

# *Journeying* **ONWARDS**



CIC HOLDINGS PLC  
ANNUAL REPORT 2021/22





# *Journeying* **ONWARDS**

It has been a year like no other, as your company progressed through some of the most challenging external conditions to power ourselves to achieve one of our strongest performances yet; a feat that was influenced by the synergies within our Group and the bold and timely strategies we adopted.

The processes implemented over the past few years have structured your company to remain disciplined and confident, while our people have truly embodied the spirit of teamwork and positive thinking. Together, these factors helped us remain strong and resilient, enabling us to keep journeying onwards, against all odds.

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# VISION, MISSION, VALUES



## Vision

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To be the most respected and admired corporate for the positive impact we make on society by nurturing the lives of those we touch.



## Mission

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Harnessing science and modern technology, we will provide solutions of superior quality which are efficient and safe. We will build rewarding and lasting relationships with our stakeholders and be a significant entity in every sector we operate.



## Values

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### Ownership & Accountability

This is my business and I take responsibility for my promises and actions.

### Entrepreneurial & Innovative

We will constantly challenge boundaries seeking new horizons.

### Teamwork & Trust

We rely on each other to unleash the power of working together.

### Customer Focus & Quality

The customer comes first: we will not compromise on the standards of our products and services.

### Integrity & Respect

Honesty & Truth are paramount: we respect the law and each other.

### Bias for Action & Winning Spirit

No stone will be left unturned in the pursuit of our goals.



“The ‘starburst’ symbol depicts both the convergence of CIC’s various business entities towards one common purpose, which is ‘Nurturing Life’, and divergent positive impact of these businesses in their respective sectors.”

# Operational Highlights

 12%

Group Revenue Growth

Rs.4.35Bn

Net Profit After Tax

Rs.46.13Bn

Total Assets

Rs.9.72

Earnings Per Share

Rs.43.55

Net Asset Per Share



## CIC Agri Produce

- Agri Produce Retail Chain
- Agri Resort
- Dairy
- Farms
- Fruits & Vegetables
- Grains
- Rice



## CIC Livestock Solutions

- Feeds
- Poultry
- Vetcare
- Dairy Breeding



## CIC Healthcare & Personal Care

- Herbal Care
- Medical Devices
- Personal Care
- Pharmaceuticals



## CIC Industrial Solutions

- Construction Material
- Industrial Raw Material
- Packaging



## CIC Crop Solutions

- Lawn & Garden
- Plant Nutrition
- Plant Protection
- Seeds

# FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the year ended 31st March	Group		
	2022	2021	
<b>Earning Highlights and Ratios</b>			
Group revenue	Rs. '000	<b>41,759,591</b>	37,233,343
Group profit before interest and tax	Rs. '000	<b>7,028,402</b>	5,393,707
Income tax expense	Rs. '000	<b>(910,619)</b>	(975,188)
Profit for the year from continuing operations	Rs. '000	<b>4,572,886</b>	3,936,864
Profit/(loss) for the year from discontinued operations	Rs. '000	<b>(227,113)</b>	(90,771)
Other comprehensive income	Rs. '000	<b>566,416</b>	1,391,641
Total comprehensive income	Rs. '000	<b>4,912,189</b>	5,237,734
Profit attributable to equity holders of the Company	Rs. '000	<b>3,684,153</b>	3,132,411
Dividend Paid	Rs. '000	<b>892,510</b>	434,270
Basic/Diluted earnings per share (EPS)	Rs.	<b>9.72</b>	8.26
Interest cover	Number of times	<b>3.51</b>	6.18
Return on equity (ROE)	%	<b>22</b>	24
Return on assets (ROA)	%	<b>11</b>	13
Pre-tax return on capital employed (ROCE)	%	<b>28</b>	22
<b>Statement of Financial Position - Highlights and Ratios</b>			
Total Assets	Rs. '000	<b>46,127,162</b>	40,031,179
Total Equity	Rs. '000	<b>20,114,101</b>	16,302,987
Total Debts	Rs. '000	<b>11,289,509</b>	9,841,004
Equity attributable to equity holders of the Company	Rs. '000	<b>16,510,662</b>	13,224,467
Number of shares in issue	Number	<b>379,080,000</b>	379,080,000
Net assets per share	Rs.	<b>43.55</b>	34.89
Debt/Equity	%	<b>56.13</b>	60.36
Debt/Total assets	%	<b>24.47</b>	24.58
<b>Market/Shareholder Information</b>			
Market price per share as at 31st March			
Ordinary	Rs.	<b>38.10</b>	50.90
Non-Voting (Class X)	Rs.	<b>25.00</b>	42.40
Dividend per share			
Interim paid	Rs.	<b>1.00</b>	1.00
Final proposed	Rs.	<b>1.00</b>	1.25
Market capitalisation	Rs.Mn	<b>13,297</b>	18,552
Float adjusted market capitalisation	Rs.Mn	<b>7,297</b>	10,490
Price earnings ratio			
Ordinary	Number of times	<b>3.92</b>	6.16
Non-Voting (Class X)	Number of times	<b>2.57</b>	5.13
<b>Other Information</b>			
Total employees	Number	<b>2,112</b>	2,137
Revenue per employee	Rs. '000	<b>19,773</b>	17,423
Total value addition to employees	Rs. '000	<b>2,581,201</b>	2,292,297
Value addition to lenders of the capital	Rs. '000	<b>1,658,887</b>	1,799,035
Total taxes paid to Government	Rs. '000	<b>1,976,196</b>	1,057,815

# CHAIRMAN'S STATEMENT



*Strong values have remained the cornerstone of the Group's efforts to build trust among our stakeholders and this past year proved no different as we continued to prioritise the safety and wellbeing of our people as they overcame the continuing challenges posed by the COVID-19 pandemic.*

In my report to you a year ago, I informed you that the CIC Group had achieved a post tax profits of Rs. 3.85Bn for FY 2020/21. At the time, it was the best ever result in the Group's history.

It is thus with great pride that I am able to now inform you that the CIC Group was able to better this performance in FY 2021/22 by declaring a profit after tax of Rs. 4.35Bn. It is noteworthy that this performance has been achieved notwithstanding the recognition of a net exchange loss of Rs. 1.50Bn on overseas vendor payables as at 31st March 2022 as a result of the significant and steep of the devaluation of the LKR in March 2022.

Backed by healthy profits, total shareholder funds increased to Rs. 20.11Bn in FY 2021/22, up by 24% from the Rs. 16.30Bn reported in the previous year. Honouring its long standing tradition of consistent profit distribution, the Group also declared Rs. 758.16Mn as dividend to its shareholders.

## SOLID FUNDAMENTALS

I remain convinced that our ability to produce consistent results even in trying times, is anchored to our solid fundamentals. Being a large and well diversified group with interests ranging from agri inputs, feed and poultry, pharmaceuticals and herbal healthcare, to Industrial solutions and personal care, CIC is well positioned to weather external pressures as has been evidenced over the last couple of years.

In point of fact, this year saw many of our businesses facing enormous challenges emanating from the broader operating environment. The Agro-Chemical ban introduced in April 2021 tested the resilience of our Agri sector businesses, while the dollar liquidity crisis that surfaced towards end-2021 has posed significant challenges to many of our import-oriented businesses, all of which contribute significantly to the national economy.

At times such as these, the Group's export verticals were a tremendous support. Our Herbal Healthcare segment in particular proved invaluable in growing the Group's dollar reserves. Notwithstanding the drop in profitability of the agri-business division, both by reason of the ban on agro chemicals and fertilizer as well as on account of the steep depreciation, the Group was able to post its best ever results due to its Feed and Poultry division as well as its Herbal Healthcare division- Link Natural declaring their best ever results. CIC's own pharmaceutical business, industrial solutions and CISCO too contributed to the overall growth of the Group profitability and each of such divisions have been well led by their respective leadership teams.

## STRONG VALUES

Strong values have remained the cornerstone of the Group's efforts to build trust among our stakeholders and this past year proved no different as we continued to prioritise the safety and wellbeing of our people as they overcame the continuing challenges posed by the COVID-19 pandemic. Based on our experiences of the previous year, the CIC Group was able to formulate and implement the necessary policies so as to enable our staff to continue working through the third and fourth waves of Covid-19, albeit with inevitable restrictions.

As in the previous year, the Group was adamant that retrenchment would not take place and that all our employees would continue to receive their salaries and other dues without delay. Measures were also taken to enhance the salaries of non-executive employees in response to inflationary pressures.

The Group has also continued to stand by its customers during challenging times and did not hesitate to mobilise resources and take all necessary steps to deliver customer expectations.

## GOVERNANCE AND LEADERSHIP

CIC is led by a competent, effective and well-balanced Board of Directors. The Board comprises of 07 non-executive Directors with a varying skill set who bring independent judgment to Board discussions, foster active debate regarding all Board matters and also play a key role in formulating strategy.

While the CIC Board met 04 times during the year to review the progress of the Group, the Board met on numerous other occasions on a virtual platform to discuss and find solutions to the challenges faced by various businesses, in particular the impact of the agrochemical ban and issues arising from the dollar liquidity crisis. While guiding the management in tackling these challenges, the Board continued profiling the Group's business models against the evolving developments in our risk landscape in order to drive synergies across different business domains. At the same time, we also focused on identifying opportunities for new investment to enable further diversification of our portfolios while remaining relevant in the current business context. I am indeed fortunate to have a Board of this stature and experience.

Reinforcing the commitment to maintain the highest standards of corporate governance in line with best practice, the Board also undertook a comprehensive review of the Group's governance policies and procedures.

It is my pleasure to inform you that the CIC Group and all employees, including the Board of Directors and Corporate Management have complied in full with all regulatory frameworks, the best practices outlined under the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka as well as the Group's own internal policy guidelines and best practices.

## LOOKING AHEAD

The Group's outlook for the twelve months is largely uncertain given the several economic challenges that are beyond our control. Inflationary pressures, the dollar crisis and the LKR devaluation are all likely to pose challenges in the coming months, and will most certainly influence the Group's progress on multiple levels.

Our intention is to respond to this highly fluid environment by changing the narrative from reactive to proactive. We will seek to continuously re-organise and realign our business models to create future ready, fit-for-purpose portfolios that will allow the Group to deliver consistent results notwithstanding headwinds.

## APPRECIATIONS

I would like to thank the Board for their energetic and future focused stewardship of the CIC Group. I would like to also thank Mr. Amal Cabral the Chairman of the CIC Feeds Group and its Board of Directors as well as Dr. Nugawela Chairman of Link Natural and its Board for the tremendous contributions made to the Group activities during the year under review.

I would also like to take this opportunity to thank Mr. Sermal Fernando - our Group Finance Director and COO, who resigned in August 2021 for the contributions made during his tenure and for introducing a system of checks and balances which serves us well today.

I am also pleased to welcome Mr. Aroshan Seresinhe as the Group CEO and Ms. Erandi Wickramaarachchi as the Group CFO. On behalf of the Board, I want to convey our appreciation to Mr. Seresinhe and Ms. Wickramaarachchi as well as to all our Cluster Heads for the dedication and the willingness to go that extra mile which has resulted in the CIC Group being able to overcome the challenges during the period under review.

I would be remiss if I do not thank our bankers, particularly during these challenging times. I also wish to place on record my deep appreciation for our customers and shareholders and particularly to our strategic business partners and principals for standing by the CIC Group at these very challenging times. I trust that all of you will continue to be a part of our onward journey.



S. H. Amarasekera  
Chairman

31st May 2022

# GROUP CHIEF EXECUTIVE OFFICER'S REVIEW



*CIC's strong domain knowledge and integrated solutions yet again proved to be a considerable advantage in managing the needs of the market during these challenging times.*

It has been an extraordinary year - one that will be mostly remembered as the turning point in the fight against the global pandemic. Against this backdrop, the CIC Group focused on moving onward and upward as we sought to build for the future.

## CONTEXT AND STRATEGY

A good part of the current financial year continued to be defined by the COVID-19 pandemic. The rapid spread of the virus in the first half of the year saw lockdowns and inter-provincial mobility restrictions becoming a more common feature. However, having dealt with the pandemic for over a year, we had already put in place the necessary ecosystem to help us to seamlessly revert to managing the challenges that invariably ensued in the lockdown scenario. Be it from the IT perspective, or from the people front, we had become seasoned experts pivoting to the need of the hour.

Even as we fielded off COVID related challenges, we had to look for some new approaches to defend our agri businesses against the repercussions of the agrochemical ban imposed by the government in April 2021. On the flip side, we found the agrochemical ban had also opened up opportunities for CIC to make inroads into the organic fertilizer domain, which up until now has remained largely an unexplored territory.

The forex liquidity crisis that materialised towards end-2021 was yet another issue that called our urgent attention. Given that the CIC Group comprises predominantly imported businesses, the shortage of dollar liquidity in the system prompted a number of broad based strategies to safeguard the continuity of our import supply chains. We also looked quite aggressively at growing export volumes in our herbal/personal care and rice verticals.

Meanwhile in response to the cost escalations cascading from the Rupee devaluation in March 2022, we revisited cost structures across all our businesses in a bid to minimise ancillary costs and cut avoidable recurring expenses.

## PERFORMANCE OF SECTORS

The Crop Solutions sector as a whole performed, reasonably well, despite two of its verticals - the plant nutrient and the plant protection segments, both being directly impacted by the agrochemical ban. I must admit CIC's strong domain knowledge and integrated solutions yet again proved to be a considerable advantage in managing the needs of the market during these challenging times.

Meanwhile the decision by the Government to overturn the ban in December 2021 was widely welcomed across the industry. The Government also revoked the fertilizer subsidy scheme allowing the open market operations to continue. However, the intended impact of these decisions were not fully translated as import trade activities remained under stress due to the foreign exchange crisis in the Country. On a related note, the Group acquired an organic fertilizer manufacturing facility, which is currently in the process of being developed.

Within the Crop Solutions sector, the Seeds business performed well on the back of heightened interest in agricultural crop growing activities.

The performance of the Agri Produce sector was satisfactory. While all three of its segments - Rice, Dairy and Fresh Produce continued to be challenged by COVID related mobility restrictions in the first two quarters of the financial year, the resumption of economic activity from around September 2021 paved the way for a healthy rebound, enabling the Agri Produce sector to conclude the year on a strong footing. Notably, we also focused quite aggressively in strengthening the export market coverage for our specialty rice range catering towards the health conscious consumer through the low glycemic index rice variants.

The Industrial Solutions segment made good headway on all fronts, despite facing some margin pressure owing to the devaluation of the Rupee in the final quarter. Driven by robust demand from all key market segments, the Industrial Solutions sector produced an impressive performance with all key metrics recording notable improvements over the previous year.

Being one of the few fully integrated poultry solutions providers in Sri Lanka, CIC's Livestock sector demonstrated greater resilience to record stronger results compared to the previous year. After more than a year of muted growth due to various COVID related challenges, the Livestock sector recovered well from mid 2021 onwards. Within the sector, the Vetcare vertical also showed good growth, albeit at a slightly slower pace than the year before.

The performance of the Group's Health and Personal Care sector was consistent with expectations. Both the Medical Devices and Pharmaceutical verticals performed as expected, although the pharmaceutical manufacturing arm remained under stress as buyback volumes fell below agreed minimum levels. In contrast, the herbal/personal care range produced excellent results amidst the robust demand for its core products, Samahan and Sudantha. The segment also benefited from its products gaining traction in overseas markets.

## FINANCIAL RESULTS

Our financial performance this year more than ever demonstrates the resilience of the Group. This comes from the strength of our well established brands, the diversity of our products and markets, our geographical reach in distribution coupled with prudent cost and financial management.

Group Revenue reached Rs. 41.76Bn, 12% higher than the Rs. 37.23Bn reported in FY 2020/21, while Operating Profit touched Rs. 7.03Bn. Meanwhile PAT increased by 13% year-on-year to Rs. 4.35Bn from Rs. 3.85Bn.

## COMMITMENT TO STAKEHOLDERS

The commitment to stakeholders is at the core of the CIC Group's DNA, which has led to us to take a long-term view to create lasting value for our customers, business partners, employees and the communities in which we operate.

The challenges of this past year only further reinforced this premise.

As always, we prioritised the needs of our customers by ensuring continuous and uninterrupted product availability to those who needed it most. For instance, following the announcement of the agrochemical ban, we reorganised our inventory and our logistics infrastructure and diverted additional resources to distribute our remaining products across Sri Lanka in order to bring some relief to farmers who were facing the prospect of significant yield drops across both Yala and Maha seasons.

Across all our businesses, we continued our commitment to showcase our values through the work we do every day, from investing in the health and safety of our staff, to promoting diversity and respecting human rights.

We reached out to our business partners our longstanding overseas principals and supply chain partners, including our outgrower networks to share knowledge and work together in an integrated manner to achieve growth during these unprecedented times.

## Group Revenue

# Rs. 41.76 Bn

## GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

*In the Crop Solutions sector our priority will be to develop expertise in technology-based sustainable agricultural methods, while in the Agri Produce cluster, we will look to leverage on science-based technology to tap into the global superfoods trend.*



At the same time, we continued investing in the community, where we focused on addressing systemic issues such as equitable access to education and healthcare - essentially embodying the CIC Group vision to make a positive impact on society by nurturing the lives of those we touch.

### OUTLOOK AND PROSPECTS

With Sri Lanka again on the brink of economic upheaval, it is becoming increasingly difficult to make any realistic forecasts regarding what can be expected in the coming months and years. The near term outlook for the Sri Lankan economy points to a looming insolvency crisis on a never-before-seen scale, post-independence. This coupled with growing tensions between Russia and Ukraine, rising oil and gas prices, food scarcities and possible recessionary conditions developing in USA, are all likely to make 2022-23 extremely challenging for Sri Lanka.

In these uncertain times, the CIC Group will focus on building resilience through innovation and ongoing strategic realignment of business models in response to the market.

In the Crop Solutions sector our priority will be to develop expertise in technology-based sustainable agricultural methods, while in the Agri Produce cluster, we will look to leverage on science-based technology to tap into the global superfoods trend.

Export orientation will be a major priority in our herbal/ personal care segment as well. Equally importantly we will focus on proactively tackling supply chain disruptions in order to strengthen our Industrial Solutions and Medical and Pharmaceutical operations.

In terms of capacity expansion, we would revisit our plans across all business verticals taking cognizance of the economic downturn facing Sri Lanka at present. Our priority would be to ensure that as a Group, we have in-built scalability as well as the external bandwidth to pivot and expand once economic recovery does eventually takes place.

While I do admit the road ahead will be challenging, I am confident that these purpose-led approaches to managing our businesses will remain the best defense against the prolonged economic downturn the Country is heading towards over the next few years.

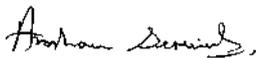
### **ACKNOWLEDGEMENTS**

The CIC Group's ability to withstand extreme pressure and produce strong results, is I believe a testament to the stewardship of the Group Board. Let me take this opportunity to express my sincere thanks to the Chairman and the Board for sharing their business acumen and experience and for their guidance in developing the right strategies to ensure the Group stays on point during these challenging times.

I would also like to extend my sincere gratitude to the management and staff who have shown great resilience in facing and overcoming numerous challenges during the period under review.

Further, my sincere gratitude goes to our valued shareholders. I am immensely thankful for your continued trust, support and confidence in the CIC Group.

Last but not least, I wish to thank our customers, overseas principals, suppliers, bankers and other stakeholders of the Group for their patronage. I rely on your continued support for the CIC Group to further create and enhance value as we collectively journey onwards.



**P. A. Seresinhe**  
Group Chief Executive Officer

31st May 2022

# BOARD OF DIRECTORS



**S. H. Amarasekera**  
*Independent, Non-Executive Director/Chairman*



**R. S. Captain**  
*Non-Independent, Non-Executive Director*



**D. T. S. H. Mudalige**  
*Independent, Non-Executive Director*



**P. R. Saldin**  
*Non-Independent, Non-Executive Director*



**S. M. Enderby**  
*Independent, Non-Executive Director*



**M. P. Jayawardena**  
*Independent, Non-Executive Director*



**J. R. Gunaratne**  
*Independent, Non-Executive Director*

# BOARD OF DIRECTORS

## **S. H. Amarasekera**

### ***Independent, Non-Executive Director/Chairman***

Mr. Harsha Amarasekera, President's Counsel was appointed to the Board of CIC on 28th October 2005. He was appointed as Acting Chairman on 01st January 2014 and as Chairman on 23rd May 2014. Mr. Harsha Amarasekera is a leading luminary in the legal profession in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise includes Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law.

He also serves as an Independent Director in several listed companies in the Colombo Stock Exchange including Sampath Bank PLC, Swisstek (Ceylon) PLC and Swisstek Aluminium Limited as Chairman. He is also an Independent Non-Executive Director of Vallibel One PLC, Expolanka Holdings PLC, Royal Ceramic PLC, Ambeon Capital PLC, Vallibel Power Erathna PLC and Amaya Leisure PLC. He is also the Chairman of CIC Agri Businesses (Private) Limited.

## **R. S. Captain**

### ***Non-Independent, Non-Executive Director***

Appointed to the Board on March 10, 2008. Mr. R. S. Captain is an entrepreneur and investor in Sri Lankan corporate sector, bringing with him a wealth of knowledge and over 15 years of business experience in a range of manufacturing sectors. His current business interests range from paints, garments, industrial gloves, cutting and polishing diamonds, plastics and other packing material. He is the Co-Founder of Asia Stock Brokers, Asia Capital, Dutch Lanka Trailers, Asia Siyaka and Asian Alliance. He has served as a Non-Executive Director of Hatton National Bank PLC, John Keells Holdings PLC and many other unlisted Companies. Mr. Captain was graduated from University of Miami, Florida, USA.

## **S. M. Enderby**

### ***Independent, Non-Executive Director***

Joined CIC Board on 11th April 2013. He has had a successful track record in private equity with Actis, a leading global emerging markets fund until his retirement in 2011 as an Actis Partner.

He has led many of the most successful private equity transactions in Sri Lanka.

Mr. Enderby joined Hemas Holdings PLC in March 2013 to head the Group's efforts in Mergers and Acquisitions. He took up the office of Deputy CEO and Director of Hemas Holdings PLC in November 2013 and was appointed the Chief Executive Officer of the company in April 2014. He resigned as CEO and Director of Hemas Holdings PLC in September 2020.

He is the Non-Executive Chairman of Ironwood Capital Partners, Sri Lanka's leading private equity fund. He has also served on the Boards of many leading companies in Sri Lanka and India. He is a Fellow Member of the Chartered Institute of Management Accountants, holds a Degree in Economics and Accounting from Queen's University Belfast and a Master's Degree in Development Studies from the University of Melbourne.

## **M. P. Jayawardena**

### ***Independent, Non-Executive Director***

Appointed alternate Director to ICI Nominee Director on 21st May 2002, thereafter as a Director on 25th October 2008. Immediate Past Deputy Chairman of Commercial Bank of Ceylon PLC. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. Mr. M. P. Jayawardena is also the Chairman of Commercial Insurance Brokers (Private) Limited. He also serves on the Boards of many other private companies. Mr. M. P. Jayawardena served at Zambia Consolidated Copper Mines in Africa for over 13 years in various senior positions including Head of Treasury, managing a loan portfolio in excess of US\$ 2Bn. He was the Immediate Past President of The Sri Lanka Institute of Directors.

### **D. T. S. H. Mudalige**

#### ***Independent, Non-Executive Director***

Appointed to the Board on 16th October 2020, Mr. Sujeewa Mudalige counts over 30 years of experience as a Chartered Accountant. He is also a fellow member of CIMA (UK), ACCA (UK) and CPA (Australia). He has vast experience as the Audit Committee Chair in both public and private sector organisations. Mr. Mudalige is the Managing Partner of PricewaterhouseCoopers, Sri Lanka and currently serves as an Independent Non-Executive Director at CIC Feeds Group and Link Natural Products (Private) Limited. He is the Non-Executive Chair of Mercantile Services Provident Society (MSPS). He is also an Independent Non-Executive Director at National Development Bank PLC and NSBM Green University.

He is a past President of ICASL and has been a member of the Council of ICASL and of the governing board of CIMA UK- Sri Lanka Division, a Commission member of the Securities and Exchange Commission of Sri Lanka and held several such other positions locally and globally during the span of his career. He was an Independent Non-Executive Director of Hatton National Bank PLC from 2012 to 2019.

### **P. R. Saldin**

#### ***Non- Independent, Non-Executive Director***

First appointed to the Board of Directors in 1995 and served as Commercial Director and Group Finance Director till 2005. During this period, he also served on the Board of Directors in many of the Subsidiaries and Associate Companies within the Group. On leaving the CIC Group he functioned as Country Controller and Group Finance Director for Shell Sri Lanka and subsequently as Group Chief Operating Officer of Browns Group of Companies and Managing Director of Browns Investment PLC.

He is currently employed as Director of Paints & General Industries Limited and Director/Chief Executive Officer of Polypak Secco Limited. He was re-appointed to the Board of CIC Holdings PLC on 1st July 2016. He also functions as Chairman of Chemanex PLC and serves on the Board of Directors of Akzo Nobel Paints Lanka (Private) Limited, Link Natural Products (Private) Limited, CIC Agri Businesses (Private) Limited and a number of companies in the CIC Group. He is the Chairman of CISCO Specialty Packaging (Private) Limited. He also is a Director of Hatton National Bank PLC and Chairman of Sithma Development (Private) Limited and serves as a Trustee of the HNB Sustainability Foundation.

Rimoe Saldin is a Fellow of the Institute of Chartered Accountants of Sri Lanka. An associate of Institute of Chartered Accountants of England and Wales. He is also a Fellow of the Chartered Institute of Management Accountants in UK and a Certified Management Accountant, Australia. He is an alumni of the Asian Institute of Management Manila. He has over 25 years of top management level experience in the areas of Finance, Human Resource Development, General Management and Operations.

### **J. R. Gunaratne**

#### ***Independent, Non-Executive Director***

Appointed to the Board on 06th January 2021, Mr. J. R. Gunaratne counts 41 years of experience in Strategic Planning, Production & Distribution, Industrial Relations and Change Management in the Food & Beverage, Plantations and Leisure Sectors.

During his career at John Keells Holdings PLC, he has held Directorships in several listed and private companies of the John Keells Group. He has been a Member of the Food Advisory Council of the Ministry of Health and a Member of the Council for Hotel & Tourism of the Employer's Federation of Ceylon. He was the Founder Chairman of the Beverage Association of Sri Lanka.

# MANAGEMENT COMMITTEE



**Mr. Aroshan Seresinhe**  
Group Chief Executive Officer



**Dr. Devapriya Nugawela**  
Chairman - Link Natural Products (Pvt) Ltd



**Mr. Waruna Madawanarachchi**  
Managing Director, Agri Cluster



**Mr. Jayantha Rajapakse**  
Chairman/Managing Director  
Unipower (Pvt) Ltd



**Ms. Erandi Wickramaarachchi**  
Group Chief Financial Officer



**Mr. Ajith Weerasinghe**  
Chief Executive Officer - CIC Feeds Group



**Ms. Roshanie Jayasundera Moraes**  
Chief Executive Officer  
Link Natural Products (Pvt) Ltd



**Mr. Prasad Wegiriya**  
Chief Executive Officer - CISCO Speciality  
Packaging (Pvt) Ltd



**Mr. Prasad Senadeera**  
Chief Executive Officer - CIC Dairies (Pvt) Ltd



**Mr. Thushara Yatigammana**  
Divisional Director - Industrial Solutions



**Mr. Hasitha Ahangama**  
Divisional Director - Healthcare - Medical  
Devices and Diagnostics



**Mr. Viraj Manatunga**  
Divisional Director - Healthcare - Pharma  
Head of Investor Relations



**Mr. Mahesh Wanninayake**  
Divisional Director - Crop Solutions



**Mr. Marlon Fernandopulle**  
Divisional Director- Human Resources & Corporate Affairs



**Mr. Shamal Boteju**  
Chief Operating Officer - CIC Feeds Group



**Mr. Anjana Leelarathne**  
Chief Operating Officer  
Fertilizer and Seeds Business



**Mr. Vidura Gamage**  
Chief Operating Officer  
CIC CropGuard (Pvt) Ltd



**Mr. Ranjith Bandara**  
Chief Operating Officer - Unipower (Pvt) Ltd



**Ms. Prasadi Samarakoon**  
General Manager - Group Finance



**Ms. Thilini Wegodapola**  
General Manager - Group Legal



**Mr. Nadeera Wijenayake**  
General Manager - Group IT



**Mr. Poovendran Sivathavendran**  
General Manager - RPC & PVA Plant



**Mr. Jagath Bopage**  
General Manager - Operations

*Onwards*

# TOGETHER



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# IER

*"If everyone is moving forward together,  
then success takes care of itself"*

- Henry Ford

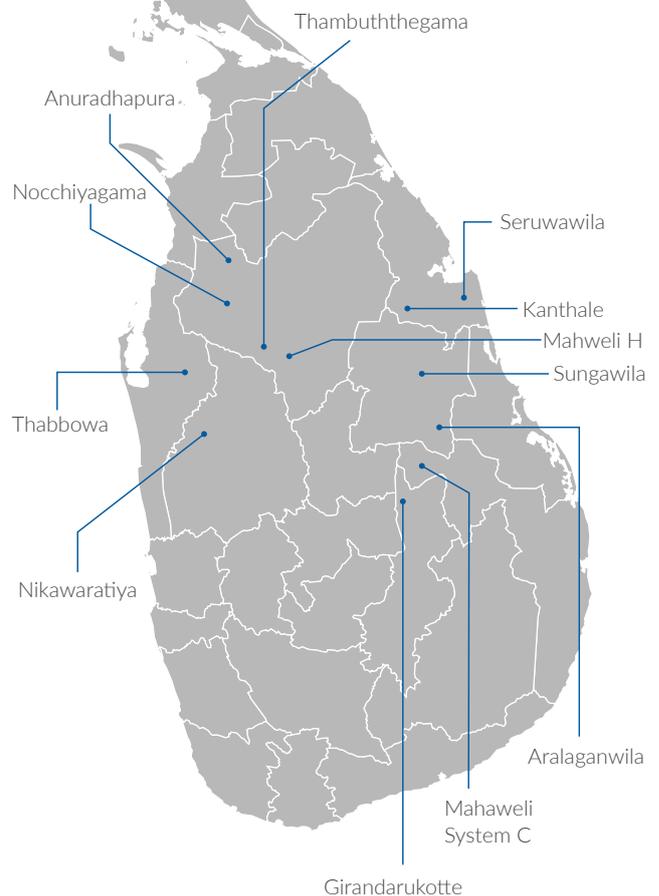
# SECTOR OVERVIEW

## Agri Produce



CIC's Agri Produce is positioned as one of the leading suppliers of high quality locally produced and nutritionally rich staple foods for the Sri Lankan consumer. The entire range of products are grown locally, either at CIC's own plantations or through supervised buyback agreements with farmer out-grower networks for the supply of rice, milk and a range of fresh vegetables and fruits. Rice is processed at CIC's state-of-the-art milling complex at Maho, while all cultured milk products are manufactured at CIC's ISO 22000 certified production and packing plant in Dambulla.

All three segments maintain strong brands that command leading positions in their respective market space. Product quality, diversity and availability are the hallmarks of the Agri Produce sector. Strong in-house research capabilities coupled with world-class quality assurance accreditations have created a platform for the launch of innovative and groundbreaking products to ensure that each respective product portfolio is evolving ahead of the market. Furthermore, reliable supply chains backed by long standing farmer out-grower networks along with strong island-wide distribution capabilities have created an ecosystem to ensure year-round product availability and island-wide accessibility.



## RICE

A wide range of rice varieties from nutritionally enriched Health Rice and authentic Sri Lankan Traditional Rice to highly palatable Specialty Rice

## DAIRY

A range of high quality cultured dairy products and fresh milk for the main-stream consumer market, marketed under the iconic CIC Creamoo label

## FRESH PRODUCE

The Country's premier provider of fresh vegetables and fruits as well as specialty condiments and other essentials delivered to the market through CIC's network of Fresheez outlets

### RICE

It was a challenging year for CIC's Rice segment. Retail demand for rice waned as normal modern trade activities were disrupted due to frequent economic lockdowns declared by the Government in its efforts to contain the spread of COVID-19. Demand from the HORECA (Hotels-Restaurants-Cafeterias) channel also remained weak as the anticipated recovery in the tourism and leisure sectors failed to fully materialise.

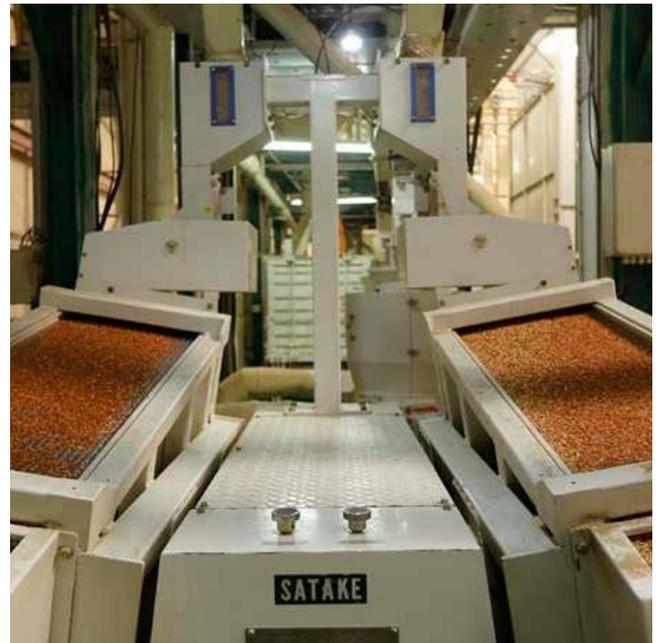
Despite lower volumes however, the Rice segment succeeded in achieving revenue and bottom line goals for the year thanks to strategic product repositioning and rigorous cost control measures.

Meanwhile ongoing R & D efforts enabled the Company to further expand its product line, with two new specialty rice products trialled in the market from mid-2021 onwards. Both products which cater to the niche market for health and nutritional rice, were well received by customers and have continued to gain momentum in its chosen market space.

Faced with lower volumes in the local market, growing export volumes became a major priority. With export demand up until now originating mainly from Sri Lankans living overseas, the Company sought to promote its products at a more mainstream level in these existing export markets. Taking the first steps towards achieving this objective, CIC tied up with a leading social media marketing expert to raise awareness and improve visibility in key export markets.

### DAIRY

The Dairy segment too was subject to the same challenges as those experienced by the Rice segment and the Country's FMCG sector as a whole. Both retail and HORECA demand for dairy products were affected by frequent lockdowns as well as conservative spending patterns of consumers due to lower disposable incomes resulting in the COVID induced economic downturn. Furthermore, the short shelf life of cultured dairy products such as curd and yogurt saw the modern trade network scaling down their stock holdings in these uncertain times. The



prolonged closure of schools and businesses was another major factor affecting the retail demand for CIC's dairy products like drinking yogurt.

On the supply side, milk output volumes produced by farmers in 2021/22 were significantly lower than the previous year, leading to a sharp increase in milk prices. Another reason for the elevated price of milk was the high demand for fresh milk driven by the scarcity of imported milk powder in the Country.

Amidst this backdrop, the Company engaged in streamlining its procurement together with careful production planning to improve scalability in line with the market demand. These efforts together with social media campaigns to raise the brand profile and strengthen brand loyalty for key products, enabled the

## SECTOR OVERVIEW

segment to record marginal growth in total volumes compared to the previous year. Furthermore, with all core products performing reasonably well, overall market share attributed to the CIC Dairy segment increased compared to the previous year.

Despite recording limited volume expansion, CIC's Dairy segment's competitive pricing structures helped to produce solid year-on-year revenue growth. The Company's margins however came under pressure due to cost increases in other essential raw materials. Imported packaging materials in particular became significantly more expensive following the Rupee depreciation in the final quarter of the year. While not much could be done to control such unavoidable cost escalations, the Company took proactive steps to reduce avoidable costs. In this regard, the Company began the implementation of its sales force automation system which will facilitate real time monitoring of secondary sales logs across the retail channels, thus eliminating the high time consuming manual monitoring process.

A new Aloe Vera range was launched during the year with the unveiling of two new products - Aloe Drinking Yogurt and Aloe Jelly Yogurt. Combining the nutritional properties of dairy with the health properties of aloe vera, both products occupy a niche market space.

### FRESH PRODUCE

Frequent lockdowns and other COVID restrictions impacted the prospects of the Fresh Produce operation as well in the year under review. The major impact was on the core product fresh juices. With dine-in operations at all Fresheez outlets curtailed in order to comply with COVID guidelines, fresh juice sales declined significantly in the first seven months of the year.

Other areas of the business however were not as badly affected thanks to the continued patronage of the loyal customers throughout the pandemic period, while the support of its supply and delivery partners assisted the Company immensely in ensuring uninterrupted product availability in order to meet customer objectives as usual.

On this basis, the flagship Fresheez outlet in Jawatta tabled improved results on all fronts. Volume growth across all products was substantially above the previous year. Customer numbers were also significantly higher, while average basket value was the highest ever recorded to date.

After, COVID restrictions were lifted in November 2021, all Juiceez outlets across the island were reopened leading to a visible uptick in fresh juice volumes for the remainder of the year.



Although overall fresh juice volumes were markedly lower than pre-pandemic levels, sales recorded during the last five months of the financial year contributed to almost 11% of the total revenue from fresh produce for FY 2021/22.

At the same time the Company proceeded to consolidate the Fresheez network based on its benchmark cost-to-serve ratio. Accordingly, the WTC and Kandy Asiri outlets were phased out, and tighter cost control measures were implemented to optimise the performance of the remaining 7 Fresheez outlets.

### OUTLOOK AND PROSPECTS

The resumption of normal economic activity as businesses and schools reopen, will certainly create an ideal environment for CIC's Agri Produce sector to accelerate its growth trajectory in the coming months.

However, with the Country in the throes of yet another economic crisis due the shortage of essential supplies, it remains to be seen if the anticipated economic revival will take place any time soon. Amidst this backdrop, CIC's Agri Produce sector will proceed cautiously with a strong focus on strengthening downstream and upstream efficiencies in order to drive revenue while lowering the Company's overall cost-to-serve.

The Dairy segment will focus on expanding capacity to meet the surge in demand for milk resulting from the restrictions on the import of milk powder and other related dairy products. To capitalise on this opportunity, Company will look to optimise the current product mix to drive up margins while further expanding its milk supply networks. In the Rice business, a combination of product development and market development strategies will underpin efforts to grow export volumes to mainstream overseas markets.

# Livestock Solutions



CIC's Livestock vertical is among the few fully integrated poultry solutions providers in Sri Lanka. The segment's feed mill, breeder farms & hatchery, broiler farms and veterinary care solutions combine to serve as a vital link in the Country's poultry supply chain.

The segment's state-of-the-art production facilities and strong island-wide distribution capabilities together ensure that Sri Lankans around the Country have access to the highest quality poultry products in the market.

## FEED

One of the largest and pioneering feed manufacturers supplying almost 10% of the country's compound poultry feed market.

## DAY OLD CHICKS (DOC)

One of the leading day-old broiler chick producers catering to 10% of the market.

## POULTRY

Supplier of premium quality broiler chicken to discerning customers island wide.

## VETCARE

A premier supplier of internationally acclaimed veterinary care products for the poultry & pet care markets.



# SECTOR OVERVIEW

## FEED

It was a good year for CIC's Feed business. The feed mill remained fully operational throughout the current financial year despite various challenges which included pandemic related closures and disruptions. Steps taken in the previous year to diversify the supply chain to increase local sourcing coupled with meticulous resource planning, ensured that the Feed operation remained relatively immune to pandemic related global supply chain disruptions. This together with stringent management of input services ensured continuity of operations at an average of 90% capacity utilisation in the first three quarters. Production activities continued unabated in the final quarter too, thanks to foresight and preemptive actions taken to secure imported materials in advance. The pre-planning and preemptive actions also helped to mitigate the risk of supply shortages arising from the foreign exchange currency crisis in the final quarter. Consequently the business showed a consistent improvement over the course of the year.

Meanwhile with the gradual resumption of economic activity, the demand for feed showed a notable increase compared to the previous year, enabling the segment to record healthy results for the year under review.

## DAY OLD CHICKEN (DOC) OPERATION

Capitalising on the post-pandemic surge in demand for chicken and diligent management, the DOC operation recorded a strong performance compared to the previous year.

## POULTRY

With economic activity returning to normalcy in 2021, the poultry industry, which in the previous year was severely affected by pandemic related restrictions, made a strong recovery. As a result of foresight and diligent management, the business operated at full capacity, enabling CIC Poultry to reap the benefits of the sudden post-pandemic demand for chicken. The market returned to almost pre-pandemic levels, despite no discernible recovery in the tourism industry.

After almost a year of relative inactivity, the competitive dynamics of the poultry industry changed in 2021. Many small scale operators moved out of the industry, leaving the industry mainly to the larger players, who due to their scale advantages, were able to withstand the pandemic related challenges. A culmination of these factors saw CIC Poultry making good headway in strengthening its market position.



Despite facing some challenges in the last quarter due to the disruption of electricity and fuel shortages, CIC's Poultry segment performed well in the year under review to exceed both topline and bottom line estimates for FY 2021/22.

## VETERINARY CARE

The CIC Veterinary Care operation delivered a satisfactory performance in the year under review, with both key verticals of poultry care and pet care products performing well. Benefiting from the revival in the country's poultry industry, CIC's Veterinary Care business increased its market share. CIC remained a dominant player in the fast-growing pet care market. In a related development, Nexgard tick protection solution was introduced as a new addition to the pet care range.

## OUTLOOK AND PROSPECTS

Despite the high inflationary environment, the poultry market as a whole is likely to witness a substantial increase in the coming years, as chicken reclaims its status as the most affordable staple protein. Amidst this backdrop, the main priority for CIC's Livestock Solutions sector will be to seize every opportunity to grow market share across all key verticals. It is equally important to ensure that the challenges arising from the current economic crisis do not in any way hamper the performance of the sector's long term growth objectives.

# Health & Personal Care

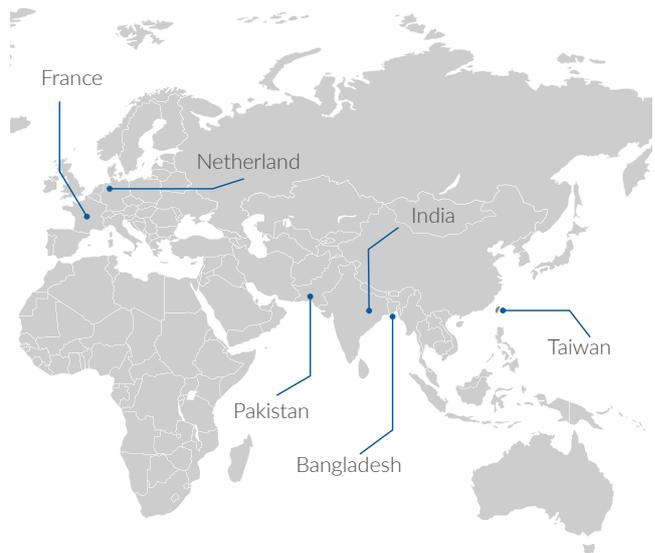


Within CIC's Health and Personal Care Solutions, the Pharma and Medical Devices units have built a solid reputation as a key catalyst in developing the capacity of the local healthcare sector on par with global standards. Backed by strong ties with overseas principals, both the Pharma and Medical Devices units have continued to focus on expanding their respective product portfolios to ensure that all Sri Lankans can benefit from world-class Pharmaceutical and Medical Solutions.

Through commitment to continuously update the product portfolio, CIC has earned the trust of stakeholders in the state sector and private healthcare systems.

Meanwhile CIC is one of the few authorised pharmaceutical manufacturers in Sri Lanka. The Pharmaceutical manufacturing plant in Welisara is an approved facility by National Medicine Regulatory Authority (NMRA), that plays an important role in supplying high quality, affordable pharmaceutical products to the local market.

The Personal Care segment is represented by Link Natural Products (Private) Limited. The Company is renowned for its range of natural and herbal products which are marketed locally under the "LINK" brand. The entire product range is manufactured locally at the state-of-the-art, internationally certified LINK manufacturing facility in Dompe. Supported by extensive R & D, the Company has succeeded in consistently widening its product range which has allowed LINK to cement its dominance in the local market, while also extending its reach globally. Today the company has secured the copyrights for a range of personal care products, many of which are also exported.



## PHARMACEUTICALS

Import and Manufacture of pharmaceuticals to meet the needs of the Country's healthcare systems.

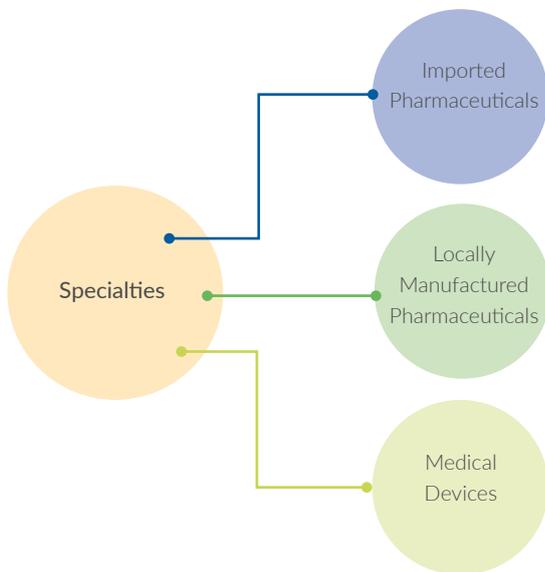
## MEDICAL DEVICES

Import and supply of surgical implants and other medical devices to support the Country's state sector and private sector healthcare systems.

## PERSONAL CARE

Manufacture and supply of herbal healthcare and personal care products to the local market and selected overseas markets.

# SECTOR OVERVIEW



## PHARMACEUTICALS

CIC's Pharmaceutical import vertical recorded solid results in the current financial year fuelled by the strong demand from the Country's private sector healthcare system. The heightened demand for pharmaceuticals from the private sector was the result of a shift in market dynamics caused by the widespread closure of state sector outpatient treatment centers due to COVID restrictions. The natural tendency for stockpiling amidst frequent COVID related lockdowns was also partly responsible for the exponential demand for certain medications, especially those relating to chronic diseases, acute respiratory issues and antibiotics.

Moving quickly to capitalise on these trends, CIC adopted a multi-pronged approach to grow its captive market share in this space. Stringent supply chain management activities were employed to minimise the impact of COVID related disruptions. Warehousing infrastructure was optimised, while distribution networks were further streamlined in order to overcome logistics challenges due to frequent COVID lockdowns. Sales force automation initiatives to integrate front end sales data to the Company's ERP system, were also expedited to facilitate more effective procurement planning and better stock management. In parallel, the Company began working with existing principals while also seeking out new potential tie ups to drive portfolio expansion and support product diversification. These collective efforts saw CIC launching several new products to the market in 2021, among them the first-ever oral blood thinner medication to be launched to the Sri Lankan market. Other notable additions to CIC's Pharma portfolio included a range of the latest cardiac and diabetic care products. In related developments, CIC entered into a MoU with a leading regional tech transfer partner with

the aim of accelerating its product research activities on a more sustainable basis.

After experiencing solid growth in the first two quarters of the financial year, the Pharmaceutical import business found itself under pressure in the latter part of 2021 on the back of the foreign currency crisis in the Country that resulted in widespread import restrictions. Nonetheless on an overall basis, CIC's Pharmaceutical import vertical ended the year with a significantly better performance compared to the previous financial year.

On the other hand, the Pharmaceutical manufacturing operation remained under stress, with part of the production capacity utilised in the current financial year.

## MEDICAL DEVICES

CIC's Medical Devices produced consistent results in the current year as well, thanks to the segment's strong market positioning in the areas of Orthopaedics, Maxillofacial, Trauma, Endoscopy, Wound Care and Diagnostics.

The segments' core business - the supply of chemistry, Immunoassay and Immu-Hematology reagents and Trauma consumables to the state sector, accounted for 20% of the annual volumes for FY 2021/22. With a few ongoing tenders coming to a conclusion in the current financial year, CIC actively participated in new tender proceedings and was awarded several long-term tenders for the supply of surgical implants, Orthopaedics implants and Orthopaedics support equipment to the state sector.

In the Ortho Clinical Diagnostics, NMRA approval was received for the new advanced range in mid-2021 to enable the launch of a highly sophisticated Ortho Clinical solution to the market. The product which gives CIC a first-mover advantage was very well received by the market, suggesting that there is solid grounds to secure captive market share in this particular domain. Ongoing efforts to expand the Orthopaedics range received a further boost in 2021 following NMRA approval to launch a new branded line of trauma implants. A number of different types of implants all designed to greatly improve the patient outcomes from orthopaedics trauma surgeries, were unveiled as part of the initial phase of the Medical Devices strategy.

The other two main components of the business - Wound Care and Diagnostics also performed reasonably well in the current financial year on the back of aggressive year-round promotional work to bolster demand from the private sector. Some notable strides were also made in widening the market penetration in both Wound Care and Diagnostics.

In the Wound Care segment and aesthetics reconstructive surgery, dossier approval was sought for a multi-functional PRP solution that can aid in a wide range of surgical procedures



including general surgery, neuro, orthopaedics, plastic and reconstructive surgery as well as sports medicine. NMRA approvals for this new PRP solution remain pending.

In an effort to expand the coverage in the neonatal area, several units of a new neonatal testing machine were commissioned at LRH as part of the routine clinical testing process prior to submission for NMRA approvals.

### PERSONAL CARE

The Group's Personal Care business made excellent progress for FY 2021/22 buttressed by strong growth across all key product categories. The Company's flagship herbal health products - Link Samahan and Link Paspanguwa both reported good volume growth to claim an increase in captive market share. Link Sudantha toothpaste also continued to compete effectively in its space and managed to successfully retain its market share in the local oral hygiene segment.

Given the evolving COVID situation and widespread economic uncertainty, the Company stayed clear of aggressive expansion and instead focused mainly on consolidating core competencies with a strong emphasis on production planning, supply chain diversity and R & D. Stringent production planning activities undertaken throughout the year ensured capacity utilisation goals were met. At 58%, average capacity utilisation for the year was lower than the previous years' 65%. Meanwhile, faced with supply side challenges due to pandemic related disruptions, the

Company redoubled efforts to diversify its supply chain by taking proactive steps to increase local sourcing.

Meanwhile amidst uncertainties in the local market the focus on exports was intensified, which saw the Company's export range entering several new markets in Asia and Europe. The brand coverage in existing markets was also significantly expanded.

R & D activities also gathered momentum in 2021 with several new products in the pipeline planned for launch over the next 12 - 18 months.

### OUTLOOK AND PROSPECTS

While it can be reasonably assumed that the demand for pharmaceuticals and medical devices will only continue to expand in the years ahead, the ongoing foreign exchange crisis will have a significant impact on the capability of many importers. Amidst this backdrop, CIC will seek to leverage its credentials and well-established network of overseas principals, to support the needs of the local healthcare system. In doing so, the Company will aim to consolidate its position across all core market segments, while systematically building scale across untapped and emerging segments.

In the Personal Care segment, multi-pronged strategies focused on product and market development will drive efforts to improve export market orientation.

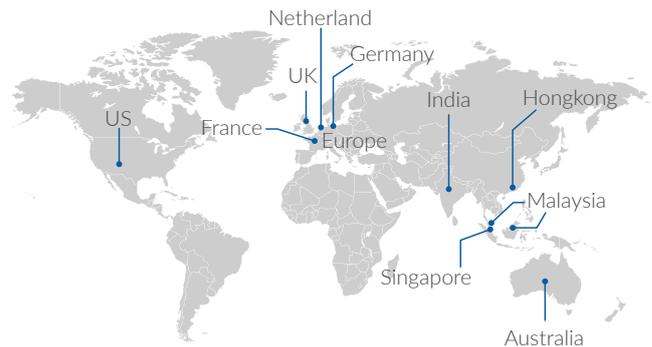
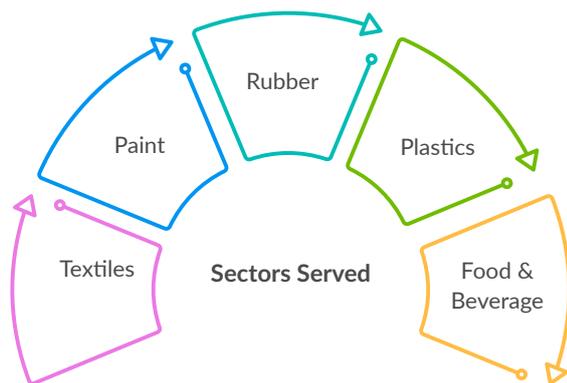
# SECTOR OVERVIEW

## Industrial Solutions



CIC's Industrial Solutions sector is the market leader in the supply of binders for the local paint manufacturing industry. Binders produced at the state of the art plant in Panagoda on par with global standards have enabled CIC to gain a strong competitive edge and secure leadership in the local binder market.

