltd holds 16,342,620 shares (2.73%) in Alumex PLC in which Mr. R.P. Pathirana and Mr. A. J. Hirdaramani are Directors.

S.M. Bentley Corporate Services (Private) Limited holds 40,000 shares in Alumex PLC in which Mr. S. Munaweera is a Director and has controlling interest in S.M. Bentley Corporate Services (Private) Limited.

26,096,710 shares were disposed by Rosewood (Private) Limited during the year. Mr. R.P. Pathirana is a Director of Alumex PLC and Mr. A.J. Hirdaramani, Alternate Director to Mr. R.P. Pathirana is also a Director of Rosewood (Private) Limited and has controlling interest in Rosewood (Private) Limited.

24,750 shares were disposed by Mrs. R.D. Jayawardana, spouse of Mr. S. Munaweera, an Independent Non-executive Director during the year.

CORPORATE DONATIONS

The donations made during this year by the Company amounted to Rs. 4.98 Mn (2020/21 – Rs. 1.32 Mn).

While Donations made by the Group amounted to Rs. 4.98 Mn (2020/21 – Rs. 1.33 Mn).

DIRECTORATE

The names of the Directors who held office at the end of the financial year are given below and their brief profiles appear on pages 122 and 125.

Mr. A. M. Pandithage (Chairman)
Mr. S. C. Ganegoda* (Deputy Chairman)
Mr. D. W. P. N. Dediwela (Managing Director)
Mr. R. P. Pathirana*
Mr. A. A. Akbarally*
Dr. H. Cabral, PC** (Senior Independent Director)
Mr. S. Munaweera**
Mr. R. P. P. K. Rajapaksha
Mr. A. J. Hirdaramani* (Alternate Director to Mr. R. P. Pathirana)
Mr. T. Akbarally* (Alternate Director to A. A. Akbarally)

* Non-Executive

** Independent Non-Executive

Messrs. D.W.P.N. Dediwela and R.P.P.K. Rajapaksha retire by rotation and being eligible offer themselves for re-election

in terms of Article 28(6) of the Articles of Association of the Company.

Notice has been given pursuant to Section 211 of the Companies Act No. 07 of 2007, of the intention to propose an ordinary resolution for re-election of Mr. A.M. Pandithage, who is 71 years of age notwithstanding the age limit of 70 years stipulated by Section 210 of the Companies Act No. 07 of 2007.

DIRECTORS' MEETING

The number of Directors' meetings comprises Board meetings, Audit Committee meetings and the attendance of Directors at these meetings are given on page 146. Furthermore, the Directors contributed towards policy advocacy and direction by participating in the deliberations of the Board appointed sub committees on Strategic Review, Procurement and Disposal of Assets.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company to present a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 7 of 2007, and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is given on page 151 which forms an integral part of the Annual Report of the Board of Directors.

SIGNIFICANT ACCOUNTING POLICIES

Preparation of the Financial Statements of the Company have been consistent with the previous financial year that adopted in new SLFRS and LKAS. The significant Accounting policies adopted in the Financial Statement are given on pages 169 to 182.

AUDITORS

The financial statements for the year have been audited by Messrs Ernst & Young, Chartered Accountants who were re-appointed as auditors in terms of Section 158 of the Companies Act No. 7 of 2007.

A resolution proposing the Directors be authorised to determine their remuneration will be submitted at the Annual General Meeting.

The Auditors, Messrs. Ernst & Young & Co., was paid Rs. 933,785/- (2020/21 – Rs. 989,681/-) and Rs. 438,030/- (2020/21 – Rs. 365,400/-) as audit fees by the Company and its subsidiaries respectively. In addition, they were paid Rs. 1,125,262 (2020/21 – Rs. 719,931/-) and Rs. 160,115/- (2020/21 – Rs. 466,660/-) respectively by the Company and its subsidiaries for non-audit related work, which consisted mainly of tax consultancy services.

As far as the Directors are aware, the Auditors do not have any relationships (other than that of an auditor) with the Company and the Group companies other than those disclosed above. The Auditors also do not have any interests in the company or in the Group.

Messrs Ernst & Young, have expressed their willingness to continue in office and in accordance with the Companies Act, a resolution proposing the re- appointment of Messrs Ernst & Young, Chartered Accountants, as Auditors and to authorise the directors to determine their remuneration is being proposed at the Annual General Meeting.

FUTURE DEVELOPMENTS

Information on future developments are contained in the Chairman's report on page 8 to 10.

TURNOVER

The turnover of the Group was Rs. 9,595 Mn (2020/21 - Rs. 6,021 Mn) in the year under review. A detailed analysis of the Group's turnover is given in Note 5 to the financial statements.

RESULTS AND DIVIDENDS

The Group's Profit before tax amounted to Rs. 1,382 Mn (2020/21 – Rs. 1,022 Mn). After charge of Rs. 230 Mn (2020/21 – Rs. 181.3 Mn) for taxation, net Profit for the year was Rs. 1,151.9 Mn (2020/21 - Rs. 841 Mn) In addition, Group's total Comprehensive Income net of tax was Rs. 115.6 Mn (2020/21 - Rs. 4.3 Mn).

First interim dividend of Rs. 0/10 (Cents 10) per share, second interim dividend of Rs. 0/20 (Cents 20) and third interim dividend of Rs. 0/20 (Cents 20) per share was paid to the shareholders on 21st October 2021, 31st January 2022 and 6th May 2022 respectively.

Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors have recommended payment of final dividend of Rs. 0.25 per share for 2021/22 subject to the approval of the shareholders at the oncoming Annual General Meeting.

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 for the interim dividends paid and final dividend proposed.

The Solvency certificates were obtained from the Auditors in respect of the interim dividends paid and one has been sought in respect of the final dividend proposed.

RATIOS AND MARKET PRICE INFORMATION

Ratios relating to equity and debt and the market price information are given on pages 34 and 35

PROPERTY, PLANT AND EQUIPMENT

The capital expenditure of the Group on property, plant and equipment during the year under review amounted to Rs. 751 Mn (2020/21 – Rs. 301 Mn). Information relating to movement in property, plant and equipment during the year is given in note 12 to the Financial Statements.

MARKET VALUES OF THE PROPERTIES

The free hold land in the group has in general been subject to routine revaluation by independent qualified valuers. The most recent valuation was conducted in the financial year 2021/22 and results have been incorporated in the financial statements.

STATED CAPITAL AND RESERVES

The issued and paid up stated capital of the Company is Rs. 283,735,400 (598,605,680 shares).

Total Group reserves as at 31st March 2022 amounted to Rs. 3,598 Mn (2020/21 – Rs. 2,690 Mn) comprising capital reserve of Rs. 983 Mn (2020/21 – Rs. 863 .Mn) and revenue reserve of Rs. 2,615 Mn (2020/21 – Rs. 1,827 Mn). Movements are shown in the Statement of Changes in Equity on page 166.

The Group has a structure and a culture that recognises the aspirations, competencies and commitment of its employees. Career growth and advancement within the Group is promoted. The number of persons employed by the group

at the year-end was 953 The Group does not operate any share option scheme.

SHAREHOLDERS

It is the Group's policy to endeavor to ensure equitable treatment to its shareholders. Details of the major shareholders are given on page 214.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting date that would require adjustment to or other disclosure in the Financial Statements.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due, in relation to employees and the Government have been made promptly and are up to date.

ENVIRONMENTAL PROTECTION

The Company's business activities can have direct and indirect effects on the environment. It is the policy of the Company to conduct its activities in an environmentally responsible manner in order to keep adverse effects to a minimum and to ensure compliance with the relevant regulations.

CORPORATE GOVERNANCE/ INTERNAL CONTROL

Adoption of good governance practices has become an essential requirement in today's corporate culture. The Company has complied with the Corporate Governance rules laid down by the Colombo Stock Exchange. The practices carried out by the Company are explained in the Corporate Governance statement on pages 130 to 145.

The Directors acknowledge their responsibility for the Group's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board, having reviewed the system of internal controls, is satisfied with its effectiveness for the period up to the date of signing of the Financial Statements.

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS

Details relating to material issues pertaining to employees and industrial relations are given in Human Capital on page 80 to 96

EXPOSURE TO RISK

The group has a structured risk management process in place to support its operations. The audit committee plays a major role in this process. The risk management section referred in pages 50 to 55 elaborates these practices and the risk factors.

GOING CONCERN

The Directors, after making necessary inquiries and reviews including reviews of the Group's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 29th June 2022 at 1.45 p.m. on online platform. The notice of the Annual General Meeting appears on page 238.

For and on behalf of the Board



A.M. Pandithage
Chairman



Mr. D.W.P.N. Dediwela
Director



Hayleys Group Services (Pvt) Ltd
Secretaries

03 May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible under Sections 150 (1), 151, 152 (1), and 153 of the Companies Act No. 07 of 2007 ("the Companies Act"), to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit and loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148 of the Companies Act to ensure that proper accounting records are kept to enable, determination of financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries, that adequate resources exist to support the Company on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken proper and sufficient measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control with accounting records to prevent and detect frauds and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The external Auditors, Messrs Ernst & Young, Chartered Accountants who were eligible for re-appointment in terms of Section 158 of the Companies Act were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on pages 160 to 162 sets out their responsibilities in relation to the Financial Statements.

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act for interim dividends paid and final dividend proposed. The Solvency Certificate has been sought from the Auditors in this respect.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its Subsidiaries as at the Balance Sheet date have been paid or where relevant, provided for

By order of the Board,



Hayleys Group Services (Pvt) Ltd.
Secretaries

03 May 2022

RESPONSIBILITY STATEMENT OF CHAIRMAN, MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

The financial statements of Alumex PLC and the consolidated financial statements of the Group, as at 31st March 2022, are prepared and presented in conformity with the requirements of the following:

1. Sri Lanka Accounting Standards, issued by the Institute of Chartered Accountants of Sri Lanka
2. The Companies Act No. 07 of 2007
3. The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
4. Listing Rules of the Colombo Stock Exchange
5. The Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accounts of Sri Lanka.

We confirm that the significant accounting policies used in the preparation of the financial statements are appropriate, and are consistently applied, unless otherwise stated in the Notes to the Financial Statements. The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our external auditors.

We have also taken proper and sufficient care in installing systems of internal control and accounting records to safeguard assets and to prevent and detect fraud as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by the Group's internal auditors. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the internal auditors and the independent auditors to review the effectiveness of audits, and to discuss auditing, internal control and financial reporting issues. The independent auditors and the internal auditors have full and free access to the Audit Committee to discuss any matter of substance.

The financial statements were audited by the independent external auditors, Messrs Ernst & Young, Chartered Accountants. The Audit Committee approves the audit and non-audit services provided by the external auditor, in order to ensure that the provision of such services do not impair their independence.

We confirm that

- the Company and its subsidiaries have complied with all applicable laws, regulations and prudential requirements;
- there are no material non compliances; and
- there are no material litigations that are pending against the Group



A.M. Pandithage
Chairman and Chief Executive



D.W.P.N. Dediwela
Managing Director



R.P.P.K. Rajapaksha
Director / Chief Financial Officer

03 May 2022

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee of Alumex PLC, appointed by and responsible to the Board of Directors, comprises three (3) members - two independent Non-Executive Directors, namely, Mr. S. Munaweera, Chairman of the Committee and Dr. H. Cabral, PC; and a Non-Executive Director, Mr. R. P. Pathirana.

Brief profiles of each member are provided on page 122 to 125.

The Company Secretary acts as the Secretary to the Audit Committee. The Chairman of the Audit Committee is a senior qualified Accountant and other members possess relevant knowledge, qualifications and experiences in financial reporting, control and regulatory requirements.

MEETING OF THE AUDIT COMMITTEE

The committee met four (4) times during the year. The attendance of the members at these meetings is stated in the table on page 146.

Other members of the Board, External Auditors, Internal Auditors and the Chief Financial Officer were present at discussions as required. The proceedings of the Audit Committee are regularly reported to the Board of Directors. Audit committee meeting papers, including agenda, minutes and related reports and documents are circulated to the committee members in advance.

TASKS OF THE AUDIT COMMITTEE & ROLE

The Audit Committee assists the Board of Directors in fulfilling effectively its responsibility of oversight of the group accounting and financial reporting process and audit of the financial statement of the Group. The responsibilities of the committee are:

- Review the financial reporting process of Alumex Group in order to ensure that an accurate and effective financial reporting process is in place.

- Review the effectiveness of the company's internal control system.
- Review and assess the risk management process of the Company.
- Review the adequacy of the scope, functions and resources of internal auditors.
- Recommend to the Board of appointment or continuing engagement of the external auditors, review of their scope, approach and performance.
- Review the effectiveness of the system with a view to monitoring compliance with laws and regulations.
- Report to the Board its findings based on the reports of the external auditor or internal auditor.

Other responsibilities include holding discussions with the management about the major policies with respect to risk assessment and risk management.

EXTERNAL AUDIT

During the year, the Committee reviewed the external audit scope and the strategy. The Audit Committee discussed the audit plan and the scope of the external audit with Messrs Ernst & Young. The Interim Issues Memoranda, Audit Results Report and the Management Letters issued by the External Auditors with regard to the Financial Statements are circulated and reviewed at the Audit Committee.

The Committee reviews annually the appointment of the External Auditor and makes recommendations to the Board accordingly. The Committee is satisfied that the independence of the External Auditors had not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors, in order to ensure that it did not compromise their independence.

The Audit Committee recommended to the Board the re-appointment of Messrs Ernst and Young, Chartered Accountants as the External Auditors of the Company for the ensuing financial year, subject to the approval of the shareholders at the next Annual General Meeting.

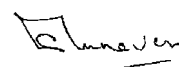
The Audit Committee provides the opportunity to External Auditors to meet Audit Committee members independently, if necessary.

APPOINTMENT OF EXTERNAL AUDITOR

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young continue as auditors for the financial year ending 31st March 2023.

CONCLUSION

The Audit Committee is satisfied that the effectiveness of the financial reporting process, Group's accounting policies and operational controls provide reasonable assurance that the affairs of the Group are managed in accordance with Group policies and that Group assets are properly accounted for and adequately safeguarded.



S. Munaweera
Chairman- Audit Committee

03 May 2022

REMUNERATION COMMITTEE REPORT

COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee of Alumex PLC consists of two (02) Independent Non-Executive Directors, namely, Dr. H. Cabral, PC - Chairman of the Committee, and Mr. S. Munaweera.

Brief profiles of each member are given on pages 122 to 125.

The Managing Director of the Company, who is responsible for the overall management of the company, provides information to the Committee in all deliberations except in relation to those matters where the outcome has an impact on him.

SCOPE OF DUTIES

Led by the objective of attracting and retaining high caliber individuals in a competitive environment, in line with business performance and stakeholder expectations, the Remuneration Committee shall be responsible for the following:

- Setting the overall Hayleys PLC group remuneration policies after taking into consideration the current industrial norms; laying down guidelines and parameters for the compensation structure of the Managing Director, Executive Directors and other key managerial staff. To set goals and targets for the Managing Director, Executive Directors and key management personnel.
- To monitor and review the performance of the Managing Director, Executive Directors and other key management personnel
- To periodically evaluate the performance of the Managing Director, Executive Directors and other key management personnel against the set targets and goals, and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.

REMUNERATION POLICY

The remuneration policy is to attract and retain a highly qualified and experienced workforce, and reward performance accordingly against the backdrop of industry norms. These compensation packages provide compensation appropriate for the Group and are commensurate with each employee's level of expertise and contribution, bearing in mind business performance and shareholder returns.

DISCLOSURE

Apart from the two Executive Directors who are involved with the operations of the company on a full-time basis, only Independent Directors receive a fee for attending board meetings and serving on sub-committees. Details of Directors' emoluments are disclosed on page 184.



Dr. Harsha Cabral, PC

Chairman- Remuneration Committee

03 May 2022

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transaction Review Committee of the parent Company, Hayleys PLC, functions as the Committee for the Company and is in line with the Section 9 of the Listing Rules of the Colombo Stock Exchange.

COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee comprises two (02) Independent Non-Executive Directors and one (01) Executive Director. The Committee comprised of the Following members;

Dr. H. Cabral, PC (IND/NED) - Chairman
Mr. M.Y.A. Perera (IND/NED)
Mr. S. C. Ganegoda (ED)
(ED- Executive Director, IND- Independent Director, NED- Non-Executive Director)

THE DUTIES OF THE COMMITTEE

- To review in advance all proposed related party transactions of the group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board, and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.

- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/non recurrent related party transactions.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.

TASK OF THE COMMITTEE

The Committee reviewed the related party transactions and their compliance of Alumex PLC and communicated the same to the Board.

The Committee in its review process recognised the adequate content and quality of the information forwarded to its members by the management.

MEETINGS

The Committee Meetings were held four times during the year under review on 17th May, 10th August, 9th November 2021 and 11th February 2022. The attendance at the meetings is given in table on page 148.

DISCLOSURES

A detailed disclosure of all the related party transactions including Recurrent and Non Recurrent related party transactions which are required to be disclosed under section 9.3.2 of the Listing Rules of the Colombo Stock Exchange has been made in Note 28 to the financial statements on page 205.



Dr. Harsha Cabral, PC.
Chairman

*Related Party Transactions Review
Committee of Hayleys PLC*

17 May 2022





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FINANCIAL CALENDAR 2021/22

01st Quarter Report	3rd August 2021
02nd Quarter Report	2nd November 2021
03rd Quarter Report	7th February 2022
04th Quarter Report	4th May 2022
Annual Report 2021/2022	06th June 2022
15th Annual General Meeting	29th June 2022
First Interim Dividend Paid	21st October 2021
Second Interim Dividend paid	31st January 2022
Third Interim Dividend paid	06th May 2022
Final Dividend Payable	12th July 2022

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
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To the Shareholders of Alumex PLC Report on the audit of the financial statements

OPINION

We have audited the financial statements of Alumex PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 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.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, and of their financial performance and 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 Group 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

KEY AUDIT MATTERS COMMON TO BOTH GROUP AND COMPANY

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition As at 31 March 2022, the Group's inventories amount to Rs. 3.6 Bn as disclosed in note 17. The Valuation of Inventory was a key audit matter due to <ul style="list-style-type: none"> ➤ The magnitude of the balance (30% of the total assets of the Group) ; ➤ The valuation of finished and semi finished goods required use of management judgements and estimates relating to the application of appropriate rates for overhead absorption. 	Our audit procedures were based on the best available information up to the date of our report and included the following: <ul style="list-style-type: none"> ➤ We performed procedures to understand the design of controls related to valuation of inventories; ➤ We checked the costs considered in the costing of inventory ➤ We checked the appropriateness of allocation of direct labour, direct material and production overheads. This included assessing the appropriateness of overhead allocation basis used.