Working in collaboration with overseas principals, who are often leading global suppliers of industrial chemicals, CIC's Industrial Solutions sector has steadily diversified its range of offerings and today supplies key raw material to a range of local manufacturing industries. Over the years, the sector has built a loyal customer base thanks to the commitment to maintain an uninterrupted supply of high quality and innovative products.



### STRATEGY AND PERFORMANCE

With the pandemic induced economic downturn continuing for the second year running, the local industrial sector remained under pressure and with many industries recording degrowth, the demand for industrial chemicals as a whole declined notably. However, with larger manufacturers seemingly better equipped to withstand extreme economic shocks, the demand for binders from the paint industry remained on par with pre-pandemic levels. Demand further picked up towards the end 2021 as manufacturers looked to build up stocks amidst currency volatility and the looming forex crisis.

The fact that CIC's customer base comprises mainly of large scale B2B customers proved to be a considerable advantage for the Group. To capitalise on these market dynamics multiple strategies were deployed in unison to support uninterrupted product availability. Supplier networks were further diversified as a means of safeguarding the supply chain. This was coupled with

aggressive new customer acquisition strategies and customer relationship management initiatives. A new emulsion / wall filler was also launched in mid 2021, further augmenting the binder range offered to the paint manufacturing industry. A culmination of these efforts saw CIC's Industrial Solutions binder segment end the current financial year on a high note. With annual volume targets for the binder segment comfortably exceeding budgeted levels and for the most part even coming close to pre-pandemic levels, CIC's captive market share in the binder segment recorded a strong increase compared to the previous year.

Buttressed by the exponential global demand for rubber gloves owing to the pandemic, the demand for special chemical applications for the production of rubber and latex also grew significantly in the year under review. Consequently, CIC's Industrial Solutions for the rubber industry recorded healthy volume growth in the year under review.



Satisfactory volume growth was observed in products supplied to the food & beverage industries as well amidst an uptick in local manufacturing output following the ban on a range of non essential food imports.

Similarly driven by higher apparel exports throughout 2021, chemicals and dyes supplied to the textile industry also showed notable growth in FY 2021-22 compared to the previous financial year.

Despite a slight decline in the demand for flexible packaging solutions, strict cost containment measures enabled CIC's packaging segment to also achieve its targeted bottom line results for the year.

### OUTLOOK AND PROSPECTS

While the outlook for the future remains uncertain, CIC's Industrial Solutions sector will aim to further consolidate its core strengths to retain its position as the market leader in the supply of binders for the local paint industry. These efforts would be underpinned by broad based product diversification and market development activities.

In its other product segments, the focus will be to grow captive market share supported by multi pronged strategies to strengthen CIC's competitive positioning against peers.

# Crop Solutions



CIC's Crop Solutions arm is widely regarded as the premier specialist in providing a host of advanced technical solutions to enhancing Sri Lanka's agricultural production. A strong islandwide dealer network ensures that farmers Countrywide are able to access CIC's Crop Solution products and services. CIC's integrated Crop Solutions, combining product, extensive technical knowhow, have come to be relied upon by farmers all around the Country as the best in class solution for optimising yields.

Leveraging the knowledge and expertise of its strategic tie-ups with leading global principals as well as local and international research organisations, CIC's Crop Solutions has succeeded in continuously expanding its range of offerings to steadily increase the coverage across the local agricultural sector and all its major subsectors. Most recently the sector has begun working with several overseas principals to explore the possibility of introducing a new organic range of plant nutrient solutions to the Sri Lankan market.

Having consistently proven itself as the preferred choice among the Country's agriculture sector for the past 50+ years, CIC Crop Solutions has earned the reputation as the most trusted partner among both customers and suppliers.

### PLANT NUTRITION

After two highly successful cropping seasons in 2020, it was hoped that the positive momentum seen at the start of 2021 would spill over into the current financial year as well. However, the declaration by the Government in April 2021 banning the import of all agro chemicals and chemical fertilizers set the tone for the remainder of the year.

Forced to cancel confirmed shipments at the onset of the ban, CIC moved swiftly to negotiate with overseas principals to mitigate the impact of potential claims. In parallel, stock rationalisation tactics were employed to manage existing stockholding considering the acute short supply in the market. The lifting of the agro chemical ban by way of a gazette notification issued in December 2021 was widely welcomed across the industry, however it failed to bring the desired relief as import trade activities were severely curtailed due to the foreign exchange crisis in the Country. Amidst this backdrop, CIC was able to import only 45% of the annual Plant Nutrition budget for the current financial year.

On a positive note, Government revoked the fertilizer subsidy scheme allowing the open market operations to continue and opportunity now exists for CIC to promote its new generation of compound fertilizer solutions.



## PLANT NUTRITION

Soil enrichment solutions to boost agricultural output.

## PLANT PROTECTION

Solutions for the protection of agricultural crops against insects, pests and diseases.

## SEEDS

A wide range of improved seed varieties of paddy, field crops, vegetables and fruits.

The Group policy to promote the organic fertilizer domain gathered further momentum in the current financial year with Board approval received to proceed with the capacity expansion of the start up value added organic fertilizer production enterprise acquired in early 2021. These initiatives are ongoing and are expected to be completed by the end of April with plant operations scheduled to commence immediately thereafter. Once commissioned, the plant would add a significant boost to CIC's profile as the first local manufacturer to engage in value added organic fertilizer on a commercial scale.

### PLANT PROTECTION

Negative headwinds from the agro chemical ban directly affected the prospects of the Plant Protection business in the first three quarters of the current financial year. With no imports coming in during this time, stock management became a priority.

Meanwhile the revocation of the ban in December and the subsequent introduction of the new import quota system was seen as a positive step in the right direction. However, CIC was prevented from fully utilising its allotted quota due to the ongoing foreign currency crisis in the Country. A culmination of these factors meant the Plant Protection business had to contend with a sizable reduction in volumes compared to the previous year. Nonetheless, tight cost control measures ensured satisfactory financial results for the FY 2021/22.

Taking proactive steps to respond to market dynamics, a new organic pesticide was launched in mid 2021 and distributed through CIC's islandwide dealer network. Initial data show a strong market up take for this organic product. Working in parallel with overseas principals, CIC also managed to secure a new agency for bio solutions range to complement its current product portfolio. With formal approvals and licensing protocols in the process of being finalised, it is hoped that this new line bio solution can be commercialised by mid 2022.



### SEEDS

The Seeds business performed well in the current financial year. Despite the indirect impact stemming from the agro chemical ban, no major shifts were seen in the demand for seeds. Rice being a staple food, the demand for paddy seeds remained strong as farmers proceeded to cultivate even in the absence of agro chemicals. Given that most vegetables are grown year round, the demand for vegetable seeds too registered an increase. Several new vegetable seed varieties were introduced to the market, enabling CIC to further cement its dominance in this space.

The demand for corn seeds however took a hit amidst the threat of deadly fall armyworm attack. With the non-availability of chemicals to prevent the spread of the fall armyworm, corn farmers were seen curtailing growing activities, in turn impacting

## SECTOR OVERVIEW



demand for corn seeds. In related developments, CIC secured the intellectual property rights from a Thai-based company to use their technology to develop hybrid corn seed locally. This will not only greatly reduce the dependence on seed imports but also safeguard against the cost implications associated with currency volatility.

### OUTLOOK AND PROSPECTS

While uncertainties are likely to remain, there appear to be some very credible opportunities emerging for technology based agricultural solutions, especially from plantation companies and large commercial scale farmers looking to move away from traditional plant nutrition and plant protection applications. Going forward, CIC will aim to gain first mover advantage in this tech based crop solutions space in both Plant Nutrition

and Plant Protection segments, the priority will be to build customised production packages for different crop sectors. This would require an integrated approach combining both organic and chemical products in order to facilitate productivity enhancements and higher return on investment while protecting the environment.

The priority for the Seed business will be to strengthen the current R&D and enhance local seed production capability to meet the Country's increased demand for high quality seeds.

# APPROACH TO SUSTAINABILITY

The CIC Group's approach to sustainability aims to go beyond the numbers to focus on generating more positive and meaningful outcomes for its stakeholders. To direct our efforts in a more systematic manner, we are guided by the UN Sustainable Development Goals (SDG's) where its 17 Goals and 169 Targets serve as a global action plan to end poverty, reduce social inequality, and protect the environment.

For its part, the CIC Group has implemented various initiatives and actions that are relevant to nine SDGs through its business lines. We make sure that these initiatives continue to evolve and grow in order to ensure they remain relevant in delivering the desired outcomes.



## STAKEHOLDER ENGAGEMENT

Stakeholder engagement plays an integral role driving our approach to sustainability. The feedback we receive by engaging with our key stakeholders provides context and insight into the key sustainability issues that impact our operations, including workplace safety, employment practices, diversity, the regulatory environment and broader social issues affecting communities.

As the first steps in facilitating effective stakeholder engagement, we aim to clearly determine the Group's key stakeholders through a stakeholder mapping process that involves measuring their impact or influence on the CIC Group and its various businesses. On this basis, we have determined the Group's primary stakeholders to be shareholders, customers, suppliers / business partners, employees, regulators and the wider community. The stakeholder mapping process allows us to assign the overall engagement approach for each stakeholder Group and formulate suitable engagement mechanisms accordingly.

## STAKEHOLDER MAPPING

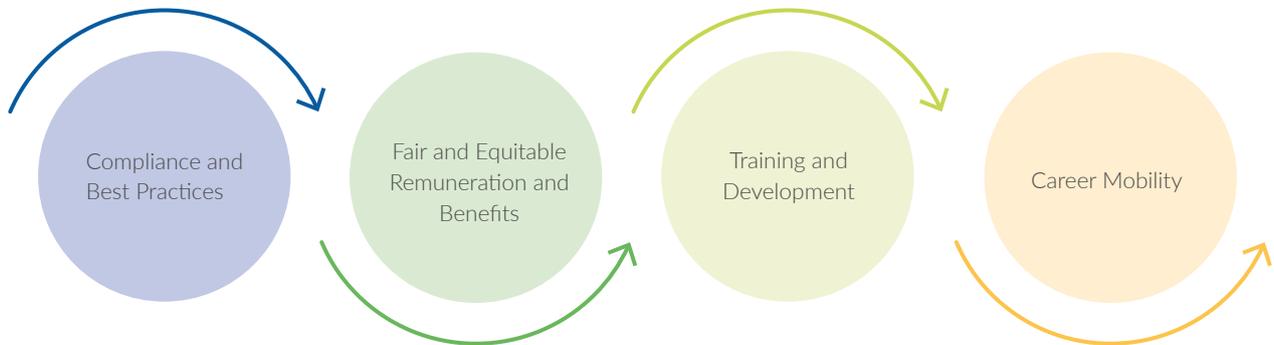


# APPROACH TO SUSTAINABILITY

CIC Group Stakeholder Engagement Framework			
	Engagement Methodology	Frequency of Engagement	Stakeholder Focus
<b>Shareholders</b> The CIC Group reiterates its commitment to shareholders by building and sustaining a strong diversified business portfolio with leading market positions	Annual Report	Annual	Profitability and business growth
	Annual General Meeting	Annual	Financial stability and resilience
	CSE Filings	Quarterly / As needed	Management of financial and Non-financial business risk
	Press Releases	As needed	Strategy and prospects
<b>Customers</b> The Group strives to provide the best in class customer experience by ensuring an uninterrupted supply of innovative, safe and high quality products in a convenient and timely manner in order to meet customer requirements	One-on-one interaction with sales teams	Ongoing	Product quality and safety
	Customer service forums	Regular	Compliance
	Website and social media	Ongoing	Access and reach
	Newsletters, brochures and promotional content	Ongoing	
<b>Suppliers / Business Partners</b> The Group seeks to work with suppliers / business partners to create an ecosystem to support mutual benefit and shared growth	One-on-one interaction with leadership teams	Ongoing	Timely payments
	Business partner forums	As needed	Credit terms
	Website and social media	Ongoing	Financial stability and resilience
	Review meetings	As needed	
<b>Employees</b> The Group strives to offer the best in-class employee value proposition to attract and retain talent in the long term	On-boarding	As needed	Competitive remuneration & benefits
			Non-discriminatory employment
	Performance evaluation & feedback	Annually	Health & safety
	Team meetings / leadership briefings	Ongoing	Career progression
	Notice boards, emails, internet	Ongoing	Retirement benefits
	Grievance handling	As needed	
<b>Regulators</b> The Group is committed to ensure a 100% compliance track record and work towards the early adoption of new regulatory requirements	Awards forums	Annually	
	Regulatory filings	Monthly / Quarterly/ Annually	Timely compliance of regulatory requirements
	Compliance audits	Annually	Involvement in policy formulation
Review meetings	As needed		
<b>Community</b> CIC Group maintains a structured approach to identify and address community needs in order to earn their trust	Community projects	Regularly	Investment in community capacity building
	Press releases	As needed	Local job opportunities
	Website, social media	Ongoing	

## EMPLOYEES

### Employee Value Proposition



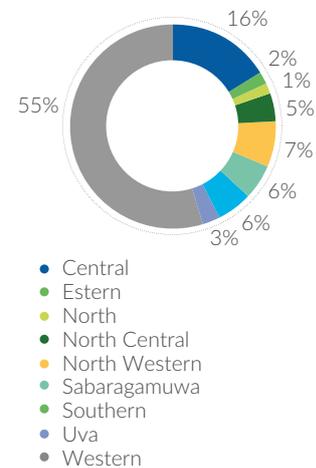
Breakdown of Workforce	2022	2021
<b>Payroll Cadre</b>		
Permanent	1,735	1,709
Probation	184	201
<b>Non-Payroll Cadre</b>		
Outsourced	1,449	1,436
<b>Total</b>	<b>3,368</b>	<b>3,346</b>

Payroll Cadre	Male	Female	Total	%
Senior Management	69	10	79	4%
Management	257	50	307	16%
Executive	501	74	575	30%
Others	754	204	958	50%
<b>Total</b>	<b>1,581</b>	<b>338</b>	<b>1,919</b>	

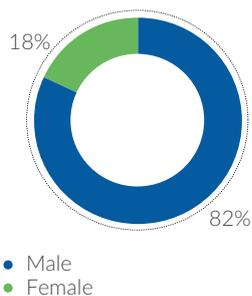
### Employees by Geography 2021-22

Province	Total
Central	313
Eastern	38
North	28
North Central	89
North Western	138
Sabaragamuwa	107
Southern	107
Uva	52
Western	1,047
<b>Total</b>	<b>1,919</b>

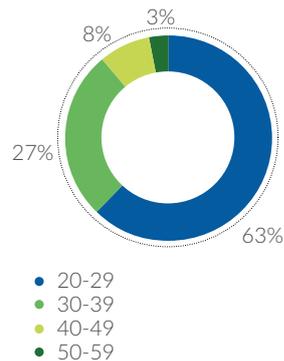
### Employees by Geography 2021/22



### Employee Value Proposition



### New Recruits By Age 2021/22



### New Recruitments by Age 2021/22

Age Group	Count	Percentage
20-29	185	63%
30-39	78	27%
40-49	23	8%
50-59	8	3%
<b>Total</b>	<b>294</b>	

# APPROACH TO SUSTAINABILITY

## COMPLIANCE AND BEST PRACTICES

Compliance is the point of origin from which the Group's commitment to its employees' stems. Our operations are governed by several labour laws the Shop and Office Employees (Regulation of Employment and Remuneration) Act, No. 19 of 1954 and its amendments, applicable to our administrative employees, and the Factories Ordinance No. 45 of 1942 and its amendments which applies to our production teams. In addition, the EPF Act, ETF Act and the Gratuity Act apply to all permanent employees of the Group.

As at 31st March 2022, CIC Group was fully compliant with all labour laws applicable to the Group.

Our approach goes beyond compliance as we strive to emulate the best practices set out under the International Labour Organisation (ILO) conventions and the United Nations Global Compact for Human Rights.

As a non-discriminatory employer, CIC does not discriminate on the basis of employees' age, gender, marital status, religious beliefs or other status protected by law. These principles extend across the employment lifecycle from recruitment, selection, training, development and promotions. Our local hiring policy applies to Group operations around the Country, where priority is given to recruiting from local communities in these areas.

Workforce planning is undertaken annually by the various business units, to establish their respective manpower requirements for the forthcoming financial year. In striving to recruit talented individuals whose attitude and mindset are a best-fit for the Group, we maintain a highly transparent recruitment process where both internal and external applicants are granted equal opportunity to apply for vacancies identified through our workforce planning process. Our selection process also assures a level playing field for all potential candidates to compete for positions based purely on the grounds of merit.

The Group has a strict policy against child labour and forced or compulsory labour.

## FAIR AND EQUITABLE REMUNERATION AND BENEFITS

The Group prides itself as an equal opportunity employer offering equal pay and promising careers for both men and women. We are committed to ensure that the ratio of basic salary of female to male employees remains at 1:1 Group wide.

Our salary structures are developed in accordance with market standards and are designed to remunerate employees fairly for their qualifications, expertise and job requirements, while our entry level wages reflect industry benchmarks in our various businesses.

Employees also have the opportunity to receive additional variable monetary incentives based on individual performance as well as the collective contribution of teams towards the performance of their respective business units.

In addition, all permanent employees of the CIC Group receive the following benefits:

- Life Insurance – Critical illness & death cover
- Personal Accident Insurance
- Surgical & Hospitalisation Insurance

The Group Human Capital and Compensation committee regularly reviews the Group salary structures to ensure they remain competitive, with any proposed changes submitted for Board approval prior to being operationalised. In the FY 2021/22, all employees were granted an average 7% salary increment, while Rs. 321Mn paid out in regard to bonus entitlements.

## TRAINING AND DEVELOPMENT

We believe training and development is central to creating a high quality workforce, customised to meet the unique needs of our various businesses. Training activities are planned ahead and encapsulated in the annual training plan for each business. Individual training needs are typically identified by business heads during the annual performance appraisal process. The training plan is accompanied by the training budget where the largest allocation is assigned to technical and operational areas. In recent years, the training budget for soft skills training and leadership training has also been increased substantially.

### TRAINING FOCUS



## CAREER MOBILITY

As part of our effort to retain employees, we create opportunities for career mobility that allow employees to grow with the Group. The potential for career mobility is assessed through the annual performance appraisal process. Performance appraisals are conducted by business heads annually after the conclusion of the financial year. Based on the finding of the performance appraisal, high performers recommended for promotion or directed towards further development to prepare them for future leadership positions. All Group employees benefited from the annual performance appraisal held in the FY 2021/22 with 41 being granted promotions.

Promotions FY 2021/22	Male	Female
Senior Managers	8	2
Managers	26	1
Executives	15	4
<b>Total</b>	<b>49</b>	<b>7</b>

We aim to maintain healthy relationships with employees through full disclosure of plans that may affect their well-being. Hence, we commit to provide employees with a reasonable notice period prior to operational changes. As per the current Group procedure, employees are notified at least 15 days (2 weeks) before implementing operational changes. Exit interviews are conducted for employees resigning from the Group.

Moreover, our leaders are encouraged to interact regularly with their teams and maintain an open door approach towards addressing employee concerns. Employees who feel their issues have not been successfully resolved through discussion with the immediate supervisor, can escalate their concerns through our formal grievance procedure managed under the custody of the Group HR department. A structured grievance handling mechanism is in place and contains a set of guidelines to ensure employees receive a fair and equitable outcome for personal grievances in the workplace.

No such incidents were reported through the grievance handling mechanism in the current financial year.

The Group respects an individual's rights to freedom of association and collective bargaining. However, good relationships with employees at all levels has ensured that collective bargaining agreements are not required.

## Safety and Wellbeing

Given that a majority of the Group's businesses are sales and marketing oriented operations, they do not pose significant health and safety risks to employees. However, operations such

as the pharmaceutical manufacturing arm, poultry processing plant and our herbal healthcare factory may pose safety risks to employees owing to handling of machinery and electrical equipment. Handling of chemicals at our blending plant also may involve certain health risks for employees of the Group's Agri Businesses as well as the Industrial Solutions cluster.

In keeping with the Group's zero accident target, safety systems at these locations are secured by the latest version of the ISO 45001 Occupational Health and Safety Standard. In this way we have ensured that global best safety practices are integrated into the day to day operations at these locations. Annual compliance audits that are part of the ISO 45001 Occupational Health and Safety Standard serve as the basis for continuous improvement of safety systems at these plants. Workers at these plants are also covered under the Workmen's Compensation insurance cover.

All Group locations, including the above comply with mandatory fire safety regulations, with no violations noted in the FY 2021/22.

The COVID-19 pandemic environment saw the Group investing heavily in implementing all recommended safety protocols including providing PPE for employees, sanitizers, temperature measuring equipment and other disinfectant material.

Furthermore, the Group incurred Rs. 3.5Mn to distribute dry rations to employees during the COVID-19 lockdown periods.

## CUSTOMER EXPERIENCE

Over the past 58 years, CIC Group has worked to earn the trust of customers by providing guaranteed high quality products and solutions to meet their evolving needs. This legacy built over the decades has made the CIC brand synonymous with trust and leadership.

## Product Diversity

As a diversified Group, CIC presents a range of products serving a range of economic sectors and customer segments. Our portfolio also includes top global brands. The Group is constantly updating and expanding its products to range with frequent releases of new products and variations.

# APPROACH TO SUSTAINABILITY



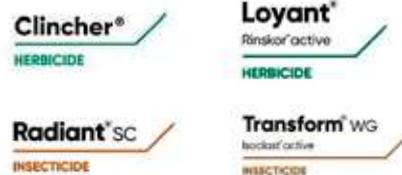
Soil enrichment solutions to boost agricultural output. We represent the global brands

## PLANT NUTRITION



Solutions for the protection of agricultural crops against insect and pest attacks

## PLANT PROTECTION



Different seed varieties for paddy, vegetables and fruits

## SEEDS



A wide range of rice varieties from nutritionally enriched Health Rice and authentic Sri Lankan Traditional Rice to highly palatable Specialty Rice.

## RICE



A range of high quality cultured dairy products and fresh milk for the mainstream consumer market marketed under the iconic "CIC Creamoo label"

## DAIRY



The Country's premier provider of fresh vegetables and fruits as well as specialty condiments and other essentials delivered to the market through CIC's network of Fresheez outlets

## FRESH PRODUCE



Import and manufacture of pharmaceuticals to meet the needs of the Country's healthcare system

## PHARMACEUTICALS



Import and supply of surgical implants and other medical devices to support the Country's state sector and private sector healthcare systems

## MEDICAL DEVICES





Manufacture and supply of herbal healthcare and personal care products to the local market and selected overseas markets



Solutions for a range of industries, including paint manufacture, apparel, beverage and packaging



The leading poultry hatchery in Sri Lanka catering to needs of poultry farmers around the island



The largest and longest serving poultry feed mill in Sri Lanka supplying almost 10% of the Country's formal poultry industry



The premier specialist for the supply of internationally acclaimed vet care products for the poultry industry as well as a line of pet care products



Supplying of premium quality broiler chicken to discerning customers across Sri Lanka



# APPROACH TO SUSTAINABILITY

SBU/ Entity	Products	Agency / Supplier /Internally Developed
Crop Solutions	M-Pede(R)	Gowan Milling Company, USA
	Synkro-viron	Synkromax Bio Tec Pvt. India
CIC CropGuard (Private) Limited	Knockdown	Coromandel India Limited
	Firomite	Local Supplier
	Novelect	Corteva Agri Science
	Nicosulforan	Hextra Malaysia
	Horti-Impact	Green Vison LifeScience India Limited
	M Impact	
CIC Agri Produce (Private) Limited	Purple Queen Rice	Internally developed
CIC Dairies (Private) Limited	Aloe Vera Drinking Yoghurt	Internally developed
	Aloe Vera Jelly Yoghurt	
	Chocolate Pudding	
	Vanilla Pudding	
Industrial Solutions	Chemacryl 3008	Internally developed
	Superbond CG 30	
	Superbond 45 N	
	HI Black 49L, Printex XE, Black FW-2, Special Black 100	Orion
Medical Devices	PRP and Neonatal care	Shvabe, Ester
Unipower (Private) Limited	Agromaster – Control release urea base fertilizer mixture	ICL
	Organomin fertilizer (Combination of 75% Organic with 25% Yara)	Internally produced

## PRODUCT AVAILABILITY

Efficient logistics and strong distribution networks enable our products to reach customers around Sri Lanka. Our warehousing infrastructure further supports our efforts to ensure product availability and on time delivery.

Distribution Capability		
Product Type	Distribution Channel	Network
Fresh fruits and vegetables	Fresheez outlets	7 outlets
	E commerce partners	PickMe
Dairy	Modern trade partners	15
	Dealers and distributors	91 Distributors in 108 territories and four armed forces suppliers
Rice	Modern trade partners	700 outlets (Keells, Cargills, Arpico & others leading channels)
	Hotels/institutions	100 partners (Leading hotels & restaurant chains)
	Export partners	15 partners

Distribution Capability		
Product Type	Distribution Channel	Network
CropGuard products	Dealers and distributors	Through 32 distributors and 180 direct dealers and 950 retailers
Seed varieties	Dealers	Island wide
Link Natural products	General trade-distributors	100-110
	Herbal pharmacies Export countries	Approximately 10 20
Feed products	Dealers and direct customers	Approximately 65 in total
Veterinary products	Dealers and direct customers	Approximately 25 dealers Approximately 100 direct customers
Processed chicken	Modern trade partners	Approximately 350-400 supermarket outlets
Pharma products	General trade Modern trade  Hospitals and Institutions Government Hospitals and Institutions	Approximately 25 550 (Keells ,Cargills, Health Guard, Glomark, Arpico, Laugfs), 25 35
Surgical products	Government Hospitals, Private Hospital and Institutions	35
Agri Businesses products	Dealers and customer network	Approximately 1,200
Crop Solution products	Distributors Dealers Modern Trade	25-30 100-120 6-7
Uni Power products	Distributors	8
	Dealers	Approximately 150
	Institutions	50

## INTEGRATED SOLUTIONS

We offer customers fully integrated solutions. In the Agri cluster, we combine our top of the range Crop Solutions products with key insights for optimal application of plant nutrition and plant protection to give our customers a comprehensive fully fledged solution. Our sales teams are trained to offer guidance and continuous support on yield maximisation and managing disease, weeds and pests of the crops cultivated to further augment the customer experience. CIC Agri division is the only entity in Sri Lanka that manages the entire supply chain from seed to shelf connecting rural farmers to urban consumers and facilitating the socio economic progress of rural communities with the guarantee of CIC quality.

### CIC Agri Businesses

"I have been involved in the cultivation project initiated by CIC Agri Businesses for 10 years. During this period, I have received constant support from the CIC team in terms of technical know-how and training. Most importantly they have provided me with the highest quality seeds for cultivation and offer a competitive price for my harvest, which has helped greatly in improving my living standards. "

- Shriyani Chandralatha

### Link Natural Products

"Being a teacher by profession, I initially signed up for the "Katuwelbatu" *Solanum Xanthocarpum* cultivation project in order to earn some extra income. I have been involved in the programme for the past five years and it has become my main source of income now. I'm extremely content with the support and knowledge provided by Link Natural Products which has been operating this project for almost 20 years for the benefit of the villagers of Athungoda including myself. I can proudly guarantee that the output generated is of the highest quality."

- Sumudu Priyangika

# APPROACH TO SUSTAINABILITY

## WORLD CLASS MANUFACTURING CAPABILITY

CIC Group has invested consistently over the years to build world class manufacturing infrastructure to support its efforts to produce and deliver top of the range products and solutions for customers. Our manufacturing capability is further augmented by ongoing maintenance and upgrades along with the more comprehensive process architecture supported by global quality certifications for quality, safety and environmental management systems.



Seed Paddy Processing Complex



Storage Silos and Drying Plant for Paddy and Maize



Vegetable Seed Processing Center



Link Natural Manufacturing Plant

## DAIRY PROCESSING PLANT

State-of-the-art automated yoghurt production plant capacity of handling 14,000 litres of raw milk per day. Including a milk heat treatment unit, and filler section.

LOCATION

**DAMBULLA**

CAPACITY

**200,000**

Set Yoghurts Per Day

TOTAL INVESTMENT

**Rs.563Mn**

CERTIFICATIONS

ISO 22000:2018, including GMP,

## FEED MILL

Operates a hi-tech, state-of-the-art, fully automated feed mill which produce high quality animal feeds.

LOCATION

**JA-ELA**

CAPACITY

**7,000 MT p.m**

TOTAL INVESTMENT

**Rs.574.4Mn**

CERTIFICATIONS

22000:2018, including GMP, HACCP

## HATCHERY

State-of-the-art fully automated hatchery which produces healthy day old chicks

LOCATION

**PANNALA**

CAPACITY

**23.8 Mn Eggs p.a**

TOTAL INVESTMENT

**Rs.506.6Mn**

## FERTILIZER BLENDING PLANTS

The largest and only fully automated fertilizer blending plant in Sri Lanka.

LOCATION

**PELIYAGODA**

CAPACITY

**600 Tons Per Day**

TOTAL INVESTMENT

**Rs.606Mn**

The 16,974 sqft blending plant

LOCATION

**KURUNEGALA**

CAPACITY

**75 Tons Per Day**

TOTAL INVESTMENT

**Rs.289Mn**

CERTIFICATIONS

ISO 9001:2015  
Quality Management Systems

ISO 14000: 2004

Environmental Management Systems

## ORGANIC FERTILIZER MANUFACTURING PLANT

LOCATION

**PELWEHERA**

CAPACITY

**12,000 Mt p.a**

TOTAL INVESTMENT

**Rs.137Mn**

## LINK NATURALS MANUFACTURING PLANT

Manufacturing and supplying herbal healthcare products, personal care products, pharmaceuticals and essential oil to the local and global market.

LOCATION

**DOMPE**

CAPACITY

**2,700 Mt p.a**

TOTAL INVESTMENT

**Rs.938.5Mn**

CERTIFICATIONS

ISO 9001:2015  
Quality Management Systems  
ISO 14001: 2018  
Occupational Health and Safety Management Systems  
ISO 50001:2018  
Energy Management Systems  
HACCP & GMP

## AGRI INPUT RE-PACKING

66,200 sqft repacking plant has 7 liquid repacking plants, 3 dust repacking plants, 1 repacking plant (granule/dust), 1 sachet repacking plant (liquid) and 2 formulation plants

LOCATION

**GODAGAMA**

CAPACITY

**180 Mn Kg/Lt p.a**

TOTAL INVESTMENT

**Rs.143.65Mn**

CERTIFICATIONS

ISO 9001:2016  
Quality Management Systems  
ISO 14001: 2006  
Environmental Management Systems

# APPROACH TO SUSTAINABILITY

## POULTRY PROCESSING PLANT

Poultry Processing Plant

LOCATION

**BADALGAMA**

CAPACITY

**20,000** Birds Per Day

TOTAL INVESTMENT

**Rs.1,429Mn**

CERTIFICATIONS

22000:2018, including GMP, HACCP

## SEEDS FARMS

LOCATION

**HINGURAKGODA**

ACRES

**1,300**

LOCATION

**PELWEHERA**

ACRES

**832**

LOCATION

**TALAWA**

ACRES

**172**

## POULTRY BREEDING FARMS

LOCATION

**WARADALA**

CAPACITY

**50,000**  
Birds at any given time

LOCATION

**PANNALA**

CAPACITY

**55,200**  
Birds at any given time

LOCATION

**AKARAGAMA**

CAPACITY

**92,900**  
Birds at any given time

## RICE MILL

State-of-the-art rice milling operation

LOCATION

**MAHO**

CAPACITY

**500 Mt p.a**

TOTAL INVESTMENT

**Rs.108Mn**

CERTIFICATIONS

ISO 9001:2016  
ISO 22000:2018, including GMP, HACCP, Halal, US FDA

## PADDY SEEDS PROCESSING PLANTS

LOCATION

**HINGURAKGODA**

CAPACITY

**100BU/hr**

LOCATION

**MAHO**

CAPACITY

**80BU/hr**

LOCATION

**PELWEHERA**

CAPACITY

**80BU/hr**

## BROILER FARMS

LOCATION

**MOLAHENA**

CAPACITY BIRDS

**2.6 Mn p.a**

LOCATION

**AMUNUWELA**

CAPACITY BIRDS

**2.3 Mn p.a**

## PHARMACEUTICAL MANUFACTURING PLANT

LOCATION

**WELISARA**

CAPACITY

**350 Mn Tablets p.a**

**300 Mn Capsules p.a**

TOTAL INVESTMENT

**Rs.156.3Mn**

NMRA Registered and GMP Certified

## HERBAL AND MEDICINAL PLANT FARMS

LOCATION

**DAMBUKANDA & PARAKADUWA**

ACRES

**45**

### BEST IN-CLASS RESEARCH AND DEVELOPMENT

Research and Development is a key catalyst in our efforts to build customer trust and support brand leadership. Each year we dedicate a considerable amount towards R & D. At our state-of-the-art Link Natural's research facility in Dompe we focus on combining the conventional wisdom of Ayurvedic treatment methods with modern scientific knowledge to develop commercially viable products suitable for the modern era. Successful clinical research studies have enabled the commercialisation of first-to-market products such as Link Sudantha, Swastha Thriphala and Company's flagship product Samahan, clearly testifying to the robustness of Link's R & D programme. The continuous and ongoing innovations added to the Link product basket each year also demonstrate the unparalleled capability of our research teams.

Our Dairy research teams are responsible for the continuous transformation of CIC's processed Dairy range. Their efforts have yielded some significant results, most notably the aloe vera cultured dairy range launched in 2021.

Similarly, our research in the Rice segment too continues to produce new and exciting variations, with the most recent being Purple Queen limited range rice which is currently being tested in Australia before its targeted launch in 2022.

### TESTING AND QUALITY ASSURANCE

Our in-house testing labs provide assurances regarding the quality and efficacy of our products. The Group's in-house Dairy testing lab in Dambulla has the capability to perform comprehensive testing regimes, including microanalysis. The Feeds lab in Ekala, is fully equipped to perform all microbiological tests analysis required for animal feed manufacturing in accordance with national and international accepted standards. Meanwhile, the lab at our poultry processing facility in Badalgama performs a range of protocols, including product, portable water, ice and hygienic testing related to chicken processing in accordance with national and international accepted standards.

### SUPPLY CHAIN MANAGEMENT

The CIC Group has a vast and diverse supply chain ranging from our overseas principals, large local suppliers to small scale farmer-out grower networks across Sri Lanka.

### PROCUREMENT BEST PRACTICES

Our overseas principals are most often large reputed global corporations. The relationship with principals is bound by a contract. The Group has built long standing relationships with many of these principles by working consistently to honour all contractual obligations, without exception.

For local suppliers, we ensure a level playing field. A supplier registry is maintained for this purpose, including a minimum of 03 suppliers under each category. The supplier registry is updated annually, allowing new suppliers the opportunity to register. All suppliers, including those already registered are subject to the same evaluation and verification protocols to determine their capacity and confirm their credibility. Supplier reviews carried out annually provide further assurances regarding their alignment with the Group's ethics and values.

### SUPPLIER DEVELOPMENT

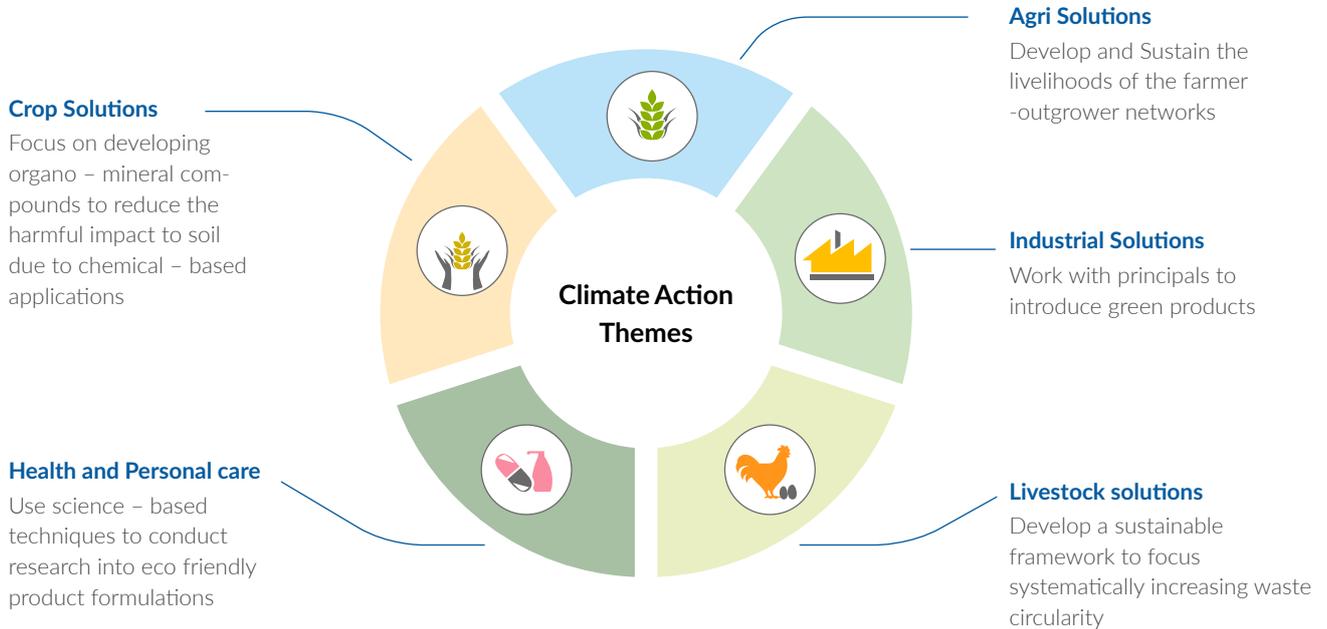
Supplier development initiatives are mobilised mainly to support our farmer outgrower networks. Our teams are constantly working to provide extension services to offer technical guidance and other key insights to educate farmers on growing, yield optimisation, fertilizer application as well as expected quality parameters etc. We also provide additional support as and when needed.

	 DAIRY	 RICE	 SEEDS
<b>FY 2020/21</b>	<b>No. of Farmer / Outgrowers</b> 1,800	<b>No. of Farmer / Outgrowers</b> 2,066	<b>No. of Farmer / Outgrowers</b> 1,500
	<b>Amount Paid (Rs.)</b> 544,962,405	<b>Amount Paid (Rs.)</b> 689,056,446	<b>Amount Paid (Rs.)</b> 156,437,188
<b>FY 2021/22</b>	<b>No. of Farmer / Outgrowers</b> 1,800	<b>No. of Farmer / Outgrowers</b> 1,805	<b>No. of Farmer / Outgrowers</b> 1,500
	<b>Amount Paid (Rs.)</b> 462,004,000	<b>Amount Paid (Rs.)</b> 627,847,904	<b>Amount Paid (Rs.)</b> 145,251,417

### CLIMATE ACTION

The CIC Group follows a bottom up approach to climate action, where each cluster, guided by an underlying thematic premise - works to strengthen environmental sustainability within their respective space.

# APPROACH TO SUSTAINABILITY



## ENVIRONMENTAL MANAGEMENT SYSTEMS

In line with its zero-tolerance policy for non-compliance of environmental regulations, strict Group-wide procedures have been in place. This has ensured CIC's 100% compliance record at all times. Across the Group, our manufacturing facilities have gone beyond compliance to obtain the ISO 14001 Environmental Management Standard certification to guide their effort to integrate environmental best practices within their day to day operations. Link Naturals has also secured the ISO 50001:2018 – Energy Management System for more effective control of its energy consumption.

## GREEN BELTS

We have continued to plant Gliricidia and other similar plants to create green belts around our farmlands.

## RENEWABLE ENERGY

The investment in renewable energy is the most recent undertaking that reflects the Group's intention to reduce its environmental footprint. To date CIC has commissioned rooftop solar energy generation systems at the Link factory as well as the poultry breeder farms in the Livestock Solutions cluster.

Livestock Solutions	Link Naturals
Installed capacity (Feed Mill) – 3,011 kwp	Installed capacity - 100.8 kwp
Installed capacity (Poultry Farms)- 2,385 kwp	Average monthly generation around 9,700 kwh in 2021 (Annually around 116,000 kwh)
Average monthly total energy generation = Approximately 250,000 kwh (3,000,000 kwh annually)	Total CO2 Saving = Approximately 69 Tonnes per annum
Total CO2 Saving = Approximately 1,300 Tonnes per annum	





**COMMUNITY INVESTMENT**

Caring for the community has been a part of the CIC Group ethos from the inception with a CSR trust put in place to create a structured framework to drive effective and meaningful community initiatives. The CSR Trust is managed under the stewardship of an independent Board of Trustees. The Board of Trustees is responsible for reviewing and authorising all projects and for determining the extent of fund allocations that need to be made for a particular project.

Key projects initiated by the CSR Trust in FY 2021/22 are set out below;

**1. High Shade Tree Programme**

With a view of promoting shade and planting of trees in the estate sector, CIC Agri Businesses commenced a programme to distribute Albizia molloccana and Gravilla rubusta plants to the tea small holders in the Ruhuna and Sabaragamuwa Provinces. To date over 30,000 plants have been distributed and planted in these two provinces.



**2. Distribution of books and stationery items to school children**

School children of the Bolape Primary School, Marassana, in the Central Province were given books and stationery items to encourage them to pursue their studies. The majority of the recipients of the donation were children of farmers who have been toiling their lands day in and day out to keep their home fires burning and provide a better education for their children.



**3. Firsthand experience for undergraduate students**

Every year, we facilitate more than 250 industrial training / projects of final year students from the universities and agriculture schools. These students are educated on the latest agricultural methods/techniques that are practiced within our farms.



# APPROACH TO SUSTAINABILITY

## 4. DONATIONS BY THE CIC SPORTS CLUB

The CIC Sports Club organised a number of charitable gestures during the year to help deserving persons and organisations. The St Joseph’s Deaf School, Ragama, Naduni Elders Home, Wennappuwa and a children’s orphanage managed by Sarvodaya in Moratuwa were the recipients in the current year.

Books and stationery items were donated to 35 students of the St Joseph’s Deaf School, while bed linen and towels were donated to Naduni Elders Home. Folding beds, mattresses and wall fans were donated to the Sarvodaya Suwasetha Nutrition Centre in Moratuwa which shelters around 25 under nutritious orphans.

In addition, the CIC Sports Club also gave away gift vouchers and essential food items to security officers and janitorial staff deployed in all their offices and factories and stores premises.



# CORPORATE GOVERNANCE

Group/Company ensures to comply with established best practices in corporate governance and ensures the highest ethical standards in conduct of its business. The Board adopts core values and standards which set out the conduct of staff in their dealings with shareholders, customers, colleagues, suppliers and other stakeholders. Once the core values are set and communicated to all levels of the Organisation, the Group/Company is of the belief that the highest standards of integrity will be maintained in business.

## GOVERNANCE POLICY AND FRAMEWORK

Framework covers both corporate governance and the business governance. Corporate governance and business governance are interrelated processes and one process is always linked to and dependent on the other process. Business governance enables us to focus on areas of value creation to the business. Corporate governance process is to safeguard and ensure that the Group/Company achieves business performance maintaining a balance between accountability and assurance of the business process. Thus, we believe our business governance and corporate governance are interlinked to each other. In line with the above governance framework, the Group/Company believes that successfully run business enterprises are founded on a set of fundamental qualities – those that embed transparency, accountability, and responsibility within the core of its business operations. Translated into action, the Group's/Company's strong core qualities and guiding corporate governance functions ensure that we remain "law abiding", strictly adhering to the laws and regulations of the country. Business integrity and accountability to stakeholders are top of the mind factors that we inculcate right across – from the Board of Directors to the field level.

## STATEMENT OF COMPLIANCE

CIC Group is fully-compliant with the Code of Best Practice on Corporate Governance issued in 2017 by the Institute of Chartered Accountants of Sri Lanka as well as the Rules on Corporate Governance published by the Colombo Stock Exchange, which are specifically mentioned in the corporate governance report. The following change took place during the financial year under review;

- Mr. Sermal Fernando ceased to be a Director with effect from 26th August 2021.

## MINIMUM PUBLIC HOLDING

The Company shares have been traded in the Main Board since 1964 and comply with minimum public holding requirement in terms of Rule 7.13.1 of the CSE Listing Rules. The public holding of the Company as at 31st March 2022 was 46.68% which is above the minimum requirement of 20% as specified by the Listing Rules [Rule 7.13.1 (a)] of the Colombo Stock Exchange (CSE).

## BUSINESS GOVERNANCE

Business governance (performance governance) is linked from Company's Vision Statement to final objective at grass root level. Business governance process is started at the point of preparing the annual plan and the annual plan is focused on future strategic direction, long-term objectives, medium-term objectives and short-term set targets. Annual plan is initially approved by the Company and subsequently reviewed and approved by the Board. The Group CEO and Executive Committee review the strategic plan and budgets against the actual performance on a monthly basis and at more frequent intervals as needed. The Chairman and the Board of Directors review actual performance at each Board meeting.

## IT GOVERNANCE

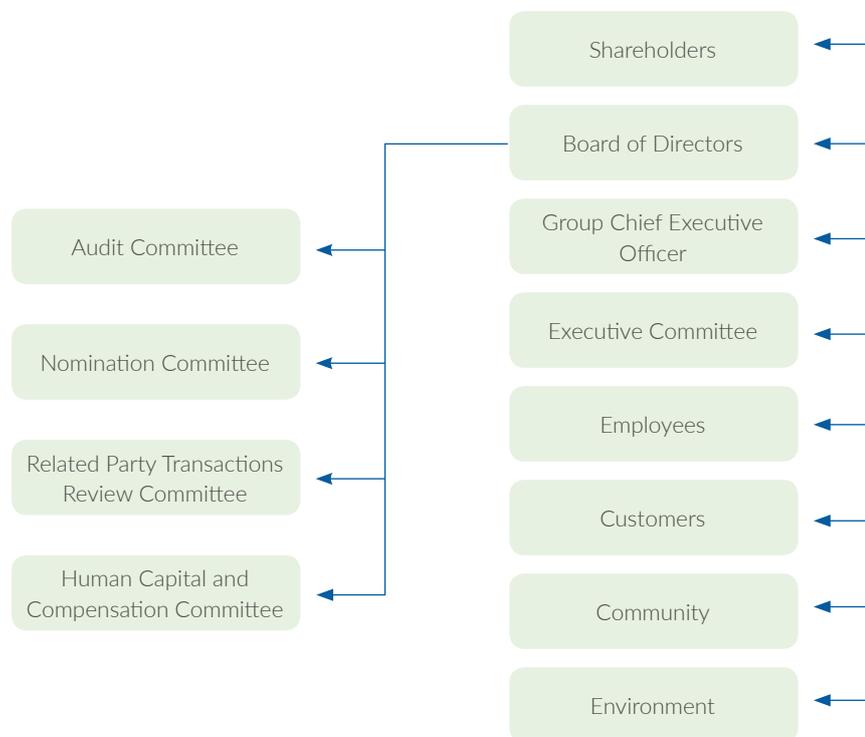
IT governance process of the Company ensures that IT objectives are aligned with the business objectives that will meet its strategic and operational objectives. IT governance is an integral part of the corporate governance process and deals primarily on optimising the linkage between Strategic Directions and Information Management of the Company. Competent and dedicated resources are deployed to support this need. Company investment in IT resources covers resources operated and managed centrally and deployed in various places. IT resources include ERP system, other related business systems, internet, emails and other Company/Group-wide data communication systems. Impact of the IT governance to diverse functional areas of the Company is driven by certain core objectives which are set below.

Compliance	Investing in licensed software deployed in compliance with Intellectual Property Law with a view to educate and mandate compliance to such laws throughout the Company/Group.
Operational efficiencies	Streamlining of inventory management, logistic management and credit management process so that integrity is maintained across the value chain through near real-time processing.
Prudent capital expenditure	All major IT investments are carefully evaluated by the IT team and built into the business plan and carefully scrutinised at the planning level and approval is granted by the board.
Customer convenience	Ensuring process efficiencies to increase the contribution to customer convenience.
Green IT	Practicing environmentally sustainable computing by reducing print through migration to emails, SMS, social media and soft copies.

# CORPORATE GOVERNANCE

## GOVERNANCE STRUCTURE

External Regulations	Internal Regulations
Companies Act No. 07 of 2007.	Articles of Association of the Company.
Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 continuing Listing Requirements of the Colombo Stock Exchange.	Standard Operating Procedure Manual.
Code of Best Practice on Corporate Governance issued in 2017 by the Institute of Chartered Accountants of Sri Lanka.	Code of Ethics, Human Resources Policies and Procedures.
Directives/Regulations of the Securities and Exchange Commission of Sri Lanka.	Information Technology and Other Internal Manuals.
Any additional regulatory requirements.	Standing Instructions, Policy and Procedures (P&P).



As diagrammatically presented above, Group governance structure is set up to create a distinction between the functions of the Board and Management team but ensuring effective co-operations and communication between two groups. Group Chief Executive Officer exercises triangular linking role between the Board, Executive Management Committee and other Stakeholders, i.e. shareholders, employees, customers, community and environment. Group's Chief Executive Officer is the main communication link with the Board and Executive Management Committee. He also acts as a de facto officer to maintain a fair role on behalf of shareholders, employees, customers, community and environment.

## BUSINESS ETHICS

The Group enshrines the highest ethical standards in the conduct of its business affairs and its Board of Directors are tasked with ensuring that the resultant regime of exemplary governance across all aspects of business are in the best interests of the stakeholders. Ethically correct conduct comprising integrity, honesty, fair play and loyalty pervade all Group actions. Transparency is fostered in all public disclosures, as well as in the way business and communication take place with all stakeholders. A "whistle-blowing policy" introduced internally in 2018 has increased the level of transparency towards a wider dimension. All employees are bound by the Company's written Code of Ethics that includes the following aspects:

- Exercise honesty, objectivity and diligence when performing one's duties.
- Avoid situations where personal interest might conflict with the interest of the Company and if so, disclose such interest in advance.
- Maintain confidentiality of commercial and price-sensitive information.
- Work within applicable laws and regulations.
- Safeguard the Company's assets.
- Avoid conduct that will reflect badly on the person concerned or the Company's image.
- Strictly avoid giving or accepting any kind of bribe, either directly or indirectly.
- Strictly avoid making contributions for political funds, either directly or indirectly.
- Strictly avoid any kind of sexual harassment.

The Company has implemented a formal whistle-blowing procedure and encourages any employee who suspect wrongdoing at work, whether by Management, peers or any other employee, to raise their concerns.

#### OTHER POLICIES

In addition, the Company implements policies covering:

- Recruitment and selection
- Financial integrity
- Use of Company property including computers
- Non-harassment in the workplace environment, safety and health
- Security of IT system

#### RESPONSIBILITY TO CUSTOMERS

The Company maintains an island-wide network of distributors and provides a wide choice of related products to customers, complemented by technical support wherever necessary. What is salient about the widespread nature of our distribution is that in most instances, a consumer living in any part of the country need not travel more than 10 km to obtain products of the Company.

Products sold by the Company are of the highest quality and are rigorously tested prior to introduction and obtained required regulatory approval wherever necessary. The Company is bound by return policies specially in the area of selling of pharmaceutical products. Customer grievances, if any, are handled promptly and solutions provided with exchange of products in the unlikely event of a manufacturing defect or expiry. In serving our differently abled customers, personalised

service is provided by a specialised trained team with utmost care for customers life, in such instances maintained high-level of confidence through past practices ranked as the most preferred supplier by all customers.

#### ENVIRONMENT

Social responsibility is regarded as a fundamental aspect of the Company's strategy and it is one of the core values of the business. As always committed "we make every effort to ensure that the environment is protected and conserved for future generations" and in line with this core value, the Company is committed to minimise any adverse impact, the activities of the business may have on the environment. Further to that, this core value encourages and ensures our products, processes and business do not unnecessarily damage the environment.

#### CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE

We set out below the corporate governance practices adopted and practiced by the Company, the extent of adoption of the Code of Best Practice on Corporate Governance issued in year 2017 by The Institute of Chartered Accountants of Sri Lanka and the Rules set out in Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance.

#### Section A

This section covers Company's extent of adherence to the requirements of the Code of Best Practice on Corporate Governance issued in year 2017 by The Institute of Chartered Accountants of Sri Lanka covering following eight fundamental aspects:

- Directors
- Director Remuneration
- Relationship with Shareholders
- Accountability and Audit
- Institutional Investors
- Other Investors
- Internet of things and cyber-security
- Environment, society and governance

These are discussed in the sections that follows;

# CORPORATE GOVERNANCE

## A. THE DIRECTOR

### A.1- The Board

#### Main principle

Every public company should be headed by an effective Board, which should direct, lead and control the company.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Board Meeting	A.1.1	The Board should meet regularly, at least once in every quarter.	The Board meets at least four times a year and additional meetings are held as necessary. The Board Subcommittees also met on a regular basis. Circular Resolutions are passed as per the requirements. The Board met four times during the period ended 31st March 2022. Details of the meetings and attendance of the members are set out on page 101 The meetings convened by the Board Subcommittees during 2021/22 are also provided on page 101.	Complied
		The regularity of Board meetings and the structure and process of submitting information should be agreed to and documented by the Board.	A board pack containing all relevant information is submitted to the Board of Directors.	Complied
Responsibility of the Board	A.1.2	Board should be responsible for matters including:  Ensuring the formulation and implementation of a sound business strategy.	The Board is responsible for the strategic planning process of the Company. This includes the responsibility for the formulation of the strategic vision and mission of the Company, setting the overall corporate policy and strategy, monitoring performance and reviewing risks and major investments. The Board also takes on the added responsibility of directing Company performance towards achieving the best results possible and increasing shareholder value. The Board sets the broad parameters of the Company's business. The Company's business units are then tasked with their application, in achieving specific targets and objectives.	Complied
		Appointing the Chair and the Senior Independent Director if relevant.	Not applicable since Group CEO is the apex executive in charge of the day-to-day management of operations and business of the Company.	Complied
		Ensuring that the CEO and Management Team possess the skill, experience and knowledge to implement strategy.	While the Board of Directors is ultimately responsible for the operations and financial soundness of the Company, the day-to-day management of the Company is entrusted to the Group CEO. There is extensive staff participation in decision-making at all levels, with strategic recommendations on material matters flowing to the Board for final decision.	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
			<p>The Group CEO chairs the Executive Committee. The Executive Management Committee, comprising all Key senior managers who are divisional heads and Group CEO meets every week for performance review and decision making .</p> <p>The Company's Annual Plan addresses the requirements of all business units and divisions. This ensures that the entire Company follows the set plans and objectives as articulated in the Annual Plan. These in turn become the primary objectives of the Management Committee which is represented by all Heads of Divisions, and are shared with Divisional Heads and Heads of all SBUs. The Management Committee together with the Heads of Divisions and SBUs have the autonomy and freedom to translate these objectives to specific goals that are achievable.</p> <p>Key programmes are identified by the Group CEO for each year in line with the Annual Plan after they are discussed at Executive Committee meetings. A review of progress on plan implementation is a key item on the agenda of the monthly Management Review meetings.</p>	
		Ensuring the adoption of an effective CEO and Senior Management succession strategy.	<p>Succession planning is given due recognition in the corporate culture. Effective succession planning is a criterion in the performance appraisals of the Senior Management and Key Management.</p> <p>Developing a group wide succession plan considering 3x3x3 is in progress.</p>	Complied
		Approving budgets and major capital expenditure.	Budgets and major capital expenditure are reviewed and approved by the Board.	Complied
		Determining the matters expressly reserved to the Board and those delegated to the Management including limits of authority and financial delegation.	<p>The Board has agreed and reserved power to determine matters including approving of major capital expenditure, appointing the Secretary to the Board and seeking professional advice as and when needed.</p> <p>Limits of authority and financial delegation are agreed by the Board in order to manage affairs efficiently.</p>	Complied
		Ensure effective systems to secure integrity of information, internal control and risk management.	<p>The Board has delegated this responsibility to the Audit Committee.</p> <p>The Audit Committee is empowered to review and monitor the financial reporting process of CIC Group so as to provide additional assurance on the reliability of Financial Statements through a process of independent and objective review.</p>	Complied

# CORPORATE GOVERNANCE

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
			<p>As such, the Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities on ensuring the quality of financial reporting and related communication to the shareholders and the public.</p> <p>Audit Committee framework, composition, responsibilities and duties are given in the Audit Committee Report on page 102 to 103.</p> <p>Risk Management framework is given in the Risk Management Report appearing from pages 109 to 116.</p>	
		Ensuring compliance with laws, regulations and ethical standards.	<p>The Board follows a policy of strict compliance with laws and regulatory requirements and ensures that stakeholder interests are considered in key corporate direction.</p> <p>A compliance checklist is provided to Audit Committee and Board members in every quarter by the Compliance Officer indicating compliance with applicable laws, regulations etc.</p> <p>The Company has also issued a Code of Ethics and Human Resources Policies and Procedures applicable to all employees.</p>	Complied
		All stakeholders' interests are considered in corporate decisions.	<p>The Board adopted core values and standards which set out the conduct of staff in their dealings with shareholders, customers, community, environment, suppliers and other stakeholders. Once the core values are set and communicated to all levels of the Organisation, there is a belief that the highest standards of integrity are maintained in business.</p> <p>The Board relies on the integrity and due diligence of Key Managers, Senior Managers, Auditors and Advisors to oversee the Group's overall performance objectives, financial plans and annual budgets, investments, financial performance reviews, risk management and corporate governance practices.</p>	
		Recognising sustainable business development in corporate strategy, decisions and activities and consider the need for adopting "integrated reporting".	Development of sustainable value is embedded in the corporate strategies.	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
		The Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.	<p>The Group enshrines the highest ethical standards in the conduct of its business affairs and its Board of Directors are tasked with ensuring that the resultant regime of exemplary governance across all aspects of business are in the best interests of stakeholders. Ethically correct conduct comprising integrity, honesty, fair play and loyalty pervade all Group actions.</p> <p>Accounting policies are reviewed annually in light of changing business requirements, evolving international and local accounting standards and industry best practice. As mentioned above, significant emphasis is placed on compliance with applicable regulations. Group continues to adopt same accounting policies adopted in year 2020/21 and which are given as part of the Financial Reports on pages 135 to 156 and the related changes to significant accounting policies are described in Note 1-4.</p>	Complied
		Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks.	Performance and progress of strategy implementation, budgets, plans and risks are monitored through a formal reporting process.	Complied
		Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company.	The Board ensures compliance to annual and quarterly corporate reporting requirements.	Complied
		Fulfilling such other Board functions as relevant to the Organisation.	<p>The Board makes every endeavour to ensure a balanced and objective assessment of the Company's position, performance and prospects.</p> <p>Members from professional accounting bodies are on the Board ensuring financial and economic acumen, knowledge and other Board members from the professional marketing bodies ensure stimulation of marketing knowledge of the Board members.</p>	Complied
Compliance with laws and seeking independent professional advices	A.1.3	The Board collectively, and Directors individually, must act in accordance with the laws of the country and there should be a procedure agreed by the Board of Directors to obtain independent professional advice where necessary, at the Company's expense.	<p>As mentioned above, there is a significant emphasis across the organisation to ensure compliance with applicable laws and regulations.</p> <p>The Board members are permitted to obtain independent professional advice from a third party including the Company's External Auditors and other professional consultants whenever deemed necessary at the expense of the Company.</p>	Complied

# CORPORATE GOVERNANCE

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Company Secretary	A.1.4	All Directors should have access to the advice and service of the Company Secretary, who is responsible to the Board in ensuring, that the Board procedures are followed and that the applicable rules and regulations are complied with. Any question of the removal of the Company Secretary should be a matter for the Board as a whole.	The Company Secretary ensures that all Board Terms of Reference are followed and applicable rules and regulations are adhered to. The Company Secretary advises the Board and ensures that the Company complies with its Articles of Association, Companies Act and such regulatory publication, Board procedures and other applicable rules and regulations are followed. All Directors have access to the Company Secretary. The Secretary possesses the required qualifications as set out in the Companies Act.	Complied
		The Company should obtain appropriate insurance cover as recommended by the Nomination Committee for the Board, Directors and Key Management Personnel.	Insurance cover has been obtained.	Complied
Independent judgement of Directors	A.1.5	All Directors should bring independent judgement to bear on issues of strategy, performance, resource allocation, risk management, compliance and standards of business conduct.	<p>The Chairman conducts Board meetings in a manner which ensures that there is effective participation from all Directors, their individual contribution and concerns are objectively assessed prior to making key decisions and that the balance of power is maintained.</p> <p>In advance of every Board meeting, each Director receives a comprehensive set of Board papers and any additional information requested by the Directors. It is the Group CEO's duty to ensure that all members are properly briefed.</p> <p>None of the Independent Directors have held executive responsibilities in the Company, and have submitted a declaration confirming their independence in accordance with Section 7 of the CSE Listing Rules on Corporate Governance as at 31st March 2022.</p>	Complied
Dedication of adequate time and effort by the Directors	A.1.6	Every Director should dedicate adequate time and effort to matters of the Board and the Company, to ensure that the duties and responsibilities owned to the Company are satisfactorily discharged.	<p>The Board met on four occasions during the year.</p> <p>The Board is satisfied that the Chairman and the Non-Executive Directors committed sufficient time during 2021/2022 to fulfil their duties.</p>	Complied
	A.1.7	One-third of Directors can call for a resolution to be presented to the Board where they feel it is in the best interest to the Company to do so.	As per Articles of Association, resolutions could be passed with majority voting.	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Training for new and existing Directors	A.1.8	Every Director should receive appropriate training when first appointed to the Board of a company, and subsequently as necessary. The training curricular should encompass both general aspects of directorship and matters specific to the particular industry/company concerned. A Director must recognise that there is a need for continuous training and expansion of the knowledge and skill required to effectively perform his duties as a Director. The Board should regularly review and agree on the training and development needs of the Directors.	<p>The Directors are given the opportunities to familiarise and obtain an in-depth understanding of the Company's business, its strategies, risks and processes at their discretion.</p> <p>Training is provided to Executive Directors to equip themselves to discharge their responsibilities effectively. This includes training provided by principles, external and in-house training. Training and development needs are reviewed on a regular basis.</p> <p>Directors are briefed on changes in laws and regulations, tax laws and accounting standards from time to time either during the Board meetings or at specially convened sessions.</p>	Complied

#### A.1 Chairman and Group Chief Executive Officer (Group CEO)

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Separation of the roles of Chairman and Group CEO	A.2.1	The positions of Chairman and Group CEO are separated to ensure a balance of power and authority and to prevent any one individual from possessing unfettered decision-making authority.	<p>The Chairman acts as Non -Executive Independent Chairman, the Chairman's and Group CEO's functions are separated to ensure a balance of power of authority and this dual panel structure has been continued throughout the year 2021/22.</p> <p>The Chairman of the Board of Directors functions in non -executive capacity. The Group Chief Executive Officer functions as an Ex-Officio Director of the Board and is the apex executive in charge of the day-to-day management of operations and business of the Company, while providing the link between the, Board of the Company and Divisional Heads (Key Management).</p>	Complied

# CORPORATE GOVERNANCE

## A.3 Chairman's role

### Main principle

The Chairman's role in preserving good corporate governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Role of Chairman	A.3.1	The Chairman should conduct Board proceedings in a proper manner and ensure, inter alia, that;		
		<ul style="list-style-type: none"> <li>The agenda for Board meetings is developed in consultation with the CEO, Directors and the Company Secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Agenda for Board meetings is developed in consultation with the Group CEO, Directors, Group CFO and the Company Secretary.</li> </ul>	Complied
		<ul style="list-style-type: none"> <li>Sufficiently detailed information of matters included in the agenda should be provided to Directors in a timely manner.</li> </ul>	<ul style="list-style-type: none"> <li>Required information are provided to Directors in a timely manner.</li> </ul>	Complied
		<ul style="list-style-type: none"> <li>All Directors are made aware of their duties and responsibilities and the Board and Committee structures through which it will operate in discharging its responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>All Directors are aware of their duties and responsibilities and Chairman and Group CEO provide a comprehensive overview of the Company and its operations once a new Director is appointed to the Board.</li> </ul>	Complied
		<ul style="list-style-type: none"> <li>The effective participation of both Executive and Non-Executive Directors is secured.</li> </ul>	<ul style="list-style-type: none"> <li>The Chairman is responsible for leading the Board and for its effectiveness. In practice, this means taking responsibility for the Board's composition, ensuring that the Board focuses on its key tasks and supports the Group CEO in managing the day-to-day running of the Company. The Chairman is also the ultimate point of contact for shareholders, particularly on corporate governance issues.</li> </ul>	Complied
		<ul style="list-style-type: none"> <li>All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>The Chairman satisfies himself that the information available to the Board is sufficient to make an informed assessment of the Company's affairs as well as to discharge their duties to all stakeholders.</li> </ul>	Complied
		<ul style="list-style-type: none"> <li>All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusion of matters of corporate concern on the agenda.</li> </ul>	<ul style="list-style-type: none"> <li>Necessary information and presentations are done if necessary to the agenda items. All Directors are free to communicate with Divisional Heads and Chief Financial Officer to call additional information necessary.</li> </ul>	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
		<ul style="list-style-type: none"> <li>A balance of power between Executive and Non-Executive Directors is maintained.</li> </ul>	<ul style="list-style-type: none"> <li>The Chairman conducts Board meetings in a manner which ensures that there is effective participation from all Directors, their individual contribution and concerns are objectively assessed prior to making key decisions and that the balance of power is maintained.</li> </ul>	Complied
		<ul style="list-style-type: none"> <li>The views of Directors on issues under consideration are ascertained; and</li> <li>The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Chairman ensures that regular meetings are conducted at least once a quarter and the minutes of the meetings are accurately recorded.</li> <li>Chairman approves the agenda prepared by the Company Secretary.</li> </ul>	Complied

#### A.4 Financial acumen

##### Main principle

The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Financial acumen and knowledge.	A.4.1	Availability of sufficient financial acumen and knowledge.	The Board includes a member who is a Fellow Member of the Association of Certified Chartered Accountants, UK, a member who is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a member of The Institute of Certified Management Accountants of Australia, a member who is an Associate Member of The Institute of Chartered Accountants of Sri Lanka (ACA) and Fellow Member of the Chartered Institute of Management Accountants, UK, (FCMA). Other members of the Board have the ability to offer guidance on matters of finance to the Board.	Complied

# CORPORATE GOVERNANCE

## A.5 Board balance

### Main principle

It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Presence of strong team of Non-Executive Directors	A.5.1	<p>The Board should include Non-Executive Directors of sufficient caliber and number for their views to carry significant weight in the Board's decisions.</p> <p>The Board should include at least three Non-Executive Directors or such number of Non-Executive Directors equivalent to one-third of the total number of Directors, whichever is higher. In the event, the Chairman and Group CEO is the same person, Non-Executive Directors should comprise a majority of the Board.</p>	Seven out of seven Directors on the Board are Non-Executive Directors which is well above the minimum prescribed by the Code. This ensures views of Non-Executive Directors carry a significant weight in the decisions made by the Board.	Complied
Independent Non-Executive Directors	A.5.2	Where the constitution of the Board of Directors includes only Non-Executive Directors, at least three Non-Executive Directors should be "independent". In all other instances three or two-third of Non-Executive Directors appointed to the Board of Directors whichever is higher should be "independent".	<p>Five out of seven Non-Executive Directors on the Board are independent based on the criteria set by this Code and the Listing Rules of the Colombo Stock Exchange. However, the Board has determined Mr. S. H. Amarasekera and Mr. M. P. Jayawardena as Independent Non-Executive Directors notwithstanding that they are Director for consecutive seventeen and fourteen years respectively, as the objectivity of their role is not compromised by being in the board.</p> <p>The names of the Independent Non-Executive Directors are disclosed in Code A.5.5 and on the page 61 of the Annual Report.</p>	Complied
Independence of Non-Executive Directors	A.5.3	For a Director to be deemed "independent" such Director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.	<p>The Company maintains the "Interest Register" required by the Companies Act No. 07 of 2007, which also shows details of Director Interest in Contracts/ Company or Group.</p> <p>A disclosure on related party transactions is available on pages 206 to 208.</p>	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Annual Declaration	A.5.4	Each Non-Executive Director should submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria set out in the Specimen in Schedule K.	Every Non-Executive Independent Director of the Company has made written submissions as to their independence against the specified criteria set out by the Company, which is in line with the requirements of Schedule K of this Code.	Complied
Determination of Independence of Director	A.5.5	<p>The Board should make a determination annually as to the independence or non-independence of each Non-Executive Director based on such a declaration made of decided criteria and other information available to the Board, and should set out in the Annual Report the names of Directors determined to be "independent".</p> <p>The Board should specify the criteria not met and the basis for its determination in the Annual Report, if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which indicate the contrary.</p>	<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. Independent Non-Executive Directors are;</p> <ol style="list-style-type: none"> <li>1. Mr. S. H. Amarasekera</li> <li>2. Mr. S. M. Enderby</li> <li>3. Mr. J. R. Gunaratne</li> <li>4. Mr. M. P. Jayawardena</li> <li>5. Mr. D. T. S. H. Mudalige</li> </ol> <p>* However, the Board has determined Mr. S. H. Amarasekera and Mr. M. P. Jayawardena as Independent Non-Executive Directors notwithstanding that they are Director for consecutive seventeen and fourteen years respectively, as the objectivity of their role is not compromised by being in the board.</p>	Complied
Requirement to appoint "Senior Non-Executive Director"	A.5.7	In the event the Chairman and Group CEO is the same person, or the Chairman is not an Independent Director or the Chairman is immediately preceding Group CEO, the Board should appoint one of the Independent Non-Executive Directors to be the "Senior Independent Director" (SID) and disclose this appointment in the Annual Report.	Not applicable since Group CEO is the apex Executive in charge of the day-to-day management of operations and business of the Company.	Complied

# CORPORATE GOVERNANCE

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Confidential discussion with Senior Independent Director	A.5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company.	Not Applicable.	Not Applicable
Chairman's meetings with Non-Executive Directors	A.5.9	The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	All the directors are non-executive directors.	Complied
Recording of concerns in Board Minutes	A.5.10	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board minutes.	Concerns raised by the Directors during the period, if any, are recorded in the minutes of Board meetings with adequate details by the Company Secretary.	Complied

## A.6 Supply of information

### Main principle

The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Management obligation to provide appropriate and timely information to the Board	A.6.1	Management has an obligation to provide the Board with appropriate and timely information, but information volunteered by Management may not be enough in all circumstances and Directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meeting.	<p>The Committee consists of three Non-Executive Directors, two Non-independent and the Chairman being the Independent Non-Executive Director.</p> <p>There are no new appointments during the financial year 2021/22.</p>	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
			<p>The Board receives a standard set of documents, which are timely, accurate, relevant and comprehensive. These papers include a detailed analysis of financial and non-financial information. The Board may call for additional information or clarify issues with any member of the Executive Committee.</p> <p>If necessary, all Directors are adequately briefed by the Group CEO on matters arising at Board meetings. The Secretary and the Compliance Officer ensure that Board papers are circulated in advance prior to Board meeting.</p> <p>If necessary, members of the Executive Committee, External Auditors and outside Consultancies makes presentations on issues of importance.</p> <p>The Chairman ensures that all Directors are briefed adequately on issues arising at Board meetings.</p>	
Adequate time for effective conduct of Board meetings	A.6.2	The minutes, agenda and papers required for a Board meeting should ordinarily be provided to Directors at least seven (7) days before the meeting, and the minutes of the meeting should ordinarily be provided to Directors at least two weeks after the meeting date.	The minutes, agenda and papers required for Board meeting are provided in advance to facilitate its effective conduct.	Complied

## A.7 Appointments to the Board

### Main Principle

There should be a formal and transparent procedure for the appointment of new Directors to the Board.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Nomination Committee	A.7.1	<p>A Nomination Committee should be established to make recommendations to the Board on all new Board appointments. Terms of Reference for Nomination Committees are set out in Schedule A.</p> <p>The Chairman and members of the Nomination Committee should be identified in the Annual Report.</p>	<p>The Committee consists of three Non-Executive Directors, two Non-independent and the Chairman being the Independent Non-Executive Director.</p> <p>There are no new appointments during the year FY 2021/22.</p>	Complied

# CORPORATE GOVERNANCE

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
		A separate section of the Annual Report should describe the work of the Nomination Committee including the process it has used in relation to Board appointments.	Details of work of the Nomination Committee are given on page 105.	Complied
Assessment of Board composition by the Nomination Committee	A.7.2	The Nomination Committee should annually assess 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 should be taken into account when new Board appointments are considered and when incumbent Directors come up for re-election.	Board as a whole annually assessed the composition of the Board to ensure that the combined knowledge and experience of the Board matches the strategic demand facing the Company. The findings of such assessments are taken into account when new Board appointments are considered.	Complied
Disclose of required details of new Directors to shareholders	A.7.3	Upon the appointment of a new Director to the Board, the Company should forthwith disclose to shareholders; <ul style="list-style-type: none"> <li>a brief resume of the Director;</li> <li>the nature of his expertise in relevant functional areas;</li> <li>the names of companies in which the Director holds directorships or memberships in Board committees; and</li> <li>whether such a Director can be considered, "independent".</li> </ul>	All new appointments are communicated to the shareholders via the Colombo Stock Exchange.  The details of the current Board of Directors are provided on pages 12 to 15 in this Annual Report. There are no new appointments of Directors during the financial year 2021/22.	Complied

## A.8 Re-election

### Main principle

All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Re-election of Non-Executive Directors, Chairman, and CEO	A.8.1	Non-Executive Directors should be appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their reappointment should not be automatic.	In terms of the Articles of Association, one-third of the Directors, including Chairman, except for the Group CEO, retire by rotation and may offer themselves for re-election at the AGM. By virtue of being the Chairman, Group CEO are not required to make themselves available for re-election as per the Articles of Association. The Company's Articles of Association provides that any Director appointed by the Board during the period to hold office until the next Annual General Meeting and seek reappointment by the shareholders at the said AGM.	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
	A.8.2	All Directors including the Chairman of the Board, should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years. The names of Directors submitted for election or re-election should be accompanied by a résumé minimally as set out in paragraph A.7.3 above, to enable shareholders to make an informed decision on their election.	Based on the article and the current composition of the Board, a Director has to come forward for re-election, every three years.  A résumé of the Directors coming up for re-election at the AGM, 2021/22 is available on pages 12 to 15.  The Chairman and Group Chief Executive Officer do not retire by rotation.	Complied
Resignation	A.8.3	In the event of a resignation of a Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.	Written communications are provided to the Board by Directors who resign prior to completion of his appointed term.	Complied

## A.9 Appraisal of Board performance

### Main principle

Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Annual performance evaluation of the Board and its Committee	A.9.1	The Board should have in place a formal and rigorous process for annually reviewing the performance of the Board and its committees and should address any matters that may arise from such review, in the discharge of its key responsibilities as set out in A.1.2.	The performance of the Board and the Subcommittee is reviewed and evaluated by the Board and Chairman based on a self-appraisal basis.	Complied
	A.9.2	The Board should also undertake an annual self-evaluation of its own performance and that of its committees.	Board undertake an annual self-evaluation of its own performance and that of its committees.	Complied

# CORPORATE GOVERNANCE

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
		The evaluation should be carried out by each Director individually. The collective outcome should be compiled and made available to Nomination Committee, which should make recommendations to the Board on initiatives and actions required to improve the balance of skills, experience, independence, industry and company knowledge, training of Directors, governance processes, strategy review and other factors relevant to its effectiveness.		
	A.9.3	The Board should have a process to review the participation, contribution and engagement of each Director at the time of re-election.	Not in place.	Not Complied
	A.9.4	The Board should state how such performance evaluations have been conducted, in the Annual Report.	Not in place and not disclosed.	Not complied

## A.10 Disclosure of information in respect of Directors

### Main principle

Shareholders should be kept advised of relevant details in respect of Directors.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Details in respect of Directors	A.10.1	The Annual Report of the Company should set out the following information in relation to each Director;		
		i. Name, qualifications and brief profile;	Available on pages 12 to 15 of Board of Directors.	Complied
		ii. The nature of his/her expertise in relevant functional areas;	Available on pages 12 to 15 of Board of Directors.	Complied
		iii. Immediate family and/or material business relationships with other Directors of the Company;	Not Applicable.	Not Applicable
		iv. Whether Executive, Non-Executive and/or Independent Director;	Available on pages 12 to 15 of Board of Directors.	Complied
		v. Names of listed companies in Sri Lanka in which the Director concerned serves as a Director;	Available on pages 12 to 15 of Board of Directors.	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
		vi. Names of other companies in which the Director concerned serves as a Director, provided that where he/she holds directorships in companies within a Group of which the Company is a part, their names need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies;	Available on pages 12 to 15 of Board of Directors.	Complied
		vii. Number/percentage of Board meetings of the Company attended during the year;	Available on page 101	Complied
		viii. The total number of Board seats held by each Director indicating listed and unlisted companies and whether in an executive or non-executive capacity;	Not disclosed in the Annual report. But can be obtained from Company Secretary.	Complied
		ix. Committees in which the Director serves as Chairman or a member;	Available on page 101	Complied
		x. Number/percentage of Committee meetings attended during the year.	Available on page 101	Complied

#### A.11 Appraisal of Group Chief Executive Officer

##### Main principle

The Board should be required, at least annually, to assess the performance of the Group CEO.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Setting annual targets and the appraisal of performance of the CEO	A.11.1	At the commencement of every fiscal year, the Board in consultation with the CEO, should set, in line with the short, medium and long-term objectives of the Company, reasonable financial and non-financial targets that should be met by the Group CEO during the year.	The Annual Business Plan is prepared setting up short-term, medium-term and long-term financial and non-financial goals. The Annual Business Plan is initially approved by the Board.	Complied
	A.11.2	The performance of the Group CEO should be evaluated by the Board at the end of each fiscal year 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.	Assessment of performance of the Group CEO/COO is carried out by the Board at the end of each year to ensure that pre-agreed targets have been achieved or if not whether there are acceptable reasons for not achieving them.	Complied

# CORPORATE GOVERNANCE

## B. DIRECTORS' REMUNERATION

### B.1 Remuneration procedure

#### Main principle

Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Establishment of the Remuneration Committee	B.1.1	To avoid potential conflicts of interest, the Board of Directors should set up a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Company's framework of remunerating Executive Directors. (These also include Post-Employment Benefits as well as Terminal Benefits.) Terms of Reference for Remuneration Committees are set out in Schedule C.	The scope of the Committee is to consider and recommend to the Board remuneration and perquisites of Independent Directors, Executive Directors of the Board of the Company including Key Managers and approve recommendations made by the Group Chief Executive Officer.	Complied
Composition of the Remuneration Committee	B.1.2	Remuneration Committees should consist exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be Independent. The Chairman should be an independent Non-Executive Director and should be appointed by the Board.	The Committee consists of two non -executive director and three Independent Non-Executive Directors. The Committee is chaired by a non -Executive Director. Company Secretary serves as the Secretary to the Committee. Group CEO and the Group CFO assist the Committee by providing the relevant information and participating in its analysis and deliberations.	Complied
Chairman and Members of the Remuneration Committee	B.1.3	The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year.	Please refer page 104 of the Human Capital and Compensation Committee Report for details of the Chairman and members of the Board Human Capital and Compensation Committee.	Complied
Determination of remuneration of Non-Executive Director	B.1.4	The Board as a whole, or where required by the Articles of Association the shareholders, should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted by the Articles, the Board may delegate this responsibility to a subcommittee of the Board, which might include the CEO.	After consideration of the recommendation made, the Committee as a whole decides the remuneration of the Non-Executive Directors. The Non-Executive Directors receive a fee for being a Director of the Board and separate fee for either chairing or being a member of a Board Subcommittee. They do not receive any performance/incentive payments.	Complied
Consultation of the Chairman and access to professional advice	B.1.5	The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and have access to professional advice from within and outside the Company, in discharging their responsibilities.	The Committee has the authority to seek internal and external independent professional advice on matters falling within its purview, at the Company's expense. Views of the Chairman and Group CEO are obtained as they too assist and participate in its analysis and deliberations to the said Board Subcommittee.	Complied

## B.2 Level and make-up of remuneration

### Main principle

Levels 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 corporate and individual performance.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Executive Directors' remuneration package	B.2.1	The Remuneration Committee should provide the packages needed to attract, retain, and motivate Executive Directors of the quality required but should avoid paying more than is necessary for this purpose.	The Human Capital and Compensation Committee and also the Board ensure that Executive Directors who are on the Board and Key Management are provided with an attractive remuneration package.  Remuneration package of the Group CEO is considered at group level.	Complied
	B.2.2	Executive Directors' remuneration should be designed to promote the long-term success of the Company.	Executive Directors' and Key Management's remuneration is designed to promote the long-term success of the Company/Group.	Complied
Comparison of remuneration with other companies/ Other companies in the Group	B.2.3	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance.	A primary objective of compensation packages is to attract and retain a highly qualified and experienced workforce and reward performances. These compensation packages should provide compensation appropriate for each business within the Group and commensurate with each employee's level of experience and contribution, bearing in mind the business performance and long-term shareholder returns.	Complied
	B.2.4	The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the Company or Group of which it is a part, especially when determining annual salary increases.	Remuneration and annual salary increases are decided considering industry practices, performance of the Company/Group, each employee's level of experience and contribution bearing in mind the business performance and the long-term shareholder returns.	Complied
Performance-based remuneration of Executive Directors	B.2.5	The performance-related elements of remuneration of Executive Directors should be designed and tailored to align their interests with those of the Company and main stakeholders and to give these Directors appropriate incentives to perform at the highest levels. The performance-related elements should be transparent, stretching and rigorously applied.	Objectives for Group CEO, Executive Directors and Key Management are set at the beginning of the year and the remuneration including the performance bonus is decided based upon the degree of achievement of such pre-set targets subject to the remuneration policy.	Complied

# CORPORATE GOVERNANCE

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Executive share options	B.2.6	Executive share options should not be offered at a discount (i.e. less than market price prevailing at the time the exercise price is determined), save as permitted by the Listing Rules of the Colombo Stock Exchange. Shares granted under share options schemes should not be exercisable in less than three years and the Remuneration Committee should consider requiring Directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise.	Employee share option scheme 2016 proposed by the board of Directors was approved by the shareholders at the annual general meeting held on 30th June 2016. The shares under the scheme will be granted to the eligible employees starting from the financial year 2017/18, as it will be based on the results achieved in financial year 2016/17. During the year no options were granted/exercised under ESOS.	Complied
Designing the remuneration of Executive Directors	B.2.7	In designing schemes of performance-related remuneration, Remuneration Committees should follow the provisions set out in Schedule. The schemes should include provisions that would enable the Company to recover sums paid or withhold a portion of such performance-related remuneration and specify the circumstances in which a company may not be entitled to do so.	Please refer Human Capital and Compensation Committee Report on page 104.	Complied
Early termination of Executive Director	B.2.8	Remuneration Committee should consider what compensation commitments (including pension contributions) their Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committee should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.	Not applicable to the Board except for Group CEO and other Executive Directors who are employees of the Company, and their terms of employment are governed by the contract of service/employment.	Complied
	B.2.9	Where the initial contract does not explicitly provide for compensation commitments, Remuneration Committees should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.	Not Applicable.	Not Applicable

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Level of remuneration of Non-Executive Directors	B.2.10	Levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of their role, taking into consideration market practices. Remuneration for Non-Executive Directors should not normally include share options. If exceptionally options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the Non-Executive Director leaves the Board. Holding share options could be relevant to the determination of a Non-Executive Director's independence. (as set out in provision A.5.5).	<p>Non-Executive Directors of the Company are paid nominal fees commensurate with their time and role in the Company and taking into consideration market practices.</p> <p>Non-Executive Directors are not included in the share option scheme.</p>	Complied

### B.3 Disclosure of remuneration

#### Main principle

The Company's Annual Report should contain a Statement of Remuneration Policy and details of remuneration of the Board as a whole.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Disclosure of remuneration	B.3.1	The Annual Report should set out the names of Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Remuneration Committee, contain a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	<p>Please refer Human Capital and Compensation Committee Report on page 104 for disclosure on the names of Committee members and the Remuneration Policy of the Company.</p> <p>Please refer Note 11 to the Financial Statements on page 161 for aggregate remuneration paid to Executive and Non-Executive Directors.</p>	Complied

# CORPORATE GOVERNANCE

## C. WITH SHAREHOLDERS

### C.1 Constructive use of Annual General Meeting (AGM) and Conduct of General Meetings

#### Main principle

Boards should use the AGM to communicate with shareholders and should encourage their participation.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Adequate Notice of the AGM	C.1.1	Companies should arrange for the Notice of AGM and related papers to be sent to shareholders at least as determined by statute, before the meeting.	A copy of the Annual Report including Financial Statements is posted on corporate website as well as CSE website. The Notice of Meeting and the Form of the Proxy are sent to shareholders 15 working days prior to the date of the AGM, as required by statute, in order to provide the opportunity to all the shareholders to attend the AGM.	Complied
Separate resolution for all separate issues at the AGM	C.1.2	Companies should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the adoption of the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The Proxy Form and any announcements of the results of a vote should make it clear that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution.	Company proposes a separate resolution at the AGM on each substantially separate issue. Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.	Complied
	C.1.3	The Company should ensure that all valid proxy appointments received for General Meetings are properly recorded and counted. For each resolution where a vote has been taken on a show of hands, the Company should ensure that the following information is given at the Meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the Company; <ul style="list-style-type: none"> <li>The number of shares in respect of which proxy appointments have been validly made;</li> <li>The number of votes for the resolution;</li> <li>The number of votes against the resolution; and</li> <li>The number of shares in respect of which the vote was directed to be withheld;</li> </ul>	The Company ensures that all valid proxy appointments received for General Meetings are properly recorded and counted.	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
		When, in the opinion of the Board a significant proportion of votes have been cast against a resolution at any General Meeting, the Board should take steps to understand the reasons behind the vote results and determine if any actions are required.		
Availability of all Subcommittee Chairmen	C.1.4	The Chairman of the Board should arrange for the Chairmen of the Audit, Remuneration, Nomination and Related Parties Transactions Review Committees and the Senior Independent Director where such appointment has been made, to be available to answer questions at the AGM if so requested by the Chairman.	The Chairman of the Company ensures that Chairmen of all Board Subcommittees namely, Audit, Human Capital and Compensation, Nomination and Related Party Transactions Review Committees are present at the AGM to answer the questions under their purview.	Complied
Procedures of Voting at AGM	C.1.5	Companies should circulate with every Notice of General Meeting, a summary of the procedures governing voting at General Meetings.	A summary of the procedures governing voting at General Meeting is circulated to shareholders with every Notice of General Meeting.	Complied

## C.2 Communication with shareholders

### Main principle

The Board should implement effective communication with shareholders.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Channel to reach all shareholders of the Company	C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information.	<p>The primary modes of communication between Company and the shareholders are the CSE announcements. Interim Financial Statements, Shareholders Circulars/Notices, Annual Report and AGM. Information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the business of Company, either verbally or in writing prior to the AGM.</p> <p>The Company used the following channels to disseminate timely information;</p> <ul style="list-style-type: none"> <li>• Shareholders meetings</li> <li>• Financial and other notices as and when required through the Colombo Stock Exchange</li> <li>• Corporate website</li> <li>• Press notices.</li> </ul>	Complied

# CORPORATE GOVERNANCE

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Policy and methodology for communication with shareholders	C.2.2	The Company should disclose the policy and methodology for communication with shareholders.	The Company will focus on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Company will ensure information is communicated accurately and in such a way as to avoid the creation or continuation of a false market.	Complied
Implementation of the Policy and methodology for communication with shareholders	C.2.3	The Company should disclose how they implement the above policy and methodology.	<p>Printed copies of Annual Report are provided to all shareholders on request without charge and soft copies are available in the corporate website.</p> <p>As per the Circular issued by the CSE on 27th May, listed companies are not required to send a printed copy of the Annual Report to its shareholders, subject to listed entities complying with the;</p> <ol style="list-style-type: none"> <li>1. The listed entities continue to host the annual report in the CSE website and on the website of the Company.</li> <li>2. In the event that a listed company can not provide a printed copy of the annual report to the shareholder upon request, the company is required to publish a notice in a national newspaper and on the CSE website, stating the fact that the company is unable to provide a printed copy of the annual report. In addition, it is included in the circular to the shareholders at the AGM.</li> <li>3. The company shall appoint a person to answer queries from shareholders relating to the circulation of the annual report. The names and the contact details of the designated person is published by the company in the notice to the shareholders.</li> </ol> <p>All other announcements are posted on the CSE website.</p>	Complied
Contact person for the communication	C.2.4	The Company should disclose the contact person for such communication.	Details of Company Secretary are disclosed in Corporate Information Section. Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of the Company. Such questions, requests and comments should be addressed to the Company Secretary and in the absence of him the Group Chief Executive Officer.	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Process to make Directors aware of major issues and concerns of shareholders	C.2.5	The Company should have a process to make all Directors aware of major issues and concerns of shareholders and this process should be disclosed by the Company.	The Company Secretary shall maintain a record of all correspondence received and will deliver as soon as practicable such correspondence to the Board or individual Director/s as applicable. The Board or individual Director/s, as applicable, will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretary to send the response to the particular shareholder.	Complied
	C.2.6	The Company should decide the person to contact in relation to shareholders' matters.	Company Secretary or a designated person can be contacted in relation to shareholders' matters.	Complied
	C.2.7	The process for responding to shareholders matters should be formulated by the Board and disclosed.	Company Secretary is assigned to respond to shareholders by the Board and update the Board on such matters.	Complied

# CORPORATE GOVERNANCE

## C.3 Major transactions

### Main Principle

Further to compliance with the requirements under the Companies Act, Directors should disclose to shareholders all proposed corporate transactions, which if entered into, would materially alter/vary the Company's net assets base or in the case of a company with subsidiaries, the consolidated Group net asset base.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Disclosure on "Major Transaction"	C.3.1	Prior to a company engaging in or committing to a "Major Related Party Transaction", with a related party, involving the acquisition, sale or disposition of greater than one third value of the Company's assets or that of a subsidiary which has a material bearing on the Company and for consolidated net assets of the Company, or a transaction which has or is likely to have the effect of the Company acquiring obligations and liabilities, of greater than one third of the value of the Company's assets, the Directors should disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by ordinary resolution at an EGM. It also applies to transactions or series of related transactions which have the purpose or effect of substantially altering nature of the business carried on by the Company.	During the year, there were no major transactions as defined by Section 185 of the Company's Act No. 07 of 2007 which materially affect the Net Assets Base of the Company or Consolidated Group Net Asset Base. Transactions which materially affect the net assets base of the Company will be disclosed in the Quarterly/Annual Financial Statements, if any.	Complied
	C.3.2	Public listed companies should in addition comply with the disclosure requirements and shareholder approval by special resolution as required by the Rules and Regulations of the Securities and Exchange Commission and by the Colombo Stock Exchange.	Not applicable since no such transactions were carried out during the period.	Complied

## D. ACCOUNTABILITY AND AUDIT

### D.1 Financial reporting

#### Main principle

The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Board's responsibility for Statutory and Regulatory Reporting	D.1.1	The Board should present an annual report including Financial Statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained.	An annual report is presented including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations.	Complied
	D.1.2	The Board's responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements.	<p>The Board is well aware of its responsibility to present regulatory and statutory reporting in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 123 confirming this position.</p> <p>The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Further, Company has complied with the reporting requirements prescribed by the regulatory authority such as the Colombo Stock Exchange.</p>	Complied
	D.1.3	The Board should, before it approves the Company's Financial Statements for a financial period, obtain from its Group Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.	<p>It is assigned to Chief Financial Officer, Compliance Officers of the respective subsidiary companies.</p> <p>Chief Financial Officer, and Compliance Officers (financial accountants) review quarterly and year-end Financial Statements before submitting to the Audit Committee and Board and ensure that, the financial records of the entity have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view.</p>	Complied

# CORPORATE GOVERNANCE

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Directors' Report in the Annual Report	D.1.4	<p>The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that;</p> <ul style="list-style-type: none"> <li>the Company has not engaged in any activity which contravenes laws and regulations;</li> <li>the Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;</li> <li>the Company has made all endeavours to ensure the equitable treatment of shareholders;</li> <li>the Directors have complied with best practices of corporate governance;</li> <li>Property, plant and equipment is reflected at fair value, where it is different from fair value adequate disclosures are made;</li> <li>the business is a going concern, with supporting assumptions or qualifications as necessary; and</li> <li>they have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if it is unable to make any of these declarations, to explain why it is unable to do so.</li> </ul>	<p>The Annual Report of the Board of Directors on the Affairs of the Company given on pages 118 to 122 covers all of these sections.</p> <p>In addition to that Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements. The Accountants of respective companies within the Group act as Compliance Officers and are responsible for ensuring proper compliance with applicable laws and regulations.</p> <p>A compliance statement is tabled at each Board meeting by the Compliance Officer.</p> <p>The Company's compliance with Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance and details of such compliance are discussed on pages 97 to 98 of this Report.</p>	
Statements of Directors' and Auditors' Responsibility for the Financial Statements	D.1.5	<p>The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of Financial Statements, together with a statement by the Auditors about their reporting responsibilities. Further the Annual Report should contain a report/statement on internal control.</p>	<p>The "Statement of Directors' Responsibility" is given on page 123.</p> <p>The "Independent Auditors' Report" on pages 125 to 127 Statement of the Auditor's Responsibility.</p> <p>The Statement on Internal Control is given on page 108 in the Statement of Director's Responsibilities.</p>	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Management Discussion and Analysis	D.1.6	<p>The Annual Report should contain a “Management Discussion and Analysis”, discussing, among other issues;</p> <ul style="list-style-type: none"> <li>• business model;</li> <li>• industry structure and developments;</li> <li>• opportunities and threats;</li> <li>• risk management;</li> <li>• internal control systems and their adequacy;</li> <li>• governance;</li> <li>• stakeholder relationships;</li> <li>• social and environmental protection activities carried out by the Company;</li> <li>• financial performance;</li> <li>• investment in physical and intellectual capital;</li> <li>• human resource/industrial relations activities carried out by the company; and</li> <li>• prospects for the future.</li> </ul> <p>The Management Discussion and Analysis may be structured based on the integrated reporting framework issued by International Integrated Reporting Council and “a preparer’s guide to integrated Corporate Reporting” issued by CA Sri Lanka.</p>	<p>Please refer Chairman’s Statement on pages 6 to 7 Group Chief Executive Officer’s Review on pages 8 to 11 and Management Discussion and Analysis on pages 18 to 32 of this Annual Report.</p> <p>Management Discussion and Analysis is structured based on the Integrated Reporting Framework in this Annual Report.</p>	Complied
Summon on EGM to notify serious loss of capital	D.1.7	<p>In the event the net assets of the Company falling below 50% of the value of the Company’s shareholders’ funds, the Directors shall forthwith summon an Extraordinary General Meeting of the Company to notify shareholders of the position and of remedial action being taken. The Directors should report periodically to the shareholders, progress on these remedial actions.</p>	<p>Likelihood of such occurrence is remote. However, should the situation arise, an EGM will be called for and shareholders will be notified.</p>	Complied

# CORPORATE GOVERNANCE

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Disclosure of related party transaction	D.1.8	<p>The Board should adequately and accurately disclose the Related Party Transactions in its Annual Report;</p> <ul style="list-style-type: none"> <li>There should be a process to capture related parties and related party transactions. This process needs to be operationalised and related party transactions should be properly documented;</li> <li>A record/register either in hard or soft form on related party and related party;</li> <li>The Company Secretary keeps a record on related party transactions and make necessary disclosures accordingly;</li> </ul> <p>Related party transaction should be maintained by the Company;</p> <ul style="list-style-type: none"> <li>This record should ensure that the company captures information to comply with the respective related party disclosure requirements imposed by SEC/Accounting Standards/Auditing Standards.</li> </ul>	<p>Each Company within the Group to submit signed and dated quarterly declarations mentioning whether they have related party transactions with the Company as defined in this Code;</p> <p>Standards and similar regulations.</p> <p>Related party transactions review committee reviewed related party transactions of the CIC Group which is described in this Annual Report in page 106 to 107.</p> <p>Related parties and related party transactions are captured and documented by the Company.</p>	Complied

## D.2 Risk management and internal control

### Main principle

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process, effected by a company's Board of Directors and Management, designed to provide reasonable assurance regarding the achievement of Company's objectives.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Annual Review of the effectiveness of Group's system of internal control	D.2.1	<p>The Board should monitor the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the Annual Report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.</p>	<p>The Company's Directors are responsible for instituting a system of internal controls to ensure the effective implementation of all policies and decisions of the Board. This framework is designed to provide reasonable but not absolute assurance that all aspects are safeguarded.</p>	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
			<p>The Company has outsourced internal audit processes, implemented to ensure that effective controls are in place. These processes extend across all Company operations.</p> <p>The Company does not have separate internal audit function it is handled by respective finance heads and reporting to GCFO.</p> <p>In relation to the subsidiary companies, the internal audit function includes an individual risk assessment for every business units directly operated by the company, based on five criteria;</p> <ol style="list-style-type: none"> <li>1. Receivables management</li> <li>2. Inventory management</li> <li>3. Cash management</li> <li>4. Internal checks and balances</li> <li>5. Effectiveness of internal controls</li> </ol> <p>Each subsidiary is graded by the Internal Audit providers based on its adherence to controls and its administrative performance on the management of the five criteria mentioned above.</p>	Complied
Review the need for internal audit function	D.2.2	The Directors should confirm in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Directors should describe those risks and explain how they are being managed or mitigated.	Please refer pages 109 to 116 in the Risk Management report.	
	D.2.3	Companies should have an internal audit function.	Finance Heads and Internal Auditors are responsible for internal audit functions.	Complied
Review of the process and effectiveness of risk management and internal controls	D.2.4	The Board should require the Audit Committee to carry out reviews of the process and effectiveness of risk management and internal controls, and to document to the Board and Board takes the responsibility for the disclosures on risk management and internal controls.	The Internal Auditors who are appointed by the Audit Committee of the Company carries out regular reviews on the risk management function and internal control system including internal control over financial reporting. The Audit Committee monitors, reviews and evaluates the effectiveness of internal control system including the internal controls over financial reporting. In the reporting period ended 31st March 2022, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Refer the Directors' Statement on Internal Control on page 108 for details.	Complied

# CORPORATE GOVERNANCE

## D.3 Audit committee

### Main principle

The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting, determine the structure and content of corporate reporting, implement internal control and risk management principles and for maintaining an appropriate relationship with the Company's Auditors.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Composition of the Audit Committee	D.3.1	The Board should establish an Audit Committee exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom at least two should be independent. If there are more Non-Executive Directors. The majority should be independent. The Committee should be Chaired by an Independent Non-Executive Director. The Board should satisfy itself that at least one member of the Audit Committee has recent and relevant experience in financial reporting and control.	All members of the Board audit committee are Non-Executive Directors. Out of total four members three members are independent non- executive directors, Chairman of the Audit Committee is non-executive director.  Details of the members, invitees and Secretary of the Committee are found on page 102 to 103 of the Audit committee report under the heading Composition of the Committee.	Complied
Terms of Reference of the Audit Committee	D.3.2	The Audit Committee should have a written Terms of Reference, dealing clearly with its authority and duties. The Audit Committee's written Terms of Reference must address;  The Committee's purpose, at minimum, must be to,  Assist Board oversight of the; <ul style="list-style-type: none"> <li>• Preparation, presentation and adequacy of disclosures in the Financial Statements, in accordance with the Sri Lanka's Accounting Standards;</li> <li>• Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements;</li> <li>• Process to ensure that the Company's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards;</li> <li>• Assessing the Company's ability to continue as a going concern in the foreseeable future;</li> <li>• Performance of the Company's internal audit function;</li> </ul>	Company established written Audit Committee charter which addressed Terms of Reference of the audit committee and further details are disclosed in Audit committee report on page 102 to 103 of this Annual Report.	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
		<ul style="list-style-type: none"> <li>• Process to the identification, monitoring and management of significant business/financial risk; and</li> <li>• Independence and performance of the Company's external audit;</li> <li>• The duties and responsibilities of the Audit Committee should at a minimum include those set out below;</li> <li>• Making recommendations to the Board, pertaining to appointment, reappointment and removal of External Auditors and to approve the External Auditors;</li> <li>• To develop and implement policy on the engagement of the External Auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;</li> <li>• To review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Sri Lankan professional and regulatory requirements;</li> <li>• Discussion of the audit plan, key audit issues, their resolution and management responses;</li> <li>• Review the Company's annual Audited Financial Statements and Quarterly Financial Statements with management and the Auditor to ensure compliance with the Sri Lanka Accounting Standards and other relevant laws and regulations;</li> <li>• To review significant financial reporting judgements;</li> <li>• Review the Company's earnings press releases and financial information and earnings guidance provided to analysts and rating agencies;</li> </ul>		

# CORPORATE GOVERNANCE

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
		<ul style="list-style-type: none"> <li>• Discussion of policies and practices with respect to risk assessment and risk management;</li> <li>• Ensuring that a process of sound system of internal control is in place;</li> <li>• Ensuring that at least once in every three years an review of the Board's risk management, internal controls, business continuity, planning and information security systems are carried out and appropriate remedial action recommended to the Board;</li> <li>• Ensuring that an effective internal audit function is in place and monitor and review the internal audit activities;</li> <li>• Meeting separately, periodically, with Management, Auditors and Internal Auditors;</li> <li>• Ensuring that there is a mechanism for the confidential receipt, retention and treatment of complaints alleging fraud, received from internal/ external sources and pertaining to accounting, internal control or other such matters;</li> <li>• Assuring confidentiality to whistle-blowing employees;</li> <li>• Setting clear hiring policies for employees or former employees of the Auditors; and</li> <li>• Reporting regularly to the Board of Directors.</li> </ul>		
Disclosure of names of the members of the Audit Committee	D.3.3	<p>A separate section of the Annual Report should describe the work of the Committee in discharging its responsibilities. The report should include;</p> <ul style="list-style-type: none"> <li>• The names of the Directors (persons in the Parent Company's Committee in the case of a Group Company) comprising the Audit Committee should be disclosed in the Annual Report;</li> <li>• The number of meetings held and attendance of each Director;</li> <li>• The scope of work and how its roles and responsibilities were discharged;</li> </ul>	Names of the members of the Audit Committee are given on page 101 under the section on the Composition of the Committee and disclosure on the independence of the Auditors is found on page 122 under the Auditors' in the Annual Report of the Board of Directors on the Affairs of the Company on pages 118 to 122.	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
		<ul style="list-style-type: none"> <li>An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external audit, and information on the length.</li> </ul>		
		If the External Auditor provides non-audit services, an explanation of how audit objectivity and independence are safeguarded; and the Committee should also make a determination of the independence of the Auditors and should disclose the basis of such determination in the Annual Report.	Report by the Audit Committee is given on page 102 to 103.	Complied
		The Annual Report should contain a Report by the Audit Committee, setting out the manner of compliance by the Company, in relation to the above, during the period to which the Annual Report relates.	Report by the Audit Committee is given on pages 102 to 103	Complied

#### D.4 Related party transactions review committee

##### Main principle

The Board should establish a procedure to ensure that the Company does not engage in transactions with "related parties" in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Disclosure of Related Party Transactions Review Committee	D.4.1	A related party and related party transactions will be as defined in LKAS 24.	Related party and related party transactions are defined as per LKAS 24.	Complied
	D.4.2	The Board should establish a Related Party Transactions (RPT) Review Committee consisting exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be independent. Executive Directors may attend by invitation. The Chairman should be an Independent Non-Executive Director appointed by the Board.	<p>In compliance with Section 9 of the Listing Rules of the CSE, the Committee comprises two Independent Non-Executive Directors, ( out of three members Mr. S. Fernando resigned w.e.f. 26/08/2021).</p> <p>The Committee is chaired by an Independent Non-Executive Director.</p>	Complied

# CORPORATE GOVERNANCE

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
	D.4.3	<p>RPT Review Committee should have written terms of reference dealing clearly with its authority and duties which should be approved by the Board of Directors. The RPT Review Committee's written terms of reference must address;</p> <ul style="list-style-type: none"> <li>• A procedure for documenting related parties in accordance with the definitions in LKAS 24 and the CSE Listing Rules.</li> <li>• A procedure to obtain a statement of related party interest from each such related party at least once in each quarter, when there's a change in the status and in any event prior to entering into any transaction between such related parties and the Company, its parent or any of subsidiaries, sub-subsidiaries, fellow subsidiaries, associates, joint ventures and any other entities which are considered related parties as defined in LKAS 24 unless they are exempted related party transactions as defined in CSE Listing Rules.</li> <li>• Key Management Personnel of the Company responsible for contracting, procurement, payments, and any other channel through which an inflow or outflow of resources can result, should have a list of all related parties and have a process in place to capture and report any related party transaction within their area of responsibility.</li> <li>• A procedure to inform all related parties of what constitutes exempted related party transactions.</li> <li>• A procedure and guideline to delegate to Key Management Personnel to deal with recurrent related party transactions as defined in the CSE Listing Rules.</li> <li>• A procedure for the RPT Review Committee to review and recommend to the Board matters relating to such transactions.</li> </ul>	The Related Party Transactions Review Committee Report sets out the functions of the Committee which is given on pages 106 to 107	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
		<ul style="list-style-type: none"> <li>Any interested Directors should not participate at the meeting at which the transaction relating to him/her is discussed unless invited to seek clarification/information.</li> <li>A procedure and definition of disclosure required to be made by the Company on an annual basis, those requiring immediate disclosure and those requiring shareholder approval.</li> <li>A procedure to identify related party transactions which require immediate disclosure as per the CSE Listing Rules and to ensure that required disclosures are made by the Company to the Colombo Stock Exchange in accordance with the CSE Listing Rules.</li> <li>A procedure to identify related party transactions which require shareholder approval by special resolution at an Extraordinary General Meeting.</li> <li>The Company Secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals, and minutes.</li> <li>Review and recommend to the Board the related party disclosures to be made in the Annual Report of the Company.</li> </ul>		