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. A A Ludowyke FCA FCMA, Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: G B Goudian ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited



Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> ➤ We checked unit cost of inventory items to assess whether the inventory is held at the lower of cost and net realizable value ➤ We assessed the reasonableness of estimated selling price to assess the NRV, including allowances recorded considering among others, historical sales trends, subsequent prices secured and the outlook of the industry segments; <p>We have also assessed the adequacy of the disclosures made in Note 3.15 and 3.24 to the financial statements</p>

OTHER INFORMATION INCLUDED IN THE 2022 ANNUAL REPORT

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group'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 those 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 the override of internal control.

Independent Auditor's Report



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2965.

03 May 2022

Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2022	Notes	Group		Company	
		2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Revenue	5	9,595,282	6,021,532	9,042,944	5,562,394
Cost of Sales		(7,316,667)	(4,311,900)	(7,027,596)	(4,100,334)
Gross Profit		2,278,615	1,709,632	2,015,348	1,462,060
Other Income	6	53,141	43,708	51,973	225,083
Selling and Distribution Expenses		(267,516)	(191,273)	(261,289)	(185,072)
Administrative Expenses		(576,512)	(329,412)	(554,063)	(326,741)
Operating Profit		1,487,728	1,232,655	1,251,969	1,175,330
Finance Cost	7.1	(558,455)	(255,158)	(535,723)	(264,901)
Finance Income	7.2	452,482	44,801	440,172	43,449
Profit Before Tax	8	1,381,755	1,022,298	1,156,418	953,878
Income Tax Expenses	9	(229,849)	(181,287)	(189,670)	(137,266)
Profit for the Year		1,151,906	841,011	966,748	816,612
Profit Attributable to Shareholders		1,151,906	841,011	966,748	816,612
		1,151,906	841,011	966,748	816,612
Diluted and Basic Earnings Per Share	10	1.92	1.40	1.61	1.36
Dividend Per Share	11	0.60	0.53	0.60	0.53

Notes from pages 169 to 212 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022	Notes	Group		Company	
		2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Profit for the Year		1,151,906	841,011	966,748	816,612
Other Comprehensive Income					
Items that will not be reclassified subsequently to the Statement of Profit or Loss					
Revaluation Surplus on Land and Buildings	22.1	152,952	-	139,952	-
Income Tax Effect on Revaluation Surplus	9	(27,149)	-	(24,841)	-
Actuarial (Losses) / Gains on Defined Benefit Plans	24.1	(12,394)	5,106	(7,870)	1,364
Income Tax Effect on Actuarial (Losses) / Gains	9	2,200	(906)	1,397	(242)
		115,609	4,200	108,638	1,122
Adjustment to Opening Deferred Tax on Revaluation Reserve	9	-	60,860	-	60,623
Total Other Comprehensive Income for the Year, Net of Tax		115,609	65,060	108,638	61,745
Total Comprehensive Income for the Year, Net of Tax		1,267,515	906,071	1,075,386	878,357
Total Comprehensive Income Attributable to Shareholders		1,267,515	906,071	1,075,386	878,357

Notes from pages 169 to 212 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2022	Notes	Group		Company	
		2022	2021	2022	2021
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
Assets					
Non-Current Assets					
Property, Plant and Equipment	12	4,390,421	3,746,042	4,166,241	3,540,963
Intangible Assets	13	88,868	101,490	88,868	101,490
Right-of-Use Assets	14.1	272,775	198,325	272,775	198,325
Investments in Subsidiaries	15	-	-	30,000	30,000
		4,752,064	4,045,857	4,557,884	3,870,778
Current Assets					
Inventories	17	3,602,127	1,898,202	3,247,592	1,670,701
Trade and Other Receivables	18	1,586,449	1,029,821	1,347,316	877,895
Advances and Prepayments	19	1,262,417	173,549	1,240,377	166,702
Cash and Cash Equivalents	20	866,243	526,970	843,214	469,230
		7,317,236	3,628,542	6,678,499	3,184,528
Total Assets		12,069,300	7,674,399	11,236,383	7,055,306
Equity and Liabilities					
Stated Capital	21	283,735	283,735	283,735	283,735
Reserves	22	983,113	862,595	939,771	829,945
Retained Earnings		2,615,154	1,827,320	1,732,361	1,125,965
Total Equity		3,882,002	2,973,650	2,955,867	2,239,645
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	16.1	1,128,989	823,025	1,128,989	823,025
Non Current Portion of Lease Liability	14.2	286,046	186,843	286,046	186,843
Retirement Benefit Liability	24	166,265	140,332	148,940	128,639
Deferred Tax Liabilities	9	238,321	244,214	245,033	241,633
		1,819,621	1,394,414	1,809,008	1,380,140
Current Liabilities					
Trade and Other Payables	25	2,614,366	1,619,538	2,951,594	1,785,924
Current Portion of Long Term Interest Bearing Borrowings	16.1	651,392	736,650	651,392	736,650
Current Portion of Lease Liability	14.2	17,301	18,629	17,301	18,629
Short-Term Interest Bearing Borrowings	16.1	2,839,651	869,962	2,642,751	855,249
Provisions	23	19,687	15,074	17,093	13,181
Income Tax Liabilities		225,280	46,482	191,377	25,888
		6,367,677	3,306,335	6,471,508	3,435,521
Total Equity and Liabilities		12,069,300	7,674,399	11,236,383	7,055,306

Notes from pages 169 to 212 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



R.P.P.K. Rajapaksha
Director / Chief Financial Officer

The Board of Directors are responsible for these Financial Statements. Signed for and on behalf of the Board,



A.M. Pandithage
Chairman



D.W.P.N. Dediwela
Managing Director

03 May 2022
Colombo

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022		Attributable to Equity Holders of the Parent				
Group	Notes	Stated Capital Rs. 000	Revaluation Reserve Rs. 000	Capital Reserve Rs. 000	Retained Earnings Rs. 000	Total Rs. 000
Balance as at 01 April 2020		283,735	578,964	228,056	1,291,091	2,381,846
Profit for the Year		-	-	-	841,011	841,011
Other Comprehensive Income, Net of Tax		-	60,860	-	4,200	65,060
Total Comprehensive Income		-	60,860	-	845,211	906,071
Transactions with Owners, Recorded Directly in Equity						
Depreciation Transfer for Building		-	(5,285)	-	5,285	-
Dividends to Equity Holders	11	-	-	-	(314,268)	(314,268)
Total Contributions by and Distributions to Owners		-	(5,285)	-	(308,983)	(314,268)
Balance as at 31 March 2021		283,735	634,539	228,056	1,827,320	2,973,650
Profit for the Year		-	-	-	1,151,906	1,151,906
Revaluation of Land	12	-	152,952	-	-	152,952
Other Comprehensive Income, Net of Tax		-	(27,149)	-	(10,194)	(37,343)
Total Comprehensive Income		-	125,802	-	1,141,712	1,267,515
Transactions with Owners, Recorded Directly in Equity						
Depreciation Transfer for Building		-	(5,285)	-	5,285	-
Dividends to Equity Holders	11	-	-	-	(359,164)	(359,164)
Total Contributions by and Distributions to Owners		-	(5,285)	-	(353,879)	(359,164)
Balance as at 31 March 2022		283,735	755,057	228,056	2,615,154	3,882,002

Notes from pages 169 to 212 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

Year ended 31 March 2022 Company	Notes	Stated Capital Rs. 000	Revaluation Reserve Rs. 000	Capital Reserve Rs. 000	Retained Earnings Rs. 000	Total Rs. 000
Balance as at 1 April 2020		283,735	546,551	228,056	617,213	1,675,555
Profit for the Year		-	-	-	816,612	816,612
Other Comprehensive Income, Net of Tax		-	60,623	-	1,122	61,745
Total Comprehensive Income			60,623		817,734	878,357

Transactions with Owners, Recorded Directly in Equity

Depreciation Transfer for Building		-	(5,285)	-	5,285	-
Dividends to Equity Holders	11	-	-	-	(314,268)	(314,268)
Total Contributions by and Distributions to Owners			(5,285)		(308,983)	(314,268)
Balance as at 31 March 2021		283,735	601,889	228,056	1,125,965	2,239,645

Profit for the Year		-	-	-	966,748	966,748
Revaluation of Land	12	-	139,952	-	-	139,952
Other Comprehensive Income, Net of Tax		-	(24,841)	-	(6,473)	(31,314)
Total Comprehensive Income		-	115,111	-	960,275	1,075,386

Transactions with Owners, Recorded Directly in Equity

Depreciation Transfer for Building		-	(5,285)	-	5,285	-
Dividends to Equity Holders	11	-	-	-	(359,164)	(359,164)
Total Contributions by and Distributions to Owners		-	(5,285)	-	(353,879)	(359,164)
Balance as at 31 March 2022		283,735	711,715	228,056	1,732,361	2,955,867

Notes from pages 169 to 212 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

Year ended 31 March 2022	Notes	Group		Company	
		2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Cash Flows from Operating Activities					
Profit Before Taxation		1,381,755	1,022,298	1,156,418	953,878
Adjustments for,					
Finance Cost	7.1	267,937	219,239	259,866	232,761
Finance Income	7.2	(18,295)	(5,330)	(18,215)	(5,251)
Provision for Gratuity	24	24,088	25,661	22,287	23,258
(Profit) / Loss on Disposal of Property, Plant and Equipment	6	-	(10,579)	-	(10,579)
Provision/(Reversal) for Bad Debts	8	13,740	(33,821)	12,566	(24,166)
Provision/(Reversal) for Impairment of Property,Plant & Equipment	8	16,671	(469)	16,671	(469)
Depreciation and Amortisation	8	291,831	228,796	276,338	213,502
Operating Profit Before Working Capital Changes		1,977,727	1,445,795	1,725,931	1,382,936
(Increase) / Decrease in Inventories		(1,703,925)	(52,660)	(1,576,891)	14,031
(Increase) / Decrease in Trade and Other Receivables		(435,707)	(149,022)	(353,130)	(153,398)
(Increase) / Decrease in Advances and Prepayments		(1,229,336)	53,861	(1,208,337)	(2,785)
Increase / (Decrease) in Trade and Other Payables		887,612	690,357	1,058,220	634,992
Cash (Used In) / Generated From Operating Activities		(503,629)	1,988,331	(354,207)	1,875,777
Finance Cost Paid	7.1	(234,784)	(210,472)	(226,714)	(223,994)
Income Tax Paid		(89,781)	(22,213)	(52,112)	-
Retirement Benefit Liability Paid	24	(10,550)	(5,511)	(9,857)	(4,480)
Net Cash (Used In) / Generated From Operating Activities		(838,844)	1,750,136	(642,890)	1,647,303
Cash Flows from Investing Activities					
Acquisition of Property, Plant and Equipment/ Intangible asset		(751,326)	(300,983)	(730,201)	(282,044)
Proceeds from Sale of Property, Plant and Equipment		-	7,917	-	7,917
Finance Income Received	7.2	18,295	5,330	18,215	5,251
Net Cash Used In Investing Activities		(733,031)	(287,737)	(711,986)	(268,876)
Cash Flows from Financing Activities					
Repayment of Interest Bearing Loans and Borrowings	16.1	(1,199,295)	(544,175)	(1,199,294)	(544,175)
Proceeds from Interest Bearing Loans and Borrowings	16.1	1,420,000	22,000	1,420,000	22,000
Lease Rental Paid	14.2	(39,904)	(25,823)	(39,904)	(25,823)
Dividend Paid	11	(239,443)	(314,268)	(239,443)	(314,268)
Net Cash Used In Financing Activities		(58,642)	(862,266)	(58,641)	(862,266)
Net (Decrease) / Increase in Cash and Cash Equivalents		(1,630,417)	600,133	(1,413,517)	516,164
Cash and Cash Equivalents at the Beginning of the Year	20	(342,991)	(943,125)	(386,019)	(902,183)
Cash and Cash Equivalents at end of the Year	20	(1,973,408)	(342,991)	(1,799,537)	(386,019)

Notes from pages 169 to 212 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Alumex PLC is a public limited liability Company incorporated and domiciled in Sri Lanka. The Ordinary Shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka on 31 March 2014.

The registered office of the Company and the principal place of business are situated at Sapugaskanda, Makola.

1.2 Consolidated Financial Statements

The Consolidated Financial Statements of Alumex PLC, as at and for the year ended 31 March 2022 encompass the Company and its subsidiary (together referred to as the "Group"). The subsidiary in the Group is limited liability Companies namely Alco Industries (Pvt) Ltd incorporated and domiciled in Sri Lanka.

1.3 Principal Activities and Nature of Operations of the Company and the Group

During the financial year, principal activities of the Company is manufacturing and selling dies and Aluminium extrusions. Principal activities of the subsidiary is;

Alco Industries (Pvt) Ltd - Manufacturing and selling Aluminium components and Industrial tools

There were no significant changes in the nature of principal activities of the Company and the Group during the financial year under review.

1.4 Immediate and Ultimate Parent Entity

In the opinion of the Directors, the Company's immediate and ultimate Parent undertaking and controlling party is Hayleys PLC which is incorporated in Sri Lanka.

1.5 Date of Authorisation for Issue

The Consolidated Financial Statements of the Group for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 03 May 2022.

1.6 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS / LKAS) which requires compliance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and with the requirements of the Companies Act No. 7 of 2007.

2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position.

- Lands are measured at cost at the time of the acquisition and subsequently lands are carried at fair value.
- Financial instruments reflected as fair value through profit or loss are measured at fair value.
- Financial instruments designated as fair value through other comprehensive income (OCI) which are measured at fair value.
- Retirement benefit obligations which are determined based on actuarial valuations.

These financial statements have been prepared, except for cash flow information using the annual accrued basis of accounting.

Where appropriate, the specific policies are explained in the succeeding notes. No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

2.3 Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency.

All financial information presented in Sri Lankan Rupees has rounded to the nearest thousand (Rs'000), except when otherwise indicated.

2.4 Comparative Information

The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged wherever necessary to conform to current year presentation.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.6 Rounding

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs'000), except when otherwise indicated.

2.7 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the Consolidated Financial Statements.

The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future, and they do not foresee a need for liquidation or cessation of trading.

Notes to the Financial Statements

3.1 Basis of Consolidation

Subsidiaries

Subsidiaries are those entities controlled by the Group. Control achieved when the Group is exposed, or rights to variable returns from its involvement with the investee and when it has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e; existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it recognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the Statement of Profit or Loss. Any investment retained is recognised at fair value.

The Consolidated Financial Statements of the Company for the year ended 31 March 2021 comprise of the Company and its Subsidiary. The details of Subsidiaries are as follows:

Company Name Year of Ownership	Incorporation	Percentage
Alco Industries (Pvt) Ltd	2010/2011	100%

The Consolidated Financial Statements incorporating all subsidiaries in the Group are using uniform Accounting Policies for like transactions and in similar circumstance are applied consistently.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

3.2 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

3.3 Foreign Currency Transactions and Translation

The Consolidated Financial Statements are presented in Sri Lanka Rupees, which is the Company's and Group functional and presentation currency. All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected. Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the Statement of Profit or Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items of which fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.4 Current versus non-current classification

The Group presents assets and liabilities in Statement of Financial Position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
 - Held primarily for the purpose of trading
 - Expected to be realised within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.5 Fair value measurement

The Group measures financial instruments such as investments which are designated as fair value through other comprehensive income (OCI) and designated as fair value through profit or loss and derivatives; non-financial assets such as owner occupied land and investment properties, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes,

- Disclosures for valuation methods, significant estimates and assumptions - Notes 12
- Property (land) under revaluation model - Notes 12

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. 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

The principal or the most advantageous market must be accessible by the Group.

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 Group 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions - Note 12.
- Quantitative disclosures of fair value measurement hierarchy - Note 12.
- Property (land) under revaluation model - Note 12.

3.6 Revenue from Contracts with Customers

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

Notes to the Financial Statements

Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(ii) Significant financing component

The Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(iii) Warranty Obligations

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under LKAS 37 Provisions, Contingent Liabilities

and Contingent Assets. Refer to the accounting policy on warranty provisions in the Note 23 to the Financial Statements. These service-type warranties are sold either separately or bundled together with the sale of goods. Contracts for bundled sales of goods and a service-type warranty comprise two performance obligations because the promises to transfer the equipment and to provide the service-type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue is recognised over the period in which the service-type warranty is provided based on the time elapsed.

Rendering of Services

The Group recognises revenue from services over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

The calculation of effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental cost that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income is presented in finance income in the Statement Profit or Loss.

Dividend

Dividend income is recognised in profit or loss on the date the entity's right to receive payment is established.

Other Income

Other income is recognised on an accrual basis.

Gains and Losses

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognised net within "other income" in profit or loss.

3.7 Tax Expenses

Tax expenses comprises current tax and deferred tax are recognised in the Statement of Profit or Loss except to the extent that it relates to item recognised directly in Equity or in Other Comprehensive Income

Current Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Alco Industries (Pvt) Ltd

Pursuant to agreement dated 15 July 2010 entered in to with the Board of Investment under Section 17 of the Board of Investment Law No. 04 of 1978, the Company had been granted a tax exemption period of five

(5) years under Inland Revenue Act No. 10 of 2006 relating to the imposition payment and recovery of income tax in respect of profits and income of the Company. The above period will commence from the year in which enterprise make profits or any year of assessment not later than two (02) years from the date of commencement of commercial operations which ever year is earliest.

The concessionary rate of 10% tax charges is applicable on profits and income for two years immediately succeeding the last date of the tax exemption period. Thereafter, 20% tax rate is applicable on profit and income.

Alco Industries (Pvt) Ltd commences making profit in 2010/2011 and hence tax exemption has been ended from year of assessment 2014/2015.

Deferred Tax

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

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets are made 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 can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting 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 income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected

to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax on dividend income from subsidiaries is recognised as an expense in the Consolidated Statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

3.8 Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables that are stated with the amount of sales tax.

The net amount of sales tax recoverable from, or payable to, the taxation authority is

included as part of receivables or payables in the Statement of Financial Position.

3.9 Property, Plant and Equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

Recognition and Measurement

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Items of property, plant & equipment including construction in progress are measured at cost net of accumulated depreciation and accumulated impairment losses, if any, except for land which is measured at fair value.

Owned Assets

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation of land is done with sufficient frequency to ensure that the fair value of the land does not differ materially from its

Notes to the Financial Statements

carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Statement of Profit or Loss, the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Subsequent Costs

The cost of replacing a component of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of property, plant & equipment are recognised in the Statement of Profit or Loss as incurred.

De-recognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as revenue.

Depreciation

Depreciation is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Building	20 years
Plant & machinery	05 – 20 years
Motor vehicles	04 – 05 years
Furniture, fittings and office equipment	02 – 13 years
Tools and Equipment	10 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised.

The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

A reconciliation of the carrying amount at the beginning and end of the period is presented in Note 12 & 13 to this financial statements.