# CORPORATE GOVERNANCE

## D.5 Code of business conduct and ethics

Companies must adopt a Code of Business Conduct and Ethics for Directors, Key Management Personnel and all other employees including but not limited to; dealing with shares of the Company; compliance with listing rules; bribery and corruption; confidentiality; encouraging that any illegal, fraudulent and unethical behaviour be promptly reported to those charged with governance. The Company must disclose waivers of the code for Directors, if any –

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Disclosure of Code of Business Conduct and Ethics	D.5.1	<p>All companies must disclose whether they have a Code of Business Conduct and Ethics for Directors and Key Management Personnel and if they have such a code, make an affirmative declaration in the Annual Report that all Directors and Key Management Personnel have declared compliance with such code, and if unable to make that declaration, state why they are unable to do so.</p> <p>Each company may determine its own policies in the formulation of such a code, but all companies should address the following important topics in their respective codes;</p> <ul style="list-style-type: none"> <li>• Conflict of interest;</li> <li>• Bribery and corruption;</li> <li>• Entertainment and gift;</li> <li>• Accurate accounting and record-keeping;</li> <li>• Fair and transparent procurement practices;</li> <li>• Corporate opportunities;</li> <li>• Confidentiality;</li> <li>• Protection and proper use of company assets including information assets;</li> <li>• Compliance with laws, rules and regulations (including insider trading laws); and</li> <li>• Encouraging the reporting of any illegal, fraudulent or unethical behaviour.</li> </ul>	<p>Company has an internally-developed Code of Conduct. All employees including Directors, Key Managers and Senior Managers are bound by the Company's written Code of Ethics that includes the following aspects;</p> <ul style="list-style-type: none"> <li>• Exercise honesty, objectivity and diligence when performing one's duties.</li> <li>• Avoid situations where personal interest might conflict with the interest of the Company; and if so, disclose such interest in advance.</li> <li>• Maintain confidentiality of commercial and price sensitive information.</li> <li>• Work within applicable laws and regulations.</li> <li>• Safeguard the Company's assets.</li> <li>• Avoid conduct that will reflect badly on the person concerned or the Company's image.</li> <li>• Strictly avoid giving or accepting any kind of bribe, either directly or indirectly.</li> <li>• Strictly avoid making contributions for political funds, either directly or Should check indirectly.</li> <li>• Strictly avoid any kind of sexual harassment.</li> </ul> <p>The Company has implemented a formal whistle-blowing procedure and encourages any employee who suspects wrong doing at work, whether by Management, peers or any other employee, to raise their concerns.</p>	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
			<p><b>Other Policies</b></p> <p>In addition, the Company implements policies covering:</p> <ul style="list-style-type: none"> <li>• Recruitment and selection</li> <li>• Financial integrity/Financial Manual</li> <li>• Use of Company property including computers</li> <li>• Non-harassment in the workplace</li> <li>• Environment, safety and health</li> <li>• Security of IT system</li> </ul>	
	D.5.2	The Company should have a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	Company has established policy and process to ensure that material and price sensitive information is immediately disclosed to the Colombo Stock Exchange immediately after relevant decisions are made by the Board of Directors. This task is assigned to the Company Secretary and it is a prime responsibility of the Company Secretary.	Complied
	D.5.3	The Company should establish a policy, process for monitoring and disclosure of shares purchased by any Director, Key Management Personnel or any other employee involved in financial reporting.	The policy in place and any share transaction done by Board Director need to be immediately disclosed to the Company Secretary and Company Secretary will inform such transactions to the Colombo Stock Exchange. Any share transaction done by Key Management Personnel other than Board Directors should inform such transactions to Compliance Officer of the Company.	Complied
Affirmative Statement by the Chairman	D.5.4	The Chairman must affirm in the Company's Annual Report that a code of conduct and ethics has been introduced company-wide and the procedure for disseminating, monitoring and compliance with that code. He must also disclose that he is not aware of any violation of any of the provisions of the code of business conduct and ethics.	Please refer Chairman's statement on pages 06 to 07 in this Report.	Complied

# CORPORATE GOVERNANCE

## D.6 Corporate governance disclosures

Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good corporate governance.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Disclosure of Corporate Governance	D.6.1	The Directors should include in the Company's Annual Report, a Corporate Governance Report setting out the manner and extent to which the Company has complied with the principles and provisions of this Code.	This Report from pages 49 to 101 sets out the manner and extent to which CIC Holdings PLC has complied with the principles and provisions of the Code.	Complied

## SHAREHOLDERS

### E. INSTITUTIONAL INVESTORS

#### E.1 Shareholder voting

##### Main principle

Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Communication with Shareholders	E.1.1	A listed Company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the Board as a whole.	<p>In order to avoid conflict of interest by nurturing the mutual understanding, the Board carries out dialogues with its shareholders at General Meetings. In this regards, the Annual General Meeting (AGM) and Extraordinary General Meetings (EGM) of the Company plays a critical role. Voting of the shareholders is crucial in carrying a resolution at the AGM/EGM. The Chairman who plays the role of the agent and communicates the views and queries of the shareholders to the Board and the Key and Senior Management in order to ensure that the views are properly communicated to the Company.</p> <p>A nominated officer is dedicated to communicate with shareholders if necessary. Investors and shareholders can directly communicate and share their views and it will be communicated to the Board for necessary actions.</p> <p>Shareholders are provided with Quarterly Financial Statements and the Annual Report, which the Company considers as its principal communication with them and other stakeholders. These reports are also available on the Company's website – <a href="http://www.cic.lk">www.cic.lk</a> and are provided to the Colombo Stock Exchange.</p> <p>Any information that the Board considers as price sensitive is disseminated to the shareholders as necessary.</p>	Complied

## E.2 Evaluation of Governance Disclosures

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Due weight by Institutional Investors	E.2.1	When evaluating Companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	The Institutional Investors are at liberty to give due weight to matters relating to the Board structure and composition, when they consider resolutions relating to Board structure and composition.	Complied

## F. OTHER INVESTORS

### F.1 Investing/Divesting decision

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
Individual Shareholders	F.1	Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	Complied
Individual Shareholder Voting	F.2	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	Individual shareholders are encouraged to participate in General Meeting of the Company and exercise their voting rights.	Complied

## G. INTERNET OF THINGS AND CYBERSECURITY

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
	G.1	The Board should have a process to identify how in the organisation's business model, IT devices within and outside the organisation can connect to the organisation's network to send and receive information and the consequent cybersecurity risks that may affect the business. Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the Company's network to send and receive data. Such access could be authorised or unauthorised.	The Board assigned this responsibility to the Information Technology Division and Head of Group - IT is mainly assigned to complete this task.  IT policy and Cybersecurity policies have been developed and needs to be presented to the Board for approvals.	Complied
	G.2	The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a cybersecurity risk management policy which should be approved by the Board.	Head of Group IT is appointed as a Chief Information Security Officer.	Complied

# CORPORATE GOVERNANCE

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
		The policy should include a robust cybersecurity risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting and the need for cybersecurity insurance.	IT policy and cybersecurity policy has been developed.	
	G.3	<p>The Board should allocate regular and adequate time on the Board meeting agenda for discussions about cyber risk management;</p> <ul style="list-style-type: none"> <li>The matters taken up for the discussion on the Board meeting agenda may include; Potential cybersecurity risks in the Company's business model.</li> <li>CISO's security strategy and status of the current projects.</li> <li>Compliance with the cybersecurity risk management process and incident report.</li> <li>Findings and recommendations from independent reviewers.</li> </ul>	IT policies and Cybersecurity policies are to be presented to the Board.	Not Complied
	G.4	<p>The Board should ensure the effectiveness of the cybersecurity risk management through independent periodic review and assurance.</p> <p>The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, Company's business model and incident findings.</p>	Security assessment has been carried out and corrective actions are taken.	Complied
	G.5	The Board should disclose in the Annual Report, the process to identify and manage cybersecurity risks.	IT Risk assessments are carried out according to ISO 27001:2013 and ISO 31000:2018 standards, at least annually to identify the risks on the IT environment of SSLP. Identified risks will be evaluated and proper measures are taken by the SSLP IT team to mitigate or minimise the threats. The Board of Directors shall be updated regarding the controls in place to mitigate cyber risks, and on possible cyber risks that the company is exposed to.	Complied

## H. ENVIRONMENT SOCIETY AND GOVERNANCE (ESG)

### H.1 ESG reporting

#### Main principle

The Company's Annual Report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognised, managed, measured and reported.

Environmental, social and governance considerations can affect a company's ability to execute its business strategy and create value. While many ESG factors are "non-financial", their management and likely impact have financial consequences. Hence, they are important factors to be built into a company's business model, strategy, governance and risk management framework. ESG factors relevant to the Company could impact the followings;

- Access to financial capital
- Cost savings and productivity
- Brand value and reputation
- Employee recruitment
- Employee retention
- Access to markets
- License to operate
- Market capitalisation

Integrating ESG policies and practices into a company's strategy, business model, governance and risk management and reporting its likely impact and implications are increasingly seen by investors as material to their investment decisions. Further, investors want to understand how well companies are managing the risk associated with ESG issues, as this is seen as a key test of the long-term sustainability of the Company. They are also increasing interested in the opportunities presented by the low carbon economy and are allocating capital to companies that are well equipped to benefit from this.

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
	H.1.1	<p>Companies should provide information in relation to;</p> <ul style="list-style-type: none"> <li>• The relevance of environmental, social and governance factors to their business models and strategy.</li> <li>• How ESG issues may affect their business.</li> <li>• How risks and opportunities pertaining to ESG are recognised managed, measured and reported.</li> </ul>	Sustainability principles related to ESG factors are embedded in the operations of the Company and initiatives implemented to ensure the adherence of the Company.	Complied

# CORPORATE GOVERNANCE

## H.1.2 Environmental factors

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
	H.1.2	<p>Environmental governance of an organisation should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health and environmental implications of their decisions and activities, including;</p> <ul style="list-style-type: none"> <li>• pollution prevention.</li> <li>• sustainable resource use (e.g. water, energy).</li> <li>• climate change.</li> <li>• protection of environment.</li> <li>• biodiversity.</li> <li>• restoration of natural resources.</li> </ul>	<p>Sustainability principles related to environmental factors are embedded in the operations of the Company and initiatives implemented to ensure adherence to environmental governance by the Company are discussed in the Management Discussion and Analysis and Compliance section of this report.</p>	Complied

## H.1.3 Social factors

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
	H.1.3.1	<p>Social governance of an organisation should include its relationship with the community, customers, employees, suppliers, outsourced providers, and any other party that can influence or be influenced by the organisation's business model;</p> <ul style="list-style-type: none"> <li>• The organisation should adopt an integrated approach to building a relationship with the community and striving for sustainable development including responsible community engagement, fair competition, thereby demonstrating corporate social responsibility.</li> <li>• The organisation should adopt an integrated approach to building a relationship with customers. This includes establishing a process for customer engagement, product responsibility and product recall and other matters relevant to the organisation's business model;</li> </ul>	<p>Sustainability principles related to social factors are embedded in the operations of the Company and initiatives implemented to ensure adherence to social governance by the Company are discussed in the Management Discussion and Analysis and Compliance section of this report.</p>	Complied

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
		<ul style="list-style-type: none"> <li>The labour practice related governance of an organisation should encompass all policies and practices in relation to work performed by or on behalf of the organisation in accordance with its business model, and should also include policies and practices such as equal opportunity, career development and training, reward and recognition, conditions of work, work-life balance and industrial relations;</li> <li>The organisation should have policies and procedures to ensure that suppliers and outsourced providers comply with social governance norms of the Company.</li> </ul>		

#### H.1.4 Governance

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
	H.1.4.1	<ul style="list-style-type: none"> <li>Companies should establish a governance structure to support its ability to create value and manage risks in the short, medium and long-term, recognising managing and reporting on all pertinent aspects of ESG.</li> <li>The Company should recognise the key resources/ capitals deployed in its business and establish financial and non-financial measures for resource/ capital management and related outputs and outcomes.</li> <li>The Company should have a process to ascertain, assess and manage risks which have an impact on the sustainability of the Company.</li> <li>The Company should have a process to recognise material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence.</li> <li>The disclosures should deal with how the Company has complied with the mandatory and voluntary codes of corporate governance and how its leadership structure, organisational culture, code of conduct and business model supports sustainability of the Company in the short, medium and long term.</li> </ul>	Process of managing risks in line with ESG aspects is discussed in the Risk Management Report.	Complied

# CORPORATE GOVERNANCE

## H.1.5 Board's role on ESG factors

Corporate Governance Principle	CA Sri Lanka Code Reference	Requirement of the Code	Compliance with the Code	Compliance
	H.1.5.1	<p>ESG reporting is a Board's responsibility and it is designed to add value by providing a credible account of the Company's economic, social and environmental impact. ESG reporting and disclosure should be formalised as part of the Company's reporting process and take place on a regular basis. ESG reporting should link sustainable issues more closely with strategy.</p> <p>ESG reporting may be built on a number of different guidelines, such as:</p> <ul style="list-style-type: none"> <li>• Integrated Reporting Framework</li> <li>• The Global Reporting Initiative Guidelines</li> </ul>	The Company is in the process of implementing ESG reporting in line with Global Reporting Initiatives (GRI).	Not Complied

## SECTION B

This section covers the Company's extent of adherence to the requirements of the Continuous Listing Requirements Section 7.10 on Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange. This reflects the Company's level of conformity to CSE's Listing Rules which comprise the following fundamental principles:

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

The following table presents the details of the Company's compliance with Section 7.10 and Section 9 of the CSE Listing Rules on Corporate Governance as at 31st March 2022:

Section	Rule No	Corporate Governance rule	Details of Compliance	Compliance
<b>Board of Directors</b>				
Non-Executive Directors	7.10.1	Number of Non-Executive Directors - One-third of the total number of Directors, subject to a minimum of two.	The Board of Directors comprises seven Directors, seven of whom are Non-Executive Directors.	Complied
Independent Directors	7.10.2 (a)	Number of Independent Directors - One-third of Non-Executive Directors, subject to a minimum of two.	Five of the Non-Executive Directors are independent.	Complied
	7.10.2 (b)	Each Non-Executive Director should submit a declaration of independence/non-independence.	All Non-Executive Directors have submitted declarations.  Independent Non-Executive Directors have submitted declarations confirming their independence.	Complied
Disclosures relating to Directors	7.10.3 (a)	Names of Independent Directors should be disclosed in the Annual Report.	Please refer page 119.	Complied
	7.10.3 (b)	The Board shall make a determination annually as to the independence or non-independence of each Non-Executive Director.	The Board has determined Mr. S. H. Amarasekera and Mr. M. P. Jayawardena as Independent Non-Executive Directors notwithstanding that they are serving the board for seventeen and fourteen years respectively, as their roles are not compromised by being on Board.	Complied
	7.10.3 (c)	A brief résumé of each Director should be included in the Annual Report including the area of experience.	Please refer Board of Directors section of this Report on pages 12 to15.	Complied
	7.10.3 (d)	Provide brief résumé of any new Director appointed to the Board.	Please refer Board of Directors section of this Report on pages 12 to15.	Not Applicable
<b>Remuneration committee</b>				
Composition	7.10.5 (a)	Number of Independent Non-Executive Directors in the Committee to be -		
		-a minimum of two (where a company has only two Directors on the Board), or	The Committee comprises Five Non-Executive Directors.	Complied
		- in all other instances majority of whom to be independent.	Three of them are independent Non-Executive directors	Complied
		Separate committee to be formed for the Company	A separate Human Capital and Compensation Committee was formed for the Company.	Complied
		Chairman of the Committee to be a Non-Executive Director.	The Committee is chaired by a Non-Executive Director.	Complied
Function	7.10.5 (b)	Function of the Committee.	The Human Capital and Compensation Committee Report sets out the functions of the Committee.	Complied
Disclosure in the Annual Report	7.10.5 (c)	The Annual Report should set out -		
		- Names of Directors comprising the Remuneration Committee	Please refer page 120.	Complied
		- Statement of Remuneration policy	Please refer Human Capital and Compensation Committee report on page 104.	Complied
		-Aggregate remuneration paid to Executive and Non-Executive Directors	Please refer page 161	Complied

# CORPORATE GOVERNANCE

Section	Rule No	Corporate Governance rule	Details of Compliance	Compliance	
<b>Audit committee</b>					
Composition	7.10.6 (a)	Number of Independent Non-Executive Directors in the Committee to be –			
		- a minimum of two (where a company has only two Directors on the Board), or - in all other instances of Non-Executive Directors a majority of whom to be independent.	The Committee comprises Four Non-Executive Directors. Three of them are independent Non-Executive Directors.	Complied	
		Separate committee to be formed for the Company or the Listed Parent's Committee to be used.	A separate Audit Committee was formed for the Company.	Complied	
		Chairman of the Committee to be a Non-Executive Director.	The Committee is chaired by a Non-Executive Director.	Complied	
		Chairman or one member of the Committee to be a member of a recognised professional accounting body.	The Chairman of the Committee is a member of a recognised professional accounting body.	Complied	
		CEO and CFO to attend Committee meetings, unless otherwise determined by the Audit Committee.	Group CEO attends by invitation. Group CFO attends by invitation.	Complied	
Function	7.10.6 (b)	Function of the Committee.	The Audit committee report sets out the functions of the Committee.	Complied	
Disclosure in the Annual Report	7.10.6 (c)	Names of Directors comprising the Audit Committee.	Please refer page 120.	Complied	
		The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination.	Please refer Audit committee report on page 102 to 103.	Complied	
		The Annual report shall contain a Report of the Audit Committee in the prescribed manner.	Please refer Audit committee report on page 102 to 103.	Complied	
<b>Related party transactions review committee</b>					
Composition	9.2.2	Combination of Non-Executive Directors and Independent Non-Executive Directors and may include Executive Directors at the option of the Company.	The Committee comprises of two Independent Non-Executive Directors, (Mr. S. Fernando resigned w.e.f. 26/8/2021. He was an executive director).	Complied	
		9.2.3	Separate committee to be formed for the Company or the Listed Parent's Committee to be used.	A separate Related party transactions review committee was formed for the Company.	Complied
			Function of the Committee.	The Related party transactions review committee Report sets out the functions of the Committee.	Complied
Disclosure in the Annual Report	9.3.2 (c)	The Annual Report shall contain a Related party transactions review committee report in the prescribed manner.	Please refer Related party transactions review committee report on page 106.	Complied	

The following table presents the details of the Company's compliance with Section 7.6 of the CSE Listing Rules on Annual Report Disclosure as at 31st March 2022;

Rule No	Corporate governance rule	Details of compliance	Compliance
7.6 (i)	Names of persons who were Directors of the Entity.	Board of Directors on pages 119	Complied
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein.	Management Discussion and Analysis on pages 18 to 32 and Notes to the financial statements on pages 135 to 222	Complied
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Share Information on pages 224 to 225.	Complied
7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	Share Information on pages 223 to 226	Complied
7.6 (v)	A statement of each Director's holding and Group Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year.	Annual Report of the Board of Directors on the Affairs of the Company on pages 118 to 122.	Complied
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	Risk Management on pages 109 to 116	Complied
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Management Discussion and Analysis on pages 18 to 32.	Complied
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Information on the Freehold Land and Buildings of the Group/Company on pages 169 to 174.	Complied
7.6 (ix)	Number of shares representing the Entity's stated capital.	Share Information on pages 194.	Complied
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Share Information on pages 223 to 225.	Complied
7.6 (xi)	Financial ratios and market price information.	Highlights on page 05 and Share Information on pages 223 to 226	Complied
7.6 (xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year.	Notes to the Financial Statements on pages 169 to 174.	Complied
7.6 (xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year.	Notes to the financial statements on pages 227.	Complied
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes.	Notes to the Financial Statements on page 153	Complied
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules.	Corporate Governance on pages 97 to 98.	Complied
7.6 (xvi)	Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower.	Notes to the Financial Statements on pages 206 to 208.	Complied

# CORPORATE GOVERNANCE

## SECTION C

This section covers the adherence to the requirements of the Companies Act No. 07 of 2007 on Annual report disclosure.

The following table presents the details of the Company's compliance pertaining to Companies Act No. 7 of 2007 on Annual Report Disclosure as at 31st March 2022;

Section reference	Requirement	Details of Compliance	Compliance
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period.	Notes to the Financial Statements on pages 228 to 229.	Complied
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed.	Financial Statements on pages 128 to 222.	Complied
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company.	Independent Auditors' Report on pages 125 to 127.	Complied
168 (1) (d)	Accounting Policies and any changes therein.	Notes to the Financial Statements on pages 135 to 156.	Complied
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period.	Annual Report of the Board of Directors on the Affairs of the Company on pages 118 to 122.	Complied
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Notes to the Financial Statements on pages 161.	Complied
168 (1) (g)	Corporate donations made by the Company during the accounting period.	Notes to the Financial Statements on pages 161.	Complied
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period.	Annual Report of the Board of Directors on the Affairs of the Company on pages 118 to 122.	Complied
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period.	Notes to the Financial Statements on pages 161.	Complied
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries.	Annual Report of the Board of Directors on the Affairs of the Company on pages 118 to 122.	Complied
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board.	Annual Report of the Board of Directors on the Affairs of the Company on pages 118 to 122.	Complied

### Board, Audit Committee, Human Capital and Compensation Committee, nomination Committee and Related Party Transactions Review Committee attendance

The number of meetings of the Board, Audit Committee, Human Capital and Compensation Committee and Related Party Transactions Review Committee and individual attendance by members are as follows;

### Number of meetings, circular resolutions and dates

Board meetings	4
Audit Committee meetings	7
Human Capital and Compensation Committee meetings	2
Nomination Committee meetings	-
Related Party Transactions Review Committee meetings	4

Board meetings	Audit committee meetings	Human Capital and Compensation committee meetings	Nomination committee meetings	Related party transactions review committee meetings
21st May 2021	19th May 2021	19th July 2021	-	21st May 2021
21st July 2021	21st May 2021	18th January 2022	-	21st July 2021
22nd October 2021	19th July 2021		-	22nd October 2021
21st January 2022	22nd July 2021		-	21st January 2022
	22nd October 2021		-	
	21st January 2022		-	
	03rd March 2022		-	

### INDIVIDUAL ATTENDANCE

Name of Director	Directorship status	Board	Audit committee	Related party Transaction Review committee	Nomination committee	Human Capital and Compensation committee
Mr. S. H. Amarasekera	Chairman, Independent, Non-Executive Director	4/4			0/0*	2/2
Mr. R. S. Captain	Non Independent, Non - Executive Director	4/4			0/0	2/2
Mr. S. M. Enderby	Independent, Non-Executive Director	4/4	7/7	4/4		2/2
Mr. J. R. Gunaratne	Independent, Non-Executive Director	4/4				
Mr. M. P. Jayawardena	Independent, Non-Executive Director	4/4	7/7	4/4*		2/2
Mr. D. T. S. H. Mudalige	Independent, Non-Executive Director	4/4	7/7			
Mr. P. R. Saldin	Non Independent, Non - Executive Director	4/4	7/7*		0/0	2/2*

\* Chairman of Respective Committee

# AUDIT COMMITTEE REPORT

## PREAMBLE

The Committee is empowered to review and monitor the financial reporting process of CIC Holdings PLC and its group so as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective review. As such, the Audit Committee acts as an effective forum in assisting the Board of Directors in discharging its responsibilities on ensuring the quality of financial reporting and related communications to the shareholders and the public.

## COMPOSITION OF THE COMMITTEE

The Audit Committee consists of four Non-Executive Directors and out of four, three members are independent Non-Executive Directors and is chaired by a Non-Executive Director. Audit Committee Members;

### P.R. Saldin

Non-Independent, Non-Executive Director- Committee Chairman

### S.M. Enderby

Independent, Non-Executive Director

### D.T.S.H. Mudalige

Independent, Non-Executive Director

### M.P. Jayawardena

Independent, Non-Executive Director

Brief profiles of the Directors are given on pages 12 to 15 of this Annual Report. PW Corporate Secretaries (Pvt) Ltd, functions as the Secretary to the Committee. The Finance Director/ Chief Financial Officer Audit Staff, Representatives of External Auditors and when necessary, the Chairman, the Group Chief Executive Officer and relevant Operational Directors and Managers attend the meetings by invitation.

## RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

The Audit Committee's authority, responsibilities and specific duties have been formalised through an Audit Committee Charter. By this, the Audit Committee is empowered among other things, to examine any matters relating to the financial affairs of the CIC Group and to review the adequacy of the internal control procedures, coverage of internal and external audit programmes, disclosure of accounting policies and compliance with statutory and corporate governance requirements.

## ACTIVITIES IN 2021/22

### Financial reporting

The Committee along with the Board, internal audit and external audit reviewed the Interim Financial Statements and the Annual Financial Statements to ensure compliance with mandatory, statutory and other regulatory requirements laid down by the authorities, prior to publication.

### Internal audit, risk and control

The Committee also provides a forum for the impartial review of the reports of internal and external audits and to take into consideration findings and recommendations stated therein relating to significant business risks and control issues. The Committee reviewed the Group audit plan for the year and agreed its budget and resource requirements. It reviewed interim and year-end summary reports and management's responses. The Committee carried out an evaluation of the performance of the internal audit function and was satisfied with the effectiveness of the function. The Committee reviewed the Compliance Officer's Report on the CIC Group's compliance with the applicable laws and regulations, including internal policy codes of conduct of its employees.

### Meetings of the committee

During the reporting period, seven Audit Committee meetings were held to discuss the Reports of the Internal and External Auditors and Interim Financial Statements. The Financial Statements for the 12 months period ended 31st March 2022 were also discussed at the meeting held on the 23rd May 2022. The minutes of the meetings were tabled at the meetings of the Board of Directors for information and necessary action. The attendance of the Audit Committee meetings held during the reporting period ended 31st March 2022 under review is given on page 101 of this Annual Report.

### External Audit

The external audit approach and scope was reviewed and discussed by the Committee with the External Auditors and Management prior to the commencement of the audit. The External Auditors informed the Committee on an ongoing basis regarding matters of significance that were pending resolution. Before the conclusion of the audit, the Committee met with the External Auditors without Management being present. External Auditors discussed the audit issues with the Audit Committee and the Management to agree on audit issues. The Audit Committee has reviewed the other services provided by the External Auditors to the Group to ensure that their independence as Auditors has not compromised. The Audit Committee recommended to the Board of Directors that Messrs

KPMG, Chartered Accountants be reappointed as the External Auditors for the financial year 2022/23, subject to the approval of the shareholders at the Annual General Meeting (AGM) and the required resolution will be put to the shareholders at the AGM.

### **SRI LANKA ACCOUNTING STANDARDS**

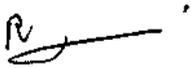
Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Group companies and made recommendations to the Board of Directors.

The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

The Committee has pursued the support of Messrs KPMG to assess and review the existing SLFRS policies and procedures adopted by the Group.

I wish to thank all members who served in the Committee during the period and for their contribution to the deliberations of the Committee.

Meet with the Management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.



P.R. Saldin  
Chairman  
Audit Committee

31st May 2022

# REPORT OF THE HUMAN CAPITAL & COMPENSATION COMMITTEE

## COMPOSITION

The Human Capital & Compensation Committee consists of Non-Executive Directors majority of whom are Independent. The Human Capital & Compensation Committee as of 31st March 2022 consisted of the following.

### P.R. Saldin

Non-Independent, Non-Executive Director - Committee Chairman

### S.H. Amarasekera

Independent Non-Executive Director

### R.S. Captain

Non-Independent, Non-Executive Director

### S.M. Enderby

Independent Non-Executive Director

### M.P. Jayawardena

Independent Non-Executive Director

The Chief Operating Officer/ Chief Executive Officer attends the meetings by invitation.

## FUNCTIONS

The Human Capital & Compensation Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of executive employees of the Group. The Committee recommends to the Board and its subsidiaries the remuneration to be paid to Key Management Personnel. The Committee reviews HR policies and the policies pertaining to remuneration and perquisites of the Executives of the Company annually. The Committee will also review the Human Resource Strategies of the Company.

## MEETINGS

The Committee will have meetings on need basis. The Committee met two (02) times during the year. The Chairman of the Committee can convene a special meeting in the event a requirement arises, provided all members are given sufficient notice of such special meeting. The quorum for a meeting is two members. The COO/Group CEO is invited to participate at the sittings of the Committee meetings as and when required by the Chairman considering the topics for deliberation at such meetings. The proceedings of the Committee meetings were regularly reported to the Board of Directors.

## REMUNERATION

The Committee believes that the Company's remuneration strategy is paramount to differentiate us from the competitors and to retain our top performers. Therefore, our remuneration philosophy is anchored on a total rewards approach. The remuneration strategy has been designed to enable the

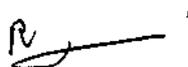
company to develop, motivate and retain our internal talent pipeline; and when necessary to attract key talent externally to sustain the performance of the Group. With the re-strategising process the Company carefully evaluated the various jobs and positions, rationalised the structure and reviewed the Company's Remuneration Policy.

## SUCCESSION PLANNING

Succession planning within our Group is an ongoing process for responding to change, so that our Group operations would go on with as little disruption as possible. The Committee review the succession planning process in place to ensure that our best talent is in line for future leadership and critical roles and to mitigate the risk of future talent shortages and also to retain and develop critical knowledge capital.

The aggregate remuneration paid to Executive & Non-Executive Directors is given in Note 11 to the Financial Statements in page 161.

Finally, I would like to thank my colleagues in the Committee for their valuable contribution towards the progress of the Committee.



P.R. Saldin  
Chairman  
Human Capital & Compensation Committee

31st May 2022

# NOMINATION COMMITTEE REPORT

## COMPOSITION OF THE COMMITTEE

Nomination Committee consists of one Independent Non-Executive Director, two Non Independent Non-Executive Directors as at the end of the reporting period, 31st March 2022. Nomination Committee Members;

### S.H. Amarasekera

Independent, Non-Executive Director/Committee Chairman

### R.S. Captain

Non-Independent, Non-Executive Director

### P.R. Saldin

Non-Independent, Non-Executive Director

## RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

- Consideration of making any appointment of new Directors or re-electing current Directors.
- Provide advice and recommendations to the Board on any such appointment.
- Review criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to the Board and Key Management Personnel in the Company.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director taking into consideration the Director's number of listed Company Boards on which the Director is represented and other principal commitments.
- Review the structure, size, compensation and competencies of the Board and make recommendations to the Board with regard to any changes.
- Recommend the requirements of new expertise and succession arrangements for retiring Directors.
- Recommend on any other matter referred to it by the Board of Directors.

## MEETINGS OF THE COMMITTEE

The Board appointments during the period were approved via circular resolutions and therefore no physical meetings were held due to prevailing situation.

## RE-ELECTION OF DIRECTORS AT THE ANNUAL GENERAL MEETING

In terms of Article 25 (6) of the Articles of Association of the Company, Mr. S.M. Enderby retire by rotation and being eligible offer himself for re-election and the shareholders will be requested to re-elect him at the forthcoming Annual General Meeting. In terms of Article 25 (6) of the Articles of Association of the Company, Mr. P.R. Saldin retire by rotation and being eligible offer himself for re-election and the shareholders will be requested to re-elect him at the forthcoming Annual General Meeting. Nomination committee report

I wish to take this opportunity to thank all members who served in the Committee and for their contribution to the deliberations of the Committee during the period



S.H. Amarasekera

Chairman

Nomination Committee

31st May 2022

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

## PREAMBLE

The Board established the Related Party Transactions Review Committee (RPTRC) in terms of the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (the "Code") and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules").

## COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee consists of two Independent Non-Executive Directors, and is chaired by an Independent Non-Executive Director.

The following Directors serve on the Committee;

### M.P. Jayawardena

Independent, Non-Executive Director- Committee Chairman

### S.M. Enderby

Independent, Non-Executive Director

Brief profiles of the members are given on pages 12 to 15 of this Annual Report.

The above composition is in compliance with the provisions of the Code regarding the composition of the Related Party Transactions Review Committee.

PW Corporate Secretaries (Pvt) Ltd. functions as the Secretary to the Related Party Transactions Review Committee.

## MEETINGS OF THE COMMITTEE

During the year ended 31st March 2022, the Committee met four times. Attendance by the Committee Members at these meetings is given in the table on page 101 of the Annual Report.

## ROLE AND RESPONSIBILITIES

The mandate of the Committee is derived from the Code and the Rules and is as follows

- 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.
- 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 assets of the related party transaction.

Policies and procedures adopted by the RPTRC for reviewing Related Party Transactions (RPTs);

1. Relevant information to capture RPTs are fed into the Company Data Collection System.
2. All officers concerned are informed of the applicable regulatory requirements relating to the reporting of RPTs.
3. Key Management Personnel (KMPs) and their Close Family Members (CFMs) are identified half yearly together with their NIC numbers and business registration numbers. This information is in the system.
4. Systems are updated with KMP and their CFM details on a half yearly basis or as and when the need arises in the event of a material change.
5. Data is extracted from the system, verified and validated.
6. All Managers are advised to report RPTs to the Chief Financial Officer who has been identified as the Focal Point, for this purpose.
7. Data is shared with the Chief Financial Officer and the Company Secretaries to meet the regulatory requirements if required.

## TASK OF THE COMMITTEE

The Committee reviewed the related party transactions and their compliance and communicated to the Board.

The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the Management and in compliance with Section 9 of the CSE Listing Rules.

Related Party Transactions are disclosed in the Note 43 to the Financial Statements.

### REPORTING TO THE BOARD

The minutes of the RPTRC meetings are tabled at the Board meetings enabling all Board members to have access to same.

I wish to take this opportunity to thank all members who served in the Committee and for their contribution to the deliberations of the Committee during the period.



**M.P. Jayawardena**  
Chairman  
Related Party Transactions Review Committee

31st May 2022

# BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

## REQUIREMENT

The Code of Best Practice on Corporate Governance 2017 issued jointly by the Securities and Exchange Commission and the Institute of Chartered Accountants, Sri Lanka, recommends Board to present a statement on internal controls.

## RESPONSIBILITY

The Board of Directors is responsible for the adequacy and effectiveness of the Group's system of internal controls. However, such a system is designed to manage the Group's key exposure areas within an acceptable risk profile rather than eliminating the risk of failure to achieve the Group's objectives. Accordingly, the system of internal controls can only provide a reasonable assurance but not absolute against the material misstatement of management and financial information and records or against financial losses or fraud. The Board has established an ongoing process for identifying, evaluating and managing the significant exposures faced by the Company and this process includes enhancing the system of internal controls as and when there are changes for the business environment or regulatory framework.

The Board has assessed the internal control system taking into account principles for the assessment of internal control systems as given in that guidance. The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The management assists the Board in implementation of the Board policies and procedures.

## KEY INTERNAL CONTROL PROCESSES

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting includes the following;

- The Board sub committees are established to assist the Board in ensuring the effectiveness of the Group's operations and that they are in accordance with corporate objectives, strategy, annual budget, policies and business environment.
- The Group's internal audit functions provide comfort on the efficiency and effectiveness of the internal control system. It monitors compliance on policies and procedures and highlights significant findings in respect of non-compliance. Audits are carried out on all subsidiaries and frequency of which is determined by the level of risk assessed. The annual audit plan is reviewed and approved by the Audit Committee.

- The Audit Committee reviews internal control issues identified by the Group's internal auditors/external auditors, regulatory authorities and the management and evaluates the adequacy of internal controls.
- In assessing the internal control systems, the management of the Company continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Company/ Group.

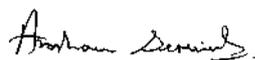
## CONFIRMATION STATEMENT

The Board of Directors of CIC Holdings PLC (Group) confirm that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting system and the preparation of Financial Statements for external purposes has been done in accordance with Sri Lanka Accounting Standards, Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, requirements of Security and Exchange Commission of Sri Lanka and other regulatory requirements.

By order of the Board,



S.H. Amarasekera  
Chairman



P.A. Seresinhe  
Group Chief Executive Officer



P.R. Saldin  
Chairman - Audit Committee

31st May 2022

# RISK MANAGEMENT REPORT

Effective Risk Management is critical to the long-term growth and sustainability of the CIC Group. As such the Group seeks to identify risks early so they can be understood, managed, mitigated, transferred, or avoided.

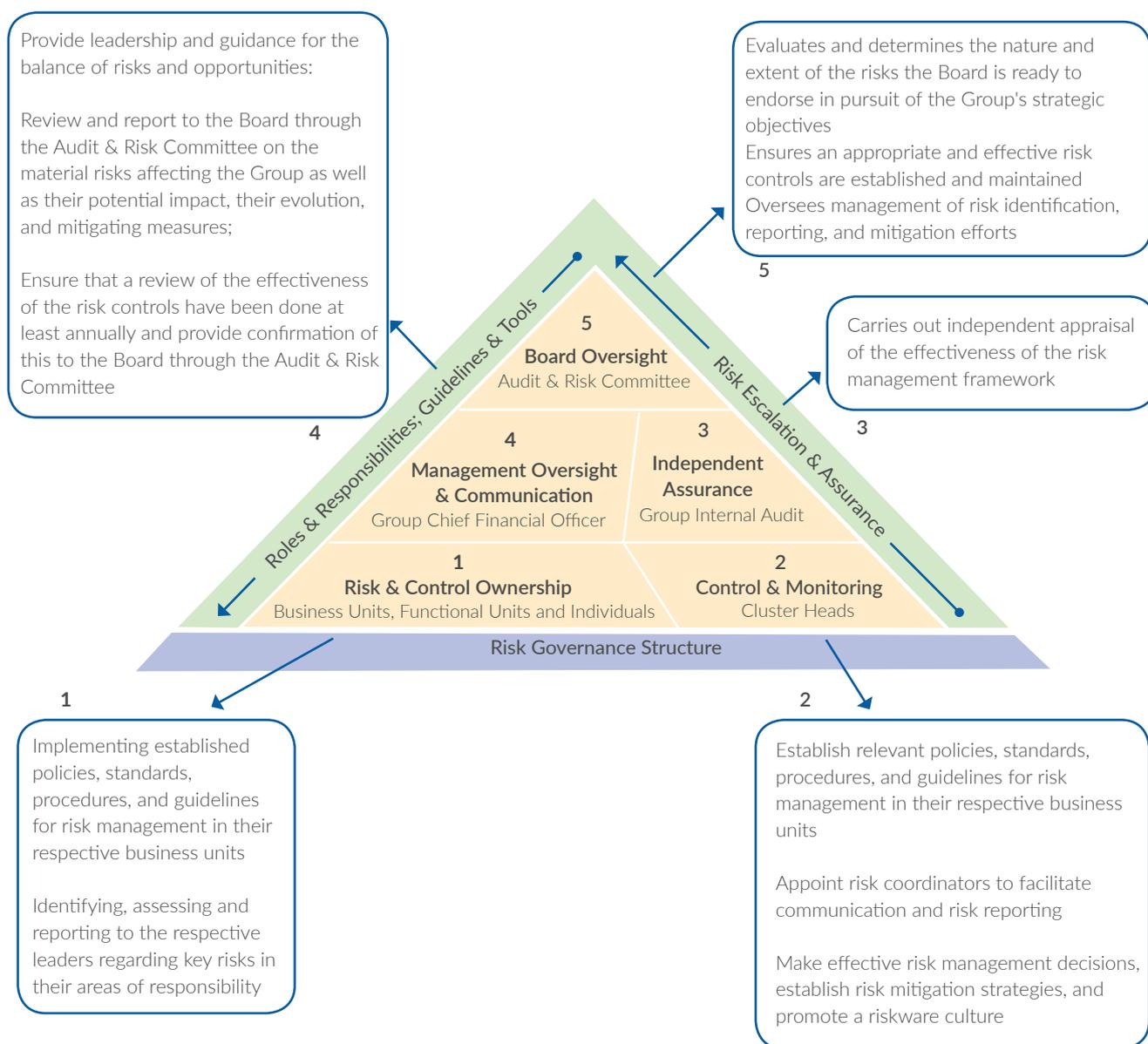
## RISK MANAGEMENT PHILOSOPHY

The CIC Group recognises that Risk Management is the responsibility of everyone within the Group. Risk Management is therefore integrated into all business and decision-making processes including strategy formulation, business development, business planning, capital allocation, investment decisions, internal control, and day-to-day operations.

The Group has set clear risk management objectives:

**Group Risks** - the focus is on the identification and management of principal risks inherently associated with the pursuit of the Group's strategic and business objectives. In pursuing growth opportunities, CIC aims to optimise risk and return decisions as defined and quantified through diligent and independent review and challenge processes.

**Business-specific Risks** - the main aim is to identify, analyse, evaluate, and mitigate all potential risks in order to mitigate the impact to the particular business as much as possible.



# RISK MANAGEMENT REPORT

## RISK CONTEXT - FY 2021/22

As a large diversified Group, CIC faces multiple risks owing to shifts in the economic environment, while the severity of the impact may vary from cluster to cluster. However, backed by strong risk fundamentals, the Group has continued to demonstrate greater resilience against external pressures. The Group's diversified portfolio of products and brands, many of which occupy leading positions in their respective spaces have allowed the Group to consistently weather economic shocks. CIC is backed by leading global principals whose world class products and brands give the Group a significant competitive edge over peers. The Group's strong market penetration through its island-wide distribution networks and long standing reputation of quality and service excellence also further underscores the Group's strength and resilience.

The FY 2021/22 was somewhat challenging as multiple external factors culminated adverse economic conditions.



## Context

Throughout 2021, the government continued to impose strict lockdowns and other restrictions in an effort to curb the spread of the virus. These measures had an impact on all businesses of CIC due to inability to access labour due to mobility restrictions. Access to raw material and distribution networks were also disrupted due to inter-provincial travel restrictions and localised lockdowns imposed from time to time.

The restriction of non-essential imports declared by the government at the onset of the pandemic affected most of the CIC Group's businesses. The businesses that were most severely affected were CIC's Agri and Industrial cluster where materials such as chemicals and import of resin were put on the restricted list.

The government banned the import and use of agro-chemicals in April 2021, in a bid to move the country towards organic farming methods. The decision directly affected CIC's Crop Solutions cluster, bringing pressure on the cluster's Plant Protection and Plant nutrition portfolios.

The shortage of forex liquidity in the country in early 2022 affected all businesses of the CIC Group. The lack of adequate dollar liquidity hampered the ability to import required raw materials thus causing a breakdown in supply chains leading to capacity utilisation issues.

With the Rupee depreciating by 27% in the January - March 2022 quarter, several of the Group's businesses faced margin pressure owing to the high cost of imported raw materials.

## CIC's Response

Necessary clearances were obtained to enable production facilities such as the rice mill, the poultry farms and the dairy production plant to continue to operate during lockdown periods. All recommended health and safety measures were implemented to enable employees at these plants to report to work. Meanwhile necessary infrastructure and other support was provided to enable administrative employees to work from home. Significant investments were made to strengthen IT infrastructure in order to enable employees to remotely connect to the Group's core systems. At the same time continuous and ongoing communication was maintained with employees to increase their awareness regarding necessary COVID safety protocols.

Supply chain diversity was prioritised, with a concerted effort to find local suppliers to meet raw material requirements. R & D efforts too were intensified to develop alternative materials.

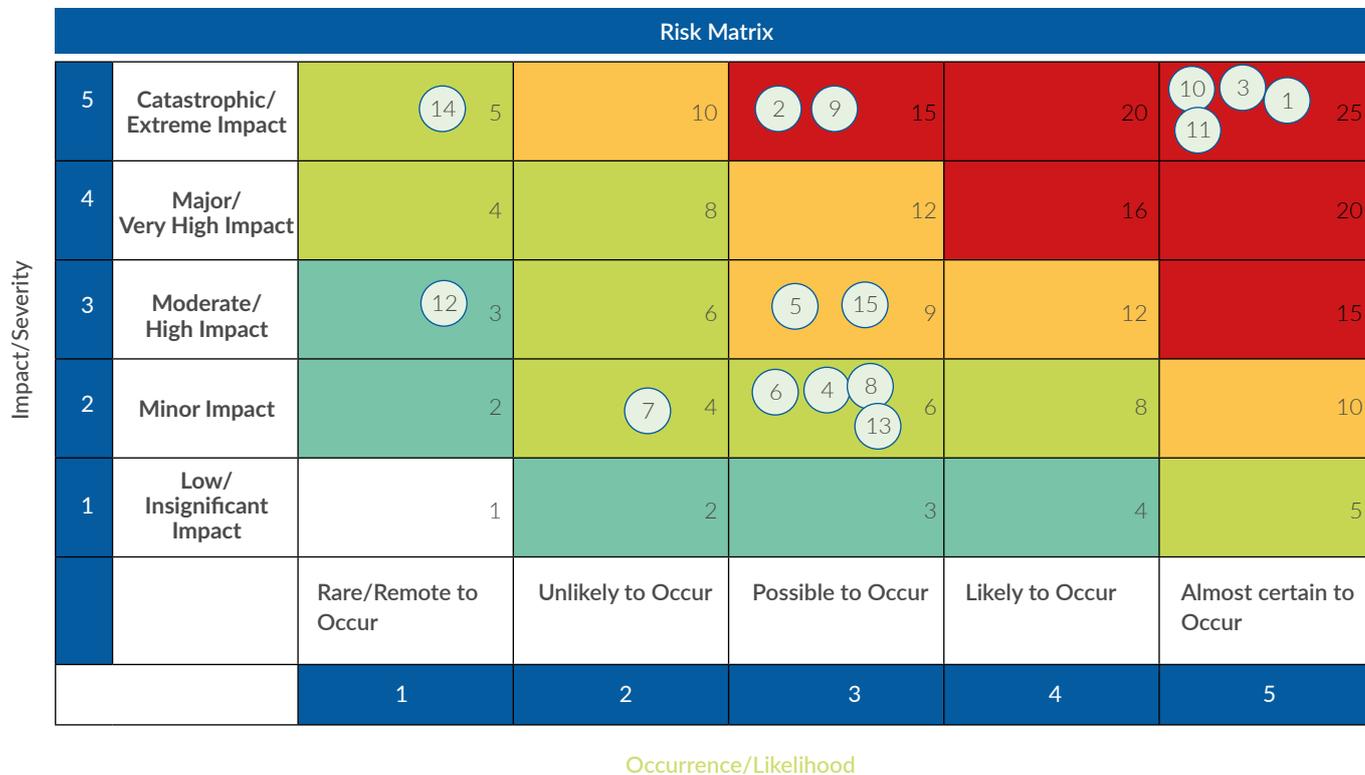
While preventive stock planning and streamlined procurement adopted in the past helped CIC to mitigate the impact to a great extent, the cluster explored the possibility of diversifying into organo-mineral formulations as a way forward to move away from 100% chemical fertilizer segment.

The Group began encouraging its long standing B2B export customers to make settlements in forex.

A conscious effort was made to increase direct export volumes and moving to local production in order to stem the overall impact to the Group.

# RISK MANAGEMENT REPORT

## INHERENT RISKS FOR THE CIC GROUP



The Colour Matrix implies following:

Priority Level	Colour Code	Score
1	Ultra High	15-25
2	High	9-14
3	Medium	4-8
4	Low	2-3
5	Insignificant	1

BUSINESS-SPECIFIC RISKS	
<p><b>01. Seasonality – High</b></p> <p>A substantial proportion of Group Revenue and Operating Profit is linked to the main paddy harvesting seasons of Yala and Maha</p> <p>CIC's Crop Solutions sector is at a significantly higher risk for seasonality</p>	<p>Mitigative Measures</p> <ul style="list-style-type: none"> <li>▪ The annual financial planning considers expected peaks and troughs during the year and the business is run accordingly</li> <li>▪ Non seasonal business units capitalise the business during the non-seasonal periods</li> <li>▪ Increasing Group synergies to ensure consistent year-round revenue generation</li> </ul>
<p><b>02. Climate Change – High</b></p> <p>Adverse weather, frequent floods, droughts and other extreme weather conditions affect the agricultural growing conditions, thereby affecting livelihoods of farmers in turn reducing their purchasing/payment capacity</p> <p>CIC's Crop Solutions and Agri Produce clusters are the most sensitive to adverse weather</p>	<p>Mitigative Measures</p> <ul style="list-style-type: none"> <li>▪ Rescheduling of credit limits/period affected areas</li> <li>▪ Insurance schemes covers possible business interruption</li> <li>▪ Insurance coverage to cover all natural disasters</li> </ul>
<p><b>03. Innovation Risk - Medium</b></p> <p>Delay in innovating may hamper the Group's ability to meet the expectations of customers and in turn have an adverse impact on revenue.</p> <p>Innovations risk is higher for CIC's Health and Personal Care and Industrial Solutions clusters that face the risk lagging behind in keeping pace with trends</p>	<p>Mitigative Measures</p> <ul style="list-style-type: none"> <li>▪ Effective placement of new products as it becomes available to the market through the Group's own comprehensive research process</li> <li>▪ Leverage on relationships with principals and suppliers to gain access to the latest technological knowhow</li> </ul>
<p><b>04. Product Risk – Medium</b></p> <p>Expiry of product shelf life or supplying inappropriate products in terms of price, functionality or perceived value.</p> <p>CIC's Health and Personal Care clusters are subject to higher product risks</p>	<p>Mitigative Measures</p> <ul style="list-style-type: none"> <li>▪ Plant and machinery are rigorously maintained and upgraded whenever necessary.</li> <li>▪ Extensive quality control measures as well as product testing through sampling</li> <li>▪ In-house Quality Surveillance Unit to test samples of new products or components from external suppliers before order placement</li> </ul>
<p><b>05. People Risk - Medium</b></p> <p>A failure to attract, retain, develop the right people can potentially affect the Group's ability to deliver operational and strategic objectives.</p> <p>People risk is particularly high for CIC's Health and Personal Care and Crop Solutions clusters which depend heavily on the product knowledge, industry expertise and selling skills of their respective teams</p>	<p>Mitigative Measures</p> <ul style="list-style-type: none"> <li>▪ The Group has a robust human resource management strategy to attract the best in-class talent, including competitive remuneration, opportunities for training as well as career mobility</li> <li>▪ The Group promotes a high performance driven culture based on performance-based rewards</li> <li>▪ The Group focuses on the wellbeing of employees through regular and ongoing communication and by providing mechanisms to handle grievances</li> </ul>

# RISK MANAGEMENT REPORT

GROUP OPERATIONAL RISKS	
<b>06. Supply Chain Risk - Medium</b> Inability to source raw materials in a timely manner due to a breakdown in global supply chains	<b>Mitigative Measures</b> <ul style="list-style-type: none"> <li>▪ Strict procurement planning supported by monthly meetings to review forecasts, level of inventory and procurement requirement etc.</li> <li>▪ Improving supply chain diversity by expanding the supplier base, with special emphasis on local sourcing</li> <li>▪ Ongoing engagement with overseas principals and global supplier networks</li> </ul>
<b>07. IT Risk - Low</b> The failure of Group IT systems infrastructure will have an impact on the continuity of day to day operations.	<b>Mitigative Measures</b> <ul style="list-style-type: none"> <li>▪ Investments in comprehensive network security</li> <li>▪ Data centers for mission-critical information</li> <li>▪ Off-site disaster-recovery system</li> <li>▪ Regular system and IT audits</li> <li>▪ Investment in IT system improvements and innovating to improve business efficiency.</li> <li>▪ Extensive controls and reviews to maintain integrity and efficiency of IT infrastructure and data.</li> </ul>
<b>08. Fraud Risk – Medium</b> As the Group’s businesses expand and grow, the potential for fraud may increase	<b>Mitigative Measures</b> <ul style="list-style-type: none"> <li>▪ Availability of a whistleblower policy</li> <li>▪ Operational manuals set out clear guidelines for employees to convey behaviours expectation they are required to adopt in their day to day work and when dealing with third parties on behalf of the Group through operational manuals</li> <li>▪ Strict due diligence by the Internal Audit team to assess the fraud risk in all business areas and report their findings to the Audit Committee</li> <li>▪ Reviewing and updating of existing polices by the Group Board</li> <li>▪ Periodical review of the internal controls by outsourced consultants.</li> </ul>
<b>09. Asset Risk – Medium</b> Risks associated with the loss, destruction or theft of the Group’s physical assets along with the risk of technical malfunctions or other defective equipment	<b>Mitigative Measures</b> <ul style="list-style-type: none"> <li>▪ Assets are insured against all identifiable risks</li> <li>▪ Insurance policies are subject to a comprehensive annual review, with revisions made as deemed necessary</li> <li>▪ Procedures to control technical and other defects include purchasing from reputable suppliers who comply with acceptable standards on product and service quality; active, standards-based (ISO 9001) quality assurance at all manufacturing facilities, distribution centres; and the maintenance of adequate spare parts if needed</li> <li>▪ Provisioning against obsolete inventory, with the option to exercise warranty claims and doubtful debtors</li> </ul>

## GROUP FINANCIAL RISKS

### 10. Credit Risk - High

The Group is exposed to credit risk in the form of financial loss when a customer reneges on a credit agreement. Such exposure cannot be avoided entirely since consumer credit is an integral part of the operations and is used to encourage and enable consumers to purchase.

#### Mitigative Measures

- Area Managers /Product Managers to push for timely collections
- Stringent evaluation of customers prior to extending of credit terms
- Credit appraisals of dealers to ascertain their payment capacity
- Requesting for bank guarantees or security deposit from dealers and distributors
- Details of customers and dealers who have defaulted on payments are recorded in a database, and made accessible to those staff undertaking credit evaluations of customers and dealers.
- Risk-adjusted pricing for selected high value product categories

### 11. Interest Rate Risk - High

Higher interest rates will have an adverse impact on the Group's cost of funds

#### Mitigative Measures

- Ongoing monitoring of interest rate trends by the Finance team
- The impact of interest rate fluctuations is minimised by striking a balance between short and long-term borrowings
- Leverage the CIC brand strength and financial stability to negotiate favourable rates in line with the movement in the AWPLR

### 12. Exchange Rate Risk - High

Exchange rate volatility results in margin pressure due to the increase in the cost of imported raw materials.

#### Mitigative Measures

- High volatility of exchange rates are minimised by additional margins and through forward booking arrangements with banks
- Leverage the Group's strong brand strength and financial stability to access foreign exchange at attractive rates
- Maximise the export proceeds of the Group and encourage customers to settle in foreign currency wherever permitted by the exchange control department of CBSL

### 13. Liquidity Risk - Low

Inadequate liquidity for working capital requirements, capacity expansion and to meet loan commitments can have an adverse impact on ongoing operations, marketing and investment in new products and brands.

#### Mitigative Measures

- Group liquidity position is monitored by the Group Finance Team and reported to the Board on a regular basis
- Projected net borrowings are covered by committed banking facilities and a healthy industry-related gearing ratio is maintained
- Maintaining benchmark 40:60 debt:equity ratio in the balance sheet
- Building strong relationships with banks and other funding partners to ensure reliable access to funds

# RISK MANAGEMENT REPORT

<b>14. Expansion Risk - Low</b>	<b>Mitigative Measures</b>
<p>While expansion into new products and markets is vital for the long term sustainability of the business, such expansion strategies, if not carefully considered may lead to losses for the Group</p>	<ul style="list-style-type: none"> <li>▪ 3-year strategic plan outline all capacity expansion projects submitted for Board approval</li> <li>▪ Annual CAPEX plan submitted for Board approval</li> <li>▪ Comprehensive investment appraisals for each expansion project, including evaluation costs, technology requirements, completion timelines etc.</li> <li>▪ Independent audit of project progress to ensure that budgets and forecasts are being met</li> <li>▪ Post-investment analysis and quarterly performance tracking including financial and customer measures through balance scorecard.</li> </ul>
<b>OTHER RISKS</b>	
<b>15.Regulatory Risk - Low</b>	<b>Mitigative Measures</b>
<p>Risks arising due to non-compliance with regulations pertaining to the Group, leading to loss of reputation and goodwill, as well possible litigation or financial loss.</p>	<ul style="list-style-type: none"> <li>▪ Ongoing monitoring of the Group's compliance status by the Legal Department</li> <li>▪ Due diligence procedures by the Group Compliance Officer to ensure compliance with laws and policies</li> <li>▪ Frequent internal, external and corporate audits-monitor compliance</li> <li>▪ Continuous review of regulatory approvals required wherever necessary.</li> <li>▪ The Board sets the tone for good business ethics</li> <li>▪ Established procedures to verify product integrity.</li> <li>▪ Quality surveillance audits in line with global best practices protects the Group against litigation and warranty/expiry claims</li> </ul>
<b>16. Environmental Risk - Medium</b>	<b>Mitigative Measures</b>
<p>Risk of environmental damage due to the Group's operations</p>	<ul style="list-style-type: none"> <li>▪ Complying with the requirements of the EPL licenses issued by the Central Environmental Authority</li> <li>▪ Adoption of global best practices such as the ISO 140001 Environmental Standard at all plants and factories</li> <li>▪ Invest in renewable energy to reduce the Group's carbon footprint</li> <li>▪ Offering integrated agricultural solutions to minimise the soil damage caused by chemical applications</li> <li>▪ Explore the possibility of introducing organo-mineral formulations for agriculture</li> <li>▪ Seek out eco-friendly alternatives to reduce the hazardous material used in the manufacture of certain products</li> </ul>

# Onwards & UPWARDS

*"If we fail to adapt, we fail to move forward."*

- John Wooden

## Financial Statements

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## Financial Calendar

1st Quarter Financial Results	Released on 22nd July 2021
2nd Quarter Financial Results	Released on 22nd October 2021
3rd Quarter Financial Results	Released on 21st January 2022
4th Quarter Financial Results	Released on 24th May 2022
2021/22 Interim Dividend Paid	24th November 2021
2021/22 Final Dividend Payment Date if approved at AGM	22nd July 2022
59th Annual General Meeting	30th June 2022

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

The Board of Directors of CIC Holdings PLC has pleasure in presenting their Report on the Affairs of the Company together with the Audited Financial Statements of CIC Holdings PLC and the Audited Consolidated Financial Statements of the Group for the 12 months ended 31st March 2022.

## REVIEW OF THE YEAR

Chairman's Statement, (pages 6 to 7) and the Group Chief Executive Officer's Review, (pages 8 to 11) describe the Company's affairs and the Group's business. Financial results of the Company/Group are elaborated on pages 128 to 222. These reports together with the Audited Financial Statements reflect the state of affairs of the Company/Group.

## PRINCIPAL ACTIVITIES

The Company carries the business of merchandising and manufacturing as its principal activities. There were no significant changes in the activities of the Company during the year under review. The Group is engaged in Agri Produce, Crop Solutions, Live Stock, Industrial Solutions and Health & Personal Care market segments. During the year under review there were no changes in the activities of subsidiary companies.

## INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on pages 125 to 127 in this Annual Report.

## FINANCIAL STATEMENTS

The Financial Statements for the 12 months ended 31st March 2022 are in accordance with the Sri Lanka Accounting Standards, SLFRSs/LKASs, issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of Section 151 (and Section 153 for consolidated entity) of the Companies Act No. 07 of 2007. The Financial Statements duly signed by the Directors are provided on pages 128 to 222 in this Annual Report.

## ACCOUNTING POLICIES

The accounting policies adopted in preparation of the Financial Statements are provided in detail in the Notes to the Financial Statements on pages 135 to 156. The Company/Group has consistently applied the accounting policies as set out in Note 1 to 4 to all periods presented in the Consolidated Financial Statements.

## DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Statement of the Directors' Responsibilities is given on page 123.

## PROFIT AND APPROPRIATIONS

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit for the year after depreciation	2,059,642	1,339,635	5,483,505	4,912,052
From which a deduction is made for taxation and For discontinued operations	(298,395) 194	(307,493) 11,785	(910,619) (227,113)	(975,188) (90,771)
	1,761,441	1,043,927	4,345,773	3,846,093
From which a deduction is made for non- controlling interest	-	-	(661,620)	(713,682)
	1,761,441	1,043,927	3,684,153	3,132,411
To which must be added/(deducted) other comprehensive income	4,687	16,651	8,531	(45,310)
Total comprehensive income	1,766,128	1,060,578	3,692,684	3,087,101
To which must be added the unappropriated profit brought forward from the previous years and	1,655,691	940,443	8,731,316	5,639,021
De-recognition of financial assets due to disposal	-	-	51,018	103,667
Realisation of revaluation reserve and deferred tax due to disposal	-	128,520	-	296,122
Adjustment to non-controlling interest of a subsidiary	-	-	(7,833)	(42,917)
Adjustment due to change in holding	-	-	-	-
Transfer of general reserve	-	-	23,010	122,172
Making available for appropriation amount of	3,421,819	2,129,541	12,490,195	9,205,166
Out of which a dividend was paid - Rs. 2.25 (2021 - Rs 1.25)	(852,930)	(473,850)	(852,930)	(473,850)
so that the unappropriated profit carried forward will be	2,568,889	1,655,691	11,637,265	8,731,316

## STATED CAPITAL

As per the terms of the Companies Act No. 07 of 2007, the Stated Capital of the Company was Rs. 1,008.45Mn as at 31st March 2022 and was unchanged during the year. Details are given in Note 30 to the Financial Statements on page 194.

## SHARE INFORMATION AND SUBSTANTIAL SHAREHOLDINGS

The distribution of shareholdings, public holding percentage, market value of shares, 20 largest shareholders and Directors' shareholding are given on pages 224 to 225.

Earnings per share, dividends per share, dividend payout and net assets value per share are given in the highlights on page 05 of this Annual Report and prior year figures are adjusted in line with the subdivision, that was completed on 5th January 2021.

## COMMITMENTS AND CONTINGENCIES

Commitments and Contingent Liabilities of the Group are disclosed in the Note 39 and 40 to the Financial Statements.

## DIVIDENDS

In terms of Article 38 (2) of the Articles of Association of the Company, an interim dividend of Rs.1.00 per share for the year under review was paid on 24th November 2021 on both Voting and Non-Voting (class "X") shares, in accordance with Section 57 of the Companies Act No. 07 of 2007.

Further, in terms of Article 38 (1) of the Articles of Association of the Company, a final dividend of Rs 1.00 per share has been proposed by the Directors for the year under review, which will be placed before the shareholders for approval at the forthcoming Annual General Meeting. The Board has reasonable grounds for believing that the Company would satisfy the Solvency Test immediately after the distribution is made and accordingly, the Board of Directors has signed the Certificate of Solvency in accordance with Section 57 of the Companies Act No. 07 of 2007.

The Board of Directors will obtain a Certificate of Solvency from the Auditors prior to the date of dispatch of the dividend payment.

## DIRECTORS

The following were the Directors of the Company as at 31st March 2022 and their brief profiles are set out on pages 12 to 15.

Mr. S.H. Amarasekera - Chairman  
Mr. S. Fernando - COO (Resigned w.e.f. 26.08.2021)  
Mr. R.S. Captain  
Mr. S.M. Enderby  
Mr. J.R. Gunaratne  
Mr. D.T.S.H. Mudalige  
Mr. M.P. Jayawardena  
Mr. P.R. Saldin

Mr. Sermal Fernando resigned as a Director with effect from 26th August 2021.

In terms of Article 25 (6) of the Article of Association of the Company, Mr. S.M. Enderby and Mr. P. R. Saldin retire by rotation at the Annual General Meeting and being eligible, are recommended by the Directors for re-election.

## INDEPENDENCE OF DIRECTORS

**S.H. Amarasekera**  
Independent, Non-Executive Director/Chairman

**S.M. Enderby**  
Independent, Non-Executive Director

**J. R. Gunaratne**  
Independent, Non-Executive Director

**M.P. Jayawardena**  
Independent, Non-Executive Director

**D.T.S.H. Mudalige**  
Independent, Non-Executive Director

In accordance with Rule 7.10.2 (b) of the Colombo Stock Exchange (CSE) Listing Rules, Independent Directors have submitted a signed and dated declaration as per the specimen given in Appendix 7A of continuing Listing Rules of CSE.

Although, Mr. S.H. Amarasekera and Mr M.P. Jayawardena have served on the Board for over 9 years as at 31st March 2022, the Board of Directors of the Company has determined that Mr. S.H. Amarasekera and Mr. M.P. Jayawardena shall nevertheless be considered as independent as the objectivity of their roles are not compromised by serving a long period on the Board.

The Board has made a similar determination vis-a-vis Mr. S.M. Enderby who completed 09 years of service as a Director on 11th April 2022.

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

## BOARD COMMITTEES

### Audit committee

Directors comprising the Audit Committee of the Board are:

#### P. R. Saldin

Non-Independent, Non-Executive Director- Chairman of the Committee

#### S.M. Enderby

Independent, Non-Executive Director

#### D.T.S.H. Mudalige

Independent, Non-Executive Director

#### M.P. Jayawardena

Independent, Non-Executive Director

The Report of the Audit Committee on page 102 sets out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

## HUMAN CAPITAL & COMPENSATION COMMITTEE

Directors comprising the Human Capital & Compensation Committee of the Board are :

#### R.S. Captain

Non-Independent, Non-Executive Director- Chairman of the Committee

#### S.H. Amarasekera

Independent, Non-Executive Director

#### S.M. Enderby

Independent, Non-Executive Director

#### M.P. Jayawardena

Independent, Non-Executive Director

The Report of the Human Capital & Compensation Committee on page 104 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the year under review are given in Note 11 to the Financial Statements on page 161.

## BOARD NOMINATION COMMITTEE

Directors comprising the Nomination Committee of the Board are:

#### S.H. Amarasekera

Independent, Non-Executive Director/Chairman of the Committee

#### R.S. Captain

Non-Independent, Non-Executive Director

#### P. R. Saldin

Non-Independent, Non-Executive Director

The Report of the Board Nomination Committee on page 105 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka.

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Directors comprising the Related Party Transactions Review Committee of the Board are:

#### M.P. Jayawardena

Independent, Non-Executive Director- Chairman of the Committee

#### S.M. Enderby

Independent, Non-Executive Director

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 of the Company and are in compliance with the section 9 of the CSE Listing Rules.

The Report of the Board-Related Party Transactions Review Committee on page 106 sets out the manner of compliance by the Company.

## DECLARATION

Compliance with Rule 09 of the Listing Rules. The Directors declare that the Company has complied with Rule 09 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions.

## DIRECTORS' INTERESTS AND INTERESTS REGISTER

The Company, in compliance with the Companies Act No. 07 of 2007, maintains an Interests Register.

All Directors have made declarations as provided for in Section 192 (2) of the said Act. The related entries were made in the Interests Register during the year under review.

## DIRECTORS' REMUNERATION

Executive Directors remuneration is structured within an established framework by the Board's Human Capital and Compensation Committee to whom this task has been entrusted. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration of the Executive Directors for the year ended 31st March 2022 is given in Note 11 includes the value of perquisites granted to them as part of their terms of service.

The total Directors fees of Non-Executive Directors for the reporting year ended 31st March 2022 is given in Note 11 and is

determined according to the scales of payment decided upon by the Board. The Board is satisfied that the payment of remuneration is fair to the Company.

### DIRECTORS' INTEREST IN SHARES

The Directors' shareholding in Ordinary Shares and Non Voting (Class X) Shares of the Company as at the reporting date were as follows.

As at	Ordinary shares		Non-Voting (Class X)	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Mr. S.H. Amarasekera - Chairman	-	-	-	-
Mr. S. Fernando - COO (Resigned w.e.f. 26.08.2021)	N/A	-	N/A	144,840
Mr. R.S. Captain	320	320	556	556
Mr. S.M. Enderby	-	-	-	-
Mr. J.R. Gunaratne	-	-	-	-
Mr. D.T.S.H. Mudalige	-	-	-	-
Mr. M.P. Jayawardena	-	-	20,000	20,000
Mr. P.R. Saldin	-	-	2,000	2,000
	320	320	22,556	167,396

### DIRECTORS' INDEMNITY AND INSURANCE

The Company 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.

### SUBSIDIARIES

The names of the Directors holding office as at 31st March 2022 on the Boards of the subsidiaries are in Annexure "A" to this Report.

### PROPERTY, PLANT & EQUIPMENT

During the financial year, the Company and the Group invested a sum of Rs. 134.22Mn (2020/21 – Rs. 12.94Mn) and Rs. 560.33Mn - (2020/21 – Rs. 155.60Mn) in property, plant & equipment. Details of property, plant & equipment and intangible assets and their movements are given in Note 16 to the Financial Statements respectively. Details of freehold land and buildings are given in Note 16 to the Financial Statements.

### MARKET VALUE OF PROPERTIES

The freehold property of the Company/Group is revalued by an Independent Qualified Valuer when there is a substantial difference between the fair value and the carrying amount of the freehold property. Company/ Group reviews its assets once in each reporting date.

The most recent valuation was carried out as at 31st March 2022. The details of the valuation are given in Note 16 to the Financial Statements on page 172 in this Annual Report.

### RESERVES (EXCLUDING NON-CONTROLLING INTEREST)

Group reserves and retained equity as at 31st March 2022 amounted to Rs.15,502.21Mn vs Rs.12,216.02Mn as at 31st March 2021. The break-up and movement are shown in the Statement of Changes in Equity in the Financial Statements.

### HUMAN RESOURCE

The number of persons employed by the Group and the Company as at 31st March 2022 was 2,112 (2021 – 2,137) and 449 (2021 – 449), respectively.

### MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS OF THE COMPANY.

No material issues pertaining to employees or industrial relations of the Company occurred during the year under review which requires disclosure under Rule 7.6 (vii) of the Listing Rules.

### EMPLOYEE SHARE OPTION SCHEME (ESOS) /EMPLOYEES SHARE PURCHASE SCHEMES.

ESOS of the Company was approved by the shareholders of the Company on 30th June 2016. Under this plan the Company was authorised to issue up to 20% of Non Voting Shares and enter to eligible employees . The option granted under this plan has to be exercised within 10 years of such grant. No employees have been provided with any financial assistance to exercise the option.

### MATERIAL FORESEEABLE RISK FACTORS

Financial Risks Management objectives and policies are set out in Note 45 on page 210.

Risk that Company and its subsidiaries are exposed to are set out in the Section on Risk Management on pages 210 to 222.

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

## AUDITORS

The Financial Statements for the period under review were audited by Messrs. KPMG, Chartered Accountants who offer themselves for reappointment for the ensuing year. The Directors propose the reappointment of Messrs. KPMG, Chartered Accountants as Auditors of the Company for the year 2022/23 subject to the approval of the shareholders at the Annual General Meeting.

The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditors. Details of the functions of the Audit Committee are set out in the Audit Committee Report.

The audit and non-audit fees paid to the Auditors by the Company and Group are disclosed in Note 11 on page 161 in this Annual Report.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or its subsidiaries. The Auditors have confirmed that they do not have any relationship (other than that of Auditors) with or interest in the Company or any of its subsidiaries other than those disclosed above.

## STATUTORY PAYMENTS

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 123.

## DONATIONS (FOR APPROVED AND NON-APPROVED CHARITIES/ ORGANISATIONS)

During the year, donations amounting to Rs. 1.21Mn (2020/21 – Rs. 1.14Mn) were made by the Group and donations made by the Company were Rs. 1 Mn (2020/21 – Rs.1 Mn). Donations made by the Group and Company are given in Note 11.

At the last Annual General Meeting shareholders approved a sum not exceeding Rs. 1 Mn in respect of donations.

## CORPORATE GOVERNANCE

The Company has complied with Best Practices on Corporate Governance laid down by The Institute of Chartered Accountants of Sri Lanka, and Listing Rules of the Colombo Stock Exchange. The Corporate Governance Section on pages 49 to 101. describes the good Corporate Governance Principles adopted by the Company.

The Corporate Governance Report is given under the Governance Section of this Annual Report.

## DIRECTORS' DECLARATIONS

The Directors declare that having considered all information and explanations made available to them that –

- (a) the Company complied with all applicable laws and regulations in conducting its business.
- (b) they have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.
- (c) the Company has made all endeavours to ensure the equitable treatment of shareholders.
- (d) the business is a going concern with supporting assumptions or qualifications as necessary; and
- (e) they have conducted a review of internal controls covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.

## EVENTS AFTER THE REPORTING PERIOD

At the Board Meeting held on 23rd May 2022, the Directors have proposed final dividend of Rs. 1.00 per share to be paid to the shareholders on 10th July 2022

No circumstances have arisen since the reporting date, which would require adjustment or disclosure except for the details given in Note 41 to the Financial Statements on page 202.

## NOTICE OF MEETING

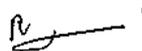
The 59th Annual General Meeting will be held by way of Audio or Audio/Visual platform on 30th June 2022 at 9.00 a.m.

The Notice of the Annual General Meeting to the shareholders is given on page 232.

For and on behalf of the Board,



S.H. Amarasekera  
Chairman



P. R. Saldin  
Director



P W Corporate Secretarial (Pvt) Ltd.  
Company Secretary

31st May 2022

# DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors' responsibility in relation to the Financial Statements is detailed below. The Report of the Auditors sets out their responsibility in relation to the Financial Statements.

The Companies Act No. 07 of 2007 requires that the Directors prepare the Financial Statements for each financial year, which reflect 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 the profit/loss for that financial year. In preparation of these statements, the Directors are required to ensure that,

1. Appropriate accounting policies have been selected and applied based on the applicable financial reporting framework on a consistent basis while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected. Material departures, if any, are disclosed and explained. The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.
2. Financial Statements prepared and presented in this Annual Report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) which came to effect from 1st January 2012 and are in agreement with the underlying books of accounts and in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No.15 of 1995, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Securities and Exchange Commission (SEC) of Sri Lanka.
3. The Company keeps sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and that of the Group and to enable them to ensure that the Financial Statements comply with the Companies Act No. 7 of 2007. Also, reasonable steps are taken to safeguard the assets of the Company and to establish appropriate systems of internal controls, which provide reasonable though not absolute assurance to the Directors that assets are safeguarded and internal controls are in place with a view to the prevention and detection of frauds and errors.
4. The Directors are required to prepare the Financial Statements and the Company's External Auditors, Messrs. KPMG who were appointed in terms of Section 158 of the Companies Act No. 7 of 2007 and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining

accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Company together with all the financial records, related data and Minutes of shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on page 125 to 127.

5. As required by Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that, it is made available to the shareholders by hosting the Annual Report and related documents on the websites of the Company and the Colombo Stock Exchange whilst acting in accordance with Circular No. 04/2022 of the Colombo Stock Exchange with regard to circulation of the Annual Report in printed form. The Directors also wish to confirm that all shareholders in each category have been treated equitably in accordance with the terms of issue of the said shares.
6. The Company and its quoted subsidiaries, have met all the requirements under Section 7 on the Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange, wherever applicable.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

## COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its Group companies, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its Group companies, and all other known statutory dues as were due and payable by the Company and its Group companies as at the reporting date have been paid or where relevant provided for.

By Order of the Board,



P W Corporate Secretarial (Pvt) Ltd.  
Company Secretary

31st May 2022

# CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

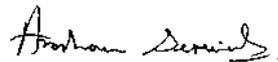
The Financial Statements of CIC Holdings PLC and the Consolidated Financial Statements of the Group are prepared in conformity with requirements of the

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka,
- Companies Act No. 07 of 2007,
- Sri Lanka Accounting & Auditing Standards Act No 15 of 1995,
- Listing Rules of the Colombo Stock Exchange and
- Code of Corporate Governance issued by Securities and Exchange Commission of Sri Lanka.

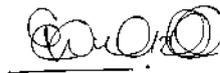
The Board of Directors and the management of our Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets, and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Financial Statements were audited by Messrs. KPMG, Chartered Accountants, the Independent Auditors.

The Audit Committee of our Company meets periodically with the Internal Auditors and the Independent Auditors to review the manner in which these auditors are performing their responsibilities, and to discuss auditing, internal control and reporting issues. To ensure complete independence, the Independent Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.



**A. Serasinghe**  
Group Chief Executive Officer



**Erandi Wickramaarachchi**  
Group Chief Financial Officer

31st May 2022

# INDEPENDENT AUDITOR'S REPORT



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426  
Fax : +94 - 11 244 5872  
+94 - 11 244 6058  
Internet : www.kpmg.com/lk

## To the Shareholders of CIC Holdings PLC

Report on the Audit of the Financial Statements

### OPINION

We have audited the financial statements of CIC Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 128 to 222 of the annual report.

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 31st March 2022, and of their financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the company financial statements and the consolidated financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. Impairment of investments in subsidiaries and equity accounted investees

Refer to the significant accounting policy in Note 3.13 and explanatory Notes 22 and 23 to the financial statements.

### RISK DESCRIPTION

The Company has recorded Rs. 1.62 Bn as investments in subsidiaries and Rs. 36 Mn as equity accounted investees as at 31st March 2022 respectively. The carrying amount of each investments in Subsidiaries have been tested for impairment as individual Cash Generating Units. The carrying amount of these investments could be materially misstated if inappropriate judgments and estimates were used by the management in calculating the recoverable amount for each cash generating unit ("CGU") as part of their impairment assessment. The impairment of investments in subsidiaries and equity accounted investees has increased since some investments have not provided the required return.

We identified assessment of impairment of investment in subsidiaries and equity accounted investees as a key audit matter due to significant degree of management judgment involved in making this assessment and in forecasting the future cash flows of the companies which could have significant impact on the financial statements. Further, impact of COVID-19 pandemic and the prevailing volatile macro-economic environment on the business operations resulted in increased estimates and judgements involved in the assessment of impairment of investment in subsidiaries and equity accounted investees.

### OUR AUDIT PROCEDURES INCLUDED:

- Evaluating the indications of possible impairment of investments in subsidiaries and equity accounted investees.
- Reviewing the work carried out by component auditors on the assessment of the credibility of business plan and the reasonableness of the discounted cash flow models considered in the going concern assessment of components and impairment of investment in subsidiaries.
- Obtaining the forecasted cash flow projections of the subsidiaries and assessing the reasonableness of the forecasts and challenging the assumptions used in the valuation.
- Assessing the adequacy of disclosures made in the financial statements with the relevant accounting standards.

#### 2. Provision for impairment of Trade Receivables

Refer to the significant accounting policy in Note 3.14.5 and explanatory Note 26 to the financial statements.

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. Rajakerie 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 AUDITOR'S REPORT



## RISK DESCRIPTION

The Group has recognized trade receivable balance of Rs. 4.74 Bn as at 31st March 2022, after provision for impairment of Rs. 1.01 Bn.

As described in Note 3.14.5 to the financial statements, management's provisioning methodology is based on an expected credit loss model as required under SLFRS 9 'Financial Instruments'. The Group's customers operate in number of sectors, having different credit profiles. The determination of provision for impairment using expected credit loss model is subject to number of key judgments and assumptions such as forward looking probability of default (PD), loss given default (LGD), macroeconomic scenarios including their weighting and judgments over the use of data inputs required.

Impairment of trade receivables remains one of the most significant judgements made by management particularly in light of the prevailing volatile macro-economic environment in Sri Lanka and the impact of COVID-19 pandemic on each sectors the Group operates.

We identified impairment of trade receivables as a key audit matter for our audit, as it requires management to exercise subjective judgment in making assumptions and estimates for the assessment of provision for impairment of trade receivables.

Our audit procedures included:

- Evaluating the appropriateness of the impairment methodology adopted by the Group in accordance with SLFRS 9 and challenging the key assumptions and evaluating the reasonableness of the key judgments and methodology used by the management.
- Assessing the appropriateness of impairment provision by considering the estimation uncertainties by management pursuant to the COVID-19 outbreak and current economic situation in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions used in the expected credit loss model.
- Evaluating the completeness, accuracy and relevance of data used in computation of the impairment provision.
- Comparing the economic factors used in the models to market information to assess whether they are aligned with the market and economic development.
- Evaluating the adequacy of the disclosures in the financial statements in accordance with the relevant accounting standards.

### 3. Revaluation of Lands

Refer to the significant accounting policy in Note 3.8.3 and explanatory Note 16 to the financial statements.

The Group has revalued its lands amounting to Rs. 4.65 Bn as at reporting date and recognised a revaluation gain of Rs. 832 Mn, for the year ended 31st March 2022.

The Group has engaged an independent professional valuer with appropriate expertise to determine the fair value of these properties in accordance with recognized industry standards. We identified this as a key audit matter because of the significant judgments and estimates involved such as per perch price as disclosed in Note 16 E to the financial statements in assessing the fair values of the lands.

Our audit procedures included:

- Assessing the objectivity, independence, competency and capability of the external valuer engaged by the Group.
- Reading the professional valuer's reports and assessing the key estimates made by external valuer in deriving the fair values of the lands and comparing the same with evidence of current market values.
- Reviewing the work performed by the component auditors on the revaluation of lands, where necessary.
- Engaging our own internal specialised resources to assess the reasonability of the valuation technique and per perch prices.
- Assessing the adequacy of disclosures made in relation to the valuation technique, sensitivity and estimates used by the external expert in the financial statements.

## OTHER INFORMATION

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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 therein, we are required to report that fact.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the 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 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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.

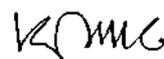
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and 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 3029.



Chartered Accountants  
Colombo  
31st May 2022

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Notes	Company		Group	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Continuing operations</b>					
Revenue	6	9,981,078	9,817,814	41,759,591	37,233,343
Cost of sales		(7,160,935)	(7,194,537)	(30,234,808)	(27,573,794)
<b>Gross profit</b>		<b>2,820,143</b>	<b>2,623,277</b>	<b>11,524,783</b>	<b>9,659,549</b>
Other income	7	1,141,108	647,695	308,814	305,125
Distribution expenses		(1,243,954)	(1,246,035)	(2,930,370)	(2,876,836)
Impairment reversal/(loss) on trade receivables		23,932	(47,892)	55,524	(84,805)
Administrative expenses		(443,139)	(337,630)	(1,902,326)	(1,601,744)
Other expenses	8	(419)	(37,000)	(28,023)	(7,582)
<b>Results from operating activities</b>		<b>2,297,671</b>	<b>1,602,415</b>	<b>7,028,402</b>	<b>5,393,707</b>
Finance income		55,563	49,904	430,803	192,606
<b>Finance cost</b>		<b>(293,592)</b>	<b>(312,684)</b>	<b>(2,619,140)</b>	<b>(1,140,749)</b>
Finance cost (net)	9	(238,029)	(262,780)	(2,188,337)	(948,143)
Share of profit of equity accounted investees (net of tax)	10	-	-	643,440	466,488
<b>Profit before tax</b>	11	<b>2,059,642</b>	<b>1,339,635</b>	<b>5,483,505</b>	<b>4,912,052</b>
Income tax expense	12	(298,395)	(307,493)	(910,619)	(975,188)
<b>Profit from continuing operations</b>		<b>1,761,247</b>	<b>1,032,142</b>	<b>4,572,886</b>	<b>3,936,864</b>
<b>Discontinued operations</b>					
Profit/(loss) from discontinued operations (net of tax)	13	194	11,785	(227,113)	(90,771)
<b>Profit for the year</b>		<b>1,761,441</b>	<b>1,043,927</b>	<b>4,345,773</b>	<b>3,846,093</b>
<b>Other comprehensive income</b>					
<b>Items that will never be reclassified to profit or loss</b>					
Actuarial gains/(losses) on retirement benefit obligations		6,167	21,909	(1,856)	(3,805)
Surplus on revaluation of land		313,785	231,486	832,193	894,971
Deferred tax charge on revaluation surplus		(75,308)	(55,557)	(173,189)	(180,863)
Deferred tax impact on revaluation reserve due to rate change		-	29,264	-	128,396
Realisation of deferred tax due to disposal		-	-	-	69,342
Income tax on other comprehensive income		(1,480)	(5,258)	9,521	(70,371)
Net gain/(loss) from fair value change in financial assets		(82,273)	60,730	(107,682)	555,957
Equity-accounted investees- share of OCI		-	-	7,429	(1,986)
<b>Other comprehensive income for the year</b>		<b>160,891</b>	<b>282,574</b>	<b>566,416</b>	<b>1,391,641</b>
<b>Total comprehensive income for the year</b>		<b>1,922,332</b>	<b>1,326,501</b>	<b>4,912,189</b>	<b>5,237,734</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		1,761,441	1,043,927	3,684,153	3,132,411
Non- Controlling interests		-	-	661,620	713,682
<b>Profit for the year</b>		<b>1,761,441</b>	<b>1,043,927</b>	<b>4,345,773</b>	<b>3,846,093</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		1,922,332	1,326,501	4,146,958	4,132,671
Non- Controlling interests		-	-	765,231	1,105,063
<b>Total comprehensive income for the year</b>		<b>1,922,332</b>	<b>1,326,501</b>	<b>4,912,189</b>	<b>5,237,734</b>
<b>Earnings per share</b>					
Basic/diluted earnings per share (Rs.)	14	4.65	2.75	9.72	8.26
<b>Earnings per share -continuing operations</b>					
Basic/diluted earnings per share (Rs.)		4.65	2.72	10.05	8.38

Notes from pages 135 to 222 form an integral part of the Financial Statements

Figures in brackets indicate deductions

# STATEMENT OF FINANCIAL POSITION

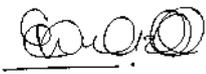
As at 31st March	Notes	Company		Group	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>ASSETS</b>					
Non- current assets					
Property, plant & equipment	16	2,436,740	2,151,100	12,749,774	12,193,664
Investment property	17	-	-	2,400	2,400
Capital work-in-progress	18	-	-	107,948	21,614
Biological assets	19.1	-	-	311,612	221,125
Intangible assets	20	45,016	52,454	373,182	390,480
Deferred tax assets	21	-	-	10,854	58,697
Investment in subsidiaries	22	1,619,543	1,619,543	-	-
Equity accounted investees	23	36,000	36,000	1,185,399	1,135,730
Equity investments at fair value through OCI	24	1,228,127	254,841	1,236,497	263,409
Deposits with banks		-	-	316,191	-
		5,365,426	4,113,938	16,293,857	14,287,119
Current assets					
Inventories	25	1,967,107	2,341,619	9,542,017	8,297,159
Biological assets	19.7	-	-	266,972	192,970
Income tax receivables	37	-	-	305	120,959
Trade receivables	26	2,588,214	2,635,502	4,738,996	4,835,066
Contract assets		70,542	54,607	101,060	82,560
Other receivables	27	758,181	389,550	7,614,670	5,846,076
Equity investments at fair value through OCI	28	23,553	25,844	1,996,814	1,971,669
Deposits with banks		1,290,920	689,612	1,812,182	923,252
Cash in hand and at bank	29	374,684	237,499	2,276,995	1,355,112
		7,073,201	6,374,233	28,350,011	23,624,823
Assets classified as held for sale	13.2	1,050,060	1,050,060	1,434,337	2,084,000
Assets classified as held for distribution	13.5	197	197	48,957	35,237
		8,123,458	7,424,490	29,833,305	25,744,060
<b>Total assets</b>		<b>13,488,884</b>	<b>11,538,428</b>	<b>46,127,162</b>	<b>40,031,179</b>
<b>EQUITY AND LIABILITIES</b>					
Equity attributable to equity holders of the company					
Stated capital	30	1,008,450	1,008,450	1,008,450	1,008,450
Capital reserves	31	1,792,674	1,554,197	3,368,499	2,818,526
Revenue reserves	32	3,232,448	2,401,523	12,133,713	9,397,491
		6,033,572	4,964,170	16,510,662	13,224,467
Non controlling Interests		-	-	3,603,439	3,078,520
<b>Total Equity</b>		<b>6,033,572</b>	<b>4,964,170</b>	<b>20,114,101</b>	<b>16,302,987</b>
Non-current liabilities					
Loans and borrowings	33.1	75,961	78,575	338,066	328,876
Retirement benefit obligations	34	155,616	163,249	820,074	769,585
Grants	35	-	-	7,243	7,831
Deferred tax liabilities	21	407,854	334,344	1,530,365	1,392,554
		639,431	576,168	2,695,748	2,498,846

# STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	Company		Group	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Current Liabilities</b>					
Trade payables	36	2,457,430	1,656,760	9,335,560	8,308,468
Contract liabilities		96,142	75,928	156,285	126,560
Income tax payable	37	198,055	125,907	418,052	458,310
Accruals and other payables	38	719,490	617,641	1,891,428	1,672,411
Loans and borrowings	33.4	3,344,764	3,521,854	10,951,443	9,512,128
		6,815,881	5,998,090	22,752,768	20,077,877
Liabilities classified as held for sale	13.2	-	-	562,673	1,148,394
Liabilities classified as held for distribution	13.5	-	-	1,872	3,075
		6,815,881	5,998,090	23,317,313	21,229,346
<b>Total liabilities</b>		<b>7,455,312</b>	<b>6,574,258</b>	<b>26,013,061</b>	<b>23,728,192</b>
<b>Total equity and liabilities</b>		<b>13,488,884</b>	<b>11,538,428</b>	<b>46,127,162</b>	<b>40,031,179</b>
<b>Net assets per share (Rs.)</b>		15.92	13.10	43.55	34.89

Notes from pages 135 to 222 form an integral part of the Financial Statements.

It is certified that the Financial Statements have been prepared in accordance with the requirements of the Companies Act No 07 of 2007.

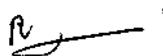


Erandi Wickramaarachchi  
Group Chief Financial Officer

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



S. H. Amarasekera  
Chairman



P. R. Saldin  
Director

31st May 2022  
Colombo

# STATEMENT OF CHANGES IN EQUITY

## Company

(In Rs.'000)	Stated Capital	Revaluation Reserve	General Reserves	Fair Value Reserve	Retained Earnings	Total
<b>Balance as at 1st April 2020</b>	1,008,450	1,477,524	782,604	(97,502)	940,443	4,111,519
Profit for the year	-	-	-	-	1,043,927	1,043,927
Other comprehensive income	-	-	-	60,730	16,651	77,381
Surplus on revaluation	-	231,486	-	-	-	231,486
Realisation of capital reserve on account of disposal of assets	-	(128,520)	-	-	128,520	-
Deferred tax on revaluation	-	(55,557)	-	-	-	(55,557)
Deferred tax impact on revaluation reserve due to tax rate change	-	29,264	-	-	-	29,264
<b>Total comprehensive income</b>	-	76,673	-	60,730	1,189,098	1,326,501
Dividends (Note 15)	-	-	-	-	(473,850)	(473,850)
<b>Total contributions by and distribution to the owners of the Company</b>	-	-	-	-	(473,850)	(473,850)
<b>As at 31st March 2021</b>	1,008,450	1,554,197	782,604	(36,772)	1,655,691	4,964,170
<b>Balance as at 1st April 2021</b>	1,008,450	1,554,197	782,604	(36,772)	1,655,691	4,964,170
Profit for the year	-	-	-	-	1,761,441	1,761,441
Other comprehensive income	-	-	-	(82,273)	4,687	(77,586)
Surplus on revaluation	-	313,785	-	-	-	313,785
Deferred tax on revaluation	-	(75,308)	-	-	-	(75,308)
<b>Total comprehensive income</b>	-	238,477	-	(82,273)	1,766,128	1,922,332
Dividends (Note 15)	-	-	-	-	(852,930)	(852,930)
<b>Total contributions by and distribution to the owners of the Company</b>	-	-	-	-	(852,930)	(852,930)
<b>As at 31st March 2022</b>	1,008,450	1,792,674	782,604	(119,045)	2,568,889	6,033,572

Notes from pages 135 to 222 form an integral part of the Financial Statements.

Figures in brackets indicate deductions

# STATEMENT OF CHANGES IN EQUITY

## Group

(In Rs.'000)	Attributable to the equity holders of the company					Total	Non-Controlling Interest	Total Equity
	Stated Capital	Revaluation Reserves	Fair Value Reserve	General Reserves	Retained Earnings			
<b>Balance as at 1st April 2020</b>	1,008,450	2,360,463	(294,004)	861,598	5,639,021	9,575,528	2,136,220	11,711,748
Profit for the year	-	-	-	-	3,132,411	3,132,411	713,682	3,846,093
Other comprehensive income	-	-	321,978	-	(45,310)	276,668	203,127	479,795
Surplus on revaluation	-	717,260	-	-	-	717,260	177,711	894,971
Deferred tax on revaluation	-	(147,527)	-	-	-	(147,527)	(33,336)	(180,863)
Deferred tax impact on revaluation reserve due to tax rate change	-	106,931	-	-	-	106,931	21,465	128,396
Realisation of capital reserve on account of disposal of assets	-	(249,194)	-	-	249,194	-	-	-
Realisation of deferred tax on account of disposal of assets	-	-	-	-	46,928	46,928	22,414	69,342
Transfer between general reserve and retained earnings in a subsidiary	-	-	-	(122,172)	122,172	-	-	-
De-recognition of financial assets due to disposal	-	-	(103,667)	-	103,667	-	-	-
<b>Total comprehensive income for the year</b>	-	427,470	218,311	(122,172)	3,609,062	4,132,671	1,105,063	5,237,734
<b>Transactions with shareholders</b>								
Dividend paid to equity holders of the parent (Note 15)	-	-	-	-	(473,850)	(473,850)	-	(473,850)
Adjustment due to change in holding	-	30,593	(1,448)	3,890	(42,917)	(9,882)	9,882	-
Subsidiary dividend to non-controlling- interest	-	-	-	-	-	-	(172,645)	(172,645)
<b>Transactions with owners of the Company</b>	-	30,593	(1,448)	3,890	(516,767)	(483,732)	(162,763)	(646,495)
<b>As at 31st March 2021</b>	1,008,450	2,818,526	(77,141)	743,316	8,731,316	13,224,467	3,078,520	16,302,987
<b>Balance as at 1st April 2021</b>	1,008,450	2,818,526	(77,141)	743,316	8,731,316	13,224,467	3,078,520	16,302,987
Profit for the year	-	-	-	-	3,684,153	3,684,153	661,620	4,345,773
Other comprehensive income	-	-	(95,699)	-	8,531	(87,168)	(5,420)	(92,588)
Surplus on revaluation	-	697,803	-	-	-	697,803	134,390	832,193
Deferred tax on revaluation	-	(147,830)	-	-	-	(147,830)	(25,359)	(173,189)
Transfer between general reserve and retained earnings of a subsidiary	-	-	-	(23,010)	23,010	-	-	-
De- recognition financial assets due to disposal	-	-	(51,018)	-	51,018	-	-	-
<b>Total comprehensive income for the year</b>	-	549,973	(146,717)	(23,010)	3,766,712	4,146,958	765,231	4,912,189
<b>Transactions with shareholders</b>								
Dividend paid to equity holders of the parent (Note 15)	-	-	-	-	(852,930)	(852,930)	-	(852,930)
Origination of non-controlling interest through acquisition of subsidiary	-	-	-	-	-	-	4,940	4,940
Adjustment to non- controlling interest of a subsidiary	-	-	-	-	(7,833)	(7,833)	7,833	-
Subsidiary dividend to non-controlling- interest	-	-	-	-	-	-	(253,085)	(253,085)
<b>Transaction with owners of the Company</b>	-	-	-	-	(860,763)	(860,763)	(240,312)	(1,101,075)
<b>As at 31st March 2022</b>	1,008,450	3,368,499	(223,858)	720,306	11,637,265	16,510,662	3,603,439	20,114,101

Notes from pages 135 to 222 form an integral part of the Financial Statements.

Figures in brackets indicate deductions

# STATEMENT OF CASH FLOW

For the year ended 31st March	Notes	Company		Group	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Cash flow from operating activities</b>					
Cash generated from operations (Note A)		2,397,005	1,940,427	6,699,410	9,830,756
Interest paid		(667,431)	(303,199)	(3,249,785)	(1,179,452)
Retirement benefits paid		(7,515)	(22,253)	(28,078)	(71,089)
Income tax paid		(229,525)	(1,892)	(808,314)	(462,919)
Net cash inflow from operating activities		1,492,534	1,613,083	2,613,233	8,117,296
<b>Cash flow from investing activities</b>					
Additions to property, plant & equipment	16	(134,223)	(12,937)	(560,328)	(155,602)
Additions to capital work-in-progress	18	-	-	(134,915)	(44,028)
Additions to intangible assets	20	-	(29,874)	-	(30,927)
Additions to biological assets	19	-	-	(347,800)	(250,682)
Additions to other long-term investments	24	(1,052,566)	-	(1,052,566)	(4,763)
Proceeds from disposal of property, plant & equipment		-	52	66,463	439,691
Proceeds from disposal of assets held for sale		-	179,592	-	179,592
Proceeds from disposal of Investments		-	-	141,364	751,152
Proceeds from sale of biological assets		-	-	-	2,108
Further investment in subsidiary	22	-	(200,335)	-	-
Short term investments	28	(702)	(687)	(194,275)	(1,457,709)
Investment in subsidiary, net of cash acquired	20	-	-	(16,550)	-
Investment in bank deposits		(218,819)	(689,612)	(681,933)	(923,252)
Dividend received from subsidiaries	7	470,800	285,859	-	-
Dividend received from equity accounted investees	7	601,200	280,200	601,200	280,200
Dividend received from other financial assets	7	4,262	3,978	32,701	27,644
Subsidiary dividends to non-controlling interest		-	-	(253,085)	(172,645)
Interest income received		55,563	49,520	430,803	192,593
Net cash outflow from investing activities		(274,485)	(134,244)	(1,968,921)	(1,166,628)
Net cash inflow before financing activities		1,218,049	1,478,839	644,312	6,950,668
<b>Cash flow from financing activities</b>					
Dividends paid to equity holders of the parent		(892,510)	(434,270)	(892,510)	(434,270)
Lease rental payments	33.3	(9,867)	(23,628)	(162,228)	(59,618)
Long term borrowings obtained	33.2	-	-	10,816	-
Repayment of long-term borrowings	33.2	-	-	(244,921)	(641,452)
Net cash outflow from financing activities		(902,377)	(457,898)	(1,288,843)	(1,135,340)
Net increase/(decrease) in cash & cash equivalents during the year		315,672	1,020,941	(644,531)	5,815,328
Cash & cash equivalents at the beginning of the year		(3,283,138)	(4,304,079)	(7,977,245)	(13,792,573)
Cash & cash equivalents at the end of the year (Note B)		(2,967,466)	(3,283,138)	(8,621,776)	(7,977,245)

# STATEMENT OF CASH FLOW

For the year ended 31st March	Notes	Company		Group	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Note A - Cash generated from / (used in) operations</b>					
Profit before tax from continuing businesses		2,059,642	1,339,635	5,483,505	4,912,052
Profit/(loss) before tax from discontinued businesses		194	11,785	(227,036)	(90,618)
<b>Adjustments for:</b>					
Depreciation on property, plant & equipment	16	156,427	164,441	837,584	866,388
Impairment of property, plant & equipment	8	-	-	2,961	5,715
Impairment of assets classified as held for sale	13	-	-	77,323	-
Write off of capital work-in-progress	8	-	-	-	1,002
Capital work-in-progress expensed	18	-	-	130	194
(Gain) /loss on disposal of property, plant & equipment	7	419	(52)	(6,813)	(109,017)
Gain on disposal of assets held for sale	7	-	(34,024)	-	(34,024)
Provision for retirement benefit obligation	34	6,049	36,145	76,711	135,583
Provision for impairment of investment in subsidiaries	8	-	37,000	-	-
Amortisation of intangible assets	20	7,438	6,721	24,836	24,798
Amortisation of right-of-use assets	42.1.1	5,522	12,041	49,085	41,891
Amortisation of biological assets		-	-	271,279	210,704
Provision / (reversal) for impairment of trade receivables	26.2	(23,932)	55,421	(55,524)	114,557
Provision for write-down of inventories	25.1	94,916	75,320	379,495	77,016
Gain on changes in fair value of biological assets	19.1,19.7	-	-	(34,167)	(3,645)
Grants amortised	35	-	-	(588)	(832)
Rent income waive off received	33.3	-	-	(1,296)	(615)
Share of profit of equity accounted investees	10	-	-	(643,440)	(466,488)
Unrealised exchange gain on bank deposits		(382,489)	-	(523,188)	-
Interest income		(55,563)	(49,904)	(430,803)	(192,606)
Interest expense		676,081	312,684	3,286,753	1,233,543
Dividend income	7	(1,076,262)	(570,037)	(32,701)	(27,644)
Operating profit before working capital changes		1,468,442	1,397,176	8,534,106	6,697,954
(Increase)/decrease in trade and other receivables		(313,346)	40,567	(1,619,571)	1,226,831
(Increase)/decrease in inventories		279,596	22,008	(1,663,139)	(1,053,891)
Increase in trade and other payables		962,313	480,676	1,448,014	2,959,862
Cash generated from operations		2,397,005	1,940,427	6,699,410	9,830,756
<b>Note B - Analysis of cash &amp; cash equivalents at the end of the year</b>					
Cash in hand and at bank		374,684	237,499	2,323,419	1,388,544
Interest bearing short-term borrowings		(3,342,150)	(3,520,637)	(10,945,195)	(9,365,789)
	29.2	(2,967,466)	(3,283,138)	(8,621,776)	(7,977,245)

Notes from pages 135 to 222 form an integral part of these Financial Statements

Figures in brackets include deductions

# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

CIC Holdings PLC (formerly known as Chemical Industries (Colombo) PLC) is a limited liability Company incorporated and domiciled in Sri Lanka. The address of the Company's registered office and the principal place of business is 199, Kew Road, Colombo 2.

The Consolidated Financial Statements of CIC Holdings PLC, as at and for the year ended 31st March 2022 comprise of Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity accounted investees. Descriptions of the nature of the operations and principal activities of the Company and its subsidiaries and equity accounted investees are given on page 228.

Ultimate Parent Company of CIC is Paints & General Industries Limited, a Company domiciled in Sri Lanka.

The Financial Statements of all Companies in the Group as mentioned in Notes 22 and 23 to the Financial Statements are prepared for a common financial year, which ends on 31st March.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (Here in after referred to as SLFRS/LKAS), issued by The Chartered Accountants of Sri Lanka (CASL) and the requirements of the Companies Act No. 7 of 2007.

The Board of Directors of the Company is responsible for the preparation and presentation of the Financial Statements. The Consolidated Financial Statements were authorised for issue by the Directors on 31st May 2022.

### 2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except that land and biological assets, assets held for sale and distribution and short-term & long term investments are measured at fair value and the retirement benefit obligations are measured at the present value of the defined benefit plans as explained in the respective Notes to the Financial Statements.

### 2.3 Functional and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, unless stated otherwise.

## 2.4 Use of Estimates and Judgments and Assumptions.

The preparation of Consolidated Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS/LKAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

### 2.4.1 Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Consolidated Financial Statements is included in the following notes.

- Note 07 – commission income: whether the Group acts as an agent in the transaction rather as a principal;
- Note 23 – equity accounted investees: whether the Group has significant influence over an investee;
- Note 22 – consolidation: whether the group has control over an investee; and
- Note 33 – lease term; whether the Group is reasonably certain to exercise extension options.

### 2.4.2 Assumptions and estimation uncertainties

Information about the assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustments in the year ended 31st March 2022 is included in the following notes.

- Note 34 – measuring of defined benefit obligations: key actuarial assumptions;
- Note 21 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 16 – the Group measured the freehold land at revalued amounts, with changes in fair value being recognised in OCI. The freehold lands were revalued by reference to transaction involving properties of similar nature, location and conditions. The Group engaged a valuation specialist to assess fair values as at 31st March 2022 for the freehold land.
- Note 19 – determining the fair value of biological assets on the basis of significant unobservable inputs;

# NOTES TO THE FINANCIAL STATEMENTS

- Note 13.2 – determining the fair value less cost to sell of the disposal group on the basis of significant unobservable input data;
- Note 20.1 - impairment test of the intangible assets and goodwill: key assumptions underlying recoverable amounts, including recoverability of development costs;
- Note 40 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude;
- Note 45 - measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted- average loss rate;
- Note 22 – acquisition of subsidiary: fair value measured on a provisional basis
- Note 3.9- leases (incremental borrowing rate) – the basis used when determining the incremental borrowing rate used to measure the lease liability is described in the Note 3.9 to these Financial Statements.

## 2.4.3 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Chief Financial Officer.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows,

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

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

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

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

Further information about the assumptions made in measuring fair values included in the following notes;

- Note 19 - Biological Assets
- Note 13 - Disposable Group Held for Sale and Distribution
- Note 24 - Financial Instruments
- Note 16 - Revaluation of Lands

## 2.4.4 Retirement Benefits

The cost of defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the weighted average cost of capital. The mortality rate

is based on publicly available mortality tables for the specific country. Future salary increases are based on expected future inflation rates for the respective country.

#### 2.4.5 Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from the active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in the assumptions about these factors could affect the reported fair value of financial instruments.

#### 2.4.6 Development Costs

Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of cost is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

#### 2.4.7 Recognition of Deferred Tax Assets

Management applies significant judgement on the extent to which deferred tax assets can be recognised based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various future tax jurisdictions.

#### 2.5 Comparative information

Comparative information including quantitative, narrative, and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and classification of the Financial Statements in the previous period are amended, where relevant for better presentation and to be comparable with those of the current year.

In addition, the Group presents an additional statement of Financial Position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in Financial Statements.

#### 2.6 Materiality, aggregation, offsetting

##### Materiality and aggregation

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

Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different nature or functions. Noted to the Financial Statements are presented in a systematic manner that ensures the understandability and the comparability of Financial Statements.

##### Offsetting

Assets and liabilities or income and expenses are not set off unless required or permitted by a Sri Lanka Accounting Standard.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in these Consolidated Financial Statements and have been applied consistently by Group entities, unless otherwise indicated. 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 intend either to liquidate or cease trading.

In determining the basis of preparing the Financial Statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Company and the appropriateness of the use of the going concern basis.

The Group's businesses recorded strong improvement in profitability compared to the previous year on the back of a fast recovery momentum with most of the businesses reaching pre COVID-19 levels of operations post the easing of restrictions. The management has formed judgement that the Group, has adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

In determining the above significant management judgements, estimates and assumptions, the impact of the macroeconomic uncertainties, including supply

# NOTES TO THE FINANCIAL STATEMENTS

chain disruptions, power interruptions and distribution challenges on account of the prevailing foreign exchange market limitations, and the current economic conditions pandemic have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

## 3.1. BASIS OF CONSOLIDATION

### 3.1.1 Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable asset.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; less
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not

remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market based value of the replacement awards compared with the market based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

### 3.1.2 Non-Controlling Interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

The acquisition of an additional ownership interest or a disposal of ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interests is recognised in equity of the parent. No adjustment is made to goodwill as a result of such transactions.