Capital Work in Progress

Capital work in progress represents the cost of civil construction work not completed and Property, Plant and Equipment that are not ready for their intended use.

3.10 Leases

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date 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 recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Description	Period
Buildings	03 to 07 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as more fully described in Note 14 - Impairment of Assets.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are

incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings in Note 30 to the Financial Statements.

Short-term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low value assets recognition exemption to leases that are considered to be 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.

3.11 Intangible Assets

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Basis of Measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a

business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

Useful Economic Lives and Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, or more frequently when an indication of impairment exists either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

De-recognition of Intangible Assets

Intangible assets are de-recognised 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 recognised in the Statement of Profit or Loss when the asset is derecognised.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the Statement of Profit or Loss as incurred

Research and Development Cost

Research Costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefit
- The availability of recourse to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

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A summary of the policies applied to group intangible assets are as follows.

	Development cost	Software & website development	Patents and licenses
Useful lives	Finite (10 years)	Finite (7 year)	Finite (7 years)
Amortisation method used	Amortised on a straight line basis over the period of expected future sales from the related project.	Amortised on a straight line basis over the period of useful life.	Amortised on a straight line basis over the period of useful life.
Internally generated or acquired	Internally generated	Acquired	Acquired

3.12 Expenses

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

3.13 Finance Income and Finance Costs

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in the Statement of Profit or Loss. Interest income is recognised as it accrues in the Statement of Profit or Loss.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in the Statement of Profit or Loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.14 Borrowing Costs

Borrowing costs 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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.15 Inventories

Inventories are valued at the lower of cost or net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the 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 Materials	- At purchase cost on weighted average
Finished Goods and Work-in-progress	- At the cost of direct materials, direct labor and an appropriate proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs. standard cost take in to accounts normal levels of materials and supplies, labour, efficiency and capacity utilisation. They are regularly reviewed and, if necessary, revised in the light of current condition
Consumables and Spares	- At purchase cost on weighted average
Goods in Transit	- At purchase cost

3.16 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and short term borrowings as they are considered an integral part of the Group's cash management.

3.17 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount

outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial Assets at Amortised cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised 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 selling, 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 amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

De-recognition

A financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- (a) The Group has transferred substantially all the risks and rewards of the asset, or
- (b) The Group has neither transferred nor retained substantially all the risks and rewards of

The asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its

continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking

Notes to the Financial Statements

factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

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 recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through 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 includes derivative financial instruments entered into by the Group 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. Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss so designated at the initial date of recognition, and only if criteria of SLFRS 9 are satisfied. The group has not designated any financial liability at fair value through profit or loss.

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included in finance costs in the Statement of Profit or Loss.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the

present obligation at the reporting date and the amount recognised less cumulative amortisation.

De-recognition

A financial liability is derecognised 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 recognised in the Statement of Profit or Loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if,

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

Derivative Financial Instruments

Initial recognition and Subsequent Measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit or Loss.

Impairment of Non- Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators

3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

3.19 Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of possible outcomes against their associated probabilities.

3.20 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.21 Capital commitments and contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Note 27 to the Financial Statements.

3.22 Employee Benefits Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Group contributes to the following Schemes:

Employees' Provident Fund

The Group and employees contribute 12% and 8% respectively of the employee's monthly gross salary to the Provident Fund.

Employees' Trust Fund

The Group contributes 3% of the employee's monthly gross salary to the Employees' Trust Fund maintained by the Employees' Trust Fund Board.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected 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 outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 24. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The valuation was carried out as at 31 March 2022 by Messer's Actuarial and Management consultant (Pvt) Ltd a qualified actuary. Further details are disclosed in Note 24.

Recognition of Actuarial Losses / Gains

Actuarial gains and losses are recognised in full in the Other Comprehensive Income in line with the LKAS 19 – Employee Benefits (Revised 2013).

Funding Arrangements

The Gratuity liability is not externally funded.

Notes to the Financial Statements

Short Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.23 Statement of Cash Flows

The Statement of Cash Flows is prepared using the indirect method, as stipulated in LKAS 7- "Statement of Cash Flows".

3.24 Critical Accounting Estimates and Judgments

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and 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 if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a

going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulation, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on upon the likely timing and the level of future taxable profits together as with future tax planning strategies.

Transfer Pricing Regulation

The Company is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations.

Accordingly critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

Measurement of the Defined Benefit Obligations

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 24. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Impairment of property, Plant and Equipment and Intangible Assets

The impairment analysis is principally based upon discounted estimated cash flows from the use and eventual disposal of the assets. Factors like lower than anticipated sales and resulting decreases of net cash flows and changes in the discount rates could lead to impairment. Further details are disclosed in Note 12 and 13 to the Financial Statements.

Revaluation of Land

The Group measures lands at revalued amount with change in value being recognised in the Statement of Other Comprehensive Income in Financial year 2021/2022. The valuer has used valuation techniques such as open market value. Refer Note 12 to the financial statements.

Inventories

Group reviews the existence and usability of inventories based on a perpetual inventory count. Provisions are made when

Management determines obsolete stock and/or assesses a reduction in recoverable value. Provision is made in full when the goods aged over three months with regard to Die used in the production process based on group policy. The valuation of finished and semi finished goods requires use of managements judgments and estimates relating to the application of appropriate rates for overhead absorption.

Allowance for Doubtful Debts

Group 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. Refer Note 18 for more details.

Provision for Warranties

The provision is based on historical data and Group reviews adequacy of provision at each reporting date.

3.25 Events occurring after the Reporting date

All material post occurred after the reporting date events have been considered and where appropriate adjustments or disclosures have been made in the Note 28 to the Financial Statements.

3.26 Earnings per Share

The Group presents basic and diluted 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.27 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Refer Note 31 to the financial statements.

4.0 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

4.1 New and amended standards

4.1.1 Amendments to LKAS 37 - Onerous Contracts – Costs of Fulfilling a Contract

Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) were made to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application is permitted. Since the Group's current practice in line with these amendments, they had no significant impact on the consolidated financial statements of the Group.

4.1.2 Amendments to LKAS 16 Property, Plant & Equipment : Proceeds before Intended Use

Amendments to LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, were made which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds

from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application is permitted. Since the Group's current practice in line with these amendments, they had no significant impact on the consolidated financial statements of the Group.

4.1.3 Amendments to SLFRS 3 Business Combinations : Updating a reference to conceptual framework

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application is permitted. Since the Group's current practice in line with these amendments, they had no significant impact on the consolidated financial statements of the Group.

Notes to the Financial Statements

4.1.4 Amendments to SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application is permitted. Since the Group's current practice in line with these amendments, they had no significant impact on the consolidated financial statements of the Group.

4.1.5 Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets : Onerous Contracts – Costs of Fulfilling a Contract

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

5. REVENUE

Timing of Revenue Recognition

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
For the Year ended 31st March				
Sale of Goods				
Goods Transferred at the Point in Time	9,595,282	6,021,532	8,533,769	5,350,058
	9,595,282	6,021,532	8,533,769	5,350,058
Intra-group Revenue	-	-	509,175	212,336
Total Revenue from Contract with Customers	9,595,282	6,021,532	9,042,944	5,562,394

Revenue generated on each product category is shown below :

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Local Sales - Extrusions	7,357,013	4,952,512	7,602,544	4,966,184
Export Sales - Extrusions	1,336,283	345,160	1,336,283	345,160
Local Sales - Aluminium Components	682,595	521,601	-	-
Export Sales - Aluminium Components	114,453	28,940	-	-
Powder Coating , Anodising ,Wood Effect and Billets Conversion Charges	33,861	5,234	63,891	86,040
Aluminium Accessories , Cladding & Corian	29,491	159,624	25,247	26,863
Other Material Sales and Service Charges	41,587	8,461	14,979	138,148
	9,595,282	6,021,532	9,042,944	5,562,394

6. OTHER INCOME

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Profit on Disposal of Property, Plant and Equipment	-	10,579	-	10,579
Dividend Income	-	-	-	180,000
Income from Sale of Discarded Items	53,141	32,781	51,973	34,156
Insurance Claim Received	-	348	-	348
	53,141	43,708	51,973	225,083

Notes to the Financial Statements

7. FINANCE COST AND INCOME

7.1 Finance Cost

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Interest Expense on Loans and Borrowings	221,559	202,250	216,616	201,917
Interest Expense on Leases	33,152	8,768	33,152	8,768
Interest Expense on Bank Overdrafts	13,225	8,221	10,098	7,430
Other Finance Costs	-	-	-	14,647
Exchange Loss	290,519	35,919	275,857	32,139
	558,455	255,158	535,723	264,901

7.2 Finance Income

Interest Income on Deposits and Receivable	18,295	5,330	18,215	5,251
Exchange Gain	434,187	39,471	421,957	38,198
	452,482	44,801	440,172	43,449

8. PROFIT BEFORE TAX

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Stated After Deducting				
Included in Cost of Sales				
Employee Benefits Including the Following	948,115	520,029	829,091	463,640
- Defined Benefit Plan Costs - Gratuity	20,487	18,889	18,793	16,765
- Defined Contribution Plan Costs - EPF and ETF	54,603	36,676	48,131	32,098
Depreciation	210,006	201,229	194,788	186,164
Provision/ (Reversal) for Inventory	358,595	(1,414)	282,565	3,605
Research & Development Expenses	6,111	14,108	2,936	5,567
Included in Administrative, Selling and Distribution Expenses				
Employee Benefits Including the Following	387,252	278,591	370,505	270,215
- Defined Benefit Plan Costs - Gratuity	3,601	6,772	3,495	6,492
- Defined Contribution Plan Costs - EPF and ETF	23,836	18,918	22,671	17,883
Provision/ (Reversal) for Bad Debts	13,740	(33,820)	12,566	(24,166)
Audit Fees	1,372	1,355	934	990
Non - Audit Fees	1,285	1,187	1,125	720
Depreciation and Amortisation	81,671	47,502	81,550	47,427
Impairment of Property Plant and Equipment	16,671	(469)	16,671	(469)
Gifts , Donation and CSR	5,892	1,728	5,892	1,714
Advertising Costs	39,142	14,640	39,142	14,640
Directors Fees (NED)*	1,244	1,428	1,244	1,428
Directors Emoluments (ED)**	44,785	26,272	44,785	26,272

* NED -Non Executive Directors

** ED -Executive Directors

9. INCOME TAX

The major components of income tax expense for the years ended 31 March 2022 and 2021 are :

Income Statement	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Current Income Tax :				
Current Income Tax	269,954	96,022	216,824	51,920
Adjustments in Respect of Current Income Tax of Previous Year	(9,263)	(2,126)	(7,109)	-
WHT on Dividends	-	25,200	-	25,200
Deferred Tax :				
Relating to Origination and Reversal of Temporary Differences	(30,842)	62,191	(20,045)	60,146
Income Tax Expense Reported in the Income Statement	229,849	181,287	189,670	137,266

A reconciliation between tax expense and the accounting profit multiplied by domestic tax rate for the years ended 31 March 2022 and 2021 is as follows :

Consolidated Statement of OCI	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Deferred Tax Related to Items Recognised in OCI During the Year				
Net Loss/(Gain) on Actuarial Gains and Losses	(2,200)	906	(1,397)	242
Revaluation gain / (Reversal) of Land	27,149	-	24,841	-
Adjustment to Opening Deferred Tax on Revaluation Reserve	-	(60,860)	-	(60,623)
Deferred Tax Charged to OCI	24,949	(59,954)	23,444	(60,381)

9.1 A Reconciliation Between Tax Expense and the Accounting Profit

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Accounting Profit Before Income Tax	1,381,755	1,022,298	1,156,418	953,878
Aggregate Disallowable Items	1,039,217	237,722	929,714	235,489
Aggregate Allowable Expenses	(876,187)	(171,179)	(842,125)	(342,916)
Interest Income	4,520	5,330	4,238	5,251
Tax Loss Carried Forward	-	(381,073)	-	(381,073)
Taxable Income	1,549,305	712,540	1,248,245	470,631

Notes to the Financial Statements

9. INCOME TAX (CONTD.)

9.1 A Reconciliation Between Tax Expense and the Accounting Profit (Contd.)

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Income Tax @ 14%	32,171	28,820	28,402	27,679
Income Tax @ 18%	236,698	87,608	187,405	48,181
Income Tax @ 24%	1,085	4,794	1,017	1,260
Income Tax on Current Year Profit	269,954	121,222	216,824	77,120
Tax on Temporary Difference Tax @ 17.75%	(30,842)	62,191	(20,045)	60,146
Adjustments In Respect of Current Income Tax of Previous Year	(9,263)	(2,126)	(7,109)	-
Income Tax Expenses Reported in the Consolidated Income Statement	229,849	181,287	189,670	137,266

9.2 Deferred Tax

Deferred Tax Relates to the Following:

	Statement of Financial Position		Income Statement	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Company				
Accelerated Depreciation for the Tax Purposes	(358,421)	(304,681)	28,899	(85,849)
Right to Use Assets	(48,418)	(34,286)	14,131	21,457
Lease Liability	53,844	35,555	(18,289)	(19,669)
Retirement Benefit Obligations	25,040	22,833	(809)	8,068
Provision for Bad Debts	5,904	3,808	(2,097)	8,965
Tax Loss Carried Forward	-	-	-	106,700
Other Provisions	77,018	35,137	(41,880)	20,474
	(245,033)	(241,633)	(20,045)	60,146
Statement of Comprehensive Income				
Income Tax Effect on Actuarial (Loss) / Gains			(1,397)	242
Income Tax Effect on Revaluation Gain / (Reversal) of Land			24,841	-
Adjustment to Opening Deferred Tax on Revaluation Reserve			-	(60,623)
			23,444	(60,381)
Deferred Tax Expense / (Income)			3,399	(235)
Net Deferred Tax Liabilities	(245,033)	(241,633)		

Company

Reflected in the Statement of Financial Position as follows,

	2022 Rs. 000	2021 Rs. 000
Deferred Tax Assets	161,806	97,334
Deferred Tax Liabilities	(406,839)	(338,967)
Deferred Tax Liabilities - Net as at 31 March	(245,033)	241,633

Reconciliation of Deferred Tax Liabilities

	2022 Rs. 000	2021 Rs. 000
Balance as at 01 April	(241,633)	(241,868)
Tax Income/(Expense) Recognised in Profit & Loss	20,045	(60,146)
Tax (Expense)/Income Recognised in Other Comprehensive Income	(23,444)	60,381
Balance as at 31 March	(245,032)	(241,633)

Reconciliation of Deferred Tax (Charge) / Reversal

	2022 Rs. 000	2021 Rs. 000
Deferred Tax (Charge) /Reversal on Other Temporary Differences Recognised Under Profit or Loss	20,045	42,648
Deferred Tax Effect from Change in Tax Rate Recognised Under Comprehensive Income	-	(102,794)
Deferred Tax (Charge) /Reversal on Other Temporary Differences Recognised Under Other Comprehensive Income	(23,444)	(242)
Deferred Tax Effect from Change in Tax Rate Recognised Under Other Comprehensive Income	-	60,623
	(3,399)	235

	Statement of Financial Position		Income Statement	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Group				
Accelerated Depreciation for the Tax Purposes	(375,600)	(316,634)	31,817	(87,523)
Right to Use Assets	(48,418)	(34,286)	14,131	21,457
Lease Liability	53,844	35,555	(18,289)	(19,669)
Retirement Benefit Obligations	28,114	25,091	(823)	7,957
Provision for Bad Debts	7,089	4,784	(2,305)	11,020
Tax Loss Carried Forward	-	-	-	106,700
Other Provisions	96,650	41,275	(55,374)	22,249
	(238,321)	(244,214)	(30,843)	62,191

Notes to the Financial Statements

9. INCOME TAX (CONTD.)

9.2 Deferred Tax (Contd.)

	Statement of Financial Position		Statement of Comprehensive Income	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Income Tax Effect on Actuarial Gains or Losses			(2,200)	906
Income Tax Effect on Revaluation/ (Reversal) of Land			27,149	-
Adjustment to Opening Deferred Tax on Revaluation Reserve			-	(60,860)
			24,949	(59,954)
Deferred Tax Expense /(Income)			(5,894)	2,237
Net Deferred Tax (Liabilities)	(238,321)	(244,214)		

Deferred Tax is computed at 17.75 % tax rates, as the effect of other rates do not significantly impact on the Financial Statements of the Group as at 31 March 2022.

Group

Reflected in the Statement of Financial Position as follows,

	2022 Rs. 000	2021 Rs. 000
Deferred Tax Assets	185,697	106,706
Deferred Tax Liabilities	(424,018)	(350,920)
Deferred Tax Liabilities - Net as at 31 March	(238,321)	(244,214)

Reconciliation of Deferred Tax Liabilities

	2022 Rs. 000	2021 Rs. 000
Balance as at 01 April	(244,214)	(241,977)
Tax Income/(Expense) Recognised in Profit & Loss	30,842	(62,191)
Tax (Expense)/Income Recognised in Other Comprehensive Income	(24,949)	59,954
Balance as at 31 March	(238,321)	(244,214)

Reconciliation of Deferred Tax (Charge) / Reversal

	2022 Rs. 000	2021 Rs. 000
Deferred Tax (Charge) /Reversal on Other Temporary Differences Recognised in Profit or Loss	30,843	42,442
Deferred Tax Effect from Change in Tax Rate Recognised Under Comprehensive Income	-	(104,633)
Deferred Tax (Charge) /Reversal on Other Temporary Differences Recognised Under Other Comprehensive Income	(29,949)	(906)
Deferred Tax Effect from Change in Tax Rate Recognised Under Other Comprehensive Income	-	60,860
	5,893	(2,237)

10. EARNINGS PER SHARE

10.1 Basic Earnings per Share

Basic Earnings Per Share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted Earnings per share

The calculation of Diluted Earnings per Share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effect of all diluted ordinary shares.