### 3.1.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights over the investee.

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.

Summarised financial information in respect of subsidiaries that have non-controlling interests that are material to the reporting entity (i.e., the Group) are disclosed separately when applicable.

#### **3.1.4 Loss of Control**

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value as at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an FVOCI depending on the level of influence retained.

#### **3.1.5 Associates and Joint Venture**

An associate is an entity in which the Group has significant influence, but no control over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not have the control or joint control over those policies.

Joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group determines significant influence or joint control by taking into account similar considerations necessary to determine control over subsidiaries.

The Group's investment in associate and joint venture are accounted for using the equity method and are recognised initially at cost which includes the transaction cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

At each reporting date, the Group determines whether there is objective evidence that the investment in associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the Income Statement.

When the Group's share of losses exceeds its interest in the associate, the carrying amount of that interest, including any long term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group discontinues the use of the equity method from the date that it ceases to have significant influence over an associate or joint control over the joint venture and accounts for the investment in accordance with the Group's accounting policy for financial instruments. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

There are no significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

Details of the associates within the Group are provided in Note 23 to the Financial Statements and the details of the joint venture are provided in Note 23 to the Financial Statements.

## 3.1.6 Intra-Group transactions

Pricing policies of all intra-group sales are identical to those adopted for normal trading transactions, which are at market prices.

## 3.1.7 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. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## 3.2 Foreign Currency

### 3.2.1 Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to the Income Statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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 items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is

recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

### 3.2.2 Group Companies

On consolidation the assets and liabilities of foreign operations are translated into Sri Lankan rupees at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income. On disposal of a foreign operation, the component of Other Comprehensive Income relating to that particular foreign operation is recognised in the Income Statement.

## 3.3 Revenue

### A. Revenue streams

The Group generates revenue primarily from sale of goods under revenue from contracts with customers. The rental income and repair income are the other sources of income included under revenue.

### B. Disaggregation of revenue from contract with customers

Revenue from contract with customers (including revenue related to a discontinuing operation) is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition under Note 06.

### C. Contract balances

#### Contract Assets

##### Cost to obtain contract

The Group capitalises incremental costs to obtain a contract with a customer for the assets with more than one year amortisation period and if it expects to recover those costs. The costs that will be incurred regardless of whether the contract is obtained – including costs that are incremental to trying to obtain a contract, are expensed as they are incurred. The cost to obtain contract will be amortised over the contract period on a systematic basis.

##### Cost of fulfilling a contract

The Group capitalises the costs incurred in fulfilling a contract with a customer for which are not in the scope of other guidance and only if the fulfillment costs meet the following criteria:

- relate directly to an existing contract or specific anticipated contract;

- generate or enhance resources that will be used to satisfy performance obligations in the future; and
- are expected to be recovered.

The cost of fulfilling a contract will be amortised over the contract period on a systematic basis.

#### Contract Liabilities

The Group recognises a contract liability for the deferred revenue on the extended warranty provided for the customers.

The contract liability shall be realised to revenue on the basis of utilising the warranty by the customers or on a systematic basis accordingly.

#### D. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or services to a contract.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale of goods & services	The Group operates in different divisions and engaged in varieties of sale of goods under each divisions / clusters.	The revenue is recognised based on the identified performance obligation. The transaction price is determined taking into account of variable considerations. The transaction price is allocated to performance obligations and recognised the revenue either over the time of the contract or point in time upon analysis of each sale of goods under separate divisions.
Distributor & dealer volume rebates	Distributors and dealers are entitled to volume rebates.  Volume rebates are given based on the yearly and daily sales quantities over different slabs.	The Group estimates the amount of variable consideration to which it expects to be entitled, giving consideration to the risk of revenue reversal in making the estimate for volume rebates.  The transaction price under revenue is adjusted for the provision of volume rebates and recognised as revenue.
Distributor allowance on transportation	The Group pays an agreed daily distribution allowance to its distributors on an agreed distribution value.  This allowance is paid for the transportation cost incurred from the point of distributor to end consumer location.	The transport cost paid to the dealer / distributor is not in exchange for a distinct goods or services and it is recognised as a reduction to transaction price under revenue recognition.
Slotting Fees	The Group pays slotting fees to identified supermarket chains for use of shelf spaces.  The Slotting fees are either incurred by the Company or reimbursed by the principal.	The slotting fees are identified as a variable consideration payable to customer and recognised as a reduction to the transaction price for the slotting fees incurred by the Company.  A receivable from principal is recognised for the slotting fees which are reimbursed by the principal.

# NOTES TO THE FINANCIAL STATEMENTS

## OTHER INCOME SOURCES

### 3.3.1 Interest Income

Interest income is recognised in profit or loss as it accrues and is calculated by using the effective interest rate method.

### 3.3.2 Dividend Income

Dividend Income is recognised when the Group's right to receive the payment is established.

### 3.3.3 Rental Income

Rental income arising from operating leases on investment properties or renting out of premises are recognised as revenue on a straight-line basis over the term of the lease or agreement.

### 3.3.4 Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

### 3.3.5 Others

Other income is recognised on an accrual basis.

Net gains and losses on the disposal of property, plant & equipment and other non-current assets including investments have been accounted for in profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

## 3.4 Grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss as other income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the profit or loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments.

## 3.5 Finance income and finance costs

The Group's finance income and finance costs include

- Interest income,
- Interest expenses

- Foreign currency gain or loss on financial assets and liabilities,

Interest income or expense is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in net gain or net loss position.

## 3.6 Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

### 3.6.1 Current Income Tax

Current tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends, if applicable.

Current income tax relating to items recognised directly in equity is recognised in equity and not in 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.

### 3.6.2 Deferred Tax

Deferred tax is recognised in respect of the temporary differences between the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is recognised for all taxable temporary differences, except for:

- Temporarily differences on the initial recognition of asset or liability in a transaction that is not a business combination and, at the time of the transaction, that affects neither the accounting profit nor taxable profit or loss;
- Temporary differences associated with investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The carrying amount of deferred 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 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 is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates (and tax laws) enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The

adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 3.7 Discontinued Operations and Assets Held for Sale/ Distribution

### 3.7.1 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

### 3.7.2 Assets held for sale

Before the classification as held for sale non current assets and liabilities in the disposal group are measured in accordance with relevant SLFRSs.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale,

# NOTES TO THE FINANCIAL STATEMENTS

which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets are classified as held for distribution when the Company/Group committed to distribute the assets or disposal group to its owners.

Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Property, plant & equipment and intangible assets once classified as held for sale are not depreciated or amortised.

### 3.7.3 Cease to be classified as assets held for sale and distribution

When an operation is ceased to classify as held for sale, the results of the operations of the component previously presented in discontinued operations shall be reclassified and included in income from continuing operations for all presented periods. The amounts for prior periods shall be described as having been re-presented.

The amounts presented for the assets and liabilities of the disposal group classified as held for sale in the comparative Statements of Financial Position shall not be reclassified or re-presented.

## 3.8 Property, Plant & Equipment

### 3.8.1 Initial Recognition and Measurement

Items of property, plant & equipment are measured at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the asset and includes the cost of replacing part of the property, plant & equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When significant parts of property, plant & equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

### 3.8.2 Subsequent Costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Significant accounting judgements, estimates and assumptions (Note 2.4) and Provisions (Note 3.17) for further information about the recorded decommissioning provision.

### 3.8.3 Revaluation

Land are measured at fair value. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is recorded in other comprehensive income and hence, credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case, the increase is recognised in the profit or loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

### 3.8.4 Depreciation

Items of property, plant & equipment are depreciated on a straight-line basis over the estimated useful lives of the each component.

Items of property, plant & equipment are depreciated from the month that they are installed and are ready for use, or in respect of internally constructed assets, from the month that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant & equipment are as follows:

- Buildings 10 - 40 years
- Plant and equipment 5 - 50 years
- Computers and allied equipment 3-8 years
- Motor Vehicles 3-30 years
- Furniture & Fittings 5-20 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 3.8.5 De-recognition

An item of property, plant & equipment is de-recognised upon disposal of or when no future economic benefits are expected from its use or disposal. Gains and losses arising on de-recognition of assets are determined by comparing the proceeds from the disposal with the carrying amount of property, plant & equipment and are recognised net within "Other Income" in profit or loss.

### 3.8.6 Capital work-in-progress

These are expenses of a capital nature directly incurred in the constructions, awaiting capitalisation. These are stated in the Statement of Financial Position at cost less any accumulated impairment losses. Capital work-in-progress is transferred to the relevant asset when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management (i.e. available for use).

## 3.9 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in the exchange of for consideration. This policy is applied to contracts entered into on or after 01st April 2019.

### 3.9.1 As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right - of - use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site in which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease

transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain premeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rate from various external financial sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise of the following;

- Fixed payments, including in-substances fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or the rate as at the commencement date;
- Amounts expected to be payable under a residential value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an option renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under the residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is revised in-substance fixed lease payment.

# NOTES TO THE FINANCIAL STATEMENTS

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of net investment in sublease in "property, plant & equipment" and lease liabilities in "loans and borrowings" in the Statement of Financial Position.

## Short term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on straight-line basis over the lease term.

### 3.9.2 As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease. If not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the

lease. The Group further regularly reviews the estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SLFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

### 3.10 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 they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 3.11 Investment properties

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

The Group adopts cost model to measure investment property. Investment properties are measured initially at cost. Subsequently to initial recognition investment property is measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. When an investment

property that was previously classified as property, plant & equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant & equipment up to the date of change in use.

### 3.12 Intangible assets

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. Expenditure on internally generated intangible assets, excluding capitalised development costs, is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Except for goodwill, intangible assets with finite lives are amortised on a straight-line basis in profit or loss over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period, residual value and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and adjusted accordingly. 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 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, 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.

Gains or losses arising from derecognition 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 profit or loss when the asset is derecognised.

#### 3.12.1 ERP Implementation cost

The initial cost incurred for ERP implementation has been capitalised and amortised over a period of 10 years.

#### 3.12.2 Research and development costs

Expenditure on research activities is recognised in profit or loss 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 it will be available for use or sale
- The intention to complete and the ability to use or sell the asset
- Probability of generating future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

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 completed 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.

### 3.13. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of such assets are estimated.

# NOTES TO THE FINANCIAL STATEMENTS

An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and 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. (A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets).

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash generating units on acquisition of subsidiaries are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

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 to sell, recent market transactions are taken into account, if available. 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 subsidiaries or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An impairment loss in respect of goodwill is not reserved. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

## a) Goodwill

Goodwill is tested for impairment annually (as at 31st March) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

## b) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31st March either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

## C) Biological assets

Biological assets are measured at fair value less cost to sell, with any changes there in recognised in profit or loss.

## 3.14. Financial instruments

### 3.14.1. Initial recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is trade receivable without a significant financing component) or financial liabilities initially measured at fair value plus for an item not at FVTPL, transaction costs that are directly attributable to its acquisitions or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

### 3.14.2. Classification and Subsequent Measurement

On initial recognition a financial asset is classified as measured at amortised cost, FVOCI - debt investment; FVOCI - equity investments; or FVTPL.

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 changes in the business model.

Financial asset is measured at amortised cost if it meets both of the following conditions and it not designated as at FVTPL:

- It is held within the business model whose objective is to hold asset to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This included all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the

business is managed and information is provided to management. The information considered include;

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual income, maintain a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the asset;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of business are compensated – eg: whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales are expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de- recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on fair value basis are measured at FVTPL.

#### Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition, "interest" is defined as the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and cost (example: liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This include assessing whether the financial assets contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition in making assessment, the Group considers:

# NOTES TO THE FINANCIAL STATEMENTS

- Contingent events that would change the amount and the timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (example: non resource features)

A prepayment feature is consistent with the solely payments of principles and interests criterion if the prepayment amounts substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayments at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

## Financial asset – Subsequent measurement and gain and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gain and losses including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss de- recognition is recognised in profit or loss.
Debt investment at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gain and losses and impairment are recognised in profit or loss. Other net gain and losses are recognised in OCI. On de- recognition, gain and losses accumulated in OCI are reclassified to profit or loss.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

## Financial liabilities- Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### 3.14.3. De-recognition

#### Financial asset

The Group de recognises a financial asset when the contractual rights to the cash flow from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which

substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

The Group enters into transaction whereby it transfers assets recognised in its statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

#### Financial liabilities

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also de recognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### 3.14.4. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when the Group currently has the legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### 3.14.5. Impairment of financial assets

##### a) Financial instruments and contract assets

The Group recognises a loss allowance for ECLs on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured at 12 months ECLs:

- Debt securities that are determined to have no credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since the initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether a credit risk of financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitative and qualitative information and analysis, based on Group's historical experience and informed credit assessment and including forward – looking information.

The Group assumes that a credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security “if any is held”; or
- The financial asset is more than 365 days past due.

The Group considers a debt security to have no credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”.

Lifetime ECLs are the ECLs that result from all possible events over the expected life of a financial instrument.

12 months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

##### b) Measurement of ECLs

ECLs are a probability- weighted estimate of credit loss. Credit losses are measured as the present value of all cash short falls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rates of the financial asset.

##### c) Credit-impaired financial assets

At each reporting date, the Group assess whether the financial assets carried at amortised cost and debt securities at FVOCI are credit- impaired. A financial asset is “credit impaired” when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit impaired includes the following observable data;

- Significant financial difficulty of the borrower or the issuer
- A breach of contract such as default or being more than 365 days being past due;

# NOTES TO THE FINANCIAL STATEMENTS

- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower enter bankruptcy or other financial reorganisation or
- The disappearance of the active market for a security because of financial difficulty

## d) Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

## e) Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovery of financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group procedures for recovery of amounts due.

## 3.15 Biological assets

The Group's biological assets consist of poultry, teak and livestock. Biological assets are measured at fair value less cost to sell, with any change therein recognised in profit or loss.

## 3.16 Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of finished goods is computed, based on the weighted average cost method and includes material, labour and appropriate share of production overheads, based on normal operating capacity. In the case of purchased inventories, cost includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. The cost of raw material is computed at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provision for obsolete and slow moving inventory

Specific provisions are made giving considerations to the condition of inventory held by the Company/Group.

## 3.17 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that an outflow of economic benefits will be required to settle the obligations.

## 3.18 Employment benefits

### Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan, other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

Provision has been made for retirement gratuities from the first year of service of all employees, in conformity with LKAS 19 "Employee Benefit". However, under the Payment of Gratuity Act No.12 of 1983, the liability to an employee arise only on completion of five years of continued service.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately Profit or Loss. The Group recognises gains or losses on settlement of a defined benefit plan when a settlement occurs.

Gratuity was calculated based on the below basis.

Period of service (Years)	Basis
5-9 inclusive	½ month salary for each completed year
10-14 inclusive	¾ months salary for each completed year
15-16 inclusive	15 months salary in total
17-18 inclusive	16 months salary in total
19-20 inclusive	17 months salary in total
21-22 inclusive	18 months salary in total
23-24 inclusive	19 months salary in total
25-40 inclusive	20 months salary in total
41 years and over	½ month salary for each completed year

Defined Contribution Plan - Employees' Provident Fund/ Mercantile Services Provident Society and Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no further legal or constructive obligation to pay further amounts. The Group contributes 12%, 12% and 3% of gross emoluments of employees to the Employees' Provident Fund, Mercantile Services Provident Society and the Employees' Trust Fund respectively. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

#### Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.

### 3.19 Share-based payment transactions - ESOS

Shareholders of the Company resolved on 30th June 2016 the issue of Four Million Three Hundred Seventy Four Thousand Non-Voting (Class X), Ordinary Shares (constituting approximately 20% of the issued Non-Voting (Class X) shares as at 24th May 2016) to all executive officers in the level premier managers and above in CIC Group under and Employee Share

Option Scheme (ESOS). Options were granted for no consideration. The shares would be issued to employees during a period of 5 years commencing from 2017. The shares under ESOS were priced at average of volume weighted average market price of the Company's shares for thirty (30) market days immediately preceding the grant date.

There will be no financial assistance granted to employees with regard to the ESOS.

"Group" for the purpose of ESOS will consist of CIC Holdings PLC, CIC Agri Businesses Group, CIC CropGuard (Private) Limited and CIC Feeds (Private) Limited and its subsidiaries.

The cost of equity – settled transactions is recognised, together with a corresponding increase in other capital reserves in equity if management intends that the eligible employees will exercise the option right in foreseeable future.

During the year no options were granted/exercised under ESOS.

### 3.20 Fair Value

"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 in the principal or, in its absence, the most advantageous market to which the Group has the access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financials and non-financials assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of the unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing transactions.

# NOTES TO THE FINANCIAL STATEMENTS

If an asset or liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of financial instrument on initial recognition is normally the transaction price- ie. The fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

### 3.21 Expenditure Recognition

Expenses are recognised in profit and loss on the basis of direct association between the cost incurred and the earning of specific item of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income arriving at the profit for the year.

For the purpose of presentation of the profit or loss, the Directors are of the opinion that "function of expense method" presents fairly the elements of the Group's performance and hence such presentation method is adopted.

### 3.21 Earnings Per Share

The Group presents basic Earnings Per Share (EPS) for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted number of ordinary shares outstanding during the period.

### 3.22 Cash Flow Statement

The Cash Flow Statement has been prepared using the indirect method. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

### 3.23 Segment Reporting

The Group has the following four strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

A summary describing the operations of each reportable segment is given in pages 156 and 157.

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated expenses comprise mainly corporate assets (primarily the Company's head office), head office expenses and tax assets and liabilities.

### 3.24 Events Occurring after the Reporting Date

All material events occurring after the reporting date have been considered and where appropriate adjustment or disclosures have been made in these Financial Statements.

## 4. NEW ACCOUNTING STANDARDS AMENDMENTS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued these new Sri Lanka Accounting Standard Amendments which will become applicable for financial periods beginning on or after 1st April 2022 or at a later date. Accordingly, these Standard Amendments have not been applied in preparing these Financial Statements.

### 4.1 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

#### **4.2 Amendments to LKAS 16 Property, Plant & Equipment : Proceeds before Intended Use**

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment – Proceeds before Intended Use, 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 amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

#### **4.3 Amendments to SLFRS 3 Business Combinations : Updating a reference to conceptual framework**

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the 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 reporting periods beginning on or after 1 January 2022 and apply prospectively.

#### **4.4 SLFRS 1 First-time Adoption of Sri Lanka Financial Reporting Standards – Subsidiary as a first-time adopter**

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 1 First-time Adoption of International Financial Reporting Standards (SLFRS 1). The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group do not have subsidiaries which are adopting IFRSs for the first time and hence, this amendment is not applicable to the Group.

#### **4.5 SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). 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 amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

#### **4.6 LKAS 41 Agriculture – Taxation in fair value measurements**

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to LKAS 41 Agriculture (LKAS 41). The amendment removes the requirement in paragraph 22 of LKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of LKAS 41.

# NOTES TO THE FINANCIAL STATEMENTS

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

#### 4.7 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

#### 4.8 Disclosure of Accounting Policies (Amendments to LKAS 1 and IFRS Practice Statement 2).

The key amendments to LKAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective from 1st January 2023 but may be applied earlier.

#### 4.9 Definition of Accounting Estimates (Amendments to LKAS 8).

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) - e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying SLFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique - e.g. the expected cash outflows for determining a provision for warranty obligations when applying LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments are effective for periods beginning on or after 1st January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

## 5. SEGMENTAL INFORMATION

Group has five strategic divisions, which are its reportable segments. These divisions offer different products and services, which are managed separately as they require different technology and marketing strategies.

Segment	Product and services
Crop Solutions	Lawn and garden, Plant nutrition, Plant protection, Seeds
Agri Produce	Agri produce retail chain, Agri resort, Dairy, Farms, Fruit and vegetables, Grains, Rice
Live Stock Solutions	Feeds, Poultry, Vetcare, Dairy breeding
Industrial Solutions	Construction Material, Industrial Raw Material, Packaging
Health & Personal care	Herbal care, Medical Devices, Personal Care, Pharmaceuticals

	Crop Solutions		Agri Produce		Lives Stock Solutions		Industrial Solutions		Health & Personal Care		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
<b>Profit or Loss</b>												
Revenue	10,309,055	12,653,736	3,850,240	3,224,910	12,623,817	9,144,411	5,402,860	3,934,668	9,908,975	8,513,809	42,094,947	37,471,534
Inter segmental Revenue	(191,253)	(79,224)	-	-	(33,501)	(27,822)	(68,361)	(119,407)	(42,241)	(11,738)	(335,356)	(238,191)
<b>Total revenue to external customers</b>	<b>10,117,802</b>	<b>12,574,512</b>	<b>3,850,240</b>	<b>3,224,910</b>	<b>12,590,316</b>	<b>9,116,589</b>	<b>5,334,499</b>	<b>3,815,261</b>	<b>9,866,734</b>	<b>8,502,071</b>	<b>41,759,591</b>	<b>37,233,343</b>
<b>Segmental results</b>	<b>2,524,633</b>	<b>2,392,447</b>	<b>280,082</b>	<b>211,844</b>	<b>1,815,860</b>	<b>911,314</b>	<b>958,153</b>	<b>690,380</b>	<b>1,449,674</b>	<b>1,187,722</b>	<b>7,028,402</b>	<b>5,393,707</b>
Finance cost (net)	(1,511,275)	(487,816)	(61,077)	(69,427)	(568,274)	(273,013)	(206,806)	(57,291)	159,095	(60,596)	(2,188,337)	(948,143)
Share of profit of equity accounted investees	-	-	-	-	-	-	643,440	466,488	-	-	643,440	466,488
<b>Profit before tax</b>	<b>1,013,358</b>	<b>1,904,631</b>	<b>219,005</b>	<b>142,417</b>	<b>1,247,586</b>	<b>638,301</b>	<b>1,394,787</b>	<b>1,099,577</b>	<b>1,608,769</b>	<b>1,127,126</b>	<b>5,483,505</b>	<b>4,912,052</b>
Income Tax	(303,477)	(561,385)	(43,170)	(36,287)	(177,910)	(25,906)	(156,956)	(91,225)	(229,106)	(260,385)	(910,619)	(975,188)
Profit after tax	709,881	1,343,246	175,835	106,130	1,069,676	612,395	1,237,831	1,008,352	1,379,663	866,741	4,572,886	3,936,864
Profit/(loss) from discontinued operations	(60)	(51)	(241,692)	(106,883)	-	-	14,639	16,163	-	-	(227,113)	(90,771)
<b>Profit/(loss) for the year</b>	<b>709,821</b>	<b>1,343,195</b>	<b>(65,857)</b>	<b>(753)</b>	<b>1,069,676</b>	<b>612,395</b>	<b>1,252,470</b>	<b>1,024,515</b>	<b>1,379,663</b>	<b>866,741</b>	<b>4,345,773</b>	<b>3,846,093</b>
<b>Attributable to :</b>												
Equity Holders of the company	696,615	1,326,291	(17,836)	(223,455)	936,432	546,308	1,035,463	805,147	1,033,479	678,120	3,684,153	3,132,411
Non-Controlling Interests	13,206	16,904	(48,021)	222,702	133,244	66,087	217,007	219,368	346,184	188,621	661,620	713,682
Profit/(loss) for the year	709,821	1,343,195	(65,857)	(753)	1,069,676	612,395	1,252,470	1,024,515	1,379,663	866,741	4,345,773	3,846,093
<b>Assets and Liabilities</b>												
<b>Non-current assets</b>												
Property, Plant and equipment	1,033,621	952,342	972,131	1,029,758	4,750,244	4,506,248	1,582,593	1,458,265	2,735,610	2,727,605	11,074,199	10,674,218
Unallocated property, plant and equipment	-	-	-	-	-	-	-	-	-	-	1,675,575	1,519,446
Other non-current assets	88,285	57,380	26,151	21,819	364,330	283,872	2,647,310	1,654,407	418,007	75,977	3,544,083	2,093,455
<b>Total non-current assets</b>	<b>1,121,906</b>	<b>1,009,722</b>	<b>998,282</b>	<b>1,051,577</b>	<b>5,114,574</b>	<b>4,790,120</b>	<b>4,229,903</b>	<b>3,112,672</b>	<b>3,153,617</b>	<b>2,803,582</b>	<b>16,293,857</b>	<b>14,287,119</b>
<b>Current assets</b>												
Current assets	10,331,390	10,254,739	1,725,109	1,995,613	3,711,162	2,670,653	5,420,684	4,379,397	8,644,960	6,443,658	29,833,305	25,744,060
<b>Total assets</b>	<b>11,453,296</b>	<b>11,264,461</b>	<b>2,723,391</b>	<b>3,047,190</b>	<b>8,825,736</b>	<b>7,460,773</b>	<b>9,650,587</b>	<b>7,492,069</b>	<b>11,798,577</b>	<b>9,247,240</b>	<b>46,127,162</b>	<b>40,031,179</b>
<b>Non-current liabilities</b>												
Non-current liabilities	474,866	462,059	167,752	220,781	854,221	713,667	325,966	341,826	872,943	760,513	2,695,748	2,498,846
<b>Current Liabilities</b>												
Current Liabilities	10,644,923	11,017,397	1,465,222	1,889,958	4,196,717	4,194,812	2,195,262	914,744	4,815,189	3,212,435	23,317,313	21,229,346
<b>Total Liabilities</b>	<b>11,119,789</b>	<b>11,479,456</b>	<b>1,632,974</b>	<b>2,110,739</b>	<b>5,050,938</b>	<b>4,908,479</b>	<b>2,521,228</b>	<b>1,256,570</b>	<b>5,688,132</b>	<b>3,972,948</b>	<b>26,013,061</b>	<b>23,728,192</b>

Inter segment pricing on the basis of arm's length transactions.

Secondary geographical segmentation is not given since the dispersion of the group operations does not construe an objective segmentation.

# NOTES TO THE FINANCIAL STATEMENTS

## 6 REVENUE

For the year ended 31st March	Company		Group	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	9,981,078	9,817,814	41,759,591	37,233,343
Net revenue	9,981,078	9,817,814	41,759,591	37,233,343
Local	9,981,078	9,817,814	41,088,860	36,568,490
Exports	-	-	670,731	664,853
Total	9,981,078	9,817,814	41,759,591	37,233,343

### 6.1 Disaggregation of Revenue from Contracts with Customers

For the year ended 31st March	Crop Solutions		Agri Produce		Live Stock Solutions		Industrial Solutions		Health & Personal Care	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000
<b>Primary geographical markets</b>										
Local	10,117,802	12,574,512	3,722,598	3,097,016	12,590,316	9,116,589	5,334,499	3,814,312	9,323,645	7,966,061
Export	-	-	127,642	127,894	-	-	-	949	543,089	536,010
	10,117,802	12,574,512	3,850,240	3,224,910	12,590,316	9,116,589	5,334,499	3,815,261	9,866,734	8,502,071
<b>Major product lines</b>										
Agro chemicals	3,304,800	5,612,451	-	-	-	-	-	-	-	-
Fertilizer	5,270,923	5,322,408	-	-	-	-	-	-	-	-
Grains	-	-	2,293,448	1,497,293	-	-	-	-	-	-
Feeds	-	-	-	-	10,296,295	6,941,000	-	-	-	-
Pharmaceuticals and medical devices	-	-	-	-	-	-	-	-	6,019,163	5,180,219
Herbal health and personal care	-	-	-	-	-	-	-	-	3,847,571	3,321,852
Industrial chemicals	-	-	-	-	-	-	2,918,877	2,209,222	-	-
Consumer & packaging	-	-	-	-	-	-	2,415,622	1,606,039	-	-
Others	1,542,079	1,639,653	1,556,792	1,727,617	2,294,021	2,175,589	-	-	-	-
	10,117,802	12,574,512	3,850,240	3,224,910	12,590,316	9,116,589	5,334,499	3,815,261	9,866,734	8,502,071
<b>Timing of revenue recognition</b>										
Products transferred at a point in time	10,117,802	12,574,512	3,850,240	3,224,910	12,590,316	9,116,589	5,334,499	3,815,261	9,866,734	8,502,071

## 6.2 Disaggregation of Export Revenue from Contracts with Customers

For the year ended 31st March	Group	
	2022 Rs.'000	2021 Rs.'000
Asia	268,793	263,354
Europe	210,274	192,118
Middle East	25,016	27,437
USA/Canada	97,948	113,728
Australia	49,140	52,999
Others	19,560	15,217
	<b>670,731</b>	<b>664,853</b>

## 7 OTHER INCOME

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Rent	23,108	22,017	10,054	8,592
Dividend income				
Quoted	12,201	19,857	32,701	27,644
Unquoted	1,064,061	550,180	-	-
Net gain on disposal of property, plant & equipment	-	52	17,533	109,882
Gain on disposal of asset held for sale	-	34,024	-	34,024
Net gain on disposal of biological assets	-	-	11,330	-
Changes in fair value of biological assets	-	-	35,517	10,102
Grants amortised	-	-	588	832
Direct sales commission	30,513	21,565	55,850	34,893
Fertilizer handling income	-	-	7,585	-
Sundry income	11,225	-	137,656	79,156
Total	<b>1,141,108</b>	<b>647,695</b>	<b>308,814</b>	<b>305,125</b>

## 8 OTHER EXPENSES

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Impairment loss on property, plant & equipment	-	-	2,961	5,715
Loss on disposal of property, plant & equipment	419	-	10,720	865
Flood damage	-	-	12,992	-
Changes in fair value of biological assets	-	-	1,350	-
Impairment of investment in CIC Properties (Private) Limited	-	37,000	-	-
Write-off of property plant & equipment	-	-	-	1,002
Total	<b>419</b>	<b>37,000</b>	<b>28,023</b>	<b>7,582</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 9 FINANCE COST (NET)

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>9.1 Finance Costs</b>				
Long-term loans	-	-	21,289	46,577
Lease interest	8,650	9,485	33,950	23,924
Short-term loans and overdrafts	200,924	303,199	797,603	922,058
Staff loans	-	-	3,001	3,594
Foreign exchange loss	84,018	-	1,763,297	144,596
	<b>293,592</b>	<b>312,684</b>	<b>2,619,140</b>	<b>1,140,749</b>
<b>9.2 Finance Income</b>				
Staff loan	274	386	3,554	5,633
Foreign exchange gain	-	22,270	267,042	89,752
Interest on repo investments	-	-	28,423	10,780
Interest income on sub-leasing	-	384	-	13
Deposits	55,289	26,864	131,784	86,428
	<b>55,563</b>	<b>49,904</b>	<b>430,803</b>	<b>192,606</b>
Finance Cost (Net)	<b>238,029</b>	<b>262,780</b>	<b>2,188,337</b>	<b>948,143</b>

## 10 SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEEES ( NET OF TAX)

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Akzo Nobel Paints Lanka (Private) Limited	-	-	649,549	507,110
Rainforest Ecolodge (Private) Limited	-	-	(6,109)	(40,622)
Total	-	-	<b>643,440</b>	<b>466,488</b>

## 11 PROFIT BEFORE TAX

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Stated after charging all the expenses including the following:				
Directors' emoluments and retirement benefits	24,819	36,138	175,486	183,179
Depreciation on property, plant & equipment and amortisation of right of use asset	161,949	176,482	886,669	908,279
Directors' fees	24,335	17,477	39,751	35,849
Donations	1,000	1,000	1,217	1,142
Legal fees	6,299	5,019	10,697	8,535
Auditors' remuneration				
Statutory audit fees	2,725	2,400	14,154	13,426
Audit related fees	580	660	3,991	2,821
Non- audit fees	1,794	1,416	3,248	2,762
Professional fees	5,186	4,848	19,457	17,487
Provision for obsolete and slow moving inventories	94,916	75,320	379,495	77,016
Personnel Costs * (Note 11.1)	475,772	415,772	2,572,322	2,292,297

\* Includes Directors' emoluments and retirement benefits.

### 11.1 Personnel Costs

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Salaries	341,348	300,989	1,930,993	1,752,150
EPF/MSPS - Defined contribution plan	39,980	35,481	176,195	160,579
ETF - Defined contribution plan	9,995	8,876	43,844	39,913
Bonus	78,400	34,281	344,489	204,000
Provision for retirement benefits	6,049	36,145	76,711	135,583
Voluntary retirement scheme	-	-	90	72
<b>Total</b>	<b>475,772</b>	<b>415,772</b>	<b>2,572,322</b>	<b>2,292,297</b>
Number of employees as at the end of the year	449	449	2,112	2,137

# NOTES TO THE FINANCIAL STATEMENTS

## 12 INCOME TAX EXPENSE

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Current tax expenses on ordinary activities for the year</b>				
Current tax expenses on profit for the year ( Note 12.2)				
Continued Operations	297,307	210,484	845,171	864,390
Under provision in respect of previous years	4,366	-	13,817	1,789
Irrecoverable ESC written off	-	35,307	29,645	124,009
Irrecoverable Tax written off	-	47,342	-	47,342
Transferred to Other Comprehensive Income	-	-	9,673	-
	<b>301,673</b>	<b>293,133</b>	<b>898,306</b>	<b>1,037,530</b>
<b>Deferred Tax expense/(reversals)</b>				
Origination of temporary differences (Note 12.1)				
Continued operations	(3,278)	14,360	12,313	(62,342)
	<b>(3,278)</b>	<b>14,360</b>	<b>12,313</b>	<b>(62,342)</b>
Total	<b>298,395</b>	<b>307,493</b>	<b>910,619</b>	<b>975,188</b>

### 12.1 Deferred Tax Expense

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Profit or Loss</b>				
Deferred tax expense / (reversal) arising from :				
Property, plant & equipment	(4,657)	(46,921)	(14,163)	(513,792)
Intangible assets	-	-	(3,240)	(3,335)
Biological assets	-	-	17,253	(12,463)
Provision for Impairment of trade receivables	5,329	(22,931)	5,448	20,370
Provision for Obsolete and slow moving inventories	(1,349)	(4,787)	(50,058)	(10,295)
Provision for Others	(1,920)	(22,738)	(1,990)	(21,916)
Accumulated tax losses	-	109,144	57,135	440,958
Contract assets	-	-	462	(2,464)
Right-of-use assets	(1,325)	(6,151)	10,862	(4,777)
Net Investment in sublease	-	(1,925)	-	(533)
Lease liability	292	7,152	1,794	6,372
Contract liability	-	-	(1,712)	4,567
Employee benefits	352	3,517	(9,478)	34,966
	<b>(3,278)</b>	<b>14,360</b>	<b>12,313</b>	<b>(62,342)</b>
<b>Other Comprehensive Income</b>				
Deferred tax expense / (reversal) arising from :				
Actuarial losses on defined benefit obligations	1,480	5,258	152	1,262
Revaluation of property, plant & equipment	75,308	26,293	173,189	(16,875)
	<b>76,788</b>	<b>31,551</b>	<b>173,341</b>	<b>(15,613)</b>
Total	<b>73,510</b>	<b>45,911</b>	<b>185,654</b>	<b>(77,955)</b>

## 12.2 Reconciliation between the Accounting Profit and Taxable Profit

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit before tax-continuing operations	2,059,642	1,339,635	5,483,505	4,912,052
Profit /(loss) before tax-discontinued operations	194	11,785	(227,036)	(90,618)
Intra - group adjustments	-	-	1,224,642	69,847
	2,059,836	1,351,420	6,481,111	4,891,281
Share of profit of equity accounted investee	-	-	(643,440)	(466,488)
Other sources of income	-	(34,378)	186,500	64,701
Disallowable expenses	460,315	1,199,654	2,110,402	3,621,150
Tax deductible expenses	(391,172)	(380,228)	(2,644,391)	(2,100,171)
Tax exempt income	(447,710)	(26,510)	(959,547)	(414,732)
Tax loss for the year	-	-	135,887	(643,905)
Tax loss utilised during the year	-	(377,351)	(534,310)	(844,081)
Taxable income	1,681,269	1,732,607	4,132,212	4,107,755
Income tax @ 14%	148,675	77,213	233,154	130,199
Income tax @ 18%	-	40,650	209,522	155,291
Income tax @ 24%	148,632	92,621	402,572	579,053
Current tax expense on continued operations	297,307	210,484	845,171	864,390
Current tax expense on discontinued operations	-	-	77	153
	297,307	210,484	845,248	864,543
<b>Accumulated tax losses</b>				
Tax loss brought forward	-	389,801	2,083,406	3,784,297
Adjustment to brought forward tax losses	-	(12,450)	333,743	(212,905)
Tax loss for the year	-	-	135,887	(643,905)
Tax loss utilised during the year	-	(377,351)	(534,310)	(844,081)
Tax loss carried forward	-	-	2,018,726	2,083,406
Effective tax rate	18%	11%	20%	21%

# NOTES TO THE FINANCIAL STATEMENTS

**12.3** Corporate income taxes of the companies in the Group have been computed in accordance with the Inland Revenue (Amendment) Act No.10 of 2021 and proposed amendments to the same.  
Group's tax expense is based on the taxable profit of each Company in the Group. At present the tax laws of Sri Lanka do not provide for Group Taxation.

**12.4** Irrecoverable Economic Service Charge (ESC) has been charged to the Profit or Loss.

**12.5** Deferred tax has been computed using the tax rates of 24 %,18% and 14 % applicable for the entities within the Group. The effect of change in revaluation reserve has been accounted in the other comprehensive income.

## **12.6 Details of the Current Tax Computation**

The profits of CIC Poultry Farms Limited, were taxable at a concessionary rate of 15% in terms of the agreement entered into with the Board of Investment and other income was liable for income tax at the rate of 24%. As per the changes made to the income tax rates from 1st January 2020 onwards, CIC Vetcare (Private) Limited and CIC Bio Security Breeder Farms Limited were liable for income tax at the rate of 24% and CIC Feeds (Private) Limited was taxable under dual tax rates i.e. feed division at 18% and day old chicks division at 0%. Further CIC Poultry Farms Limited was also taxable at 14% for processed chicken and 0% for live birds.

CIC Agri Produce Marketing (Private) Limited engaged in Agriculture , which was taxed at 10 % up to 31st March 2019, is exempted from Income Tax under Agro – farming with effect from 1st April 2019 as per the Inland Revenue (Amendment) Act No. 10 of 2021 with retrospective effect.

CIC Agri Produce Export (Private) Limited engaged in Rice Milling which was taxed at 18% from 1st January 2020 is taxed at 14% with effect from 1st April 2020 under Agro- processing as per the Inland Revenue (Amendment) Act No.10 of 2021.

CIC Dairies (Private) Limited engaged in the production of Yoghurt which was exempt from Income tax up to 31st March 2021, became liable at the rate of 18% after expiration of the exemption period.

### 13 DISCONTINUED OPERATIONS

Discontinued operations include CIC Agri Biotech (Private) Limited, Chemenex Export (Private) Limited, Chemcel (Private) Limited, and consumer product lines of CIC Holdings PLC. Previously these businesses were categorised under "Agri Produce", "Industrial Solutions", and "Health and Personal Care" segments.

Further in 2019/20, Board of Directors of Cropwiz (Private) Limited had resolved to discontinue its operations and accordingly it is classified as held for sale. Previously this business was classified under "Agri Produce" segment.

#### 13.1 The results of aforesaid operations for the year are presented below:

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit/(loss) after tax from discontinued operations				
Revenue	840	14,513	840	14,513
Cost of sales	(332)	(1,547)	(5,894)	(12,948)
Gross profit/(loss)	508	12,966	(5,054)	1,565
Other income	-	-	621	2,727
Administrative expenses	(143)	(753)	(684)	(1,688)
Distribution expenses	(171)	(428)	(171)	(428)
Impairment of property, plant & equipment*	-	-	(77,323)	-
Finance cost (net)	-	-	(144,425)	(92,794)
Profit/(loss) before tax from discontinued operations	194	11,785	(227,036)	(90,618)
Tax expense	-	-	(77)	(153)
Profit/(loss) for the year from discontinued operations	194	11,785	(227,113)	(90,771)

\* Impairment loss arising from property, plant & equipment belongs to Cropwiz (Private) Limited.

#### 13.2 Major Classes of Assets and Liabilities Classified as held for sale:

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Assets</b>				
Property, plant & equipment	1,050,060	1,050,060	1,273,957	1,920,530
Trade and other receivables	-	-	92,442	92,532
Investment in equity accounted investees*	-	-	-	-
Inventories	-	-	6,952	8,350
Cash in hand and cash at bank	-	-	60,986	62,588
Assets classified as held for sale	1,050,060	1,050,060	1,434,337	2,084,000
<b>Liabilities</b>				
Trade and other payables	-	-	412,642	376,129
Interest bearing borrowings	-	-	13,245	635,753
Bank overdraft	-	-	136,786	136,512
Liabilities directly associated with assets classified as held for sale	-	-	562,673	1,148,394
<b>Net assets directly associated with disposal group</b>	<b>1,050,060</b>	<b>1,050,060</b>	<b>871,664</b>	<b>935,606</b>

\* Investment in Cropwiz (Private) Limited amounting to Rs.125.11Mn is fully impaired in the Company financials.

## NOTES TO THE FINANCIAL STATEMENTS

Property, plant & equipment include a land belonging to CIC Holdings PLC and the last valuation was performed on 31st March 2022. No decrease in fair value was identified. Further, the land belonging to CIC Properties (Private) Limited has been classified as held for sale during the year at a value of Rs. 174.75 Mn.

A term loan obtained by Cropwiz (Private) Limited from Hatton National Bank PLC for a value of USD 3.20Mn, had been drawn down during the period from August 2016 to June 2018 in connection with the construction of greenhouses to be used in the operations of the company. The said greenhouses together with its fixtures were mortgaged with the bank in obtaining the loan facility.

The venture did not yield the results expected by the management due to operational and technical challenges experienced , and the business operation of the company became standstill impacting the repayment ability of the loan.

Since the loan was considered as non performing, Hatton National Bank PLC again issued a Parate Notice to Cropwiz (Private) Limited on 29th October 2021 and Auction Sale Gazette Notification 2119 was published on the same date. Accordingly, the auction was held on 29th November 2021.

Therefore, the company engaged M/s S Sivaskantha, Chartered Valuer, in assessing the fair value of the greenhouses together with related fixtures on the date on which the bank executed the auctioning of the property, the details of which are as follows;

Asset Description	Date of Valuation	Fair Value Rs.	Valuation Methodology
Greenhouses together with related fixtures located at Walpita, Agalegedera	30.11.2021	793.15Mn	Depreciated replacement cost

In recognition of the auctioning of the assets on 30th November 2021, the Company derecognised the said greenhouses together with the related fixtures, with a corresponding reduction being recorded on the loan outstanding. The reduction of the loan obligation represents management's best estimate towards the fair value of the assets auctioned by the bank.

### 13.3 Cash Flows Generated From/(Used in) Discontinued Operations

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Net cash generated from/(used in) operating activities	885	25,230	13,604	(119,431)
Net cash inflow/(outflow)	885	25,230	13,604	(119,431)

### 13.4 Earnings/(Deficit) per Share:

Basic/diluted earnings/(loss) per share for the year, from discontinued operations (Rs.)	0.00	0.03	(0.33)	(0.12)
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### 13.5 Assets classified as held for distribution

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Major classes of assets and liabilities classified as held for distribution				
<b>Assets</b>				
Other receivables	-	-	-	436
Investments	197	197	3,519	3,957
Cash in hand and at bank	-	-	45,438	30,844
Asset classified as held for distribution	197	197	48,957	35,237
<b>Liabilities</b>				
Trade and other payables	-	-	1,872	3,075
Liabilities directly associated with assets classified as held for distribution	-	-	1,872	3,075

Assets and liabilities which belong to CIC Agri Biotech (Private) Limited, Chemanex Exports (Private) Limited and Chemcel (Private) Limited have been categorised under "assets and liabilities held for distribution".

### 13.6 Disposal of Assets Held for Sale

During 2020/21 the Company disposed a part of property, plant & equipment which was classified as "held for sale". Following table summarises the effect of the said disposal on the financial position of the Company and the Group.

For the year ended 31st March	Group	
	2022 Rs.'000	2021 Rs.'000
Property, plant & equipment	-	(145,568)
Consideration received (net of tax)	-	185,150
Commission paid	-	(5,558)
Gain on disposal	-	34,024

## 14 EARNINGS PER SHARE

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Earnings per Share:</b>				
Profit attributable to equity holders of the Company	1,761,441	1,043,927	3,684,153	3,132,411
The share capital is as follows :				
<b>Ordinary Shares</b>				
Weighted average number of shares	291,600,000	291,600,000	291,600,000	291,600,000
<b>Non-Voting (Class X) Shares</b>				
Weighted average number of shares	87,480,000	87,480,000	87,480,000	87,480,000
Total weighted average number of shares	379,080,000	379,080,000	379,080,000	379,080,000
Basic/Diluted earnings per share (Rs.)	4.65	2.75	9.72	8.26

# NOTES TO THE FINANCIAL STATEMENTS

## Basic Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of shares outstanding during the year.

## Diluted Earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shares outstanding after adjustment for the effect of all potentially dilutive ordinary shares.

There were no potentially dilutive ordinary shares at any time during the year/previous year.

There is no material impact on diluted earnings per share arising from Employee Share Option Scheme.

## 15 GROSS DIVIDEND

For the year ended 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Interim Dividend</b>				
<b>Ordinary Shares</b>				
Interim dividend paid per share Rs.1.00 (2021/22), Rs.1.00 (2020/21) post sub-division	291,600	291,600	291,600	291,600
Second interim dividend paid Rs.1.00 ( 2019/20) pre sub-division	-	72,900	-	72,900
<b>Non-Voting (Class X) Shares</b>				
Interim dividend paid per share Rs.1.00 (2021/22), Rs.1.00 (2020/21) post sub-division	87,480	87,480	87,480	87,480
Second interim dividend paid Rs.1.00 ( 2019/20) pre sub-division	-	21,870	-	21,870
	<b>379,080</b>	<b>473,850</b>	<b>379,080</b>	<b>473,850</b>
<b>Final Dividends</b>				
Final dividend proposed and paid Rs.1.25 (2020/21), Nil (2019/20)				
Ordinary Shares	364,500	-	364,500	-
Non-Voting (Class X ) Shares	109,350	-	109,350	-
	<b>473,850</b>	<b>-</b>	<b>473,850</b>	<b>-</b>
Total	<b>852,930</b>	<b>473,850</b>	<b>852,930</b>	<b>473,850</b>
<b>Post sub-division no. of shares</b>				
Ordinary Shares	291,600,000	291,600,000	291,600,000	291,600,000
Non-Voting ( Class X) Shares	87,480,000	87,480,000	87,480,000	87,480,000
	<b>379,080,000</b>	<b>379,080,000</b>	<b>379,080,000</b>	<b>379,080,000</b>
Dividend per share	<b>2.25</b>	<b>1.25</b>	<b>2.25</b>	<b>1.25</b>

During the year, Rs.2.25 dividend was paid to the shareholders (2020/21 - Rs.1.25).

Directors have recommended the payment of a final dividend of Rs.1.00 per share on Ordinary and Non-Voting (Class x) shares for the year ended 31st March 2022. This proposed dividend has not yet been recognised as a liability as at 31st March 2022.

This would result in a total dividend per share of Rs.2.00 (2020/21 - Rs.2.25) once it is approved at the Annual General Meeting.

## 16 PROPERTY, PLANT & EQUIPMENT

### A. Company

As at 31st March	Land	Buildings	Plant & Machinery	Equipment	Computers	Furniture & Fittings	Motor Vehicles	Total 2022	Total 2021
	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000
<b>Freehold</b>									
<b>(a) Cost/Valuation</b>									
At the beginning of the year	1,096,089	1,052,984	178,274	648,565	160,931	44,174	16,120	<b>3,197,137</b>	2,952,956
Additions	-	-	1,456	32,414	100,353	-	-	<b>134,223</b>	12,937
Revaluation surplus	313,785	-	-	-	-	-	-	<b>313,785</b>	231,486
Disposals	-	-	-	-	(602)	-	-	<b>(602)</b>	(242)
<b>At the end of the year</b>	<b>1,409,874</b>	<b>1,052,984</b>	<b>179,730</b>	<b>680,979</b>	<b>260,682</b>	<b>44,174</b>	<b>16,120</b>	<b>3,644,543</b>	<b>3,197,137</b>
<b>(b) Depreciation/Impairment</b>									
At the beginning of the year	-	336,420	111,893	469,778	144,088	37,227	16,120	<b>1,115,526</b>	951,327
Depreciation	-	49,208	11,959	72,164	20,167	2,929	-	<b>156,427</b>	164,441
On disposals	-	-	-	-	(183)	-	-	<b>(183)</b>	(242)
<b>At the end of the year</b>	<b>-</b>	<b>385,628</b>	<b>123,852</b>	<b>541,942</b>	<b>164,072</b>	<b>40,156</b>	<b>16,120</b>	<b>1,271,770</b>	<b>1,115,526</b>
<b>Leasehold</b>									
<b>Cost/Valuation</b>									
At the beginning of the year	-	94,164	-	-	-	-	-	<b>94,164</b>	94,164
At the end of the year	-	94,164	-	-	-	-	-	<b>94,164</b>	94,164
<b>Depreciation/Impairment</b>									
At the beginning of the year	-	24,675	-	-	-	-	-	<b>24,675</b>	12,634
Amortisation	-	5,522	-	-	-	-	-	<b>5,522</b>	12,041
<b>At the end of the year</b>	<b>-</b>	<b>30,197</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,197</b>	<b>24,675</b>
<b>Carrying value as at</b>									
31st March 2022	1,409,874	731,323	55,878	139,037	96,610	4,018	-	<b>2,436,740</b>	
<b>Carrying value as at</b>									
31st March 2021	1,096,089	786,053	66,381	178,787	16,843	6,947	-		2,151,100

- i Carrying amount of property, plant & equipment is not pledged as securities for bank facilities obtained.
- ii Property, plant & equipment includes right-of-use assets of Rs.63.97 Mn (2021- Rs.69.49 Mn ) related to leased properties that do not meet the definition of the investment property.

# NOTES TO THE FINANCIAL STATEMENTS

## B. Group

As at 31st March	Land	Buildings	Plant & Machinery	Equipment	Computers	Furniture & Fittings	Motor Vehicles	Total 2022	Total 2021
	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000
<b>(a) Cost/Valuation</b>									
<b>At the beginning of the year</b>	3,994,136	5,589,091	5,075,187	2,278,991	358,739	347,190	520,272	<b>18,163,606</b>	17,518,353
Additions	-	40,442	209,376	145,920	127,837	7,230	26,480	<b>557,285</b>	155,602
On acquisition of subsidiary	-	-	2,240	-	-	-	-	<b>2,240</b>	-
Revaluation surplus	832,193	-	-	-	-	-	-	<b>832,193</b>	894,971
Transfer from intangible assets	-	-	-	-	940	-	-	<b>940</b>	-
On disposals	-	(9,850)	(74,946)	(24,380)	(3,341)	(1,570)	(22,254)	<b>(136,341)</b>	(424,879)
Transferred from capital work in progress (Note 18)	-	24,134	15,016	7,560	-	1,741	-	<b>48,451</b>	42,478
Transferred to intangible assets	-	-	-	-	-	-	-	-	(22,919)
Transferred to asset held for sale	(174,751)	-	-	-	-	-	-	<b>(174,751)</b>	-
Impairment	-	-	(22,389)	(4,977)	(59)	-	-	<b>(27,425)</b>	-
Re-classification	-	2,380	13,046	(3,111)	21,370	(33,314)	(371)	-	-
Write-off	-	-	(87,286)	(32,740)	(38,959)	(11,377)	-	<b>(170,362)</b>	-
<b>At the end of the year</b>	<b>4,651,578</b>	<b>5,646,197</b>	<b>5,130,244</b>	<b>2,367,263</b>	<b>466,527</b>	<b>309,900</b>	<b>524,127</b>	<b>19,095,836</b>	<b>18,163,606</b>
<b>(b) Depreciation/Impairment</b>									
At the beginning of the year	-	1,470,751	2,638,293	1,502,784	313,613	193,146	461,722	<b>6,580,309</b>	5,835,693
Depreciation	-	186,069	326,406	208,530	48,239	17,815	23,397	<b>810,456</b>	838,656
Impairment	-	-	(19,429)	(4,977)	(58)	-	-	<b>(24,464)</b>	5,715
On acquisition of subsidiary	-	-	765	-	-	-	-	<b>765</b>	-
On disposals	-	(5,010)	(35,033)	(15,859)	(2,325)	(1,182)	(17,282)	<b>(76,691)</b>	(94,205)
Write-off	-	-	(87,286)	(32,740)	(38,959)	(11,377)	-	<b>(170,362)</b>	-
Transferred to intangible assets	-	-	-	-	-	-	-	-	(5,550)
<b>At the end of the year</b>	<b>-</b>	<b>1,651,810</b>	<b>2,823,716</b>	<b>1,657,738</b>	<b>320,510</b>	<b>198,402</b>	<b>467,837</b>	<b>7,120,013</b>	<b>6,580,309</b>
<b>Leasehold</b>									
<b>Cost/Valuation</b>									
At the beginning of the year	413,830	734,081	-	-	-	-	24,599	<b>1,172,510</b>	1,179,110
Additions to right-of-use assets	-	263,839	-	-	-	-	-	<b>263,839</b>	75,243
Additions	-	3,043	-	-	-	-	-	<b>3,043</b>	-
On disposals	-	-	-	-	-	-	-	-	(14,533)
Adjustment	-	-	-	-	-	-	-	-	1,034
De recognition of right-of-use assets	(31,516)	-	-	-	-	-	-	<b>(31,516)</b>	(69,780)
Transferred from investment in sub lease	-	-	-	-	-	-	-	-	1,436
<b>At the end of the year</b>	<b>382,314</b>	<b>1,000,963</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,599</b>	<b>1,407,876</b>	<b>1,172,510</b>
<b>Depreciation/Impairment</b>									
At the beginning of the year	70,366	467,179	-	-	-	-	24,598	<b>562,143</b>	501,955
Depreciation	9,983	17,145	-	-	-	-	-	<b>27,128</b>	27,732
Amortisation	7,413	41,672	-	-	-	-	-	<b>49,085</b>	41,891
On disposals	-	-	-	-	-	-	-	-	(6,321)
De recognition of right-of-use assets	(4,431)	-	-	-	-	-	-	<b>(4,431)</b>	(3,114)
<b>At the end of the year</b>	<b>83,331</b>	<b>525,996</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,598</b>	<b>633,925</b>	<b>562,143</b>
Carrying value as at 31st March 2022	4,950,561	4,469,354	2,306,528	709,525	146,017	111,498	56,291	<b>12,749,774</b>	
Carrying value as at 31st March 2021	4,337,600	4,385,242	2,436,894	776,207	45,126	154,044	58,551		12,193,664

- Carrying amount of property, plant & equipment pledged as securities for bank facilities obtained amounted to Rs.1,201.82 Mn. (2021 Rs.1,191.62 Mn).
- During the year Group has not capitalised the borrowing cost. (2021 - Nil).
- Unexpired lease period of land belonging to CIC Agri Businesses (Private) Limited is 69 years
- Property, plant & equipment includes right-of-use assets of Rs.373.37Mn (2021- Rs.185.70 Mn ) related to leased properties that do not meet the definition of the investment property.