10.2 The Following Reflects the Income and Share Data Used in the Basic & Diluted Earnings per Share computation.

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Amounts Used as Numerator:				
Net Profit Attributable to the Equity Holders of the Company	1,151,906	841,011	966,748	816,612
	2022 Number	2021 Number	2022 Number	2021 Number
Numbers of Ordinary Shares Used as Denominator:				
Weighted Average Number of Ordinary Shares in Issue	598,605,680	598,605,680	598,605,680	598,605,680
Basic & Diluted Earnings per Share	1.92	1.40	1.61	1.36

11. DIVIDENDS PAID AND PROPOSED

	Company	
	2022 Rs. 000	2021 Rs. 000
Declared and paid during the year:		
Dividends on Ordinary Shares:		
Final Dividend for 2020/21 - Rs.0.10 per share	59,861	-
1st Interim Dividend for 2021/22 - Rs.0.10 per share	59,861	74,826
2nd Interim Dividend for 2021/22 - Rs.0.20 per share	119,721	239,442
3rd Interim Dividend for 2021/22 - Rs.0.20 per share	119,721	-
	359,164	314,268
Number of Shares	598,605,680	598,605,680
Dividend per Share	0.60	0.53

All dividend proposed and declared before the Financial Statements were authorised for issue have been recognised as a distribution to owners

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT

12.1 Group

	Land Rs. 000	Building Rs. 000	Construction In Progress Rs. 000	Plant and Machinery Rs. 000	Motor Vehicles Rs. 000	Office Equipment Rs. 000	Furniture and Fittings Rs. 000	Tool and Equipment Rs. 000	Total Rs. 000
Cost or Valuation									
At 1 April 2021	1,154,863	1,247,841	29,755	2,393,779	53,310	89,724	89,969	86,334	5,145,576
Revaluation Surplus	152,952	-	-	-	-	-	-	-	152,952
Additions	-	64,887	121,764	420,308	-	25,685	4,249	110,591	747,484
Transfers	-	-	(28,754)	28,754	-	-	-	-	-
At 31 March 2022	1,307,815	1,312,728	122,765	2,842,841	53,310	115,409	94,218	196,925	6,046,012
Depreciation and Impairment									
At 1 April 2021	-	320,128	-	915,831	49,522	50,369	36,626	27,057	1,399,534
Charge for the Year	-	67,427	-	128,854	1,852	9,895	8,900	22,458	239,386
Impairment Loss	-	-	-	16,671	-	-	-	-	16,671
At 31 March 2022	-	387,555	-	1,061,356	51,374	60,264	45,526	49,515	1,655,591

Net Book Value

At 31 March 2022	1,307,815	925,173	122,765	1,781,485	1,936	55,145	48,692	147,410	4,390,421
At 31 March 2021	1,154,863	927,713	29,755	1,477,948	3,788	39,355	53,343	59,277	3,746,042

12.2 Company

	Land Rs. 000	Building Rs. 000	Construction In Progress Rs. 000	Plant and Machinery Rs. 000	Motor Vehicles Rs. 000	Office Equipment Rs. 000	Furniture and Fittings Rs. 000	Tool and Equipment Rs. 000	Total Rs. 000
Cost or Valuation									
At 1 April 2021	1,064,863	1,152,759	29,755	2,244,172	52,876	89,525	89,191	76,805	4,799,945
Revaluation Surplus	139,952	-	-	-	-	-	-	-	139,952
Additions	-	64,887	121,764	409,955	-	25,338	4,249	100,166	726,359
Transfers	-	-	(28,754)	28,754	-	-	-	-	-
At 31 March 2022	1,204,815	1,217,646	122,765	2,682,881	52,876	114,863	93,440	176,971	5,666,256
Depreciation and Impairment									
At 1 April 2021	-	274,547	-	825,846	49,123	50,207	36,100	23,628	1,259,451
Charge for the Year	-	62,621	-	121,125	1,818	9,872	8,801	19,656	223,893
Impairment Loss	-	-	-	16,671	-	-	-	-	16,671
At 31 March 2022	-	337,168	-	963,642	50,941	60,079	44,901	43,284	1,500,015

Net Book Value

At 31 March 2022	1,204,815	880,478	122,765	1,719,239	1,935	54,784	48,539	133,687	4,166,241
At 31 March 2021	1,064,863	878,211	30,224	1,418,326	3,753	39,318	53,091	53,177	3,540,963

During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 747 Mn. (2021- Rs.301 Mn) for cash.

During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 726 Mn. (2021- Rs.282 Mn) for cash.

The gross carrying amount of fully depreciated Property, Plant and Equipment that are still in use as at 31 March 2022 was Rs 416 Mn. (2021 - Rs. 369 Mn)

The net carrying amount of temporarily idle Property, Plant and Equipment as at 31 March 2022 was Rs. 2.1 Mn. (2021 - Rs. 1.4 Mn)

Construction in progress as at 31 March 2022 includes an amount of Rs.123 Mn (2021- Rs.30 Mn) relating to the expenditure for building and plant & machinery which is under construction.

12.3 Revaluation of Land & Building

Fair value of the properties was determined using the market comparable method. This means that valuation performed by the valuer are based on market based evidence, significantly adjusted for difference in the nature, location or condition of the specific property.

As at the date of revaluation on 31 March 2022, the fair value of land are based on valuation performed by Mr. P. B. Kalugalagedara, an independent chartered valuer who has valuation experience for similar lands since 1969. The fair value of Freehold Buildings were determined by means of a revaluation during the year 2010 by Messrs. SGS Lanka (Pvt) Ltd, an independent valuer in reference to market based evidence. The results of such revaluation were incorporated in these Financial Statements from its effective date which was 31 March 2011. The surplus arising from the revaluation net of deferred taxes was transferred to a revaluation reserve and it's transferred back to equity over the period of time.

The group changed the accounting policy with respect of measurement of building during 2012, therefore the fair value of building was not measured thereafter.

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	Cumulative Depreciation		Net Carrying Amount 2022	Net Carrying Amount 2021
	Cost	if Assets were Carried at Cost		
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Group				
Freehold Land	473,722	-	473,722	473,722
Building	1,100,318	(293,423)	806,896	797,024
	1,574,040	(293,423)	1,280,618	1,270,746
Company				
Freehold land	471,613	-	471,613	471,612
Building	1,011,683	(246,211)	765,472	751,170
	1,483,296	(246,211)	1,237,085	1,222,782

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.3 Revaluation of Land & Building (Contd.)

Fair Value of Land

Fair Value measurement disclosure for revalued land based on un-observable inputs are as follows,

- (A) Quoted Price (unadjusted) in active markets for identical assets or liabilities (Level -1).
 (B) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level -2)
 (C) Input for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level -3).

		Fair Value measurement using significant unobservable inputs (Level 3)	
	Date of Valuation	Group Rs. 000	Company Rs. 000
Revalued Property, Plant and Equipments			
Land -Makola	31 March 2022	652,065	549,065
Land -Gonawala	31 March 2022	101,750	101,750
Land -Ekala	31 March 2022	554,000	554,000
		1,307,815	1,204,815

Significant unobservable input :

	2022 Range Rs. 000	2021 Range Rs. 000
Price per perch		
Land -Makola	550-575	500
Land -Gonawala	350	300
Land -Ekala	550	475

Significant increases / (decreases) in estimated price per perch in isolation would result in a significantly higher (lower) fair value.

12.4 Value of Real Estate

Year ended 31st March 2022

Ownership	Location	Extent (Acres)	No of buildings in each location	Buildings Sq.ft	Market Value of Land Rs. 000
Alumex PLC	Makola	6.24	11	118,673	549,065
Alumex PLC	Gonawala	1.82	3	59,042	101,750
Alumex PLC	Ekala	6.30	5	91,442	554,000
Alco Industries (Pvt) Ltd	Makola	1.13	2	34,618	103,000

12.5 Depreciation Transfer for Building

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

13. INTANGIBLE ASSETS

	Group / Company		
	Software Development Rs. 000	Patents and Licenses Rs. 000	Total Rs. 000
Cost			
Balance as at 1 April 2021	40,543	106,159	146,702
Additions	-	3,842	3,842
Transfers	(40,543)	40,543	-
Balance as at 31 March 2022	-	150,544	150,544
Amortisation			
Balance as at 1 April 2021	-	45,212	45,212
Amortisation Charge for the Year	-	16,464	16,464
Balance as at 31 March 2022	-	61,676	61,676
Net Book Value			
As at 31 March 2022	-	88,868	88,868
As at 31 March 2021	40,543	60,947	101,490

Intangible asset consist of patent , licence of ERP software (SAP S4 Hana), Business intelligence tool software and Solid CAM Software of Machines.

Software development cost represent the cost incurred for modification to manufacturing modules of ERP Software (SAP)

Notes to the Financial Statements

14. RIGHT-OF-USE ASSETS

14.1 Cost

	Group / Company	
	2022 Rs. 000	2021 Rs. 000
Balance as at 1 April	213,158	70,332
Additions	110,432	186,474
Disposal	-	(43,648)
Cost as at 31 March	323,590	213,158
Accumulated Ammortisation		
Balance as at 1 April	14,833	24,511
Charge for the Year	35,982	16,367
Disposal	-	(26,046)
Accumulated Amortisation as at 31 March	50,815	14,833
Net Book Value as at 31 March	272,775	198,325

14.2 Lease Liability

	Group / Company	
	2022 Rs. 000	2021 Rs. 000
Balance as at 1 April	205,472	56,737
Additions/ Reassessment	104,626	186,474
Interest Charge	33,153	8,768
Payments	(39,904)	(25,823)
Derecognition Lease Liability	-	(20,684)
Balance as at 31 March	303,347	205,472
Non-Current -Lease Liability	286,046	186,843
Current -Lease Liability	17,301	18,629
	303,347	205,472

The weighted average lessee's incremental borrowing rate of 6.76% applied to lease liabilities recognised in the Statement of Financial Position at the date of initial application.

Expenses related to short term lease and lease of low value assets amounting to Rs. 5.4 Mn (2021 - Rs. Nil) has recognised in Profit or Loss.

14.3 Maturity Analysis of Lease Liabilities

The table below summarises the maturity profile of the Group's and Company lease liabilities based on contractual payments:

Group/ Company	Less than 3 months Rs. 000	3 to 12 months Rs. 000	1-2 years Rs. 000	2-5 years Rs. 000	>5 years Rs. 000	Total (Gross) Rs. 000
2021	5,142	13,487	28,791	16,988	141,064	205,472
2022	6,375	10,926	26,521	60,387	199,138	303,347

15. INVESTMENTS IN SUBSIDIARIES

	Holding %		Company	
	2022	2021	2022	2021
			Rs. 000	Rs. 000
Alco Industries (Pvt) Ltd	100%	100%	30,000	30,000
			30,000	30,000

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

16.1 Financial Liabilities

	Group		Company	
	2022	2021	2022	2021
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Current Portion of Long Term Interest Bearing Borrowings				
Long Term Loans	651,392	736,650	651,392	736,650
Short-Term Interest Bearing Borrowings				
Short Term Loans	2,839,363	750,000	2,642,570	750,000
Bank Overdraft	288	119,961	181	105,249
Total Short-Term Interest Bearing Borrowings	2,839,651	869,961	2,642,751	855,249
Non Current Interest Bearing Loans and Borrowings				
Long Term Loans	1,128,989	823,025	1,128,989	823,025
Total Non Current Interest Bearing Loans and Borrowings	1,128,989	823,025	1,128,989	823,025

16.1.2 Long-Term Borrowings

	Group		Company	
	2022	2021	2022	2021
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
As at 01 April	1,559,675	2,081,850	1,559,675	2,081,850
New Loans Obtained	1,420,000	22,000	1,420,000	22,000
Repayments	(1,199,294)	(544,175)	(1,199,294)	(544,175)
As at 31 March	1,780,381	1,559,675	1,780,381	1,559,675
Transfer to Current Liability (Repayable Within One Year)	(651,392)	(736,650)	(651,392)	(736,650)
Repayable After One Year	1,128,989	823,025	1,128,989	823,025

Notes to the Financial Statements

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

16.1 Financial Liabilities (Contd.)

16.1.3 Analysis of Long-Term Borrowings by Year of Repayment

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Long-Term Loans Repayable Between 1 and 2 Years from Year-end	579,067	736,650	579,067	736,650
Long-Term Loans Repayable Between 2 and 5 Years from Year-end	549,922	86,375	549,922	86,375
	1,128,989	823,025	1,128,989	823,025

Term loans were obtained from Commercial Bank for the period of 5 years at variable rates, Hatton National Bank for the period of 5 years at variable interest rates, BOC Bank for the period of 3 years at fixed interest rates and Sampath Bank for the period of 2 years interest and no securities are pledged in respect of such loans except term loans were obtained from HNB on negative pledge over the fixed assets of the Company.

16.2.1 Short-Term Borrowings

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
As at 01 April	750,000	656,815	750,000	648,364
New Loans Obtained	6,821,849	3,810,082	6,625,056	3,801,600
Repayments	(4,732,486)	(3,716,896)	(4,732,486)	(3,699,964)
As at 31 March	2,839,363	750,000	2,642,570	750,000

16.2.2 Other Current Financial Liabilities

Foreign exchange forward contract

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
As at 01 April	-	906	-	791
Disposals	-	(906)	-	(791)
As at 31 March	-	-	-	-

16.2.3 Fair Value of Financial Assets and Liabilities not Carried at Fair Value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Group	Carrying Amount		Fair value	
	2022	2021	2022	2021
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Financial Assets				
Trade and Other Receivables	1,586,449	1,029,821	1,586,449	1,029,821
Total	1,586,449	1,029,821	1,586,449	1,029,821
Financial Liabilities				
Trade and Other Payables	2,614,366	1,619,537	2,614,366	1,619,537
Loans and Borrowings- Current	3,491,043	1,606,611	3,491,043	1,606,611
Loans and Borrowings- Non Current	1,128,989	823,025	1,128,989	823,025
Total	7,234,398	4,049,173	7,234,398	4,049,173
Company	Carrying Amount		Fair value	
	2022	2021	2022	2021
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Financial Assets				
Trade and Other Receivables	1,347,316	877,895	1,347,316	877,895
Total	1,347,316	877,895	1,347,316	877,895
Financial Liabilities				
Trade and Other Payables	2,951,594	1,785,926	2,951,594	1,785,926
Loans and Borrowings- Current	3,294,143	1,591,899	3,294,143	1,591,899
Loans and Borrowings- Non Current	1,128,989	823,025	1,128,989	823,025
Total	7,374,726	4,200,850	7,374,726	4,200,850

The following describes the methodologies and assumptions used to determine the fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Loans and advances granted to customers with a variable rate are also considered to be carried at fair value in the books.

17. INVENTORIES

	Group		Company	
	2022	2021	2022	2021
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Raw Material	1,523,805	943,320	1,433,783	875,179
Work In Progress	831,075	-	651,042	-
Finished Goods	733,227	827,933	700,774	699,565
Other Materials	139,492	116,702	88,456	87,194
Goods In Transit	374,528	10,247	373,537	8,763
Total	3,602,127	1,898,202	3,247,592	1,670,701

The provision/ (reversal) of the group for obsolete inventory was amounting Rs. 358 Mn (2021- Rs.1.41 Mn - provision reversal) which was recognised in Cost of Sales.

Notes to the Financial Statements

17. INVENTORIES (CONTD.)

17.1 Movement in the Provision for Obsolete Inventory

	Group		Company	
	2022	2021	2022	2021
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
As at 1 April	191,922	193,336	159,237	155,632
Provision Made During the Year	358,595	-	282,565	3,605
Provision Reversed During the Year	-	(1,414)	-	-
As at 31 March	550,517	191,922	441,802	159,237

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Trade Receivables	1,532,096	990,272	1,361,081	856,962
Less: Provision for Doubtful Debts	(39,939)	(26,953)	(33,264)	(21,453)
	1,492,157	963,318	1,327,817	835,509
Amounts Due from Related Parties (Note 18.1)	79,936	10,811	5,701	1,099
Other Receivables	14,356	55,691	13,798	41,287
	1,586,449	1,029,821	1,347,316	877,895

18.1 Amounts Due from Related Parties

	Group		Company	
	2022	2021	2022	2021
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Advantis Projects & Engineering (Pvt) Ltd	133	-	133	-
Unisyst Engineering PLC	5,510	1,600	4,940	1,008
Dpl Universal Gloves Limited	863	-	863	-
Energynet (Pvt) Ltd	-	734	-	30
Fentons Limited	73,430	8,477	(235)	61
	79,936	10,811	5,701	1,099

Trade receivables are non- interest bearing and are generally on 30-90 days terms.

18.2 Movement in the Provision for Doubtful Debts.

	Group		Company	
	2022	2021	2022	2021
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
As at 1 April	26,953	60,774	21,453	45,618
Provision Made During the Year	58,171	-	43,774	-
Write-off Against the Provision	-	(866)	-	(520)
Provision Reversed During the Year	(45,186)	(32,954)	(31,963)	(23,646)
As at 31 March	39,938	26,953	33,264	21,453

18.3 As at 31 March, the ageing analysis of trade receivables is as follows:

Group	Neither Past Due nor Impaired Rs. 000	Past Due but not Impaired				Total (Gross) Rs. 000	Provision for Doubtful Debts Rs. 000	Total (Net) Rs. 000
		< 60 days Rs. 000	61-120 days Rs. 000	121-180 days Rs. 000	> 180 days Rs. 000			
2021	642,154	242,971	53,455	18,298	33,393	990,272	(26,953)	963,318
2022	1,125,543	313,720	50,237	6,174	36,422	1,532,096	(39,939)	1,492,157

Company	Neither Past Due nor Impaired Rs. 000	< 60 days Rs. 000	61-120 days Rs. 000	121-180 days Rs. 000	> 180 days Rs. 000	Total (Gross) Rs. 000	Provision for Doubtful Debts Rs. 000	Total (Net) Rs. 000
2021	544,827	220,128	48,410	17,478	26,119	856,962	(21,453)	835,509
2022	1,001,392	278,614	44,362	5,137	31,576	1,361,081	(33,264)	1,327,817

See Note 30 on credit risk of trade receivables which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

19. ADVANCES AND PREPAYMENTS

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Advances	1,237,405	145,061	1,216,632	135,324
Prepayments	25,012	28,488	23,745	31,378
	1,262,417	173,549	1,240,377	166,702

Advances mainly comprise of advance paid to vendors amounting to Rs. 1,209 Mn (2021 - Rs. 135 Mn) and sundry advances paid to vendors amounting to Rs. 7.4 Mn.

20. CASH AND SHORT TERM DEPOSITS

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Cash at Banks and on Hand	742,320	144,005	719,291	86,265
Short-Term Deposits	123,923	382,965	123,923	382,965
	866,243	526,970	843,214	469,230

Notes to the Financial Statements

20. CASH AND SHORT TERM DEPOSITS (CONTD.)

For the purpose of Statement of Cash Flows, cash and cash equivalents comprise the followings.

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Cash at Banks and on Hand	742,320	144,005	719,291	86,265
Short-Term Deposits	123,923	382,965	123,923	382,965
Short Term Interest Bearing Borrowing	(2,839,651)	(869,961)	(2,642,751)	(855,249)
Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(1,973,408)	(342,991)	(1,799,537)	(386,019)

21. STATED CAPITAL

	Company			
	2022 Number	2022 Rs. 000	2021 Number	2021 Rs. 000
Ordinary Shares	598,605,680	283,735	598,605,680	283,735

All authorised ordinary shares are issued and fully paid

22. RESERVES

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Revaluation Reserve (Note 22.1)	755,057	634,539	711,715	601,889
Capital Reserve	228,056	228,056	228,056	228,056
	983,113	862,595	939,771	829,945

22.1 Revaluation Reserve

	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
As at 1 April	634,539	578,964	601,889	546,551
Revaluation Surplus During the Year	152,952	-	139,952	-
Income Tax Effect on Revaluation Surplus	(27,149)	-	(24,841)	-
Excess Depreciation Transfer on Revaluation Surplus	(5,285)	(5,285)	(5,285)	(5,285)
Adjustment to Opening Deferred Tax on Revaluation Reserve	-	60,860	-	60,623
As at 31 March	755,057	634,539	711,715	601,889

Revaluation Surplus consists of net surplus resulting from the valuation of Property, Plant and Equipement.