C. Carrying Value for the Property, Plant & Equipment

	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
As at 31st March				
At Cost	962,899	985,522	7,324,246	7,589,161
At Valuation	1,409,874	1,096,089	4,651,578	3,994,136
On Finance Lease	63,967	69,489	773,950	610,367
Total	2,436,740	2,151,100	12,749,774	12,193,664

D. Values of the lands if it had been carried under cost model

	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
As at 31st March				
Land	133.00	133.00	931.28	931.28
Total	133.00	133.00	931.28	931.28

E. Value of land and ownership

Company	Location	Land Extent in Acres/Perches/ Roods	Number of buildings	Carrying Value Rs. Mn
CIC Holdings PLC	Kew Road, Colombo 02	1 rood and 30.25 perches	1	1,054.00
	Lenagala Estate, Dedigamuwa	12 acres, 6 roods and 73.5 perches	20	355.88
CIC Agri Businesses (Private) Limited	Mahiella, Kurunegala	2 acres, 3 roods and 31.25 perches	4	198.00
Wayamba Agro Fertilizer Company Limited	Maho	16 acres and 30.8 perches	15	203.70
CISCO Speciality Packaging (Private) Limited	Pellanwatta, Pannipitiya	4 acres, 3 roods and 28.80 perches	14	303.70
CIC Vetcare (Private) Limited	Madampalle Estate, Madampalle	15 acres	-	56.25
	Galla Estate, Ekala	3 roods and 1.00 perch	3	48.50
CIC Poultry Farms Limited	Molahena Estate, Badalgama	25 acres and 29.95 perches	31	94.50
	Issetiya Elies, Horakandawila, Dunagaha	17 acres and 16.8 perches	17	208.30
	Amunuwela Estate, Kuliypitiya	48 acres 1 roods and 19.63 perches	25	187.70
CIC Bio Security Breeder Farms Limited	Molahena Estate, Badalgama	28 acres and 39.49 perches	-	106.00
CIC Feeds (Private) Limited	Galla Estate, Ekala	6 acres and 32.9 perches	17	348.90
	Heeralugedara, Kotadeniyawa	18 acres and 2 roods	17	69.40
	Madampalle Estate, Madampalle	25 acres	25	93.75
	Nabirithankadawara, Welipennagahamulla, Pannala	50 acres and 32.5 perches	18	196.75
Colombo Industrial Agencies Limited	Temple Lane, Ekala	3 acres, 2 roods, 7.62 perches	4	352.00
Link Natural Products (Private) Limited	Malinda, Kapugoda	13 acres, 1 roods and 19.50 perches	38	663.25
	Kapugoda, Giridara	39.1 perches	-	15.60
	Dambukanda	20 acres, 5 roods and 64 perches	2	84.80
	Parakaduwa	23 acres, 2 roods and 5.8 perches	-	10.60
Total				4,651.58

# NOTES TO THE FINANCIAL STATEMENTS

Last valuation of lands has been as follows.

Company	Date of Revaluation	Significant unobservable inputs estimated price	Revalued Amount Rs. Mn	Sensitivity of fair value to unobservable inputs
CIC Holdings PLC	31st March 2022	Per perch Rs.15,000,000	1,054.00	Positively correlated sensitivity
	31st March 2022	Per perch Rs.27,500 - Rs.227,500	355.88	Positively correlated sensitivity
CIC Agri Businesses (Private) Limited	31st March 2022	Per perch Rs.350,000	198.00	Positively correlated sensitivity
Wayamba Agro Fertilizer Company Limited	31st March 2022	Per perch Rs.80,000	203.70	Positively correlated sensitivity
CISCO Speciality Packaging (Private) Limited	31st March 2022	Per perch Rs.420,000	303.70	Positively correlated sensitivity
CIC Vetcare (Private) Limited	31st March 2022	Per perch Rs.400,000 - Rs.425,000	48.50	Positively correlated sensitivity
	31st March 2022	Per perch Rs.23,438	56.25	Positively correlated sensitivity
CIC Poultry Farms Limited	31st March 2022	Per perch Rs.23,438 - 111,500	490.50	Positively correlated sensitivity
CIC Bio Security Breeder Farms Limited	31st March 2022	Per perch Rs.23,438	106.00	Positively correlated sensitivity
CIC Feeds (Private) Limited	31st March 2022	Per perch Rs.275,000 - Rs.325,000	348.90	Positively correlated sensitivity
	31st March 2022	Per perch Rs.21,875 - 60,000	359.90	Positively correlated sensitivity
Colombo Industrial Agencies Limited	31st March 2022	Per perch Rs.550,000 - Rs.625,000	352.00	Positively correlated sensitivity
Link Natural Products (Private) Limited	31st March 2022	Per perch Rs.2,815	10.60	Positively correlated sensitivity
	31st March 2022	Per perch Rs.21,867 - Rs.26,118	84.80	Positively correlated sensitivity
	31st March 2022	Per perch Rs.310,000 - Rs.400,000	678.85	Positively correlated sensitivity

All above revaluations are based on market value and were carried out by Perera Sivaskantha & Company, an incorporated valuer.

The revalued figures were incorporated in these Financial Statements.

## Market Comparable Method

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued.

This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property.

In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.

**F Depreciation has been provided on a straight-line basis at the following rates:**

Company	Buildings	Plant & Machinery	Equipment	Computers	Furniture & Fittings	Motor Vehicles
	Years	Years	Years	Years	Years	Years
CIC Holdings PLC	20	8,15,30,40	4,5,8,10,15,30	3	5,10	5
Chemanex PLC	10-20	6	3	3	4	4
CISCO Speciality Packaging (Private) Limited	20	20,12,10,5	20,5,3	3	20,10	5
CIC Agri Businesses (Private) Limited and Subsidiaries*	20,30	5,15	3,8	3,8	5,10	3,5
Colombo Industrial Agencies Limited	20	-	-	-	-	-
CIC Feeds (Private) Limited and Subsidiaries	10,20,40	10,15,20	5,8,10,12,5	5	5,8	4,5
Link Natural Products (Private) Limited	40,25	10,15,20,40	10,8,5	3	10	4,8,10,20,25
CIC CropGuard (Private) Limited	-	-	5	5	10	5
CIC Lifesciences Limited	-	8	4	4	4	-
Unipower (Private) Limited	20	-	5	4	5	7
CIC Precision Agricultural Technologies (Private) Limited	-	-	3-8	3-8	-	-

\* Land development cost is depreciated over 30 years.

**G Cost of fully depreciated property, plant & equipment still in use at the reporting date as follows:**

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Buildings	32,518	32,399	204,318	183,017
Plant & Machinery	50,162	38,647	580,427	473,302
Equipment	366,665	219,258	964,375	766,654
Computers	131,658	125,812	261,217	277,412
Furniture & Fittings	23,861	12,623	115,112	61,146
Motor Vehicles	16,115	16,115	402,150	367,892
Leased hold land improvements	-	-	11,745	23,148
<b>Total</b>	<b>620,979</b>	<b>444,854</b>	<b>2,539,344</b>	<b>2,152,571</b>

# NOTES TO THE FINANCIAL STATEMENTS

## H. Lands transferred to held for sale

Company	Location	Land extent in Acres/ Perches/ Roods	Date of revaluation	Significant unobservable inputs- Estimated price	Revalued amount Rs. Mn	Sensitivity of fair value to unobservable inputs
CIC Holdings PLC	Sri Sarana Jothi Mawatha, Rathmalana	4 acres, 2 roods and 18.30 perches	30th September 2017	Per perch Rs.1,100,000	812.00	Positively correlated sensitivity
	Pellawatta, Piliyandala	1 acres, 2 roods and 9.83 perches	30th September 2017	Per perch Rs.227,500 - Rs.450,000	71.95	Positively correlated sensitivity
CIC Properties (Private) Limited	Katuwahanawatta, Walpita, Waradala	51 acres, 1 rood	30th November 2021	Per acre Rs.1,200,000- Rs.3,600,000	174.75	Positively correlated sensitivity

During the year, the land belonging to CIC Properties (Private) Limited was transferred to "asset held for sale" at a value of Rs.174.75Mn. Previously, this had been rented out to Cropwiz (Private) Limited which is a subsidiary company of the Group.

Immediately before the initial classification of the above two lands as "assets held for sale", a revaluation was carried out by Messrs. Perera Sivaskantha & Company, as incorporated valuer. Details are given above.

## I. Plant & equipment transferred to assets held for sale

Hatton National Bank PLC, issued a Parate Notice to Cropwiz (Private) Limited on 13 June 2019 and Auction Sale Gazette Notifications were issued on 09 August 2019 and 25 October 2019 (Under the Section 4 of the Recovery of Loans by Banks [Special Provisions] Act, No. 04 of 1990). However the auction did not take place on the said date. Based on this, charging depreciation was discontinued and on 31 March 2020 the total value of the assets under non - current assets were transferred to "assets held for sale" after determining the lower of its carrying amount and fair values less cost to sell.

The fair value of the property, plant & equipment as at 31st March 2020, was determined by Messrs. Perera Sivaskantha & Company, an accredited independent valuer. Fair value is determined by reference to market-based evidence. Valuations are based on active market prices, adjusted for any differences in the nature, location or condition of the specific property. Accordingly, an impairment loss was recognised in 2019/20 under discontinued operations amounting to Rs.96.90Mn.

## 17 INVESTMENT PROPERTY

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cost	-	-	2,400	2,400
Carrying value	-	-	2,400	2,400

**A Details of investment property**

Ownership	Location	Land extent	Number of buildings	Carrying value		
				Market Value	2022	2021
As at 31st March				2022	2022	2021
				Rs:'000	Rs:'000	Rs:'000
CIC Agri Businesses (Private) Limited	Bogahapitiya estate, Kengalle	12.00 perches and 2 roods	-	4,200	2,400	2,400
Total				4,200	2,400	2,400

**B** During the year, no income was generated or expenses were incurred relating to above investment property.

**C Fair Value**

The fair value of the investment property determined by external valuer M/s. Perera Sivaskantha and Company, an incorporated external valuer.

Valuation Technique	Significant unobservable inputs estimated price	Inter-relationship between key unobservable inputs and fair value measurements
Market comparable method	Per perch Rs. 350,000	Positively correlated

**18 CAPITAL WORK-IN-PROGRESS**

As at 31st March	Group	
	2022	2021
	Rs:'000	Rs:'000
At the beginning of the year	21,614	21,260
Expenditure incurred	134,915	44,028
Amount capitalised in property, plant & equipment	(48,451)	(42,478)
Transferred to expenditure	(130)	(194)
Assets written off	-	(1,002)
At the end of the year	107,948	21,614

Capital work-in-progress comprised of the expenditure incurred relating to building, machinery and furniture.

During the year Group has not capitalised borrowing cost (2021-Nil).

**19 BIOLOGICAL ASSETS****19.1 Non-current biological assets**

As at 31st March	Group	
	2022	2021
	Rs:'000	Rs:'000
As at the beginning of the year	221,125	179,610
Additions	347,800	250,682
Gain from changes in fair value	13,966	3,645
Disposals/amortisation	(271,279)	(212,812)
At the end of the year (Note 19.3)	311,612	221,125

# NOTES TO THE FINANCIAL STATEMENTS

## 19.2 Measurement of Fair Values

### a) Fair Value Hierarchy

The fair value measurements of the standing biological assets have been categorised under Level 3 fair value hierarchy.

### b) Level 3 Fair Values

The break down of the total gains/(losses) in respect of Level 3 fair values is shown below.

For the year ended 31st March	Group	
	2022 Rs.'000	2021 Rs.'000
<b>Gains included in other income</b>		
Change in fair value (realised)	15,316	3,645
<b>Loss included in other operating expense</b>		
Change in fair value (realized)	(1,350)	-

## 19.3 Biological Assets

As at 31st March	Buffaloes	Poultry	Highland Crops	Teaks	Total
Matured (Rs.'000)	9,325	167,730	15,269	69	192,393
Immature (Rs.'000)	3,236	98,040	-	17,943	119,219
Total	12,561	265,770	15,269	18,012	311,612

## 19.4 Nature of Group's Biological Assets

The Group has biological assets comprising poultry breeder for producing Day Old Chicks (DOC), cattle for raw milk and teak for timber.

## 19.5 Non-Financial Measures of Biological Assets

Quantities	Buffaloes	Poultry	Teak
At the end of the period	No. of animals	No. of birds	cubic meters
2022	136	70,847	4.13
2021	396	69,052	4.57

Quantities	Buffaloes	Breeder	Breeder
Produced during the year	No. of animals	No. of birds	No. of Eggs
2022	18	5,241,179	16,306,018
2021	9	5,059,080	18,889,915

## 19.6 Valuation of biological assets

CIC Group uses the following valuation techniques to measure their biological assets

Description	Valuation Technique	Valuation Input	Discount Rate	Inter-relationship between key unobservable inputs and fair value measurements
Cattle	weight in relation to category	weight and rate published by NLDB		positively correlated with weight and negative correlation with rate
Teak	Discounted cashflow	Annual marginal increase of timber content (0.55-1.5cm per year for a tree of diameter girth over 10cm)	14%	positively correlated with diameter and negative correlation with interest
Poultry breeder bird	Present value of future cash flows	No. of birds No. of eggs per bird Weight of cull birds Selling price per DOC Cost per DOC Hatchability	20.35%	Positively correlated Positively correlated Positively correlated Positively correlated Negatively correlated Positively correlated

## 19.7 Current biological assets

As at 31st March	Group	
	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	192,970	194,380
Additions during the year	3,185,786	2,327,465
Disposals	(3,131,985)	(2,335,332)
Gain from change in fair value	20,201	6,457
	266,972	192,970

Part of these consumables biological assets represent growing birds (Broilers) which are usually processed and sold within 40 to 42 days. Age group of 1 to 28 days are valued at cost. Birds aging from 29 to 42 days are valued based on fair value which is determined based on the market value prevailing as at the reporting date. The valuation basis and the significant unobservable data used for the valuations are given below.

Type	Valuation Techniques	Significant Unobservable Data	Inter-relationship between key unobservable inputs and fair value measurements
Consumable biological assets	The Company has identified six aging categories such as 1-7, 8-14, 15-21, 22-28, 29-35, 36-42 and depending on the aging, the standard weight per bird is identified.	Selling price (Rs. 490/Kg)	Increase when selling price increases Decrease when selling price decreases
Growing birds (broilers)	Average cost is calculated for each category according to the age by analysing the Feed, DOC, Drug Vaccine and other overhead usages. Fair Value is calculated by using the prevailing market price per bird and Cost to sell includes commission expenditure made for marketing representatives. However, the market prices for the first four age categories are not available and therefore those age categories are measured at cost. Further, a positive yield can be determined only for the last two categories that is 29-35 and 36-42 and therefore those age categories are measured at fair value	Average bird weight (1.90Kg)	Increase when average weight increases Decrease when average weight decreases

# NOTES TO THE FINANCIAL STATEMENTS

## 19.8 SENSITIVITY ANALYSIS

Sensitivity variation on selling price values as appearing in the Statement of Financial Position are sensitive to sales price changes with regard to the average price applied. Simulations made for livestock show that an increase or a decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets.

	2022	2021
Group	-10%	10%
As at 31st March	Rs.'000	Rs.'000
Biological assets	22,340	17,162

Sensitivity variation on average animal weight values as appearing in the statement of Financial Position are sensitive to average animal weight changes. Simulations made for livestock show that an increase or a decrease by 10kg of average animal weight has the following effect on the net present value of biological assets.

	2022	2021
Group	-10%	10%
As at 31st March	Rs.'000	Rs.'000
Biological assets	22,340	17,162

## 20 INTANGIBLE ASSETS

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Goodwill				
Gross amount	-	-	375,372	375,372
On acquisition of subsidiary	-	-	8,478	-
Less: provision for impairment	-	-	(139,610)	(139,610)
Net Goodwill (20.1)	-	-	244,240	235,762
Software cost capitalised	52,454	29,301	154,718	131,220
Re-classification	-	-	(940)	17,369
During the year additions	-	29,874	-	30,927
Amortisation for the year	(7,438)	(6,721)	(24,836)	(24,798)
Net ERP cost capitalised(ii)	45,016	52,454	128,942	154,718
Total	45,016	52,454	373,182	390,480

### 20.1 Aggregate carrying amounts of goodwill allocated to each unit are as follows:

	2022	2021
As at 31st March	Rs. Mn	Rs. Mn
Unipower (Private) Limited	208.08	208.08
ChemaneX PLC	11.06	11.06
CIC Feeds (Private) Limited	16.62	16.62
BioSystems Technologies Limited	8.48	-
	244.24	235.76

The recoverable amounts of all cash generating units have been determined based on the fair value, less cost to sell or the value in use (VIU) calculation.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

#### Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

#### Discount rates

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium.

#### Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

#### Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the industry growth rates of one to four years immediately subsequent to the budgeted year. Cash flows beyond the five year period are extrapolated using 1% growth rate.

#### Recoverable values measured with reference to the value in use

Investee	Significant unobservable inputs	Value of the inputs
Unipower (Private) Limited	Average growth rate	10%-15%
	Discount rate	20%
	Term	5 years (terminal value thereafter)
	Terminal growth rate	1%
CIC Feeds (Private) Limited	Average growth rate	5%-10%
	Discount rate	20%
	Term	5 years (terminal value thereafter)
	Terminal growth rate	1%
Chemanex PLC	Average growth rate	10%-15%
	Discount rate	20%
	Term	5 years (terminal value thereafter)
	Terminal growth rate	1%

**20.2** The Company/Group capitalised the ERP implementation cost as at the year-end. This will be depreciated over 10 years.

**20.3** There has been no permanent impairment of intangible assets that requires provision.

# NOTES TO THE FINANCIAL STATEMENTS

## 20.4 Goodwill generated from acquisition of subsidiary

Acquisition of BioSystems Technologies Limited

During the year, CIC Agri Businesses (Private) Limited acquired 70% of BioSystems Technologies Limited for a consideration of Rs. 20Mn. Excess consideration paid over the fair value of the net assets acquired of the subsidiary is recognised as Goodwill. Subsequent to the acquisition, there was no impairment made in respect of the Goodwill. The Group acquired this company to booster organic fertilizer operation.

The Group has elected to measure the non-controlling interests in the acquiree at fair value.

As at 31st March	Fair value recognised on acquisition	
	Rs.'000	Rs.'000
<b>Assets</b>		
Property, plant & equipment	1,475	
Inventories	15,015	
Other receivables	17,706	
Cash in hand and at bank	3,450	37,646
<b>Liabilities</b>		
Other payables	(21,186)	(21,186)
Total identifiable net assets at fair value		16,460
Non-controlling interest measured at fair value		(4,938)
Net assets applicable to the parent		11,522
Purchase consideration transferred		20,000
Goodwill arising on acquisition		8,478

## 21 DEFERRED TAX

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	334,344	288,433	1,333,857	1,411,812
Amount origination / (reversal) of temporary differences				
Recognised in profit or loss	(3,278)	14,360	12,313	(62,342)
Recognised in other comprehensive income	76,788	31,551	173,341	(15,613)
At the end of the year	407,854	334,344	1,519,511	1,333,857
Deferred tax asset	-	-	10,854	58,697
Deferred tax liabilities	407,854	334,344	1,530,365	1,392,554
Net liability	407,854	334,344	1,519,511	1,333,857

## B Movement in Deferred Tax Balances

Company	Net balances as at 01st April	Recognised in Profit or loss	Recognised in OCI	Balance at 31 March		
				Net	Deferred tax assets	Deferred tax liabilities
2022	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Property plant & equipment	195,312	(4,657)	-	190,655	-	190,655
Revaluation reserves	231,139	-	75,308	306,447	-	306,447
Right-of-use assets	16,678	(1,325)	-	15,353	-	15,353
Lease liability	(19,150)	292	-	(18,858)	(18,858)	-
Accumulated tax losses	-	-	-	-	-	-
Provision for obsolete and slow moving inventories	(4,787)	(1,349)	-	(6,136)	(6,136)	-
Provision for impairment of trade receivables	(22,931)	5,329	-	(17,602)	(17,602)	-
Other provisions	(22,738)	(1,920)	-	(24,658)	(24,658)	-
Retirement benefit obligations	(39,179)	352	1,480	(37,347)	(37,347)	-
<b>Net liabilities/(assets)</b>	<b>334,344</b>	<b>(3,278)</b>	<b>76,788</b>	<b>407,854</b>	<b>(104,601)</b>	<b>512,455</b>

Company	Net balances as at 01st April	Recognised in Profit or loss	Recognised in OCI	Balance at 31 March		
				Net	Deferred tax assets	Deferred tax liabilities
2021	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Property plant & equipment	242,233	(46,921)	-	195,312	-	195,312
Revaluation reserves	204,846	-	26,293	231,139	-	231,139
Right-of-use assets	22,829	(6,151)	-	16,678	-	16,678
Net investment in sub-lease	1,925	(1,925)	-	-	-	-
Lease liability	(26,302)	7,152	-	(19,150)	(19,150)	-
Accumulated tax losses	(109,144)	109,144	-	-	-	-
Provision for obsolete and slow moving inventories	-	(4,787)	-	(4,787)	(4,787)	-
Provision for impairment of trade receivables	-	(22,931)	-	(22,931)	(22,931)	-
Other provisions	-	(22,738)	-	(22,738)	(22,738)	-
Retirement benefit obligations	(47,954)	3,517	5,258	(39,179)	(39,179)	-
<b>Net liabilities/(assets)</b>	<b>288,433</b>	<b>14,360</b>	<b>31,551</b>	<b>334,344</b>	<b>(108,785)</b>	<b>443,129</b>

# NOTES TO THE FINANCIAL STATEMENTS

Group	Net balances as at 01st April	Recognised in Profit or loss	Recognised in OCI	Balance at 31 March		
				Net	Deferred tax assets	Deferred tax liabilities
2022	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Property plant & equipment	997,082	(14,163)	-	982,919	-	982,919
Revaluation reserves	669,007	-	173,189	842,196	-	842,196
Intangible assets	10,402	(3,240)	-	7,162	-	7,162
Right-of-use assets	2,234	10,862	-	13,096	-	13,096
Lease liability	(5,573)	1,794	-	(3,779)	(3,779)	-
Biological assets	34,770	17,253	-	52,023	-	52,023
Provision for impairment of trade receivables	(81,133)	5,448	-	(75,685)	(75,685)	-
Provision for obsolete and slow moving inventories	(32,585)	(50,058)	-	(82,643)	(82,643)	-
Accumulated tax losses	(73,919)	57,135	-	(16,784)	(16,784)	-
Other provisions	(24,226)	(1,990)	-	(26,216)	(26,216)	-
Contract Assets	5,032	462	-	5,494	-	5,494
Contract Liability	(9,113)	(1,712)	-	(10,825)	(10,825)	-
Retirement benefit obligation	(158,121)	(9,478)	152	(167,447)	(167,449)	-
Net liabilities/(assets)	1,333,857	12,313	173,341	1,519,511	(383,379)	1,902,890

Group	Net balances as at 01st April	Recognised in Profit or loss	Recognised in OCI	Balance at 31 March		
				Net	Deferred tax assets	Deferred tax liabilities
2021	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Property plant & equipment	1,510,874	(513,792)	-	997,082	-	997,082
Revaluation reserves	685,882	-	(16,875)	669,007	-	669,007
Intangible assets	13,737	(3,335)	-	10,402	-	10,402
Right-of-use assets	7,011	(4,777)	-	2,234	-	2,234
Net investment in sub-lease	533	(533)	-	-	-	-
Lease liability	(11,945)	6,372	-	(5,573)	(5,573)	-
Biological assets	47,233	(12,463)	-	34,770	-	34,770
Provision for impairment of trade receivables	(101,503)	20,370	-	(81,133)	(81,133)	-
Provision for obsolete and slow moving inventories	(22,290)	(10,295)	-	(32,585)	(32,585)	-
Accumulated tax losses	(514,877)	440,958	-	(73,919)	(73,919)	-
Other provisions	(2,310)	(21,916)	-	(24,226)	(24,226)	-
Contract assets	7,496	(2,464)	-	5,032	-	5,032
Contract liability	(13,680)	4,567	-	(9,113)	(9,113)	-
Retirement benefit obligation	(194,349)	34,966	1,262	(158,121)	(158,121)	-
Net liabilities/(assets)	1,411,812	(62,342)	(15,613)	1,333,857	(384,670)	1,718,527

Deferred Tax Effect of Temporary Differences	2022		2021	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Company	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property plant & equipment	794,396	190,655	813,799	195,312
Revaluation reserves	1,276,866	306,447	963,082	231,139
Retirement benefit obligations	(155,616)	(37,347)	(163,249)	(39,179)
Right-of-use assets	63,967	15,353	69,489	16,678
Provision for obsolete and slow moving inventories	(25,565)	(6,136)	(19,944)	(4,787)
Provision for impairment of trade receivables	(73,342)	(17,602)	(95,545)	(22,931)
Other provisions	(102,739)	(24,658)	(94,741)	(22,738)
Lease liability	(78,575)	(18,858)	(79,791)	(19,150)
<b>Net liabilities</b>		<b>407,854</b>		<b>334,344</b>

Deferred Tax Effect of Temporary Differences	2022		2021	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Group	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property plant & equipment	5,616,213	982,919	5,689,435	997,082
Revaluation reserves	4,047,480	842,196	3,217,734	669,007
Intangible assets	40,803	7,162	55,024	10,402
Biological assets	338,847	52,023	216,818	34,770
Other provision	(111,391)	(26,216)	(103,007)	(24,226)
Right-of-use assets	90,718	13,096	9,312	2,234
Lease liability	(17,758)	(3,779)	(28,915)	(5,573)
Contract liability	(60,143)	(10,825)	(50,632)	(9,113)
Contract assets	30,518	5,494	27,954	5,032
Provision for impairment of trade receivables	(349,514)	(75,685)	(372,325)	(81,133)
Provision for obsolete and slow moving inventories	(432,041)	(82,643)	(171,800)	(32,585)
Accumulated tax losses	(69,925)	(16,784)	(410,654)	(73,919)
Retirement benefit obligations	(820,074)	(167,447)	(769,585)	(158,121)
<b>Net liabilities</b>		<b>1,519,511</b>		<b>1,333,857</b>

#### D. Unrecognised Deferred Tax Assets

As at 31st March	2022		2021	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Group	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Accumulated tax losses	1,948,801	355,549	1,668,733	467,245

Deferred tax asset has not been recognised in respect of the Group's brought forward tax losses as at 31st March 2022 amounting to Rs.1,948.80 Mn (2021-Rs.1,668.73 Mn) since it is not probable that the future taxable profit will be available against which the Group can use the benefit therein.

Recognised deferred tax asset on accumulated tax losses has been recognised only upto the extent of forecasted future taxable profit.

# NOTES TO THE FINANCIAL STATEMENTS

## E. Unremitted income from subsidiaries and associates.

The Group has determined that the undistributed profits of its subsidiaries or associate will not be distributed in the foreseeable future. The Group has an agreement with its associate that the profit of the associate will not be distributed until it obtains the consent of the Group. The Group does not anticipate giving such consent at the reporting date.

## 22 INVESTMENT IN SUBSIDIARIES

A	As at 31st March	2022			2021	
		Market Value Rs. '000	Holding %	No. of Shares	Cost Rs. '000	No. of Shares
<b>Company</b>						
<b>Quoted</b>						
	593.86	50.55	7,939,373	136,683	7,939,373	136,683
Chemanax PLC	593.86		7,939,373	136,683	7,939,373	136,683
<b>Unquoted - Subsidiaries</b>						
Crop Management Services (Private) Limited		100.00	780,000	202,144	780,000	202,144
CISCO Speciality Packaging (Private) Limited		50.00	5,525,005	55,250	5,525,005	55,250
CIC Agri Businesses (Private) Limited		67.68	10,720,001	263,135	10,720,001	263,135
Colombo Industrial Agencies Limited		83.06	830,598	9,130	830,598	9,130
CIC Feeds (Private) Limited		82.44	3,710,000	217,434	3,710,000	217,434
Link Natural Products (Private) Limited		70.21	5,570,858	512,487	5,570,858	512,487
CIC CropGuard (Private) Limited		100.00	500,000	5,000	500,000	5,000
CIC Lifesciences Limited		99.89	132,625,435	191,205	132,625,435	191,205
Unipower (Private) Limited		70.00	376,000	238,075	376,000	238,075
CIC Properties (Private) Limited		100.00	4,500,000	45,000	4,500,000	45,000
Precision Agricultural Technologies (Private) Limited		60.00	840,000	8,400	840,000	8,400
				1,883,943		1,883,943
Provision for impairment of subsidiaries				(264,400)		(264,400)
<b>Total</b>				<b>1,619,543</b>		<b>1,619,543</b>

- i) In 2020/21, the Company has made an additional provision of Rs.37.0Mn against its investment in CIC Properties (Private) Limited. This has increased the total provision against the said investment to Rs.45.0 Mn.

Further, other investments were also tested for impairment and no provision was required. Moreover, based on the evaluation performed by the management, no additional impairment is required due to the effect of macro economic changes.

- ii) In 2018/19, the Company impaired its investment in CIC Agri Businesses (Private) Limited amounting to Rs.62.8Mn due to negative net assets position. Even though the net assets have become positive, based on the current macro economic situation of the country, the management intends to carry forward the said provision. Further, the Company has made a provision of Rs.8Mn and Rs.148.2Mn on the investment in CIC Properties (Private) Limited and Crop Management Services (Private) Limited due to reduction of net assets.

- iii) In 2017/18, the Company has made a provision of Rs.8.4Mn on the investment of CIC Precision Agricultural Technologies (Private) Limited due to the re-assignment of promotion of latest agricultural technologies to the respective entities of CIC Agri Businesses Group.
- iv) The subsidiaries of the Company are incorporated in Sri Lanka.
- v) The Company has neither contingent liabilities nor capital commitment in respect of subsidiaries.
- vi) The main activities of the subsidiary companies are given in page 228.

#### B. Investment in Subsidiaries in 2021

During the financial year 2020/21, the Company purchased 2,680,001 shares of CIC Agri Businesses (Private) Limited from Chemanex PLC, for a consideration of Rs. 200.33 Mn.

#### C. Inter Company Shareholdings

Investor	Investee	2022		2021	
		% Holding	Number of Shares	% Holding	Number of Shares
Chemanex PLC	CIC Feeds (Private) Limited	11.11	500,000	11.11	500,000
CIC Agri Businesses (Private) Limited	Chemanex PLC	2.84	444,604	2.84	444,604
Crop Management Services (Private) Limited	CIC Feeds (Private) Limited	6.44	290,100	6.44	290,100

#### D. Material Non Controlling Interest

The Group has assessed each subsidiary that has non-controlling interest based on contributions made to the Group revenue, profit, total assets and net assets. Following table summaries the information relating to the subsidiary which has a material non-controlling interest.

As at 31st March	CIC Agri Businesses (Private) Limited Group	
	2022 Rs.'000	2021 Rs.'000
NCI percentage	32.3%	32.3%
Non-current assets	2,087,062	2,039,636
Current assets	10,360,815	8,651,253
Non - current liabilities	525,002	589,327
Current liabilities	10,820,106	9,253,772
Profit after tax	194,254	751,143
Net cash flows generated from /(used in) in operating activities	(2,609,439)	3,156,129
Net cash flows generated from /(used in) investing activities	(136,435)	398,379
Net cash flows used in financing activities	(118,197)	(225,409)

# NOTES TO THE FINANCIAL STATEMENTS

## 23 EQUITY ACCOUNTED INVESTEEES

As at 31st March	Holding	2022		2021	
		No. of Shares	Cost	No. of Shares	Cost
	%		'Rs. '000		'Rs. '000
<b>Company</b>					
<b>Unquoted</b>					
Akzo Nobel Paints Lanka (Private) Limited					
Ordinary Shares	49.37	2,340,000	23,400	2,340,000	23,400
Non-Voting Shares	100.00	1,260,000	12,600	1,260,000	12,600
CIC Grains (Private) Limited	49.00	26,313,000	263,131	26,313,000	263,131
Provision for impairment of equity accounted investees			(263,131)		(263,131)
<b>Total</b>			<b>36,000</b>		<b>36,000</b>
<b>Group</b>					
<b>Unquoted</b>					
Akzo Nobel Paints Lanka (Private) Limited					
Ordinary Shares		2,340,000	23,400	2,340,000	23,400
Non-Voting Shares		1,260,000	12,600	1,260,000	12,600
Group share of net assets on deemed disposal		-	280,922	-	280,922
Rainforest Ecolodge (Private) Limited.		9,950,868	99,510	9,950,868	99,510
Rahimafrooz CIC Agro Limited		212,928	32,573	212,928	32,573
			<b>449,005</b>		<b>449,005</b>
Share of equity accounted investees retained earnings			754,092		704,423
Share of equity accounted investees other reserves			14,875		14,875
Share of losses absorbed -Rahimafrooz CIC Agro Limited			(32,573)		(32,573)
<b>Total</b>			<b>1,185,399</b>		<b>1,135,730</b>

The Group's interest in equity accounted investee relates to CIC Agri Businesses (Private) Limited's 49% interest in equity shareholding of Rahimafrooz CIC Agro Limited, an entity established in 2011/12 in Bangladesh. In adopting SLFRS 11- Joint Arrangements, the Group was required to recognise its interest in a joint venture using the equity method in accordance with LKAS 28- Investment in Associates and Joint Ventures. When changing from proportionate consolidation to the equity method, the Group recognised its investment in the joint venture as at the beginning of the immediately preceding period. Such was measured at the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated. The opening balance of the investment determined is regarded as the deemed cost of the investment at initial recognition. As the total of proportionately consolidated assets and liabilities resulted in negative net assets, CIC Agri Businesses (Private) Limited assessed whether it has legal or constructive obligations in relation to the negative net assets. The Consolidated Financial Statements have disclosed the cumulative unrecognised share of losses of its joint ventures as at 31 March 2015 of Rs. 112Mn. and other required disclosures in these Financial Statements.

- 23.1** Except for Rahimafrooz CIC Agro Limited incorporated in Bangladesh, all the other equity accounted investees are incorporated in Sri Lanka.
- 23.2** Though the Group continues to hold 49% of Rahimafrooz CIC Agro Limited, management has decided to withdraw from the operations carried out by the investee. In having withdrawn from the joint venture, the Group has been unable to obtain the information pertaining to the losses incurred by Rahimafrooz CIC Agro Limited as well as information pertaining to assets/liabilities as at the reporting date and for the previous year, amounts relating to the year 2015 have been disclosed herein.

<b>As at 31st March</b>	<b>2015</b>
	<b>Rs. 000</b>
Current assets	356,699
Non current assets	10,920
Current liabilities	(473,943)
Non current liabilities	(124,089)
Net assets	(230,413)

- 23.3** The main activities of the equity accounted investees are given in page 228. Registered business place of Rainforest Ecologde (Private) Limited is No 50, Nawam Mawatha, Colombo 02 and AkzoNobel Paints Lanka (Private) Limited is located at Level 10, Maga one,200, Nawala Road, Narahenpita, Colombo 05.
- 23.4** The Group has neither contingent liabilities nor capital commitments in respect of equity accounted investees.
- 23.5** In 2018/19 Directors of CIC Holdings PLC and CIC Agri Businesses (Private) Limited decided to impair its investment in Cropwiz (Private) Limited amounting to Rs.125.11Mn and Rs.78.19Mn due to the reduction of net assets.
- 23.6** CIC Grains (Private) Limited made losses which reduced its net assets to negative Rs.170.85Mn. Therefore in 2017/18 the Directors of CIC Holdings PLC and CIC Agri Businesses (Private) Limited decided to fully impair the investment made in the respective entities i.e. Rs. 263.13Mn and Rs. 273.87Mn respectively.

**23.7 Summarised financial information of equity accounted investees**

<b>As at 31st March</b>	<b>2022</b>	<b>2021</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>
Revenue	7,410,896	5,558,805
Expenses	(6,361,183)	(4,772,859)
Profit after tax	1,049,713	785,946
Non- current assets	677,686	648,116
Current assets	3,775,224	3,693,978
Total assets	4,452,910	4,342,094
Non- current liabilities	171,175	229,697
Current liabilities	2,328,159	2,222,540
Total liabilities	2,499,334	2,452,237
Net assets	1,953,576	1,889,857

# NOTES TO THE FINANCIAL STATEMENTS

23.8 The below table reconciles the summarised financial information to the carrying amount of the Group's interest in Associates.

As at 31st March	Group	
	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	1,135,730	951,428
Share of profit of equity accounted investees	643,440	466,488
Share of other comprehensive income	7,429	(1,986)
Dividend received	(601,200)	(280,200)
At the end of the year	1,185,399	1,135,730

## 24 EQUITY INVESTMENT AT FAIR VALUE THROUGH OCI

The Company designated the investments shown below as equity investments at FVOCI because these equity investments represent investments that the Company intends to hold for strategic purpose. No strategic investments were disposed during 2020/21 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Carrying value at the beginning of the year	254,841	198,038	263,409	203,603
Additions	1,052,566	-	1,052,566	4,763
Fair value gain/ (loss)	(79,280)	56,803	(79,478)	60,459
Disposal	-	-	-	(5,416)
Carrying value at the end of the year	1,228,127	254,841	1,236,497	263,409

As at 31st March	No of shares	2022		2021		
		Share Price (Rs)	Fair Value Rs. '000	No of shares	Share Price (Rs)	Fair Value Rs. '000
<b>Quoted</b>						
John Keells Holdings PLC	8,469,844	145.00	1,228,127	1,716,100	148.50	254,841

As at 31st March	No of shares	2022		2021		
		Share Price (Rs)	Fair Value Rs. '000	No of shares	Share Price (Rs)	Fair Value Rs. '000
<b>Quoted</b>						
Muller & Phipps (Ceylon) PLC	300	1	-	300	1	-
John Keells Holdings PLC	8,526,544	145.00	1,236,347	1,772,800	148.50	263,259
			1,236,347			263,259

As at 31st March	No of shares	2022		2021		
		Share Price (Rs)	Fair Value Rs. '000	No of shares	Share Price (Rs)	Fair Value Rs. '000
<b>Unquoted</b>						
Equity Investments (Lanka) Limited	15,000		150	15,000		150
			150			150
Total			1,236,497			263,409

The fair value of financial instruments traded in active market is based on quoted market prices as at the reporting date. The disclosures relating to fair value measurement are given in Note 2.4.3 to the Financial Statements.

## 25 INVENTORIES

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Raw materials and consumables	438,867	457,935	5,240,952	3,531,367
Packing materials	-	-	372,612	245,273
Work-in-progress	41,651	94,431	457,345	362,885
Finished goods	1,374,760	1,682,634	2,982,716	2,974,471
Goods-in-transit	502,029	407,024	1,387,056	1,788,992
	<b>2,357,307</b>	2,642,024	<b>10,440,681</b>	8,902,988
Provision for obsolete and slow moving inventories (Note 25.1)	(390,200)	(300,405)	(898,664)	(605,829)
<b>Total</b>	<b>1,967,107</b>	2,341,619	<b>9,542,017</b>	8,297,159

Inventories are stated at cost or net realisable value, whichever is lower. The breakup of the carrying value of inventories is as follows:

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At cost	1,967,107	2,341,619	9,542,017	8,297,159
At net realisable value	-	-	-	-
<b>Total</b>	<b>1,967,107</b>	2,341,619	<b>9,542,017</b>	8,297,159

### 25.1 Provision for obsolete and slow moving inventories

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	300,405	389,482	605,829	708,100
Provision made during the year	94,916	75,320	379,495	77,016
Written off during the year	(5,121)	(164,397)	(86,660)	(179,287)
<b>At the end of the year</b>	<b>390,200</b>	300,405	<b>898,664</b>	605,829

25.2 The Group has obtained bank facilities on the negative pledge on inventories.

# NOTES TO THE FINANCIAL STATEMENTS

## 26 TRADE RECEIVABLES

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Trade receivables from Group Companies (Note 26.1)	2,771	844	-	-
Other trade receivables	3,015,561	3,108,306	5,603,083	5,912,381
Bills receivable	32,341	34,661	150,769	115,444
<b>Total</b>	<b>3,050,673</b>	<b>3,143,811</b>	<b>5,753,852</b>	<b>6,027,825</b>
Less : Provision for impairment for trade receivables (Note 26.2)	(462,459)	(508,309)	(1,014,856)	(1,192,759)
<b>Total</b>	<b>2,588,214</b>	<b>2,635,502</b>	<b>4,738,996</b>	<b>4,835,066</b>

\* Bank facilities have been obtained on negative pledge on trade receivables.

### 26.1 Trade Receivables from Group Companies

As at 31st March	Company	
	2022 Rs.'000	2021 Rs.'000
CIC Agri Businesses (Private) Limited	1,657	-
Chemnex PLC	-	8
Link Natural Products (Private) Limited	111	96
CIC Feeds (Private) Limited	319	-
CIC Dairies (Private) Limited	295	551
CIC Seeds (Private) Limited	152	108
CIC Dairy Breeding & Management (Private) Limited	-	81
CISCO Specialty Packaging (Private) Limited	237	-
<b>Total</b>	<b>2,771</b>	<b>844</b>

### 26.2 Provision for impairment for trade receivables

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	508,309	479,740	1,192,759	1,114,652
Provision/ (reversal) made during the year	(23,932)	55,421	(55,524)	114,557
Written off during the year	(21,918)	(26,852)	(122,379)	(36,450)
<b>At the end of the year</b>	<b>462,459</b>	<b>508,309</b>	<b>1,014,856</b>	<b>1,192,759</b>

The contractual amount outstanding on trade receivables that were written off during the year ended 31st March 2021 were not subject to any enforcement activity.

### 26.3 Trade Receivables Currency-wise

As at 31st March	Company		Group	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sri Lankan Rupees	3,018,332	3,109,150	5,603,083	5,912,381
US Dollars	32,341	34,661	117,445	91,518
Aus. Dollars	-	-	136	-
Euro	-	-	33,188	23,926
<b>Total</b>	<b>3,050,673</b>	<b>3,143,811</b>	<b>5,753,852</b>	<b>6,027,825</b>

### 27 OTHER RECEIVABLES

As at 31st March	Company		Group	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non trade receivables from Group companies (Note 27.1)	122,553	66,153	-	-
Other non trade receivables (Net)	640,921	309,704	2,310,063	835,970
Short term loans granted to subsidiaries ( Note A)	55,000	55,000	-	-
Subsidy receivable	-	-	5,303,076	4,988,075
VAT Receivable	39,175	54,548	90,888	94,105
Loans to employees	3,838	7,231	35,934	47,907
Pre-paid staff cost	1,585	1,805	6,840	12,150
	863,072	494,441	7,746,801	5,978,207
Less : Provision for impairment of other receivables (Note 27.2)	(104,891)	(104,891)	(132,131)	(132,131)
<b>Total</b>	<b>758,181</b>	<b>389,550</b>	<b>7,614,670</b>	<b>5,846,076</b>

A Short term loans granted to subsidiaries include Rs. 55Mn of CIC Properties (Private) Limited at an interest rate of 12.26% which is payable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

## 27.1 Non Trade Receivable from Group Companies

As at 31st March	Company	
	2022 Rs.'000	2021 Rs.'000
ChemaneX PLC	11,581	3,032
CISCO Speciality Packaging (Private) Limited	12,032	-
CIC Agri Businesses (Private) Limited	12,332	1,066
CIC Feeds (Private) Limited	14,887	1,139
CIC Cropguard (Private) Limited	3,691	-
Crop Management Services (Private) Limited	531	380
CIC Agri Produce Export (Private) Limited	876	573
CIC Agri Produce Marketing (Private) Limited	58	40
CIC Grains (Private) Limited	1,119	856
CIC Seeds (Private) Limited	1,923	177
CIC Dairies (Private) Limited	4,146	693
CIC Lifesciences Limited	1,949	1,185
CIC Dairy Breeding & Management (Private) Limited	2,238	1,711
CIC Properties (Private) Limited	55,732	55,563
Cropwiz (Private) Limited	-	80
Link Natural Products (Private) Limited	-	220
Unipower (Private) Limited	1,093	1,154
<b>Total</b>	<b>124,188</b>	<b>67,869</b>
Less: Provision for impairment	(1,635)	(1,716)
<b>Total</b>	<b>122,553</b>	<b>66,153</b>

## 27.2 Provision for impairment of other receivables

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	104,891	109,306	132,131	130,800
Provision/(reversal) made during the year	-	(4,381)	-	1,365
Write-off during the year	-	(34)	-	(34)
<b>At the end of the year</b>	<b>104,891</b>	<b>104,891</b>	<b>132,131</b>	<b>132,131</b>

## 28 EQUITY INVESTMENT AT FAIR VALUE THROUGH OCI

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Carrying value at the beginning of the year	25,844	21,230	1,971,669	764,927
Additions	702	687	194,165	1,457,601
Fair value gain/(loss)	(2,993)	3,927	(27,656)	494,877
Disposals	-	-	(141,364)	(745,736)
Carrying value at the end of the year	23,553	25,844	1,996,814	1,971,669

Company	2022			2021		
	Share price (Rs.)	No of shares	Fair value Rs.'000	Share price (Rs.)	No of shares	Fair value Rs.'000
<b>Quoted</b>						
Ceylon Hospitals PLC	104.50	5,628	588	101.25	5,628	570
Renuka Agri Foods PLC	3.60	153,200	551	3.50	153,200	537
Hatton National Bank PLC- Voting	109.25	186,560	20,382	126.00	181,889	22,918
Hatton National Bank PLC- Non-Voting	105.00	19,342	2,032	97.20	18,719	1,819
Total			23,553			25,844

Group	2022			2021		
	Share price (Rs.)	No of shares	Fair value Rs.'000	Share price (Rs.)	No of shares	Fair value Rs.'000
<b>Quoted</b>						
Ceylon Hospitals PLC	104.50	5,628	588	101.25	5,628	570
Renuka Agri Foods PLC	3.60	153,200	551	3.50	153,200	537
Hatton National Bank PLC- Voting	109.25	1,480,636	161,759	126.00	1,443,556	181,888
Hatton National Bank PLC- Non-Voting	105.00	19,342	2,032	97.20	18,719	1,819
John Keells Holdings PLC	145.00	12,605,234	1,827,759	148.50	11,417,835	1,695,549
Dipped Products PLC	32.50	126,891	4,125	-	-	-
Lanka Orix Leasing Company PLC	-	-	-	292.00	312,692	91,306
Total			1,996,814			1,971,669

All fair value through OCI financial assets are designated as level 1 in the fair value hierarchy as the mentioned short term investments are all quoted and actively traded in the Colombo Stock Exchange. There have been no transfers between level 1 and level 2 during the year.

During the year there have been disposals of strategic investments and the cumulative gain or loss has been transferred within equity.

# NOTES TO THE FINANCIAL STATEMENTS

## 29 CASH AND CASH EQUIVALENTS

### 29.1 Favourable cash and cash equivalents

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cash and bank balances	374,684	237,499	1,898,990	1,192,112
Short term deposits	-	-	378,005	163,000
	374,684	237,499	2,276,995	1,355,112
Cash and cash equivalents classified as assets held for sale	-	-	986	2,588
Cash and cash equivalents classified as assets held for distribution	-	-	45,438	30,844
	374,684	237,499	2,323,419	1,388,544

### 29.2 Unfavourable cash and cash equivalents

Bank overdraft	(83,362)	(2,714)	(806,686)	(488,854)
Short term bank loans	(3,258,788)	(3,517,923)	(10,001,723)	(8,740,423)
	(3,342,150)	(3,520,637)	(10,808,409)	(9,229,277)
Cash and cash equivalents classified as assets held for sale	-	-	(136,786)	(136,512)
Interest bearing short-term borrowings for the purpose of cash flow statement	(3,342,150)	(3,520,637)	(10,945,195)	(9,365,789)
Cash and cash equivalents for the purpose of cash flow statements	(2,967,466)	(3,283,138)	(8,621,776)	(7,977,245)

## 30 STATED CAPITAL

As at 31st March	Company			
	2022		2021	
	No. of shares	Rs.,000	No. of shares	Rs,000
<b>Ordinary Shares</b>				
As at the beginning of the year	291,600,000	789,750,000	72,900,000	789,750,000
As at the end of the year	291,600,000	789,750,000	291,600,000	789,750,000
<b>Non-Voting (Class X ) Shares</b>				
As at the beginning of the year	87,480,000	218,700,000	21,870,000	218,700,000
As at the end of the year	87,480,000	218,700,000	87,480,000	218,700,000
Total	379,080,000	1,008,450,000	379,080,000	1,008,450,000

The holders of Ordinary shares (Voting) are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 05th January 2021, a special resolution stating sub-division of shares has been duly passed by the shareholders unanimously at the Extra Ordinary General Meeting of the Company held on the said date. Accordingly, number of shares of the Company, after the subdivision is as follows:

	Ordinary Voting shares No. of shares	Non-Voting (Class-X) Shares	Total Shares
No of shares prior to the sub-division	72,900,000	21,870,000	94,770,000
No of shares after the sub-division	291,600,000	87,480,000	379,080,000

### 31 CAPITAL RESERVES

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	<b>1,554,197</b>	1,477,524	<b>2,818,526</b>	2,360,463
Surplus on revaluation	<b>313,785</b>	231,486	<b>697,803</b>	717,260
Realization of capital reserve on account of disposal of subsidiary	-	(128,520)	-	(249,194)
Deferred tax on revaluation of land	<b>(75,308)</b>	(55,557)	<b>(147,830)</b>	(147,527)
Deferred tax on tax rate change	-	29,264	-	106,931
Adjustment due to change in holding	-	-	-	30,593
At the end of the year	<b>1,792,674</b>	1,554,197	<b>3,368,499</b>	2,818,526

Capital reserves consist of revaluation reserves and reserves on scrip issue.

Revaluation reserves relates to revaluation of lands and represents the increase in the fair value of the lands.

Reserves on scrip issue is originated from post-acquisition scrip issues made by the subsidiaries.

### 32 REVENUE RESERVES

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Summary</b>				
General reserves	<b>782,604</b>	782,604	<b>720,306</b>	743,316
Retained earnings	<b>2,568,889</b>	1,655,691	<b>11,637,265</b>	8,731,316
Fair value reserves	<b>(119,045)</b>	(36,772)	<b>(223,858)</b>	(77,141)
	<b>3,232,448</b>	2,401,523	<b>12,133,713</b>	9,397,491

Revenue reserves comprise of retained earnings, general reserves and fair value reserves.

General reserve is the amount appropriated by the Board of Directors.

The fair value reserve arises on the fair value change of financial assets recognised in the other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

## 33 LOANS AND BORROWINGS

### 33.1 Loans and borrowings repayable after one year

	Company		Group	
	2022	2021	2022	2021
As at 31st March	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Bank loans (Note 33.2)	-	-	59,991	150,928
Lease liability relating to right-of-use asset (Note 33.3)	75,961	78,575	278,075	177,948
	75,961	78,575	338,066	328,876

### 33.2 Bank Loans

	Company		Group	
	2022	2021	2022	2021
As at 31st March	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	-	-	410,055	1,051,507
Obtained during the year	-	-	10,816	-
Repayments during the year	-	-	(244,921)	(641,452)
At the end of year	-	-	175,950	410,055
Less: repayable within one year	-	-	(115,959)	(259,127)
Repayable after one year	-	-	59,991	150,928

There are no bank loans payable after five years in the Company or Group.