22.2 Capital Reserve

Capital reserve was made with funds transferred from retained earnings in previous years with the purpose of purchasing capital nature assets.

22.3 OCI items, Net of Tax

The disaggregation of charges of OCI by each type of reserve on equity is shown below.

Group	Revaluation Reserve Rs. 000	Retained Earnings Rs. 000	Total Rs. 000
As at 31 March 2021			
Remeasurement of Defined Benefit Plan Net of Tax	-	4,200	4,200
Adjustment to Opening Deferred Tax on Revaluation Surplus	60,860	-	60,860
	60,860	4,200	65,060
As at 31 March 2022			
Remeasurement of Defined Benefit Plan Net of Tax	-	(10,194)	(10,194)
Revaluation of Land Net of Tax	125,803	-	125,803
	125,803	(10,194)	115,609
Company			
	Revaluation Reserve Rs. 000	Retained Earnings Rs. 000	Total Rs. 000
As at 31 March 2021			
Remeasurement of Defined Benefit Plan Net of Tax	-	1,122	1,122
Adjustment to Opening Deferred Tax on Revaluation Surplus	60,623	-	60,623
	60,623	1,122	61,745
As at 31 March 2022			
Remeasurement of Defined Benefit Plan Net of Tax	-	(6,473)	(6,473)
Revaluation of Land Net of Tax	115,111	-	115,111
	115,111	(6,473)	108,638

23. PROVISIONS

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Maintenance Warranty				
As at 01 April	15,074	11,624	13,181	9,931
Provisions During the Year	4,613	3,450	3,912	3,250
As at 31 March	19,687	15,074	17,093	13,181

Maintenance warranty provision is recognised for expected warranty claims on Wood Finished products sold.

Notes to the Financial Statements

24. RETIREMENT BENEFIT LIABILITY

The Group measures the present value of Defined Benefit Obligation (PVDBO) which is a defined benefit plan with the advice of an actuary using Project Unit Credit Method.

Changes in the present value of the Retirement Benefit Plan as follows:

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
As at 1 April	140,332	125,288	128,639	111,225
Interest Cost	10,810	12,405	9,902	11,021
Current Service Cost	15,269	13,256	14,055	12,237
Past Service Cost	(1,990)	-	(1,669)	-
Benefit Paid	(10,550)	(5,511)	(9,857)	(4,480)
Actuarial Loss / (Gain)	12,394	(5,106)	7,870	(1,364)
As at 31 March	166,265	140,332	148,940	128,639

24.1 Expense Recognised during the year in Income Statement

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Interest Cost	10,810	12,405	9,902	11,021
Current Service Cost	15,269	13,256	14,055	12,237
Past Service Cost	(1,990)	-	(1,669)	-
	24,089	25,661	22,288	23,258
Actuarial (losses) / gains recognised in Other Comprehensive Income	(12,394)	5,106	(7,870)	1,364

Messrs. Actuarial and Management consultant (Pvt) Ltd, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2022. The principal financial assumptions underling the valuation are as follows.;

24.2 The key assumptions used in determining the cost of employee benefits were:

Discount Rate	15% (2021 - 8%)
Rate of Salary Increase	13.50% (2021 - 7%)
Retirement Age	60 Years as specified by the Company (2021 - 55-60 Years)
Staff Turnover	13%
Mortality	Based on A1967/70 Mortality Table (Institute of Actuaries , London)

24.3 In order to illustrate the significance of the salary escalation rates and discount rates assumed in this valuation a sensitivity analysis for all employees assuming the above is as follows;

As at 31 March 2022

Group				Company			
Salary Increment Rate	Discount Rate	PVDBO	Net Benefit (Expense)	Salary Increment Rate	Discount Rate	PVDBO	Net Benefit (Expense)
13.50%	14%	177,527	(11,262)	13.50%	14%	159,044	(10,104)
13.50%	16%	156,362	9,903	13.50%	16%	140,081	8,859
12.50%	15%	155,514	10,751	12.50%	15%	139,313	9,627
14.50%	15%	178,300	(12,034)	14.50%	15%	159,745	(10,806)

As at 31 March 2021

Group				Company			
Salary Increment Rate	Discount Rate	PVODBO	Net Benefit (Expense)	Salary Increment Rate	Discount Rate	PVODBO	Net Benefit (Expense)
7%	7%	149,043	(8,714)	7%	7%	136,601	(7,963)
7%	9%	132,485	7,845	7%	9%	121,470	7,168
6%	8%	131,773	8,557	6%	8%	120,813	7,825
8%	8%	149,684	(9,354)	8%	8%	137,193	(8,554)

24.4 Average future working life time as per the assumptions made is 6.75 years as of 31 March 2022.

24.5 Maturity Profile of the Defined Benefit Obligation as at 31 March 2022.

	Defined Benefit Obligation			
	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Expected Future Working Life				
Within the Next Twelve Months	15,776	20,932	14,095	19,320
Between One to Five Years	67,306	53,027	59,872	48,596
Between Five to Ten Years	44,029	40,515	40,176	37,192
More than Ten Years	39,154	25,858	34,795	23,531
	166,265	140,332	148,940	128,639

24.6 The Retirement Benefit Plan of the Company was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

As on 17 November 2021, employees who have attained the age of less than;	Retirement age
52 years	60 years
53 years	59 years
54 years	58 years
55 years	57 years

The resulting change in the present value of defined benefit obligation was recognised in Statement of Profit or Loss as a past service income of 1.9 Mn (2020- Nil).

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Trade Payables	1,111,396	885,407	1,060,435	839,974
Payable to Subsidiaries (Note 26.2)	-	-	462,279	258,350
Amounts Due to Related Parties (Note 26.1)	247,697	124,787	245,804	124,052
Other Payables	749,857	194,207	741,601	170,932
Accruals and Sundry Creditors	505,416	415,137	441,475	392,616
	2,614,366	1,619,538	2,951,594	1,785,924

Other payable mainly comprise of advances received amounting to Rs. 578 Mn (2021 - Rs. Nil), other payable amounting to Rs. 42 Mn (2021 - Rs. 85 Mn).

Notes to the Financial Statements

26. AMOUNTS DUE TO RELATED PARTIES

26.1 Amounts Due to Related Parties

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Hayleys PLC	148,795	44,006	147,617	43,722
Dean Foster (Pvt) Ltd	5,686	-	5,686	-
Advantis Freight (Private) Ltd	9,987	4,292	9,607	3,917
Hayleys Business Solutions International (Pvt) Ltd	1,157	385	1,111	328
Logiwiz Limited	74	52	74	52
Advantis Projects & Engineering (Private) Limited	99	1,026	99	1,026
Fentons Limited	22,274	70,844	22,274	70,844
Hayleys Aventura (Pvt) Ltd	1,615	488	1,615	488
Hayleys Travels (Pvt) Ltd	3,712	-	3,712	-
Agility Logistics (Pvt) Ltd	-	128	-	128
Mountain Hawk Expresses (Pvt) Ltd	2,180	265	2,085	246
Kingsbury PLC	932	-	932	-
Puritas (Private) Limited	1,750	1,649	1,556	1,649
Mabroc Teas (Pvt) Ltd	-	223	-	223
Haycarb PLC	8,420	-	8,420	-
Dipped Product PLC	11,482	-	11,482	-
Unisys Engineering PLC	29,534	-	29,534	-
Singer (Sri Lanka PLC)	-	1,430	-	1,430
	247,697	124,787	245,804	124,052

26.2 Payable to subsidiaries

	Company	
	2022 Rs. 000	2021 Rs. 000
Alco Industries (Pvt) Ltd	462,279	258,350
	708,083	382,402

Group / Company

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-120 day terms
- Accrued expenses are non-interest bearing and are normally settled on 30 day terms

Other payables are non-interest bearing and hence on average term of six months. For explanation of group credit risk management process, refer to Note No 30.

27. COMMITMENTS AND CONTINGENCIES

27.1 Capital Expenditure Commitments

The “Group” has following major capital commitments as at 31 March 2022.

Company	Nature of transaction	Capital Commitment Rs. 000
Alumex PLC	216B3 Skid Steer Loaders	5,950
Alumex PLC	Blower Unit	1,192
Alumex PLC	Computer & Equipments, Software And Licence Fees	598
Alumex PLC	Electrical Chain Hoist With Motorised Tr	719
Alumex PLC	Fabrication Of New Roof Fr Pc3	664
Alumex PLC	Fire Protection System	2,688
Alumex PLC	Furniture and Fittings	173
Alumex PLC	Jhon Deere 5050D Mf Wd Tractor	4,330
Alumex PLC	Maintenance And Improvements	4,194
Alumex PLC	Scrap Yard	3,932
Alumex PLC	Melting plant	130,073
		155,237

27.2 Litigation, Disputes and Contingent Liabilities

There are no material legal, arbitration or mediation proceedings pending against the Company that would materially affect the current financial position of future operations or profits of the Company. The Company was not involved in any legal, arbitration or mediation proceedings in the recent past which had any significant effects on the company's financial position or profitability.

The contingent liabilities as at 31 March 2022 on guarantees given by Company and Group to third parties amounted to Rs 26.6 Mn & Rs 31.8 Mn respectively (2021 - Rs 8.5 Mn & 9.1 Mn).

Company has received a claim from the Department of Labour for surcharge payments on the grounds of delayed EPF contributions made to the Central Bank of Sri Lanka 15 years before, for a value of Rs. 2 Mn and its still being discussed with Department of Labour and the Central Bank of Sri Lanka.

There are no material contingent liabilities, except the above mentioned items, that would affect current and future profits of the Company as at 31 March 2022.

28. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no events that has occurred as at 31 March 2022 which require adjustment in the Financial Statements.

The Government of Sri Lanka in its Budget for 2022 proposed a one-time tax, referred to as a surcharge tax, at the rate of 25% and is applicable to the Hayleys Group as the collective taxable income of Companies belonging to the Group, calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeds Rs. 2,000 Mn, for the year of assessment 2020/2021. The tax is imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on 7th April 2022. As the law imposing the surcharge tax was enacted after the reporting period end, the Financial Statements for the year ended 31 March 2022 do not reflect the tax liability that would arise in consequence, the amount of which is best estimated at Rs. 63 Mn since the taxable income for the year of assessment 2020/21 was Rs. 252.4 Mn.

The Monetary Board of the Central Bank of Sri Lanka, at its meeting held on 08 April 2022, decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 700 basis points to 13.50 per cent and 14.50 per cent, respectively, effective from the close of business on 08 April 2022. The policy response was made by the Central Bank of Sri Lanka after the reporting period and consequently, no adjustments were necessary to the amounts recognized in the Financial Statements. Given the continuing volatility of interest rate movement that resulted as a consequence of this policy decision, we are not able to make a reliable estimate of its financial effect.

Notes to the Financial Statements

29. RELATED PARTY DISCLOSURES

29.1 Transactions with the Key Management Personnel

(A) Loans to Directors

No loans have been given to the Directors of the Company/Group.

(B) Key Management Personnel Compensation

Key management personnel comprises the Directors of the Company and details of compensation are given in Note 08 to the Financial Statements. There were no other transactions with key management personnel during the year.

29.2 Transaction With Parent, Subsidiaries and Other Related Companies

The Financial Statements include the Financial Statements of the Group and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity Interest	
		2022	2021
Alco Industries (Pvt) Ltd	Sri Lanka	100	100

The following table provides the total amount of transactions that the Company have been entered into with related parties for the relevant financial year (for information regarding outstanding balances at 31 March 2022, 31 March 2021, refer to Notes 18 and 26):

		Sales to Related Parties Rs. 000	Purchases from Related Parties Rs. 000	Net Funds Transfer from / (to) Related Parties Rs. 000	Amounts Due from Related Parties Rs. 000	Amounts Due to Related Parties Rs. 000
Parent :						
Hayleys PLC	2022	-	391,601	(435,322)	-	147,617
	2021	-	101,206	(213,582)	-	43,722
Subsidiaries :						
Alco Industries (Pvt) Ltd	2022	509,175	470,922	(242,181)	-	462,279
	2021	240,854	114,820	54,936	-	258,350
Entities with significant influence over the Group						
Hayleys Business Solutions International (Pvt) Ltd	2022	-	3,736	-	-	1,111
	2021	-	1,555	1,586	-	328
Haycarb PLC	2022	-	22,903	-	-	8,420
	2021	-	-	-	-	-
Hayleys Travels (Pvt) Ltd	2022	-	5,705	-	-	3,712
	2021	-	-	-	-	-
The Kingsbury PLC	2022	-	1,004	-	-	932
	2021	-	-	-	-	-
Puritas (Pvt) Ltd	2022	-	7,435	-	-	1,556
	2021	-	3,679	5,137	-	1,649
Advantis Projects & Engineering (pvt) Ltd	2022	2,741	-	-	133	99
	2021	169	1,027	(975)	-	1,026
Advantis Freight (Pvt) Ltd	2022	-	82,866	-	-	9,608
	2021	-	18,150	16,087	-	3,917
Unisyst Engineering PLC	2022	84,133	37,552	-	4,940	29,534
	2021	64,020	-	(112,935)	1,008	-

		Sales to Related Parties Rs. 000	Purchases from Related Parties Rs. 000	Net Funds Transfer from / (to) Related Parties Rs. 000	Amounts Due from Related Parties Rs. 000	Amounts Due to Related Parties Rs. 000
Logiwiz Limited	2022	-	1,432	-	-	74
	2021	-	279	315	-	52
DPL Universal (Pvt) Ltd.	2022	883	-	-	863	-
	2021	-	-	-	-	-
COSCO Lanka (Pvt) Ltd	2022	-	492	-	-	-
	2021	-	-	-	-	-
MIT Cargo (Pvt) Ltd	2022	-	344	-	-	-
	2021	-	-	-	-	-
Hayleys Agriculture Holdings Ltd	2022	-	1,582	-	-	-
	2021	-	-	-	-	-
Dean Foster (Pvt) Ltd	2022	-	14,214	-	-	5,686
	2021	-	-	-	-	-
Dipped Product PLC	2022	-	44,098	-	-	11,482
	2021	-	-	-	-	-
Mabroc Teas (Pvt) Ltd	2022	-	6,508	-	-	-
	2021	-	337	257	-	223
Hayleys Aventura (Pvt) Ltd	2022	-	25,402	-	-	1,615
	2021	-	1,301	2,142	-	488
Mountain Hawk Express (Pvt) Ltd	2022	-	11,265	-	-	2,085
	2021	-	5,156	5,390	-	246
Quality Seeds (Pvt) Ltd	2022	373	-	-	-	-
	2021	-	-	-	-	-
Hayleys Lifescience (Pvt) Ltd	2022	-	1,468	-	-	-
	2021	-	-	-	-	-
Fentons Ltd	2022	(72)	49,899	-	(235)	22,274
	2021	21	134,191	-	61	70,844
Agility Logistics	2022	-	44	-	-	-
	2021	-	137	9	-	128
D P L Premier Gloves Limited	2022	-	4,192	-	-	-
	2021	-	-	-	-	-
CMA-CGM Lanka (Pvt) Ltd	2022	-	1,143	-	-	-
	2021	-	-	-	-	-
Hanwella Rubber Products Ltd	2022	-	1,747	-	-	-
	2021	-	-	-	-	-
Chas P Hayley & Co	2022	-	3,827	-	-	-
	2021	-	-	-	-	-
Energynet (Pvt) Ltd	2022	-	-	-	-	-
	2021	290	-	(2,014)	30	-
Singer (Sri Lanka) PLC	2022	-	3,034	-	-	-
	2021	-	2,286	1,972	-	1,430

There were no non recurrent related party transactions which aggregate value exceeds 10% of Equity or 5% of total Assets and there were no recurrent related party transactions which aggregate value exceeds 10% of gross revenue.

Notes to the Financial Statements

29. RELATED PARTY DISCLOSURES (CONTD.)

29.2 Transaction With Parent, Subsidiaries and Other Related Companies (Contd.)

The ultimate parent

The ultimate parent of the Group is Hayleys PLC

The Entity with significant influence over the Company

Advantis Projects & Engineering (pvt) Ltd, Advantis Freight (Pvt)Ltd, Unisyst Engineering PLC, Logiwiz Limited, COSCO Lanka (Pvt) Ltd, MIT Cargo (Pvt) Ltd, Hayleys Agriculture Holdings Ltd, Dean Foster, Dipped Product PLC, Mabroc Teas (Pvt) Ltd, Hayleys Aventura (Pvt) Ltd, Mountain Hawk Express (Pvt) Ltd, Quality Seeds (Pvt) Ltd, Hayleys Lifescience (Pvt) Ltd, Fentons Ltd, Hayleys Leisure Holdings (Pvt) Ltd, Agility Logistics, D P L Premier Gloves Limited, CMA-CGM Lanka (Pvt) Ltd, Hanwella Rubber Products Ltd, Chas P Hayley & Co, Energynet (Pvt) Ltd, Singer (Sri Lanka) PLC, Hayleys Business Solutions International (Pvt) Ltd, Haycarb PLC, Hayleys Travels (Pvt) Ltd, Hayleys Electronics Lighting (Pvt) Ltd, Hayleys Industrial Solutions (Pvt) Ltd, The Kingsbury PLC, Puritas (Pvt) Ltd are subsidiaries of Hayleys PLC.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 March 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2021 - Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

30. FINANCIAL MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management

The Company has exposure to the following risks from financial instruments:

- 1 Credit Risk
- 2 Liquidity Risk
- 3 Operational Risk
- 4 Market Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has delegated this responsibility to the Audit Committee which is supported by the Senior Management of the of the Group in identifying, measuring and managing the risks of the Company.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group Senior Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the senior management; these limits are reviewed quarterly. Customers

that fail to meet the Group's benchmark creditworthiness may transact with the Company only on a prepayment basis. Outstanding customer receivables are regularly monitored.

More than 75% of the Group's customers have been transacting with the Company for over five years, and no impairment loss has been recognised against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific provision that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs.1,347 Mn (2021 - Rs. 877 Mn) which is disclosed in Note 18. The Company evaluates the concentration of risk with respect to trade receivables as low.

Cash and Cash Equivalents

The Group/Company held cash and cash equivalents of Rs.866 Mn and Rs. 843 Mn respectively as at 31 March 2022 (2021 - Rs. 527 Mn and Rs. 469 Mn) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which Group cash balances held are as follows;

- Commercial Bank of Ceylon PLC - AA (lka)
- Sampath Bank PLC - AA (lka)
- Bank of Ceylon - AA- (lka)
- DFCC Bank - A+ (lka)
- Hatton National Bank PLC - AA (lka)
- Standard Chartered Bank - AAA (lka)
- Nation Trust Bank PLC - A (lka)
- Deutsche Bank - BBB+
- People's Bank - AA (lka)

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Group maintains a portfolio of short-term liquid assets, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole. The liquidity requirements of business units and subsidiaries are met through short-term loans from intercompany fund transfers to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

The monthly liquidity position is monitored. All liquidity policies and procedures are subject to review and approval by Chief Financial Officer. Daily reports cover the liquidity position of both the parent and operating subsidiaries. A summary report, including any exceptions and remedial action taken, is submitted regularly to Chief Financial Officer.

Notes to the Financial Statements

30. FINANCIAL MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

The table below summarises the maturity profile of the Group/ Company financial liabilities based on contractual undiscounted payments.

Group

Year ended 31 March 2022

	On Demand RS. 000	Less than 3 Months RS. 000	3 to 12 Months RS. 000	1 to 5 years RS. 000	>5 years RS. 000	Total RS. 000
Interest-Bearing Loans and Borrowings	181	3,054,562	436,300	1,128,989	-	4,620,032
Other Liabilities	19,687	-	-	-	-	19,687
Trade and Other Payables	279,348	1,405,823	929,195	-	-	2,614,366
	299,216	4,460,385	1,365,495	1,129,989	-	7,254,085

Company

Year ended 31 March 2022

	On Demand RS. 000	Less than 3 Months RS. 000	3 to 12 Months RS. 000	1 to 5 years RS. 000	>5 years RS. 000	Total RS. 000
Interest-Bearing Loans and Borrowings	181	2,857,662	436,300	1,128,989	-	4,423,132
Other Liabilities	17,093	-	-	-	-	17,093
Trade and Other Payables	222,658	1,159,745	1,569,191	-	-	2,951,594
	239,932	4,017,407	2,005,491	1,128,989	-	7,391,819

Gross loan commitments shown above differs from the amount included in the Statement of Financial Position as amount shown there is excluding loan interest commitments

Operational Risk

Operational Risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational Risks arise from all of the Company's operations.

The company's objective is to manage Operational Risk, so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address Operational Risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: Interest Rate Risk, Currency Risk, Commodity Price Risk and Other Price Risk, such as equity price risk. Financial instruments affected by market risk include loans and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest Rate Risk

The Company adopts a policy of ensuring that 8.28 % percent floating interest rate on borrowings, taking into account assets with exposure to changes in interest rates. This is achieved by maintaining proper mix of interest rate on borrowings based on the market.

The following table demonstrate the sensitivity to a reasonably possible change in the interest rate on the portion of loan and borrowing affected with all other variables held constant. The Group's and Company's Profit Before Tax is affected through the impact on floating rate borrowings as follows;

	Increase/ Decrease in Interest Rate	Effect on Profit Before Tax	
		2022 Group Rs. 000	2022 Company Rs. 000
Only Using	.+ 5%	141,778	136,905
Interest-Bearing Loans and Borrowings	. - 5 %	(141,778)	(136,905)

Foreign Currency Risk

The following table demonstrate the sensitivity to a reasonably possible change in the US Dollar rate with all other variables held constant. The impact on the Group's and Company's Profit Before Tax due to the change in the change in exchange rate is as follows.

	2022	
	Group Rs.'000	Company Rs.'000
Liability -Creditor	446,377	442,277
Assets -Deposit	(986,488)	(974,199)
Net Position	(540,110)	(531,922)
If Rupee Depreciated by 20%	(648,133)	(638,306)
Impact to the PBT	(108,022)	(106,384)
If Rupee Appreciated by 20%	(432,088)	(425,537)
Impact to the PBT	108,022	106,384

Notes to the Financial Statements

30. FINANCIAL MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Commodity Price Risk

The Group is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase of Aluminium. Due to the significantly increased volatility of the price of the underlying, the company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Based on 03 months forecast of required Aluminium supply, the group hedges the purchase price using forward commodity purchase controls. The forecast is deemed to be highly probable.

Forward contract with a physical delivery that qualify for normal purchase, sale or usage and that are therefore not recognised as derivatives.

The following table shows the effect of price changes in Raw Aluminium on the profit before tax.

	Change in Year-End Price	Effect on Profit Before Tax 2022 Group Rs. 000	2022 Company Rs. 000
Raw Aluminium	+5%	(248,390)	(197,686)
	-5%	248,390	197,686

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves and retained earnings of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group's net debt to adjusted equity ratio at the reporting date was as follows;

	Group		Company	
	2022 Rs. 000	2021 Rs. 000	2022 Rs. 000	2021 Rs. 000
Interest Bearing Loans and Borrowings	4,923,379	2,635,108	4,726,478	2,620,396
	4,923,379	2,635,108	4,726,478	2,620,396
Equity	3,882,002	2,973,650	2,955,867	2,239,646
Equity and Net Debts	8,805,380	5,608,758	7,682,345	4,860,042
Gearing Ratio	55.91%	46.98%	61.52%	53.92%

31. SEGMENT REPORTING

A segment is a distinguishable component engaged in selling of goods services and that is subject to risks and returns that are different to those of other segments. The Group does not have materially distinguishable components which exceeds quantitative threshold under an operating segment or meet the reportable criteria to be identified as a segment as all operations are treated as one segment.

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INVESTOR INFORMATION (APPENDIX I)

TOP 20 SHAREHOLDERS

Name of the Shareholder	No.of Shares as at 31.03.2022	%	No.of Shares as at 31/03/2021	%
1 Hayleys PLC	314,826,064	52.59	314,826,064	52.59
2 Akbar Brothers Pvt Ltd A/C No. 1	80,169,400	13.39	80,169,400	13.39
3 Dean Foster (Pvt) Ltd A/C No. 1	28,427,800	4.75	28,427,800	4.75
4 Mr.D.W.P.N.Dediwela	21,338,400	3.56	21,338,400	3.56
5 Rosewood (Pvt) Ltd - Account No.01	16,342,620	2.73	42,439,330	7.09
6 Sampath Bank PLC/ Dr. T.Senthilvel	7,800,000	1.30	-	-
7 DFCC Bank PLC/J N Lanka Holdings Company (Pvt) Ltd	4,279,272	0.71	-	-
8 Deutsche Bank AG-National Equity Fund	4,108,164	0.69	1,446,600	0.24
9 AIA Insurance Lanka Limited A/c No.07	3,186,963	0.53	-	-
10 Mr. K.D.H. Perera	2,944,907	0.49	2,000,000	0.33
11 Hatton National Bank PLC-NDB Wealth Growth and Income Fund	2,266,037	0.38	-	-
12 Bank of Ceylon No. 1 Account	2,254,360	0.38	-	-
13 Mr. T.H.D.I.U. Thrimanne	2,162,080	0.36	2,162,080	0.36
14 Mr. J.W.Nanayakkara/Mrs. H.D. Nanayakkara	2,100,000	0.35	10,000	0.00
15 Mr. A.M. Weerasinghe	2,000,000	0.33	2,104,840	0.35
Mr. S.S. Fonseka/Mr. K.K. Fonseka	2,000,000	0.33	-	-
16 Seylan Bank PLC/R.K. Dickman	1,800,000	0.30	-	-
17 Hatton National Bank PLC/M.M. Fuad	1,710,941	0.29	1,085,350	0.18
18 People's Leasing & Finance PLC/Hi Line Trading (Pvt) Ltd	1,650,851	0.28	550,000	0.09
19 Mr. A.L.F. de Mel	1,600,000	0.27	-	-
Keystone (Private) Limited	1,600,000	0.27	-	-
20 Rubber Investment Trust A/c No. 01	1,570,000	0.26	-	-
	506,137,859	84.54	-	-
OTHERS	92,467,821	15.46	-	-
TOTAL	598,605,680	100.00	-	-

DIRECTORS' SHAREHOLDINGS-(AS DEFINED IN COLOMBO STOCK EXCHANGE RULES)

Name of the Director	As at 31/03/2022	As at 31/03/2021
Mr.A.M.Pandithage	20,000	20,000
Mr.D.W.P.N.Dediwela	21,338,400	21,338,400
Mr.S.C.Ganegoda	380,000	380,000
Mr.R.P.Pathirana	487,898	487,898
Mr.S.Munaweera	40,000	40,000
Mr.R.P.P.K. Rajapaksha	39,814	39,814
Total	22,306,112	22,306,112

PUBLIC HOLDING

Percentage of public holding as at 31.03.2022 (%)	22.80
Market Capitalisation	4,369,821,464
Float adjusted market capitalisation as at 31st March 2022 was Rs.	996,403,893.20

The percentage of shares held by public as per the Colombo Stock Exchange Rules as at 31st March 2022, was 22.80% (2021 - 18.44%) held by 4985 ordinary shareholder (2021 - 4187).

* The Company complies with option 2 of the Listing Rules 7.14.1 (b) – Less than Rs.1 Bn Float Adjusted Market Capitalisation which requires 10% minimum Public Holding.

ORDINARY SHAREHOLDERS AS AT 31ST MARCH 2022

No. of shares held	Residents			Non-residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1-1,000	2,139	786,650	0.13	4	1,560	0.00	2,143	788,210	0.13
1,001-10,000	1,851	7,739,535	1.29	6	35,885	0.01	1,857	7,775,420	1.30
10,001-100,000	788	26,822,597	4.48	6	174,970	0.03	794	26,997,567	4.51
100,001-1,000,000	169	46,804,456	7.82	4	1,625,500	0.27	173	48,429,956	8.09
OVER 1,000,000	30	514,614,527	85.97	-	-	0.00	30	514,614,527	85.97
	4,977	596,767,765	99.69	20	1,837,915	0.31	4,997	598,605,680	100.0000

No. of shares held	Residents			Non-residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%

Category

Individuals	4,700	94,362,498	15.76	20	1,837,915	0.31	4,720	96,200,413	16.07
Institutions	277	502,405,267	83.93	-	-	0.00	277	502,405,267	83.93
	4,977	596,767,765	99.69	20	1,837,915	0.31	4,997	598,605,680	100.00

As at 31st March 2022, there were 4,997 (31st March 2021 - 4,200) registered shareholders.

Investor Information (Appendix I)

SHARE TRADING INFORMATION

For The Three Months Ended 31.03.2022

	2021/22	Date	2020/21	Date
Highest Price	Rs. 18.40	10/01/2022	32.20*	21.01.2021
Lowest Price	Rs. 7.00	30/03/2022	9.70**	19.03.2021
Closing Price	Rs. 7.30	31/03/2022	10.80	31.03.2021
No. of Transactions	11,316		17,442	
No. of shares traded	46,697,412		79,344,304	
Value of shares traded (Rs.)	659,914,823.90		1,894,922,447.00	

For The Twelve Months Ended 31.03.2022

	2021/22	Date	2020/21	Date
Highest Price	Rs. 18.40	10/01/2022	32.20*	21.01.2021
Lowest Price	Rs. 7.00	30/03/2022	6.00*	15.12.2020
Closing Price	Rs. 7.30	31/03/2022	10.80	21.03.2021
No. of Transactions	52,177		37,783	
No. of shares traded	323,924,166		16,284,517	
Value of shares traded	4,568,504,836.50		3,470,230,479.50	

* Prior to the sub-division of shares

** Subsequent to the sub division of shares

TEN YEAR SUMMARY (APPENDIX II)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Turnover	9,595,282	6,021,532	4,729,950	5,031,000	4,422,461	4,634,761	3,915,668	3,241,483	2,749,348	2,429,911
Profit Before Tax	1,381,755	1,022,298	66,887	176,835	514,726	1,016,400	801,260	612,800	464,067	377,788
Taxation	(229,849)	(181,287)	(36,038)	(50,355)	(150,368)	(262,904)	(212,137)	(135,805)	(85,113)	(71,788)
Profit After Tax	1,151,906	841,011	30,849	126,480	364,358	753,496	589,123	476,995	378,954	306,347
Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-
Profit Attributable to the Group	1,151,906	841,011	30,849	126,480	364,358	753,496	589,123	476,995	378,954	306,347
Funds Employed										
Stated Capital	283,735	283,735	283,735	283,735	283,735	283,735	283,735	283,735	283,735	33,735
Reserves	983,113	862,595	807,020	812,305	665,481	780,323	684,503	738,284	685,355	693,672
Retained Earnings	2,615,154	1,827,320	1,291,090	1,257,256	1,303,415	1,251,876	930,218	667,586	477,325	256,713
Assets Employed										
Non-Current Assets	4,752,064	4,045,857	3,805,099	3,828,096	3,335,359	1,957,941	1,332,559	1,290,118	965,371	969,374
Current Assets	7,317,236	3,628,542	2,992,572	3,148,422	3,067,145	2,305,879	1,547,307	1,350,736	1,209,784	730,630
Current Liability Net of Borrowings	2,859,333	1,681,094	894,208	1,173,347	1,136,353	1,190,794	813,753	770,632	536,719	415,286
Capital Employed	8,805,380	5,608,756	5,536,202	5,440,646	4,936,370	2,875,637	1,901,540	1,707,279	1,499,130	1,151,834
Cash Flow										
Net Cash Inflow/Outflow from Operating Activities	(838,744)	1,750,136	187,623	80,162	(300,316)	523,680	494,194	482,226	300,995	403,253
Net Cash Inflow/Outflow from Investing Activities	(733,031)	(287,737)	(150,710)	(466,898)	(1,458,418)	(619,429)	(126,623)	(324,065)	(70,910)	(45,659)
Net Cash Inflow/Outflow from Financing Activities	(58,642)	(862,266)	282,508	77,814	687,482	74,927	(439,601)	(208,637)	(27,541)	(259,636)
Net Increase/Decrease in Cash and Cash Equivalents	(1,630,418)	600,133	319,421	(308,922)	(1,071,253)	(20,820)	(72,030)	(50,476)	202,545	97,958
Key Indicators										
Current Ratio	1.15	1.10	1.12	1.03	1.14	1.85	1.90	1.72	2.12	1.38
Gearing Ratio	55.91	46.98	56.98	75	54.37	19.46	0.16	1.04	3.52	14.60
Asset Turnover Ratio	0.80	0.78	0.70	0.72	0.69	1.08	1.36	1.23	1.26	1.43
Earnings Per Share	1.92	1.40	0.05	0.21	0.61	1.26	0.98	0.80	0.67	0.55
Dividends Per Share	0.60	0.53	-	0.30	0.53	0.73	0.50	0.50	0.27	0.21
Net Assets Per Share	6.49	4.97	3.98	3.93	3.77	3.87	3.17	2.83	2.42	1.75
Return on Average Shareholders' Funds	33.60	31.41	1.30	5.49	15.95	35.76	32.65	30.00	31.00	36.00
Return on Capital Employed	20.64	23.00	8.32	11.45	13.08	36.52	42.76	35.81	32.00	36.00
Price Earnings Ratio	3.79	7.31	69.86	23.66	13.88	7.55	7.82	9.91	10.59	-
Interest Cover	5.55	5.62	1.29	1.81	5.47	166	948	220	48.17	9.00
Dividend Payout Ratio %	31.18	38.00	-	141.98	86.25	57.60	50.80	63.00	39.00	38.00

HISTORY OF DIVIDENDS AND SCRIP ISSUES (APPENDIX III)

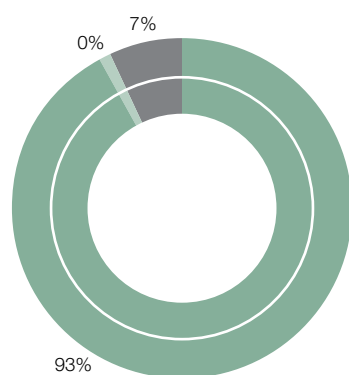
Year ended 31st March	Issue	Basis	No of Shares '000	Cum. No. of Shares '000	Dividend	Dividend Rs. '000
2014	Initial Capital/ Share Split	1:140	281,446	281,446	-	-
	Initial Public Offering	-	17,857	299,303	-	-
	Dividend	-	-	299,303	Rs. 0.53 P.S	157,164
2015	Dividend	-	-	299,303	Rs. 1.00 P.S	299,303
2016	Dividend	-	-	299,303	Rs. 1.00 P.S	299,303
2017	Dividend	-	-	299,303	Rs. 1.45 P.S	433,989
2018	Dividend	-	-	299,303	Rs. 1.05 P.S	314,268
2019	Dividend	-	-	299,303	Rs. 0.60 P.S	179,582
2020	Dividend	-	-	299,303	-	-
2021	Share Split	1:2	299,303	598,606	-	-
	Dividend	-	-	598,606	Rs. 0.53 P.S	314,268
2022	Dividend	-	-	598,606	Rs. 0.60 P.S	359,164

GROUP VALUE ADDITION AND DISTRIBUTION (APPENDIX IV)

For the Year Ended 31st March	Consolidated	
	2022 Rs. Mn	2021 Rs. Mn
Value Created		
Revenue from Contracts with Customers	9,595	6,022
Other Income & Gain	53	44
VAT Output	716	489
	10,364	6,554

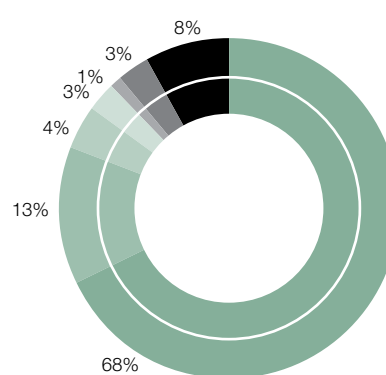
For the Year Ended 31st March	Consolidated			
	Share	2022 Rs. Mn	Share	2021 Rs. Mn
Value Distributed				
Cost of materials and services bought in	69%	7,114	62%	4,046
To Employees as Remuneration	13%	1,335	12%	799
To Government Revenue	4%	382	5%	341
To Shareholders as Dividend	3%	359	5%	314
To Lenders of Capital	1%	106	3%	210
To Community Investment	-	15	-	6
	-	-	-	-
Value Retained for Expansion & Growth	-	-	-	-
- Depreciation	3%	292	4%	234
- Deferred Tax	0%	(31)	1%	62
- Profit Retained	8%	793	8%	527
	100%	10,350	100%	6,548

Value Created (%)



- Revenue from Contracts with Customers
- Other Income & Gain
- VAT Output

Value Distributed (%)



- Cost of materials and services bought in
- Employees as Remuneration
- Government Revenue
- Shareholders as Dividend
- Lenders of Capital
- Value Retained for Expansion & Growth
- Depreciation
- Profit Retained

INDEPENDENT ASSURANCE REPORT (APPENDIX V)



KPMG
(Chartered Accountants)
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We have been engaged by the Directors of Alumex PLC ("the Company") to provide reasonable assurance and limited assurance in respect of the Sustainability Indicators as identified below for the year ended 31 March 2022. The Sustainability Indicators are included in the Alumex PLC's Integrated Annual Report for the year ended 31 March 2022 (the "Report").

The Reasonable Assurance Sustainability Indicators covered by our reasonable assurance engagement are:

Assured Sustainability Indicators	Integrated Annual Report Page
Performance Highlights	
➤ Earnings Highlights and Ratios	34
➤ Financial Position Highlights and Ratios	

The Limited Assurance Sustainability Indicators covered by our limited assurance engagement are:

Limited Assurance Sustainability Indicators	Integrated Annual Report Page
Performance Highlights	
➤ Market / Shareholder Information	36
➤ Others	
➤ Interest Rate of Comparable Government Security	
Performance Highlights	
➤ Consolidated Statement of Social Performance	35
➤ Consolidated Statement of Environmental Performance	
➤ Consolidated Statement of Economic Performance	
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Manufactured Capital	67 - 71
Intellectual Capital	72 - 79
Human Capital	80 - 96
Social & Relationship Capital	97 - 106
Natural Capital	107 - 114

OUR CONCLUSIONS

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

REASONABLE ASSURANCE SUSTAINABILITY INDICATORS

In our opinion, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2022 are, in all material respects, prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

LIMITED ASSURANCE SUSTAINABILITY INDICATORS

Based on the limited assurance procedures performed and the evidence obtained, as described below, nothing has come to our attention that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2022, have not in all material respects, been prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA
W.J.C. Perera FCA
W.K.D.C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W.A.A. Weerasekara CFA, ACMA, MRICS



MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

These responsibilities includes establishing such internal controls as management determines are necessary to enable the preparation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

OUR RESPONSIBILITY

Our responsibility is to express a reasonable assurance conclusion on the Company's preparation and presentation of the Reasonable Assurance Sustainability Indicators and a limited assurance conclusion on the preparation and presentation of the Limited Assurance Sustainability Indicators included in the Report, as defined above.

We conducted our assurance engagement in accordance with Sri Lanka Standard on

Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

SLSAE 3000 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Reasonable Assurance Sustainability Indicators are free from material misstatement and limited assurance about whether the Limited Assurance Sustainability Indicators are free from material misstatement.

Our firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REASONABLE ASSURANCE OVER REASONABLE ASSURANCE SUSTAINABILITY INDICATORS

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the Reasonable Assurance Sustainability Indicators whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the Reasonable Assurance Sustainability Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes

of expressing a conclusion as to the effectiveness of the Company's internal control over the preparation and presentation of the Report.

Our engagement also included assessing the appropriateness of the Reasonable Assurance Sustainability Indicators, the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines, used by the Company in preparing and presenting the Reasonable Assurance Sustainability Indicators within the Report, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations of the Reasonable Assurance Sustainability Indicators.

LIMITED ASSURANCE ON THE ASSURED SUSTAINABILITY INDICATORS

Our limited assurance engagement on the Limited Assurance Sustainability Indicators consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Indicators, and applying analytical and other procedures, as appropriate.

These procedures included:

- interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance Sustainability Indicators;

Independent Assurance Report (Appendix III)



- enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Indicators, including the aggregation of the reported information;
- comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- reading the Limited Assurance Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company;
- reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Indicators.

PURPOSE OF OUR REPORT

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Reasonable and

Limited Assurance Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and for no other purpose or in any other context.

RESTRICTION OF USE OF OUR REPORT

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.

Chartered Accountants
Colombo

03 May 2022

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS (APPENDIX VI)



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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Colombo 00300, Sri Lanka.

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Fax : +94 - 11 244 5872
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We have been engaged by the Directors of Alumex PLC (“the Company”) to provide limited assurance in respect of the Integrated Report for the year ended 31st March 2022 (the “Integrated Report”). The criteria used as a basis of reporting is the content elements of the International Integrated Reporting Council (IIRC)’s Integrated Reporting Framework (<IR> Framework) as disclosed in this Integrated Report.

BASIS FOR CONCLUSION

We conducted our work in accordance with the Sri Lankan Standard on Assurance Engagements SLSAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Company’s Integrated Report, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- Ensuring that the engagement team possess the appropriate knowledge, skills and professional competencies.

OUR CONCLUSION

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

We have not been engaged to provide an assurance conclusion on the fitness for purpose or the operating effectiveness of the Company’s strategy or how the Company creates value, including the governance, strategic management and other key business processes. The procedures we have performed in relation to the Company’s strategy and how the Company creates value are outlined below.

Limited Assurance Integrated Report

Based on the limited assurance procedures performed and evidence obtained, as described below, nothing has come to our attention that causes us to believe that the Integrated Report, as defined

above, for the year ended 31st March 2022, has not in all material respects, been prepared in accordance with the Content Elements of the IIRC’s International Integrated <IR> Framework.

BOARD OF DIRECTORS AND MANAGEMENT’S RESPONSIBILITY

The Board of Directors and Management are responsible for:

- Determining that the criteria is appropriate to meet the needs of intended users, being the company’s members and any other intended users.
- Preparing and presenting of the Report in accordance with the criteria set out in the IIRC’s <IR> Framework. This includes disclosing the criteria, including any significant inherent limitations.
- Ensuring the Company’s strategy is well presented in the Company’s Integrated Report and reflects how the Company creates value as they operate in practice
- Identifying stakeholders and stakeholder requirements;
- Identifying material issues and reflecting those in the Company’s Integrated Report; and

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA
W.J.C. Perera FCA
W.K.D.C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W.A.A. Weerasekara CFA, ACMA, MRICS

Independent Limited Assurance Report to the Directors (Appendix vi)



- Preparation and fair presentation of the Integrated reporting information; Design and implementation of internal controls that the company determines necessary to enable the preparation and presentation of the Integrated Report that is free from material misstatement, whether due to fraud or error.
- Informing us of any known and/or contentious issues relating to the Integrated Report.
- Preventing and detecting of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities;
- Process to ensure that the Company personnel involved with the preparation and presentation of the integrated reporting information are properly trained, systems are properly updated and that any changes in reporting is relevant to the integrated report information encompass all significant business units. This responsibility also includes informing us of any changes in the Company's operations.
- The responsibility also includes informing changes in the Company's Operations since the date of our most recent assurance report on the Integrated reporting information.

OUR RESPONSIBILITY

Our responsibility is to perform an external assurance engagement in relation to the Integrated Report and to issue an assurance report that includes our conclusions.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits

or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

SLSAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the Integrated Report is free from material misstatement.

Our firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

LIMITED ASSURANCE ON THE INTEGRATED REPORT

Our limited assurance engagement on the Integrated Report consisted of making enquiries, primarily of persons responsible for the preparation of the Integrated Report, and applying analytical and other procedures, as appropriate. These procedures included:

1. Interviews with executives, senior management and relevant staff to understand the internal controls, governance structure and reporting process relevant to the Report;
2. Reviewing of the relevant internal policies and procedures developed by the Company, including those relevant to determining what matters most to the Company's stakeholders, how the Company creates value, the Company's

external environment, strategy, approaches to putting members first, governance and reporting.

3. Reviewing the description of the Company's strategy and how the Company creates value in the Report and enquiring of management as to whether the description accurately reflects their understanding;
4. Assessing of the suitability and application of the Content Elements of the <IR> Framework in the Report;
5. Assessing of the alignment between the Company's strategy, the disclosures on how the Company creates value and what matters most to the Company's stakeholders.
6. Reviewing Board minutes to ensure consistency with the content of the Report.
7. Reviewing the Report in its entirety to ensure it is consistent with our overall knowledge obtained during the assurance engagement.
8. Obtaining a letter of representation from management dated 3 May 2022 on the content of the Company's Integrated Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Integrated Report.



Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Company.

LIMITATIONS OF OUR REVIEW

The Integrated Report includes prospective information. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report.

PURPOSE OF OUR REPORT

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Integrated Report is prepared in accordance with the IIRC's International <IR> Framework and for no other purpose or in any other context.

RESTRICTION OF USE OF OUR REPORT

This report has been prepared for the Company for the purpose of providing an assurance conclusion on the Integrated Report and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Company, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our

report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.

Chartered Accountants
Colombo

03 May 2022

GRI CONTENT INDEX (APPENDIX VII)

GRI Disclosure	Disclosure Title	Topic Reference/Comments	Page Reference
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Disclosure 102-03	Location of headquarters	About Us	Page 18
Disclosure 102-04	Location of operations	About Us	Page 18
Disclosure 102-05	Ownership and legal form	About Us	Page 18
Disclosure 102-06	Markets served	About Us / Social and Relationship Capital - Customers	Pages 18, 97 - 98
Disclosure 102-07	Scale of the organisation	About Us / Value Creation Model	Pages 18, 24 - 25
Disclosure 102-08	Information on employees and other workers	Human Capital	Pages 81 - 82
Disclosure 102-09	Supply chain	Social and Relationship Capital – Suppliers	Pages 101 - 102
Disclosure 102-10	Significant changes to the organisation and its supply chain	Annual Report of the Board of Directors on the affairs of the Company	Pages 101 - 148
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Disclosure 102-12	External initiatives	About this Report	Page 4
Disclosure 102-13	Membership of associations	Social and Relationship Capital – Community Development	Pages 103 - 104
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Topic: Governance			
Disclosure 102-18	Governance structure	Corporate Governance	Pages 130 - 143
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Disclosure 102-43	Approach to stakeholder engagement	Stakeholder Engagement	Page 37
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GRI Disclosure	Disclosure Title	Topic Reference/Comments	Page Reference
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Disclosure 102-53	Contact point for questions regarding the report	About this report	Page 4
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Disclosure 201-02	Financial implications and other risks and opportunities due to climate change	Natural Capital	Pages 113 - 114
Disclosure 201-03	Defined benefit plan obligations and other retirement plans	Human Capital	Pages 84 - 85
Disclosure 201-04	Financial assistance received from government	Social and Relationship Capital – Community Development	Pages 65 - 104
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Disclosure 202-02	Proportion of senior management hired from the local community	Social and Relationship Capital – Community Development	Pages 97 - 104
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Disclosure 401-03	Parental leave	Human Capital	Pages 84 - 85
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Disclosure 402-01	Minimum notice periods regarding operational changes	Human Capital	Pages 92 - 93
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Disclosure 403-02	Hazard identification, risk assessment, and incident investigation	Human Capital	Pages 88 - 92
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Disclosure 406-01	Incidents of discrimination and corrective actions taken	Human Capital	Page 83
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Disclosure 418-01	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social and Relationship Capital – Customers	Page 100
Topic: Socioeconomic compliance			
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DISTRIBUTION CHANNELS (APPENDIX VIII)

CENTRAL

Alumex Distribution Center - Kandy

Richard & Company

No. 23, Kings Street, Kandy
Tele: 0812 224 181

Sarasavi Enterprises (Pvt) Ltd.

No. 442/3, Gohagoda Road, Wegiriya,
Katugasthota
Tele: 0772 533 801

Almet Enterprises

No. 25/A, Kurunegala Road, Dambulla
Tele: 0718 254 658

Matale Glass Center

No. 27, Station Road, Matale
Tele: 0662 222 624

N C N Aluminium

No.222/B,Nawalapitiya Road,Gampola
Tele: 0777573318

Reliance Enterprises

No: 111, Udupussellawa road,Hawaeliya,
Nuwara Eliya.
Tele. 0778244488

City Glass and Aluminium

No.80, Gamploa Road,Nawalapitiya
Tele. 0542050590

Gunasekara & Sons Technologies (pvt) Ltd.

No.12/D, Henwala, Kundasale.
Tele: 0773 258 588

Kandy Hardware (Pvt) Ltd

No:40,D.S.Senanayake,Veediya Kandy
Tele: 0812 222 598

Sri Lanka Glass Marketing & Distribution

No 135, Kandy Rd, Ambathanna
Tele: 0773 142 711

Central Picture Palace

No 92, Galagedara Road, Katugasthota
Tele: 0773 301 333

SABARAGAMUWA

Alumex Distribution Center - Rathnapura

Aluroma Enterprises pvt ltd

No. 731, Kandy Road, Meepitiya, Kegalle
Tele: 0352 223 969

Alushan Aluminium

No. 291, Kelin Weediya, Kudugalwattha,
Rathnapura
Tele: 0772 211 135

Arcade of Aluminium

No.125,Batugedara Road,
Angammana, Rathnapura
Tele: 0777 861 260

Karanketiya Agencies

No.21, Main Street, Rakwana
Tele: 0776 506 130

Kahawatta Glass & Electricals

No.157, Main Street, Kahawatta.
Tele: 0773 519 132

Sarathchandra and Company (pvt) Ltd

No.133, Main Street, Embilipitiya.

Manamperi Glass Center

3rd Mile Road, Moreketiya
Embilipitiya
Tele: 0472280290

UVA

Alumex Distribution Center - Badulla

Arcade of Aluminium-Badulla

No.276A,Passara Rd,Badulla
Tele: 0554 936 196

Kadurata Hardware

No. 26,27,Kandy Road Mahiyanganaya
Tele: 0552 257 473

Rajatha Aluminium

Kumaradasa Junction, Wellawaya.
Tele: 0777 592 786

Thisara Enterprises and Trading Company

No 516
Thanthiriya, Badulla Road
Bandarawela

EASTERN

Irfan Aluminium

No. 245, Central Road, Trincomalee
Tele: 0262 220 707/ 0773 206 900

Pubudu Trade Center

No.64,D.S.Senanayake Street,Ampara
Tele: 0632 222 278

C.M.S Glass & Fitting centre

Ampara Road, Sammanthurai
Tele:0772094959

K.M.S. Aluminium (Pvt) Ltd/Distribution.

Main Street, Eravur.
Tele:0772 225 796

Vickneshwara Agencies

Sunthari Kiri, Koddai Kallar -02
Tele: 0772 858 170

P. M. Glass Centre and Hardware

Main Street, Akkaraipattu.
Tele: 0777 141 522

Trust Traders

No.98, Sea View Road, Trincomalee.
Tele: 0779 788 898

Accurate Systems

Main Street , Potuvill

Paskaran Aluminium & Glass Fittings

Main Street, Kaluthavelai 03
Tele: 0770 269 952

Hajeed M Abdul Majeed And Sons

No 128
Main Street
Batticola
Tel: 0114524524

Distribution Channels (Appendix vii)

PSP Aluminium

No 165/2 Batticaloa Road
Kalmunei
Tele: 0773263571

Prince Glass House and Hardware

No: 127
Varipaththanachennai

Unimax Hardware-Alco Brand

No 505 C
Main street, Sainthamarthu

NORTHERN

Alumex Distribution Center - Jaffna

V. V. Ramanathan & Co (Pvt) Ltd

Hospital Road. Vauniya
Tele: 024-2225188

Aranila Picture Palace

No. 05. Kanaka Puram Road, Killinochchi
Tele: 0772 232 284

Asian Interior Designers

No.350,Psddanichoor, Mannar Road,
Vauniya
Tele: 0776 868 069

T. Kumaraswamy & Sons

No. 248/1, K.K.S. Road, Jaffna.
Tele: 0212 224 307

A.J. Enterprises

Opposite Central Collage,
A-9 Road, Ananthapuram, Kilinochchi.

Marutham Iron Ware Store

Karaveddy Centre,Karaveddy,Nelliarly,
Tele: 0212 263 210

K. T. S. Glass Centre

Main Street, Puthukkudiyiruppu
Tele: 0772 428 483

Pillayar Picture Palace

Mullaithevu Road,Mulliyawalai,Mulathevu
Tele: 0772 466 405

AS Group

No 207 Muthaliyarkulam Cheddikulam

Fine Aluminium (Pvt) Ltd

No.34/3B,Rohini Road,Colombo-06
Tele: 0777 686 021

Jazeemas

No. 306, K K S Road, Jaffna
Tele: 021-2221544

Sarukaya Construction (Pvt) Ltd.

No 69 Crossette lane, Nallur, Jaffna
Tele: 0773 880 590

VR1 Aluminium

No 71 A, Kanttasamy Kovi Road, Vauniya
Tele: 0773 392 475

Sun Aluminium Fabricators

Punnalaikadduvan South, Chunnakam,
Jaffna

SriKannna Aluminium Fittings- Alco Brand

Main street, mullayadi, palali

N. S. Enterprises - Alco Brand

No 199, K K S Road, Chunnakkam
Jaffna

Glory Aluminium Fabricators - Alco Brand

No 144,
Royal Pearl Garden, Wattala

Asia interior designers - Alco Brand

No 330 pattanichoor
Vauniya

Tharany Builders -Alco Brand

Kakkadai Junction
Kilinochchi

NORTH CENTRAL

Alumex Distribution Center - Anuradhapura

New Rajarata Glass House

No: 521/30, 4th Cross Lane, Maithripala
Senanalaka MW,
New Bus Stand, Anuradhapura.
Tele: 0252 223 741

Ananda Aluminium

No:521/56, 5th Lane, Maithreepala
Senanayaka Mw,
New Town, Anuradhapura.
Tele: 025 5627810

G. B. Aluminium

H.19, Kurunagala Road, Tabuttagama
Tele: 0703 450 651

N. R. Leather & Glass House

No: 377 C, Main Street, Kaduruwela,
Polonnaruwa
Tele: 0772 225 850

Lakbima Rice Mills

No 796, Hathamuna Road, Ethumalpitiya,
Polonnaruwa
Tele: 0777 134 387

Sisira Aluminium Fittings

No 37 Samudragama, Bandiwawa
Jayanthipura

Menadi Ceramic

No 255, Main street, mahaweliyana,
Dehiaththakandiya

NORTH WESTERN

Alulux Aluminium (Pvt) Ltd

Colombo Road,Koswadiya,Mahawewa
Tele: 0322 252 016

Thushara Aluminium

No. 26, Rajapihilla Road, Kurunegala
Tele: 0372 231 057

Vimarsha Traders

Dambulla Road, Udawela, Ibbagamuwa
Tele: 0716 807 705

City Picture Palace

No:101, D.B.Welagedara Street, Kurunegala
Tele: 0372 224 367

New Glass & Aluminium

No.63A,Tissa MW,Kuliypitiya.
Tele: 0773839744

Kumbukulawa Glass Center

Kumbukulawa, Polpitiyagama.
Tele: 072 773 7187

S.M.Glass House (Pvt) Ltd

Colombo Rd. Rathmalyaya Puttalam
Tele: 032 2269202

Grand Aluminium

No:65,Kurunegala Road, Alawwa.
Tele: 0372279833

Ranhiru Hardware Stores

No.26, Nikawaratiya.
Tele:0773313359

Dilumex Aluminium

No.1/27 Negombo Road, Dankotuwa.
Tele: 0777 565 457

WESTERN**Alumex central Warehouse**

Maguruwila Road
Sapugaskanda

Alumex Warehouse

Ekala

Alumex Distribution Center-(Alco Brand)

Makola

Alugrow Trading (Pvt) Ltd-Nagoda

346/A1, Negombo Road,
Nagoda, Kadana
Tele: 0112 237 667

Highlevel Aluminium (Pvt) Ltd.

No. 352, Highlevel Road, Pannipitiya
Tele: 0112 896 305

Asia Trade Center-Kaluthara

No. 612, Galle Road, Kaluthara South,
Kaluthara
Tele: 0779574935

Glass and Aluminium

No. 32, Galle Road, Dehiwala North
Tele: 0777 898 920

Alugrow Trading (Pvt) Ltd - Panadura.

No. 117, Horana Road, Mahawila, Panadura
Tele: 0777 530 980

Asia Trade Centre

No. 542 A, Sri Sangaraja Mawatha, Colombo
10
Tele: 0114 343 472

N.Rich (Pvt) Ltd-Nawala

335,Nawala Road,Nugegoda
Tele: 0112 805 813

New Alutec Aluminium

No.56/7 Batadolewatta Road, Nittambuwa
Tele: 033 4678376

Unifab Trading (Pvt) Ltd.

No. 76D, Kandy Road, Dalugama, Kelaniya
Tele: 0112 910 686

Multi Engineering Services

No. 40/5, New Kandy Road, Naranwala
Tele: 0113 832 995

Alcon (Pvt) Ltd.

No. 647, Galle Road, Rawatawaththa,
Moratuwa
Tele: 0112 649 714

New Lanka Glass Co. (Pvt) Ltd.

No. 396/339, Main Street, Negombo
Tele: 077 7355048

Arcade of Aluminium

No. 279/15/B, Godagama Road,
Athurugiriya
Tele: 0772 616 727

Alu Lanka (Pvt) Ltd.

No:247 Bollatha Ganemulla, Welampitiya
Tele: 0115 631 974

Gampaha Picture Palace

No. 110, Ja-Ela Road, Gampaha
Tele: 0332 222 561

Lucky Hardware

No. 109, Sumanatissa Mawatha, Colombo
12
Tele: 0112 387 515

R.C. Enterprises

No. 390, Colombo Road,
Galkanda Junction, Negombo
Tele: 0314 872 367

Alugrow Trading (Pvt) Ltd-Minuwangoda

No.49,Udyana Road,Minuwangoda
Tele: 0112296560

Alugreat Engineering Services

No.13/2/F,Samurdi Mawatha,South
Siyambalape
Tele: 0714537662

Arcade of Aluminium-Awissawella

No. A, 45C, Madola, Avissawella
Tele: 0364 932 014

Dane Aluminium (Pvt) Ltd

No 07, Sri Wickrama Mawatha
Wattala
Tele: 0773124041

C. G. Alucare

No 620, Awissawella Road,Kaduwela
Tele: 0771949547

Tritech Enterprises (private) Limited

No.40/5, Thilak Mawatha,,Gorakana,
Moratuwa
Tele: 0772973658

S.P.Worldnet (private) Ltd

No.7, Bellantara Road, Nadimala,Dehiwala.
Tele: 0759054616

High Level Aluminium Trading Company (pvt) Ltd

No.246/1,Kotte Road, Mirihana, Nugegoda,
Sri Jayawardhana Pura, Kotte
Tele: 0112854614

Bravo Enterprises

No.166/A, Nilwala Estate,Kibulapitiya Road,
Akkara Panaha, Negambo.
Tele: 0773 320 471

Jayarathna Hardware (pvt) Ltd

No.275, Watareka, Padukka.
Tele: 0772 914 365

Distribution Channels (Appendix vii)

Alu Win Engineering Services

No.173/1, Millathe, Kiridiwela

Tele: 0773 555 725

Jayathilaka Ceiling Showcase and Glass Center

No.49/1D, Makola South, Makola.

Tele: 0114 250 059

Wickrama Hardware & Trading (Pvt) Ltd

No 01, Walpola Rd, Aggona, Angoda

Tele: 0779 796 871

Gamage Aluminium Arcade

335/1 GH, Kamadaliyaddapaluwa,

Ganemulla

Nishantha Glass Marketing Services

No 82, Old kandy Road, Dalugama, Kelaniya

Tele: 0777 762 029

Highlevel Aluminium (Pvt) Ltd

118 C Colombo Road, Piliyandala

Tele: 0112 606 137

J.T Aluminium & Glass

788, Pannipitiya Road, Palawatta

Dilmina Glass Centre (Pvt) Ltd

No.429, New Street, Weligama

Tele: 0412254504

Modimex Glass Centre

No 01, Vidyal Mawatha, Suriyawewa

Somasiri Stores Engineering (pvt) Ltd

Ranna Road, Angunukolapelessa.

Tele: 0773 572 876

New Prasan Distributors

Agathuduwa Road, Samagi Mawatha

Godagama Matara

Tele: 0776 917 874

F.P.K Aluminium Center

148 Deniyaya Road, Porambe, Akuressa

Tele: 0776 917 874

Union Healthcare (Pvt) Ltd

No 53/1, main street, Dickwella

Matara

SOUTHERN

Alumex Distribution Center - Galle

Ruhunu Alucraft & Hardware

Baddegama Road, Gonapinuwala

(Hikkaduwa).

Tele: 0773 061 848

M.P.P. Trading (Pvt) Ltd.

No. 107/109, Old Tangalle Road,

Kotuwegoda, Matara

Tele: 0718 678 678

Aluroma Enterprises pvt ltd

No. 77B/C, W.D.S. Abaygunawardhana

Mawatha,

Pettigalawatta, Galle

Tele: 0912 227 850

Wijesooriya Enterprises

No. 158, Maha Veediya, Ambalangoda

Tele: 0779 554 373

GLOSSARY OF FINANCIAL TERMS

ACTUARIAL GAINS AND LOSSES

Difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

AVAILABLE FOR SALE

Non derivative financial assets that are designated as available for sale or are not classified as loans and receivable, held to maturity investment or financial assets at fair value through profit and loss.

ABSENTEE RATE

An employee absents from work because of incapacity of any kind, not just as the result of work-related injury or disease. Permitted leave absences such as holidays, study, maternity and compassionate leave are excluded.

BORROWINGS

All interest bearing liabilities.

CAPITAL EMPLOYED

Total equity, minority interest and interest bearing Borrowings.

CAPITAL RESERVES

Reserves identified for specific purposes and considered not available for distribution.

CASH EQUIVALENTS

Liquid investments with original maturity periods of three months or less.

CONTINGENT LIABILITY

A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

CURRENT RATIO

Current assets divided by current liabilities, a measure of liquidity.

CURRENT SERVICE

Cost Increase in the present value of the defined benefit obligation resulting from employee's service in the current period.

CHILD

This term applies to all persons under the age of 14 years of age.

COMMUNITY DEVELOPMENT PROGRAM

Plan that details actions to mitigate, and compensate for adverse social and economic impacts, and to identify opportunities and actions to enhance positive impacts of the project on the community.

DEFERRED TAXATION

The tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date.

DIVIDEND COVER

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYOUT

Dividend per share as a percentage of the earnings per share.

DIVIDEND YIELD

Dividend per share as a percentage of the market price a measure of return on investment.

DEFINED BENEFIT PLANS

Post-employment benefit plans other than defined contribution plans.

EBIT

Abbreviation for Earnings Before Interest and Tax.

EFFECTIVE TAX RATE

Income tax expense divided by profit from ordinary activities before tax.

EQUITY

Shareholders' funds.

EMPLOYEE TURNOVER

Employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service.

ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS

Emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organisation.

ENTRY LEVEL WAGE

Entry level wage refers to the full-time wage offered to an employee in the lowest employment category. Intern or apprentice wages are not considered.

FAIR VALUE

The amount for which an asset could be exchanged or liability settled between knowledgeable willing parties in an arm's length transaction.

FAIR VALUE THROUGH PROFIT AND LOSS

A financial asset/liability acquired/ incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or a derivative (except for a derivative that is a financial guarantee contract).

FINANCIAL ASSET

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

FREEDOM OF ASSOCIATION

The right of workers and employers to establish and join organisations of their own choosing without the need for a prior authorisation.

FORMAL GRIEVANCE MECHANISMS

Systems consisting of specified procedures, roles and rules for methodically addressing complaints as well as resolving disputes. Formal grievance mechanisms are expected to be legitimate, accessible, predictable, equitable, rights-compatible, clear and transparent, and based on dialogue and mediation.

Glossary of Financial Terms

GEARING

Proportion of total interest bearing borrowings to capital employed.

GROSS PROFIT RATIO

Gross profit divided by revenue.

GOVERNANCE BODIES

The committees or boards responsible for the strategic guidance of the organisation, the effective monitoring of management, and the accountability of management to the broader organisation and its stakeholders.

INTEREST COVER

Profit before tax plus net finance cost divided by net finance cost, a measure of an entity's debt service ability.

IPO

The first sale of shares by a private company to public.

INJURY RATE

The number of work related injuries relative to the total time worked by the total workforce in the reporting period.

INFRASTRUCTURE

Facilities (such as water supply facility, road, school, or hospital) built primarily to provide a public service or good rather than a commercial purpose, and from which the organisation does not seek to gain direct economic benefit.

LOST DAY RATE

Time ('days') that could not be worked (and is thus 'lost') as a consequence of a worker or workers being unable to perform their usual work because of an occupational accident or disease. A return to limited duty or alternative work for the same organisation does not count as lost days.

MARKET CAPITALISATION

Number of shares in issue multiplied by the market value of a share at the reported date.

NET ASSETS PER SHARE

Shareholders' funds divided by the weighted average number of ordinary shares in issue, a basis of share valuation.

NON-CONTROLLING INTEREST

The interest of individual shareholders, in a company more than 50% of which is owned by a holding Company.

OTHER COMPREHENSIVE INCOME

Items of income and expenses that are not recognised in profit or loss as required or permitted by other SLFRS's.

PRICE EARNINGS RATIO

Market price of a share divided by earnings per share as reported at that date.

PRODUCT AND SERVICE INFORMATION AND LABELING

Information and labeling are used synonymously and describe communication delivered with the product or service describing its characteristics.

RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the business.

RETIREMENT BENEFITS PRESENT VALUE OF A DEFINED BENEFIT OBLIGATION

Present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

RETURN ON AVERAGE CAPITAL EMPLOYED

Profit before tax plus net finance cost divided by average capital employed.

RETURN ON AVERAGE SHAREHOLDERS' FUNDS

Attributable profits to the shareholders divided by average shareholders' funds.

REVENUE RESERVES

Reserves considered as being available for distributions and investments.

REMUNERATION

Basic salary plus additional amounts such as those based on years of service, bonuses, benefit payments, overtime, time owed, and any additional allowances (such as transportation and living).

SEGMENTS

Constituent business units grouped in terms of similarity of operations and location.

SUPPLY CHAIN

Sequence of activities or parties that provides products or services to the organisation.

STAKEHOLDERS

Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by the organisation's activities, products, and services. Stakeholders can include those who are invested in the organisation.

TOTAL WATER WITHDRAWAL

The sum of all water drawn into the boundaries of the organisation from all sources (including surface water, ground water, rainwater, and municipal water supply) for any use over the course of the reporting period.

TOTAL WORKFORCE

The total number of persons working for the organisation at the end of the reporting period (that is, the sum of all employees and supervised workers).

TYPE OF NON-COMPLIANCE

Court judgment on failure to act in accordance with regulations or laws, categorised by the nature of the laws or regulations breached.

VALUE ADDITION

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

WORKING CAPITAL

Capital required to finance day-to-day operations computed as the excess of current assets over current liabilities.

WASTE DISPOSAL METHOD

The method by which waste is treated or disposed of, including composting, reuse, recycling, recovery, incineration, landfill, deep well injection, and on-site storage.

CORPORATE INFORMATION

NAME OF COMPANY

Alumex PLC
(A limited Liability company, incorporated in Sri Lanka in 2007)

COMPANY NUMBER

PV 539 PQ

STOCK EXCHANGE LISTING

"The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka on 31 March 2014"

REGISTERED OFFICE

Pattiwila Road,
Sapugaskanda, Makola,
Sri Lanka
Telephone: +94 11 240 0332
Facsimile: +94 11 240 0415
Website: www.alumexgroup.com

DIRECTORS

A M Pandithage – Chairman
S C Ganegoda - Deputy Chairman
D W P N Dediwela -Managing Director
R P Pathirana
A A Akbarally
Dr H Cabral PC - Senior Independent Director
S Munaweera
R P P K Rajapaksha
A J Hirdaramani (Alternate Director to R P Pathirana)
T Akbarally (Alternate Director to A A Akbarally)

AUDIT COMMITTEE

S Munaweera - Chairman
Dr.H.Cabral, PC
R P Pathirana

REMUNERATION COMMITTEE

Dr.H.Cabral, PC – Chairman
S Munaweera

SUBSIDIARY COMPANIES

Alco Industries (Pvt) Ltd

AUDITORS

Ernst & Young
Chartered Accountants
No. 201, De Seram Place
Colombo 10, Sri Lanka

INVESTOR RELATIONS

Please contact Corporate Affaires Unit
Telephone: +94 11 262 7610
E-mail: info@cau.hayleys.com

SECRETARIES

Hayleys Group Services (Private) Limited
400, Deans Road, Colombo 10, Sri Lanka
Telephone: +94 11 262 7650
Facsimile: +94 11 262 7645
E-mail: info.sec@hayleys.com

Please direct any queries about the administration of shareholdings to the Company Secretaries

BANKERS

Commercial Bank of Ceylon PLC

Foreign Branch
Commercial House, NO 21, Sir Razik Fareed Mawatha
Colombo 01, Sri Lanka

Sampath Bank PLC

Head Office,
No. 110, Sir James Peiris Mawatha
Colombo 02, Sri Lanka

Bank Of Ceylon

Personal Branch
2nd Floor, Head Office
No. 04, Bank of Ceylon Mawatha
Colombo 01, Sri Lanka

Hatton National Bank PLC

Head office,
No. 479, T. B. Jayah Mawatha
Colombo 10, Sri Lanka

DFCC Bank PLC

No. 73, W A D Ramanayake Mawatha
Colombo 02, Sri Lanka

Standard Chartered Bank

No. 37, York Street
Colombo 1, Sri Lanka

People's Bank

Head Office,
No.75, Sir Chittampalam A Gardiner Mawatha, Colombo 02, Sri Lanka.

NOTICE OF MEETING

ALUMEX PLC

Company Number PV 539 PQ

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of Alumex PLC will be held on Wednesday, 29th June 2022 at 1.45 p.m. via online meeting platform for the following purposes:

1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2022, with the Report of the Auditors thereon.
2. To approve the final dividend of Rs. 0.25 per share as recommended by the Board of Directors.
3. To re-elect as a Director Mr. D.W.P.N. Dediwela, who retires by rotation at the Annual General Meeting in terms of Article 28(6) of the Articles of Association of the Company.
4. To re-elect as a Director Mr. R.P.P.K. Rajapaksha, who retires by rotation at the Annual General Meeting, in terms of Article 28(6) of the Articles of Association of the Company.
5. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A.M. Pandithage in terms of Section 211 of the Companies Act No.07 of 2007, who retires having attained the age of seventy one years.

Ordinary Resolution

'That Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy one years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the appointment of the said Director'

6. To authorise the directors to determine donations and contributions to charities for the ensuing year.
7. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2022/23 and to authorise the Directors to determine their remuneration.
8. To consider any other business of which due notice has been given.

By Order of the Board

ALUMEX PLC

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED

Secretaries

Colombo

30th May 2022

Notes :

1. The Annual Report of the Company for 2021/22 is available on the corporate website - <https://www.alumexgroup.com> and on the Colombo Stock Exchange website - <https://www.cse.lk>
2. In the interest of protecting public health the Annual General Meeting of the Company will be held as a virtual meeting via an online meeting platform. Details are given in the circular to shareholders.
3. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to alumexagm@secretarial.hayleys.com not less than forty eight (48) hours before the time fixed for the Meeting.
4. In relation to the final dividend, Ex-dividend date will be 30th June 2022.

FORM OF PROXY

ALUMEX PLC

Company Number PV 539 PQ

I/We*(full name of shareholder**)

NIC No./Reg. No. of Shareholder (**)of.....

being Shareholder/Shareholders* of ALUMEX PLC hereby appoint,

1.(full name of proxyholder**)

NIC No. of Proxyholder (**)of.....

.....or failing him/them

2. ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our * proxy to attend, speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Fifteenth Annual General Meeting of the Company to be held on Wednesday, 29th June 2022 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof

	For	Against
1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.		
2. To approve the final dividend of Rs. 0.25 per share as recommended by the Board of Directors.		
3. To re-elect as a Director Mr. D. W. P. N. Dediwela who retires by rotation at the Annual General Meeting in terms of Article 28(6) of the Articles of Association of the Company.		
4. To re-elect as a Director Mr. R.P.P.K. Rajapaksha who retires by rotation at the Annual General Meeting in terms of Article 28(6) of the Articles of Association of the Company.		
5. To propose the Ordinary Resolution as set out in the Notice for the re-appointment of Mr. A.M. Pandithage as a Director, in terms of Section 211 of the Companies Act No.07 of 2007, who retires having attained the age of seventy one years.		
6. To authorise the directors to determine the donations and contributions to charities for the ensuing years.		
7. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2022/23 and to authorise the Directors to determine their remuneration.		

(***) The proxy may vote as he thinks fit on any other resolution brought before the Meeting of which due Notice has been given.

As witness my/our* hands this day of2022.

Witnesses: Signature :

Name :

Address :

NIC No. :

.....

Signature of Shareholder

Notes:

(a) * Please delete the inappropriate words.

(b) A shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the company.

** Full name of shareholder/proxy holder and their NIC Nos and Witness are mandatory. Your Proxy Form will be rejected if these details are not completed.

(c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.

(d) Instructions are noted on the reverse hereof.

(e) This Form of Proxy is in terms of the Articles of Association of the Company.

(f) Please refer the 'Circular to Shareholders' dated 30th May 2022 and follow the instructions to join the meeting.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION :

1. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd at No.400, Deans Road, Colombo 10, Sri Lanka or be emailed to alumexagm@secretarial.hayleys.com not less than forty eight (48) hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at overleaf. The proxy need not be a member of the Company.
4. Please indicate with an 'X' in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy in his discretion will vote as he thinks fit. Please also delete (***) if you do not wish your proxy to vote as he thinks fit on any other resolution brought before the Meeting.
5. In the case of a Company /Corporation the proxy must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association.

In the case of the individual shareholders, the signature of the shareholder should be witnessed by any person over 18 years of age.

6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
7. In the case of Marginal Trading Accounts (slash accounts), the form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.



ALUMEX PLC PATTIWILA ROAD, SAPUGASKANDA, MAKOLA, SRI LANKA.