### 33.3 Lease liability relating to right-of-use asset

	Company		Group	
	2022	2021	2022	2021
As at 31st March	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	79,792	93,935	201,672	236,248
New lease additions	-	-	263,839	75,243
De-recognition	-	-	(30,787)	(73,510)
Interest charge	8,650	9,485	33,950	23,924
Rent waive off received	-	-	(1,296)	(615)
Payments	(9,867)	(23,628)	(162,228)	(59,618)
At the end of the year	78,575	79,792	305,150	201,672
Less: Repayable within one year	(2,614)	(1,217)	(27,075)	(23,724)
Repayable after one year	75,961	78,575	278,075	177,948

### 33.4 Loans and borrowings repayable within one year from the year end

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Bank loans	-	-	115,959	259,127
Lease liability relating to right-of-use asset	2,614	1,217	27,075	23,724
Bank overdrafts	83,362	2,714	806,686	488,854
Short term loans	3,258,788	3,517,923	10,001,723	8,740,423
<b>Total</b>	<b>3,344,764</b>	<b>3,521,854</b>	<b>10,951,443</b>	<b>9,512,128</b>

### 33.5 Analysis of loans and borrowings payable after one year

Company	Lender	Interest Rate	Repayment Term	2022 Rs. Mn	2021 Rs. Mn	Security
CIC Dairies (Private) Limited	Seylan Bank	AWPLR+ 1.50%	Monthly	58.31	115.50	
CISCO Speciality Packaging (Private) Limited	Commercial Bank	AWPLR	Monthly	1.68	20.43	Plant Machinery
Link Natural Products (Private) Limited	State Bank of India	AWPLR+ 0.5%		-	15.00	Mortgaged land & building
<b>Total</b>				<b>59.99</b>	<b>150.93</b>	

## 34 RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Present value of the gratuity</b>				
At the beginning of the year	163,249	171,266	769,585	701,286
Current service cost	16,783	18,163	44,412	63,720
Benefits paid by the plan	(7,515)	(22,253)	(28,078)	(71,089)
Interest cost	13,060	17,982	63,445	71,863
Actuarial (gains)/losses	(6,167)	(21,909)	1,856	3,805
Past service cost	(23,794)	-	(31,146)	-
<b>As at the end of the year</b>	<b>155,616</b>	<b>163,249</b>	<b>820,074</b>	<b>769,585</b>

# NOTES TO THE FINANCIAL STATEMENTS

## A Retirement benefit cost is recognised in the following line items in the Statements of Profit or Loss and Other Comprehensive Income

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cost of sales	39	560	22,636	24,581
Distribution expenses	5,196	17,752	15,769	33,016
Administrative expenses	814	17,833	38,306	77,986
	6,049	36,145	76,711	135,583
Other comprehensive income	(6,167)	(21,909)	1,856	3,805
Total	(118)	14,236	78,567	139,388

The gratuity liability of the Company, and the Group is based on the actuarial valuation carried out by Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The liability is not externally funded and it is a non-contributory defined benefit plan.

## B LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefits that employees have earned in return for their service in the current and prior periods and discount that benefit using projected unit credit method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

	Group	
	2022	2021
Rate of discount	15%	8%
Salary increase	13%	7%
Retirement age	60 years	55 years
Staff turnover rate-up to age 54+	2%	2%
Staff turnover rate-after age 54	0%	0%

Weighted average retirement age of the Company is 11.79 Years

Assumptions regarding future mortality are based on a 67/70 mortality table, issued by Institute of Actuaries, London.

The demographic assumptions underlying the valuation with respect to retirement age, early withdrawals from the services and retirement on medical grounds.

## C. Sensitivity of assumptions used

A change in discount rate and in salary increase would change in the present value of the retirement benefit obligations as follows:

As at 31st March 2022	Increase by 1%		Decrease by 1%	
	Discount Rate	Future Salary Growth	Discount Rate	Future Salary Growth
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Company - The present value change in retirement benefit obligation	(14,903)	17,949	17,313	(15,661)
Group - The present value change in retirement benefit obligation	(47,233)	55,230	52,810	(49,017)

D. Below table summarises the maturity profile of the defined benefit obligation

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Within the next 12 months	11,366	8,852	152,595	193,763
Between 1-2 years	-	-	50,217	18,476
Between 2-5 years	16,827	45,538	201,253	197,675
Between 5-10 years	48,378	35,991	198,749	183,579
Beyond 10 years	79,045	72,868	217,260	176,092
Total	155,616	163,249	820,074	769,585

During the financials Year 2021/2022, the Pension Arrangement was adjusted to reflect new legal requirement as per Minimum retirement age of Workers Act No.28 of 2021 regarding the retirement age. As a result of the plan amendment, Company/ Group defined benefit obligation decrease by Rs.23.79Mn and Rs.31.15Mn respectively (2020/2021- nil).

35 GRANTS

As at 31st March	Group	
	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	7,831	8,663
Amortised during the year	(588)	(832)
At the end of the year	7,243	7,831

Grants are amortised over the useful life of the asset. Details of grants are as follows;

Beneficiary	Purpose	Grantor	Carrying Value	
			2022 Rs.'000	2021 Rs.'000
CIC Agri Businesses (Private) Limited	Dairy development in the Eastern Province	Land O'Lakes, Inc	7,243	7,798
Link Natural Products (Private) Limited	Out grower medicinal crops cultivation and processing project in Monaragala and Ampara district.	Connecting Regional Economies (USAID/CORE)	-	33
			7,243	7,831

# NOTES TO THE FINANCIAL STATEMENTS

## 36 TRADE PAYABLES

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Trade payables to Group Companies ( Note 36.1)	28,901	8,223	-	-
Bills payable	2,363,416	1,609,610	7,173,023	7,419,604
Other trade payables	65,113	38,927	2,162,537	888,864
<b>Total</b>	<b>2,457,430</b>	<b>1,656,760</b>	<b>9,335,560</b>	<b>8,308,468</b>

### 36.1 Trade Payables to Group Companies

As at 31st March	Company	
	2022 Rs.'000	2021 Rs.'000
CISCO Speciality Packaging (Private) Limited	-	730
CIC Lifesciences Limited	28,901	7,493
	<b>28,901</b>	<b>8,223</b>

### 36.2 Currency-wise trade payable

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
US Dollars	1,776,709	1,180,122	7,460,099	6,960,614
Euros	230,169	93,346	303,096	200,334
Sterling Pounds	-	199	1,711	1,210
Singapore Dollars	59,722	28,960	59,722	40,862
Swiss Franc	-	365	-	365
Sri Lankan Rupees	390,830	353,768	1,150,932	1,105,083
	<b>2,457,430</b>	<b>1,656,760</b>	<b>9,335,560</b>	<b>8,308,468</b>

**37 INCOME TAX PAYABLE/ (RECEIVABLE)**

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	125,907	(165,334)	337,351	(306,522)
Provision made during the year				
- continuing operations	297,307	210,484	854,844	864,390
- discontinued operations	-	-	77	153
Under Provisions in respect of previous years	4,366	-	13,817	1,789
Irrecoverable ESC written off	-	35,307	29,645	124,009
Irrecoverable tax written off	-	47,342	-	47,342
Payments made during the year	(229,525)	(1,892)	(808,314)	(462,919)
Income tax on other comprehensive income	-	-	(9,673)	69,109
At the end of the year	198,055	125,907	417,747	337,351
Income tax payable	198,055	125,907	418,052	458,310
Income tax receivable	-	-	(305)	(120,959)
Total	198,055	125,907	417,747	337,351

**38 ACCRUALS AND OTHER PAYABLES**

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Other payables to Group Companies (Note 38.1)	32,211	41,047	-	-
Other payables	384,598	265,337	1,249,066	1,086,516
Accruals	302,681	311,257	642,362	585,895
Total	719,490	617,641	1,891,428	1,672,411

**38.1 Other payables to Group Companies**

Colombo Industrial Agencies Limited	31,996	24,483	-	-
CIC CropGuard (Private) Limited	-	3,138	-	-
CISCO Speciality Packaging (Private) Limited	-	13,426	-	-
Link Natural Products (Private) Limited	215	-	-	-
	32,211	41,047	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 39 CAPITAL COMMITMENTS

There were no capital commitments, which have been approved or contracted for as at the reporting date.

## 40 CONTINGENT LIABILITIES

CIC Feeds (Private) Limited provided Corporate Guarantee of Rs.600Mn to Bank of Ceylon on behalf of its subsidiary CIC Poultry Farms Limited.

There are no other material contingent liabilities as at the reporting date, which require adjustment and/or disclosure in the Financial Statements.

## 41 EVENTS AFTER THE REPORTING DATE

### Final dividend declaration

The Board of Directors has recommended a final dividend of Rs.1.00 per share amounting to Rs.379.08Mn on the issued capital of both Ordinary and Non-Voting (Class X) shares which is payable on 22nd July 2022 if approved by the Shareholders at the Annual General Meeting.

### Further investment in Unipower (Private) Limited

As resolved by the Board of Directors on 23rd May 2022, the Company purchased remaining 161,400 shares of Unipower (Private) Limited on 26th May 2022 for a purchase consideration of Rs. 189.6Mn

There are no other material events have taken place as at the reporting date, which require adjustment and/or disclosure in the Financial Statements.

## 42 LEASES

See accounting policy in Note 3.9.

### 42.1 Leases as lessee (SLFRS 16)

Group has entered in to lease agreements with several parties to use their lands, buildings. A subsidiary has rented out its leased premises to outsiders for a shorter period.

Lessee	Location	Nature	Period
CIC Agri Businesses (Private) Limited	Colombo 02	Office Premises	01/08/2020 - 30/07/2022
CIC Agri Businesses (Private) Limited	Rathnapura	Office Premises	01/04/2017 - 31/03/2022
CIC Agri Businesses (Private) Limited	Midgame	Office Premises	01/07/2019 - 30/06/2024
CIC Agri Produce Marketing (Private) Limited	Pelwehera	Land (100 acres)	02/07/2008 - 02/07/2038
CIC Seeds (Private) Limited	Hingurakgoda	Land/Farm	08/17/1998 - 8/16/2048
CIC Seeds (Private) Limited	Pelwehera	Land/Farm	08/31/2001 - 8/30/2051
CIC Seeds (Private) Limited	Talawa	Land/Farm	11/13/2002 - 11/12/2032
CIC Seeds (Private) Limited	Jawatta	Sales Outlet	05/1/2017 - 4/30/2021
CIC Seeds (Private) Limited	NCC	Sales Outlet	07/1/2017 - 6/30/2022
CIC Seeds (Private) Limited	Ex way Side A	Sales Outlet	04/1/2017 - 3/31/2022
CIC Seeds (Private) Limited	Ex way Side B	Sales Outlet	04/1/2017 - 3/31/2022
CIC Seeds (Private) Limited	WTC	Sales Outlet	05/15/2018 - 5/14/2021
CIC Dairies (Private) Limited	Dambulla	Factory Land	09/09/2011 - 8/9/2041
Chemanex PLC	Galle Face Court -2	Office Premises	01/01/2019-31/12/2022
Link Natural Products (Private) Limited	Palugama	Agricultural Land	13/09/2017 - 12/09/2022
Link Natural Products (Private) Limited	Palugama	Agricultural Land	17/05/2019 - 16/05/2024
Link Natural Products (Private) Limited	Nallathanniya - Sripada	Promotional Activities - Sripada Relief Zone Land	01/12/2017- 30/11/2021
Link Natural Products (Private) Limited	Nallathanniya - Sripada	Promotional Activities - Sripada Relief Zone Land	01/12/2017- 30/11/2021
Link Natural Products (Private) Limited	Nallathanniya - Sripada	Promotional Activities - Sripada Relief Zone Land	01/12/2017- 30/11/2021
Link Natural Products (Private) Limited	Jaffna	Agricultural Land	01/08/2017 - 31/07/2022
Link Natural Products (Private) Limited	Nallathanniya - Sripada	Promotional Activities - Sripada Relief Zone Building	31/12/2016 - 31/12/2021
Link Natural Products (Private) Limited	Nallathanniya - Sripada	Promotional Activities - Sripada Relief Zone Building	01/10/2017 - 30/09/2024
Link Natural Products (Private) Limited	Jaffna	Agricultural Land	01/10/2019 - 30/09/2022
Link Natural Products (Private) Limited	Malinda - Kapugoda	Bicycle Parking land	01/12/2021 - 30/11/2026
CIC Poultry Farms Limited	Mundel- Madurankuliya	Broiler Farm Cages	31/01/2021- 30/01/2028

Below lease arrangements have been handed over to the Mahaweli Authority of Sri Lanka in November 2021.

- CIC Dairy Breeding & Management (Private) Limited - Muthuwella & Siddhapura Farm Lands

# NOTES TO THE FINANCIAL STATEMENTS

## 42.1.1 Right-of-use-assets

Right-of-use-assets related to leased properties that do not meet the definition of investment property are presented as property, plant & equipment (See Note 16).

Company 2022	Buildings Rs.'000	Total Rs.'000
Balance as at 01st April 2021	69,489	69,489
Depreciation charge for the year	(5,522)	(5,522)
Balance as at 31st March 2022	63,967	63,967

Company 2021	Buildings Rs.'000	Total Rs.'000
Balance as at 01st April 2020	81,530	81,530
Depreciation charge for the year	(12,041)	(12,041)
Balance as at 31st March 2021	69,489	69,489

Group 2022	Lands Rs.'000	Buildings Rs.'000	Total Rs.'000
Balance as at 01st April 2021	164,199	21,502	185,701
Addition to right-of-use assets	-	263,839	263,839
De-recognition of right-of-use asset	(27,085)	-	(27,085)
Depreciation charge for the year	(7,413)	(41,672)	(49,085)
Balance as at 31st March 2022	129,701	243,669	373,370

Group 2021	Lands Rs.'000	Buildings Rs.'000	Total Rs.'000
Balance as at 01st April 2020	169,628	55,129	224,757
Transferred from investment in sub-lease	-	1,436	1,436
Disposal	-	(8,212)	(8,212)
New lease addition	69,510	5,733	75,243
Adjustment	-	1,034	1,034
De-recognition of right-of-use asset	(66,666)	-	(66,666)
Depreciation charge for the year	(8,273)	(33,618)	(41,891)
Balance as at 31st March 2021	164,199	21,502	185,701

#### 42.1.2 Amounts recognised in profit or loss

	Company Rs.'000	Group Rs.'000
2022-Leases under SLFRS 16		
Interest on lease liabilities	(8,650)	(33,950)
Expenses relating to short-term leases	(7,920)	(15,840)
Amortisation of right-of-use asset	(5,522)	(49,085)
2021-Leases under SLFRS 16		
Interest on lease liabilities	(9,485)	(23,924)
Income from sub-leasing right-of-use assets presented in "finance income"	384	13
Expenses relating to short-term leases	(660)	(1,320)
Amortisation of right-of-use asset	(12,041)	(41,891)

Expense relating to short term lease includes rental payment for stores premises located at Sapugaskanda.

#### 42.1.3 Amounts recognised in statement of cash flows

	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Payment of lease rentals	(9,867)	(23,628)	(162,228)	(59,618)
Expenses relating to short term leases	(7,920)	(660)	(15,840)	(1,320)

#### 42.1.4 Extension options

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses on lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within the control.

#### 42.1.5 Maturity analysis - Contractual undiscounted cash flows

	Company Rs.'000	Group Rs.'000
Less than one year	10,931	37,736
Later than one year and not later than five years	44,633	146,749
More than five years	86,353	163,754
Total undiscounted lease liability	141,917	348,239

# NOTES TO THE FINANCIAL STATEMENTS

## 42.2 Leases as lessor

The Group leases out its leased properties. All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease, which the Group has classified as a finance sub-lease.

### 42.2.1 Lease

During 2020, the Group has sub-leased a building that has been presented as part of right-of-use asset, property, plant & equipment. In mid 2021, Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets and the lease period is also for a shorter term.

Rental income recognised by the Group during 2022 was Rs.5.93Mn (2021-Rs. 5.06Mn)

Undiscounted lease payments to be received within less than nine months after the year end is Rs.4.85Mn. (2021- Rs. 2.15Mn)

## 43 RELATED PARTY DISCLOSURE

The Company carried out transactions in the ordinary course of the business on an arm's length basis at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures', except for the transactions that the Key Management Personnel (KMP) have availed under schemes uniformly applicable to all staff at concessionary rates.

### 43.1 Parent and Ultimate Controlling Party

Nature of transaction	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Statement of Profit or Loss and Other Comprehensive Income</b>				
Sale of goods	525,136	305,688	559,208	310,759
Purchase of goods	672	1,443	672	1,443
<b>Statement of Changes in Equity</b>				
Dividend paid	356,280	197,933	356,280	197,933
<b>Statement of Financial Position</b>				
Trade receivables	92,397	138,448	114,174	139,408
Trade payables	498	498	498	498

Company/ Group neither obtained nor granted any corporate guarantees to Paints and General Industries Limited.

### 43.2 Key Management Personnel (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

#### KMP of the Company

The Board of Directors (including Executive and Non-Executive) of the Company have been classified as KMP of the Company.

#### KMP of the Group

The Board of Directors (including Executive and Non-Executive) of the Company and the Board of Directors of the holding company have been classified as KMP of the Group. The officers who are only Directors of subsidiaries and not of the company have been classified as KMP for that subsidiary.

#### 43.2.1 Transactions with KMP

##### Loans to Directors

No loans have been granted to the Directors of the Company/ Group.

##### Key Management Personnel Compensation

The details of compensation are given in Note 11 to the Financial Statements.

##### Other Transactions with Key Management Personnel

The names of Directors of CIC Holdings PLC, who are also Directors of subsidiaries, sub-subsidiaries and the equity accounted investees, are as follows:

Mr. S.H. Amarasekera  
Mr. R.S. Captain  
Mr. S. Fernando (Resigned wef 26.08.2021)  
Mr. M.P. Jayawardena  
Mr. P.R. Saldin  
Mr. J.R. Gunaratne  
Mr. D.T.S.H. Mudalige  
Mr. S.M. Enderby

Details of Directors and their spouses' shareholdings are given in the Annual Report of the Directors' on the Affairs of the Company on page 121.

#### 43.3 Transactions with Subsidiaries

Nature of transaction	Company	
	2022 Rs:'000	2021 Rs:'000
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Handling commission	89,529	84,358
Interest on short term loan	22,848	1,186
Purchase of goods	49,889	51,428
Rent paid	9,868	9,108
Rent received	22,299	21,237
Royalty	-	90
Sale of goods	29,641	3,812
Service charge	86,680	83,102
Staff cost paid	45,021	48,895
Staff cost received	27,488	22,826
<b>Statement of Changes in Equity</b>		
Dividend received	345,800	285,858
<b>Statement of Financial Position</b>		
Payables - Non Trade	32,211	41,047
Payables short term loan	400,000	400,000
Payables -Trade	28,901	8,223
Receivable - Non Trade	124,188	67,869
Receivables - Trade	2,771	844
Receivables short term loan	55,000	55,000

Transactions relating to Corporate Guarantees have been disclosed under Contingent Liabilities Note 40.

## NOTES TO THE FINANCIAL STATEMENTS

- (i) Companies within the Group engage in trading transactions under normal commercial terms and conditions.
- (ii) Company provides office space to some of its subsidiaries and charge rent. In addition, the Company provides certain shared services such as data processing and administration functions. The related costs are allocated to subsidiaries and equity accounted investees.

### 43.4 Transactions with Other Related Companies

Nature of transaction	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>Statement of Profit or Loss and Other Comprehensive Income</b>				
Purchases of goods	11,049	11,106	218,371	153,929
Sale of Goods	11,234	7,997	11,720	8,926
Rent received	157	157	157	157
<b>Statement of Changes in Equity</b>				
Dividend received	601,200	280,200	601,200	280,200
<b>Statement of Financial Position</b>				
Receivables - Non Trade	170	354	170	354
Receivables - Trade	2,952	1,685	2,957	2,614
Payables -Trade	868	2,177	50,589	25,258

- (i) Transactions relating to Corporate Guarantees have been disclosed in Contingent Liabilities Note 40.
- (ii) During the year, there were no recurring related party transactions of the Company which require disclosures in the Annual Report as per the requirements of section 9.3.2(b) of the CSE Listing Rules.

### 43.5 Non recurring related party transaction

There were no non-recurring related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the Company as at 31st March 2021 audited Financial Statements, which require additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

## 44 **IMPACT FROM RAPID CHANGES IN MACRO ECONOMIC FACTORS**

### **The Macro Economic Environment of Sri Lanka**

Sri Lanka is currently in an economic, fiscal and monetary turmoil which has resulted in an economic recession. This has been further fuelled by the rating downgrade to "Default Imminent (C)" when the Government of Sri Lanka announced that it will withhold payments to bonds and foreign debts on 12th April 2022.

In light of the decreasing foreign reserves, Central Bank of Sri Lanka made several policy decisions such as floating the rupee on 10th March 2022, which led to a rapid rupee depreciation against major foreign currencies. The severe shortage of foreign currency has left the Government of Sri Lanka unable to pay for essential imports, including fuel, foods, gas, and medicine. At the same time, Sri Lanka's annual inflation scaled to 18.7 percent in March of 2022 from 3.9 percent in April 2021. The Banks have restricted and imposed controls on the foreign currency payments made to outside of Sri Lanka, which has disrupted the economy of the country which is mainly based on imports and consumption.

### **Impact on Internal Operations & Business Continuity of the Group**

The Group's most of the businesses operate in essential category. The Group evaluates its resilience of its businesses considering the factors such as cash reserves, potential sources of financing, foreign currency receipts and profitability; if required and possibility of differing of non-essential capital expenditure. Further, since there is a possibility of default risk from the customers, Group, at each business level a disciplined approach has been adopted to optimise the collection via a rigid credit control management process. Group did not extend the credit terms other than in the normal business terms.

Further, the Group has negotiated with its foreign suppliers and has negotiated better terms. And also the Group has not determined impairment on property, plant & equipment as at the reporting date due to negative impact of the change in macro economic condition. Business operations are carrying forward under the business continuity plan, allowing operations to function through alternative working arrangements while encoring the cost saving mechanisms.

### **Company's responses on the impact on the future operations and the financial condition of the Group**

The Management will continue to monitor the situation and take required mitigating actions to minimise the impact of these macro economic factors while ensuring that the business operations are carried out without disruption while ensuring the health and safety of the employees and satisfaction of the customers of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## 45 FINANCIAL INSTRUMENTS

### Risk Management

The Group's principal financial liabilities comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also holds equity instruments as investments. Therefore, the Group is exposed to market risk, credit risk and liquidity risk.

### Risk Management Framework

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Board of Directors that advise on financial risks and appropriate financial risk governance framework for the Group. The Board of Directors review and agree policies for managing each of these risks which are summarised below.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

As at 31st March	Company	
	2022 Rs.'000	2021 Rs.'000

#### Exposure to credit risk

Trade receivables	3,050,673	3,143,811
Other receivables	861,487	492,636
Deposits with banks	1,290,920	689,612
Cash at bank	374,684	237,499
<b>Total</b>	<b>5,577,764</b>	<b>4,563,558</b>

As at 31st March	Group	
	2022 Rs.'000	2021 Rs.'000

Trade receivables	5,753,852	6,027,825
Other receivables	2,436,885	977,982
Deposits with banks	2,128,373	923,252
Cash at bank	2,276,995	1,355,112
<b>Total</b>	<b>12,596,105</b>	<b>9,284,171</b>

### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and area in which customers operate, as these factors may have an influence on credit risk.

The 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. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the senior management. Customers that fail to meet the Group's benchmark credit worthiness may transact with the company only on a prepayment basis.

A significant percentage of the Group's customers are transacting with the Group for more than four years. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are institutes, government or non-government, whether they are wholesale, retail or end-customer, their geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Customers that are graded as 'high risk' are placed on a restricted customer list and monitored by the management, and future sales are made on a prepayment basis.

The Group is closely monitoring the economic environment in the country and is taking actions to limit its exposure to customers in the country experiencing particular economic volatility.

The Group 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 loss component that relates to individually significant exposures, and a collective loss component established for Group 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 of those receivables and future macro economic conditions.

The Group is closely monitoring the economic environment in the country and is taking necessary measures to limit its exposure to customers experiencing particular economic volatility.

As at 31st March	Group	
	2022 Rs.'000	2021 Rs.'000
Domestic	5,603,083	5,912,381
Foreign	150,769	115,444
Total	5,753,852	6,027,825

### Impairment losses

All trade receivables that are past due, have been considered for impairment as at 31st March 2022

The movement in the allowance for impairment of trade receivables is disclosed in Note No. 26.2.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contracts assets for customers as at 31st March 2022.

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the relevant sectors, weightage on the worst case will be increased. At every reporting date, the weightages are updated and changes in the forward-looking estimates are analysed the assessment of the correlation between historical observed default rates, forecast economic conditions. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

# NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	2022			2021		
	Gross	Impairment	Net receivables	Gross	Impairment	Net receivables
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Company</b>						
Corporate and Government	2,313,000	(141,403)	2,171,597	2,271,663	(342,083)	1,929,580
Distributors	705,332	(321,056)	384,276	837,487	(166,226)	671,261
Foreign customers/Exporters	32,341	-	32,341	34,661	-	34,661
	3,050,673	(462,459)	2,588,214	3,143,811	(508,309)	2,635,502

As at 31st March	2022			2021		
	Gross	Impairment	Net receivables	Gross	Impairment	Net receivables
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Group</b>						
Corporate and Government	3,987,276	(454,656)	3,532,620	3,684,732	(690,569)	2,994,163
Distributors	1,180,554	(432,054)	748,500	1,407,271	(289,547)	1,117,724
Foreign customers/Exporters	150,769	-	150,769	115,444	(13,471)	101,973
Others	435,253	(128,146)	307,107	820,378	(199,172)	621,206
	5,753,852	(1,014,856)	4,738,996	6,027,825	(1,192,759)	4,835,066

As at 31st March	2022			2021		
	Gross	Impairment	Net receivables	Gross	Impairment	Net receivables
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Company</b>						
Not past due	1,953,443	(44,204)	1,909,239	1,919,413	(49,899)	1,869,514
Past due 0-30 days	140,431	(5)	140,426	139,032	(3,029)	136,003
Past due 31-120 days	244,254	(133)	244,121	428,195	(13,567)	414,628
Past due more than 120 days	712,545	(418,117)	294,428	657,171	(441,814)	215,357
	3,050,673	(462,459)	2,588,214	3,143,811	(508,309)	2,635,502

As at 31st March	2022			2021		
	Gross Rs'000	Impairment Rs'000	Net receivables Rs'000	Gross Rs'000	Impairment Rs'000	Net receivables Rs'000
<b>Group</b>						
Not past due	4,197,838	(179,270)	4,018,568	4,206,620	(163,789)	4,042,831
Past due 0-30 days	150,099	(2,999)	147,100	151,252	(8,937)	142,315
Past due 31-120 days	270,236	(16,852)	253,384	443,324	(24,479)	418,845
Past due more than 120 days	1,135,679	(815,735)	319,944	1,226,629	(995,554)	231,075
	5,753,852	(1,014,856)	4,738,996	6,027,825	(1,192,759)	4,835,066

#### Equity securities

The Group limits its exposure to credit risk by investing only in liquid equity securities.

The Group has recognised its equity securities at its fair value.

#### Cash and cash equivalents

The Company held cash and cash equivalents of Rs.0.37Bn at 31st March 2022, (2021: Rs. 0.24Bn), Group held Rs.2.28Bn as at 31st March 2022 (2021 - Rs.1.35Bn) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with commercial banks and financial institution counterparties.

Following table depicts the credit ratings of the banks where the Group holds deposits.

Bank	Rating
Commercial Bank of Ceylon PLC	AA-
Nation Trust Bank PLC	A
Sampath Bank PLC	AA-
Nation Development Bank PLC	A+

#### 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 Group's reputation.

## NOTES TO THE FINANCIAL STATEMENTS

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities.

A Risk Management policy is set so as to limit the net financial liabilities to a pre-approved amount. The Group maintains the net financial liabilities to these specified upper limits and any deviation to these upper limits require prior approval.

The Company and the Group held the following short term financial liabilities as at 31st March 2022; (Refer Note 42.1.5 for maturity analysis of non current financial liabilities).

As at 31st March 2022	Carrying value Rs.,000	Contractual cash flow Rs.,000	Company		
			On Demand Rs.'000	Less than 90 days Rs.'000	90-365 days Rs.'000
Trade payables	2,457,430	2,457,430	-	2,457,430	-
Accruals and other payables	719,490	719,490	-	719,490	-
Lease liabilities relating to right-of-use asset	2,614	10,931	-	-	2,614
Short term loans	3,258,788	3,258,788	-	3,258,788	-
Bank overdraft	83,362	83,362	83,362	-	-

As at 31st March 2021	Carrying value Rs.,000	Contractual cash flow Rs.,000	Company		
			On Demand Rs.'000	Less than 90 days Rs.'000	90-365 days Rs.'000
Trade payables	1,656,760	1,656,760	-	1,656,760	-
Accruals and other payables	617,641	617,641	-	617,641	-
Lease liabilities	1,217	9,868	-	-	1,217
Short term loans	3,517,923	3,517,923	-	3,517,923	-
Bank overdraft	2,714	2,714	2,714	-	-

As at 31st March 2022	Carrying value Rs.,000	Contractual cash flow Rs.,000	Group		
			On Demand Rs.'000	Less than 90 days Rs.'000	90-365 days Rs.'000
Trade payables	9,335,560	9,335,560	-	9,335,560	-
Accruals and other payables	1,891,428	1,891,428	-	1,891,428	-
Lease liabilities relating to right-of-use asset	27,075	37,736	-	-	27,075
Short term loans	10,001,723	10,001,723	-	10,001,723	-
Bank overdraft	806,686	806,686	806,686	-	-

As at 31st March 2021	Group				
	Carrying value	Contractual cash flow	On Demand	Less than 90 days	90-365 days
	Rs.,'000	Rs.,'000	Rs.'000	Rs.'000	Rs.'000
Trade payables	8,308,468	8,308,468	-	2,734,539	5,573,929
Accruals and other payables	1,672,411	1,672,411	-	1,672,411	-
Lease liabilities	23,724	35,000	-	-	23,724
Short term loans	8,740,423	8,740,423	-	8,740,423	-
Bank overdraft	488,854	488,854	488,854	-	-

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Summary of the Company and Group's investment in equity market is as follows

As at 31st march		2022	2021
		Rs.'000	Rs.'000
Equity Securities - FVOCI	Company	1,251,680	280,685
Equity Securities - FVOCI	Group	3,233,311	2,235,078

### Sensitivity Analysis

The Group's investments in listed shares are sensitive to the fluctuations in the market prices quoted in the Colombo Stock Exchange. The impact to the Group, of a reasonable possible strengthening (weakening) in the market price of shares is reflected below;

As at 31st March 2022	Company		Group	
	Equity net of tax		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Market price fluctuation of 15%	187,752	(187,752)	484,997	(484,997)

### Currency risk

The Group is exposed to currency risk on sales, purchases that are denominated in a currency other than the respective functional currencies of entities. The currencies in which these transactions primarily are denominated are Euro, USD and Sterling Pound.

Effects of currency rate fluctuations of imported materials and finished goods are transferred in a reasonable manner keeping in line with the prices in the market.

Subsidiary companies of the Group settle majority of their import bills and the financial liabilities denominated in a currency other than functional currency.

### Exposure to currency risk

The summary quantitative data about the Company and Groups' exposure to currency risk as reported to the management of the Company and Group is as follows:

# NOTES TO THE FINANCIAL STATEMENTS

As at 31 March Company	2022			2021		
	EUR Rs'000	USD Rs'000	GBP Rs'000	EUR Rs.'000	USD Rs.'000	GBP Rs.'000
Trade receivables	-	112	-	-	177	-
Foreign currency deposits	-	4,393	-	-	3,429	-
Trade payables	(683)	(5,942)	-	(393)	(5,841)	(1)

As at 31 March Group	2022			2021		
	EUR Rs'000	USD Rs'000	GBP Rs'000	EUR Rs.'000	USD Rs.'000	GBP Rs.'000
Trade receivables	102	407	-	104	465	-
Foreign currency deposits	-	5,793	-	-	3,429	-
Trade payables	(899)	(24,951)	(4)	(844)	(34,452)	(4)

Followings are the exchange rate used for the translation of transaction denominated in foreign currencies.

As at 31 March	Year end average (Rs.)		Year end spot rate Buying (Rs.)		Year end spot rate Selling (Rs.)	
	2022	2022	2022	2021	2022	2021
US Dollar	299.00	199.04	288.75	197.62	298.99	202.04
Euro	334.03	233.09	325.73	229.87	337.08	237.40
GBP	392.53	273.23	379.84	269.88	394.24	278.24

## Sensitivity Analysis

A reasonably possible strengthening (weakening) of the USD, Euro or Sterling Pound against all other currencies at reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Since the LKR has been floated and significantly depreciated against the foreign currencies, there will be a material impact to the Company/Group Financial Statements.

As at 31 March	Company			
	Profit or loss		Equity net of tax	
	Strengthening Rs.'000	Weakening Rs.'000	Strengthening Rs.'000	Weakening Rs.'000
<b>2022</b>				
US Dollar (5% movement)	23,793	(23,793)	18,083	(18,083)
Euro (5% movement)	11,508	(11,508)	8,746	(8,746)
<b>2021</b>				
US Dollar (5% movement)	23,375	(23,375)	17,765	(17,765)
Euro (5% movement)	4,667	(4,667)	3,547	(3,547)
GBP (5% movement)	10	(10)	8	(8)

As at 31 March	Group			
	Profit or loss		Equity net of tax	
	Strengthening Rs.'000	Weakening Rs.'000	Strengthening Rs.'000	Weakening Rs.'000
<b>2022</b>				
US Dollar (5% movement)	283,495	(283,495)	215,456	(215,456)
Euro (5% movement)	13,495	(13,495)	10,257	(10,257)
GBP (5% movement)	86	(86)	65	(65)
<b>2021</b>				
US Dollar (5% movement)	309,558	(309,558)	235,264	(235,264)
Euro (5% movement)	11,232	(11,232)	8,536	(8,536)
GBP (5% movement)	61	(61)	46	(46)

#### Interest rate risk

At the reporting date, the interest rate profile of the Company's and Group's interest bearing financial instruments was as follows:

	Company		Group	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Fixed rate instruments</b>				
Financial assets	1,290,920	689,612	2,506,378	1,086,252
	1,290,920	689,612	2,506,378	1,086,252
<b>Variable rate instruments</b>				
Financial assets	374,684	237,499	1,898,990	1,192,112
Financial liabilities	(3,342,150)	(3,520,637)	(10,984,359)	(9,639,332)
	(2,967,466)	(3,283,138)	(9,085,369)	(8,447,220)

## NOTES TO THE FINANCIAL STATEMENTS

### Cash flow sensitivity for variable rate instruments

Since the policy interest rates have significantly increased after the reporting date, there will be a material impact to the Company/Group Financial Statements.

A reasonably change of 100 basis points in interest rate at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant:

	Company			
	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>2022</b>				
Variable rate instrument				
Cash flow sensitivity (Net)	29,675	(29,675)	22,553	(22,553)
<b>2021</b>				
Variable rate instrument				
Cash flow sensitivity (Net)	32,831	(32,831)	24,952	(24,952)
	Group			
	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>2022</b>				
Variable rate instrument				
Cash flow sensitivity (Net)	90,854	(90,854)	69,049	(69,049)
<b>2021</b>				
Variable rate instrument				
Cash flow sensitivity (Net)	84,472	(84,472)	64,199	(64,199)

## Capital Management

The Group'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 total equity. The Board of Directors monitors the return on capital as well as the level of dividends to shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels borrowings and the advantages and security afforded by a sound capital position.

The Group monitors capital using an adjusted net debt to adjusted equity ratio, which is adjusted net debt divided by adjusted equity. For this purpose, adjusted net debt is defined as total liabilities (which includes interest bearing borrowings and obligations under finance leases excluding lease liability under SLFRS 16) plus unaccrued proposed dividends, less cash and equivalents and deposits with banks. Adjusted equity comprises all components of equity other than amounts recognized in equity relating to cash flow hedges, less unaccrued proposed dividends.

The Company's and Group's adjusted net debt to equity ratio at the end of the reporting period was as follows:

As at 31st March	Company		Group	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Total Debts	3,420,725	3,600,429	11,289,509	9,841,004
Less: Cash and cash equivalents and deposit with banks	(1,665,604)	(927,111)	(4,405,368)	(2,278,364)
Net debt	1,755,121	2,673,318	6,884,141	7,562,640
Adjusted net debt	2,055,626	3,067,376	6,958,071	7,834,818
Total equity	6,033,572	4,964,170	20,114,101	16,302,987
Adjusted equity	5,654,492	4,490,320	19,735,021	15,829,137
Net debt to adjusted equity ratio (Times)	0.36	0.68	0.35	0.49

## Accounting classifications and fair value

The value of financial assets and liabilities, together with carrying amounts shown in the statement of financial position as follows

As at 31st March 2022	Fair value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
Company	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	-	374,684	-	374,684	374,684
Deposits with banks	-	1,290,920	-	1,290,920	1,290,920
Trade receivables	-	2,588,214	-	2,588,214	2,588,214
Other receivables	-	758,181	-	758,181	758,181
Equity investments at fair value through OCI	1,251,680	-	-	1,251,680	1,251,680
	1,251,680	5,011,999	-	6,263,679	6,263,679
Trade payables	-	-	(2,457,430)	(2,457,430)	(2,457,430)
Other payables	-	-	(719,490)	(719,490)	(719,490)
Loans and borrowings	-	-	(3,420,725)	(3,420,725)	(3,420,725)
	-	-	(6,597,645)	(6,597,645)	(6,597,645)

## NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2021	Fair value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
Company	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	-	237,499	-	237,499	237,499
Deposits with banks	-	689,612	-	689,612	689,612
Trade receivables	-	2,635,502	-	2,635,502	2,635,502
Other receivables	-	389,550	-	389,550	389,550
Equity investments at fair value through OCI	280,685	-	-	280,685	280,685
	280,685	3,952,163	-	4,232,848	4,232,848
Trade payables	-	-	(1,656,760)	(1,656,760)	(1,656,760)
Other payables	-	-	(617,641)	(617,641)	(617,641)
Loans and borrowings	-	-	(3,600,429)	(3,600,429)	(3,600,429)
	-	-	(5,874,830)	(5,874,830)	(5,874,830)
As at 31st March 2022	Fair value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
Group	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	-	2,276,995	-	2,276,995	2,276,995
Deposits with banks	-	2,128,373	-	2,128,373	2,128,373
Trade receivables	-	4,738,996	-	4,738,996	4,738,996
Other receivables	-	7,614,670	-	7,614,670	7,614,670
Equity investments at fair value through OCI	3,233,311	-	-	3,233,311	3,233,311
	3,233,311	16,759,034	-	19,992,345	19,992,345
Trade payables	-	-	(9,335,560)	(9,335,560)	(9,335,560)
Other payables	-	-	(1,891,428)	(1,891,428)	(1,891,428)
Loans and borrowings	-	-	(11,289,509)	(11,289,509)	(11,289,509)
	-	-	(22,516,497)	(22,516,497)	(22,516,497)

As at 31st March 2021	Fair value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
Group	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	-	1,355,112	-	1,355,112	1,355,112
Deposits with banks	-	923,252	-	923,252	923,252
Trade receivables	-	4,835,066	-	4,835,066	4,835,066
Other receivables	-	5,846,076	-	5,846,076	5,846,076
Equity investments at fair value through OCI	2,235,078	-	-	2,235,078	2,235,078
	2,235,078	12,959,506	-	15,194,584	15,194,584
Trade payables			(8,308,468)	(8,308,468)	(8,308,468)
Other payables			(1,672,411)	(1,672,411)	(1,672,411)
Loans and borrowings			(9,841,004)	(9,841,004)	(9,841,004)
	-	-	(19,821,883)	(19,821,883)	(19,821,883)

#### Fair value measurement hierarchy

As at 31st March	Level 01		Level 02		Level 03	
	2022	2021	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000

#### Company

##### Recurring fair value measurements-

##### Assets measured at fair value

Freehold land	-	-	-	-	1,409,874	1,096,089
Equity Investments	1,251,680	280,685	-	-	-	-
	1,251,680	280,685	-	-	1,409,874	1,096,089

##### Non - recurring fair value measurements-

Net asset classified as held for sale and distribution					1,050,257	1,050,257
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# NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	Level 01		Level 02		Level 03	
	2022	2021	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Group</b>						
<b>Recurring fair value measurements-</b>						
<b>Assets measured at fair value</b>						
<b>Non-Financial</b>						
Freehold land	-	-	-	-	4,651,578	3,994,136
Biological Assets	-	-	-	-	578,584	414,095
<b>Financial</b>						
Equity Investment	3,233,311	2,235,078	-	-	-	-
	<b>3,233,311</b>	<b>2,235,078</b>	<b>-</b>	<b>-</b>	<b>5,230,162</b>	<b>4,408,231</b>
<b>Assets for which fair values are disclosed:</b>						
Investment property					4,200	4,200
<b>Non-recurring fair value measurements</b>						
Net asset classified as held for sale and distribution					918,749	967,768

## Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group'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 behavior. Operational risks arise from all of the Group's operations. The Group'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. Impact of Current Economic Situation is disclosed in the separate notes to the Financial Statements.

# SHAREHOLDERS & INVESTORS INFORMATION

## 1. STOCK EXCHANGE LISTING

CIC Holdings PLC is a Public Quoted Company. The issued share capital of the Company consists of 291,600,000 (2021 - 291,600,000) Ordinary Shares and 87,480,000 (2021 - 87,480,000) Non-Voting (Class X) Shares listed in the Colombo Stock Exchange.

## 2. SHAREHOLDERS

There were 3,859 (2021 - 3,824) Ordinary shareholders and 3,712 (2021 - 3,717) Non-Voting (Class X) shareholders as at 31st March 2022, distributed into different categories as follows:

### Ordinary Shares

Shares held	2022			2021		
	No. of Shareholders	Total Shareholding	%	No. of Shareholders	Total Shareholding	%
1 - 1000	1,979	561,568	0.19	1,850	563,091	0.19
1001 - 10000	1,190	4,817,346	1.65	1,253	5,091,905	1.75
10001 - 100000	528	17,959,069	6.16	550	18,039,639	6.19
100001 - 1000000	144	41,953,596	14.39	155	46,584,761	15.98
Over - 1000000	18	226,308,421	77.61	16	221,320,604	75.90
	<b>3,859</b>	<b>291,600,000</b>	<b>100.00</b>	<b>3,824</b>	<b>291,600,000</b>	<b>100.00</b>

Shares held	2022			2021		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	3,821	287,459,452	98.58	3,793	290,714,272	99.70
Non-Resident	38	4,140,548	1.42	31	885,728	0.30
	<b>3,859</b>	<b>291,600,000</b>	<b>100.00</b>	<b>3,824</b>	<b>291,600,000</b>	<b>100.00</b>

The below information of distribution of shares as at 31st March 2022, has been furnished to Colombo Stock Exchange (CSE) and Securities Exchange Commission (SEC) in accordance with CSE Listing Rule 7.3.

Percentage of shares held by public - 46.68%

Percentage of shares held by the Directors together with the members of their families - 0.0001%

Percentage of shares held by the Parent Company - 53.31%

Percentage of shares held by the Employees - 0.01%

Percentage of shares held by Employees' Provident Fund - 9.06%

### Non-Voting (Class X) Shares

Shares held	2022			2021		
	No. of Shareholders	Total Shareholding	%	No. of Shareholders	Total Shareholding	%
1 - 1000	1,418	510,714	0.58	1,386	501,071	0.57
1001 - 10000	1,520	6,238,645	7.13	1,517	6,156,885	7.04
10001 - 100000	628	20,388,621	23.31	673	20,742,697	23.71
100001 - 1000000	140	35,081,016	40.10	132	32,083,939	36.68
Over 1000000	6	25,261,004	28.88	9	27,995,408	32.00
	<b>3,712</b>	<b>87,480,000</b>	<b>100.00</b>	<b>3,717</b>	<b>87,480,000</b>	<b>100.00</b>

# SHAREHOLDERS & INVESTORS INFORMATION

Shares held	2022			2021		
	No. of Shareholders	Total Shareholding	%	No. of Shareholders	Total Shareholding	%
Resident	3,652	84,703,655	96.83	3,671	84,557,402	96.66
Non-Resident	60	2,776,345	3.17	46	2,922,598	3.34
	3,712	87,480,000	100.00	3,717	87,480,000	100.00

Percentage of shares held by public - 96.53%

Percentage of shares held by the Directors together with the members of their families - 0.03%

Percentage of shares held by the Parent Company - 3.32%

Percentage of shares held by the Employees - 0.12%

Percentage of shares held by Employees' Provident Fund - 12.70%

### 3 TWENTY LARGEST SHAREHOLDERS - ORDINARY SHARES

	Name	2022		2021	
		No. of shares	%	No. of shares	%
1	Paints & General Industries Limited	155,441,396	53.31	155,441,396	53.31
2	Employees' Provident Fund	26,417,892	9.06	26,417,892	9.06
3	Chacra Capital Holdings (Private) Limited	13,104,960	4.49	13,104,960	4.49
4	Seylan Bank PLC/ ARRC Capital (Private) Limited	8,661,247	2.97	6,218,069	2.13
5	Sri Lanka Insurance Corporation Limited - Life Fund	3,291,936	1.13	-	-
6	Employees Trust Fund Board	2,466,683	0.85	697,749	0.24
7	Mrs. J.N. Ambani	2,250,000	0.77	740,300	0.25
8	Hotel International (Private) Limited	1,957,853	0.67	3,914,602	1.34
9	Dr. H.R. Wickramasinghe & Mr. V.K. Wickramasinghe	1,767,316	0.61	1,767,316	0.61
10	Mrs. L.K. Goonewardena	1,492,163	0.51	2,005,828	0.69
11	S.K. Wickremesinghe Trust (Guarantee) Limited	1,360,000	0.47	1,360,000	0.47
12	Sri Lanka Insurance Corporation Limited - General Fund	1,325,880	0.45	-	-
13	Colombo Fort Investments PLC	1,220,000	0.42	1,260,000	0.43
14	Sakuvi Investment Trust (Private) Limited	1,157,095	0.40	1,713,095	0.59
15	Miss. N.K.R.H. De Silva	1,135,700	0.39	1,135,700	0.39
16	Pershing LLC S/A Averbach Grauson & Co.	1,120,000	0.38	-	-
17	Seylan Bank PLC/ Andaradeniya Estate (Private) Limited	1,088,300	0.37	1,000,000	0.34
18	Ambeon Holdings PLC	1,050,000	0.36	-	-
19	Mercantile Investments and Finance PLC	1,000,000	0.34	1,000,000	0.34
20	Ambeon Capital PLC	1,000,000	0.34	-	-
		228,308,421	78.30	217,776,907	74.68

#### 4 TWENTY LARGEST SHAREHOLDERS - NON VOTING (X CLASS) SHARES

Name	2022		2021	
	No. of shares	%	No. of shares	%
1 Employees' Provident Fund	11,113,696	12.70	11,113,696	12.70
2 Chacra Capital Holdings (Private) Limited	6,184,280	7.07	6,184,280	7.07
3 Paints & General Industries Limited	2,905,204	3.32	2,905,204	3.32
4 Mrs. J.N. Ambani	2,264,000	2.59	-	-
5 DFCC Bank A/C No.01	1,557,600	1.78	1,557,600	1.78
6 Mrs. M.S.E.V.E.A.U. Von Stumm	1,236,224	1.41	1,596,876	1.83
7 Hatton National Bank PLC / Mushtaq Mohamed Fund	880,181	1.01	-	-
8 Mercantile Investments and Finance PLC	870,000	0.99	-	-
9 Mr. M.A. Jafferjee	814,656	0.93	814,656	0.93
10 DFCC Bank PLC/ Mr. H.M. Hettiarachchi	769,330	0.88	1,054,600	1.21
11 Mr. M.Z.H. Hashim & Mr. N.R.M. Hashim	730,000	0.83	70,000	0.08
12 Mrs. I.R. Peiris	615,000	0.70	-	-
13 Ambeon Holdings PLC	599,116	0.68	-	-
14 Commercial Bank of Ceylon PLC/ Ayenka Holdings (Private) Limited	579,421	0.66	-	-
15 Commercial Bank of Ceylon PLC/ Andaradeniya Estate (Private) Limited	561,510	0.64	-	-
16 Aruna Equity Care (Private) Limited	532,768	0.61	532,768	0.61
17 Hatton National Bank PLC/ Mr. A. Rajarathnam	500,711	0.57	-	-
18 Sampath Bank PLC/ Mr. G.S.N. Peiris & Mrs. I.R. Peiris	500,000	0.57	-	-
19 Mr. K.C. Vignarajh	471,599	0.54	-	-
20 Amana Bank PLC/ Mr. M.N. Deen	460,977	0.53	660,689	0.76
	<b>34,146,273</b>	<b>39.03</b>	26,490,369	30.28

#### 5 MARKET VALUE SHARE

	Ordinary Shares		Non-voting Shares	
	2022	2021	2022	2021
Share price (Rs.)				
As at the end of the year	38.10	50.90	25.00	42.40
Highest price traded	71.00	188.80	54.00	157.50
Lowest price traded	35.60	36.00	24.90	25.00

#### 6 SHARE TRADING

	Ordinary Shares		Non-voting Shares	
	2022	2021	2022	2021
No. of shares traded	85,419,466	72,981,091	93,915,823	80,519,365
No. of transactions	33,551	30,195	34,796	33,440
Value of shares traded (Rs.)	4,592,886,426	6,021,693,712	4,135,704,996	5,069,528,360

# SHAREHOLDERS & INVESTORS INFORMATION

## 7 MARKET CAPITALISATION

Type	No of shares	Share price Rs.	Capitalisation Rs.
Ordinary Shares	291,600,000	38.10	11,109,960,000
Non voting (Class - X) Shares	87,480,000	25.00	2,187,000,000
			13,296,960,000

## 8 FLOAT ADJUSTED MARKET CAPITALISATION

Type	No of shares	Share price Rs.	Capitalisation Rs.
Ordinary Shares	136,104,684	38.10	5,185,588,460
Non voting (Class - X) Shares	84,449,673	25.00	2,111,241,825
			7,296,830,285

The float adjusted market capitalisation of the Company falls under option 03 of Rule 7.13.1(a) of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

## 9. PUBLIC SHAREHOLDERS

As at March	2022		2021	
	No. of public shareholders	Public shareholding (%)	No. of public shareholders	public shareholding (%)
Ordinary Shares	3,854	46.68	3,819	46.62
Non Voting (Class - X) Shares	3,703	96.53	3,705	96.27

# MOVEMENT IN ISSUED CAPITAL AND DIVIDEND DISTRIBUTION

Year to 31st March	Proportion	Sub-division (No. of Shares)		Bonus Issue (No. of Shares)		Share Capital (No. of Shares)		Dividend Rs.
		Voting	Non-Voting	Voting	Non-Voting	Voting	Non-Voting	
1965 (Initial issue)						50,000		
1966						50,000		2.00
1967						50,000		2.00
1968	1:1			50,000		100,000		2.00
1969						100,000		2.00
1970	1:2			50,000		150,000		2.00
1971						150,000		1.75
1972						150,000		2.00
1973						150,000		2.00
1974						150,000		2.00
1975	1:3			50,000		200,000		2.00
1976	1:2			100,000		300,000		2.00
1977						300,000		2.00
1978						300,000		2.00
1979	1:2			150,000		450,000		2.00
1980	7:9			350,000		800,000		2.00
1981						800,000		2.00
1982						800,000		2.00
1983						800,000		2.00
1984						800,000		2.00
1985	1:2			400,000		1,200,000		2.00
1986	1:2			600,000		1,800,000		2.50
1987	1:1			1,800,000		3,600,000		2.50
1988						3,600,000		2.75
1989						3,600,000		2.50
1990	1:2			1,800,000		5,400,000		3.00
1991						5,400,000		3.25
1992						5,400,000		4.00
1993	3 N-V:10 V (Rights)				1,620,000	5,400,000	1,620,000	3.50
1994						5,400,000	1,620,000	4.00
1995						5,400,000	1,620,000	4.00
1996						5,400,000	1,620,000	4.00
1997						5,400,000	1,620,000	4.00
1998						5,400,000	1,620,000	2.50
1999						5,400,000	1,620,000	3.50
2000	1:6			900,000	270,000	6,300,000	1,890,000	3.75
2001						6,300,000	1,890,000	4.00
2002						6,300,000	1,890,000	4.00
2003	1:7			900,000	270,000	7,200,000	2,160,000	4.25
2004						7,200,000	2,160,000	4.75
2005	1:8			900,000	270,000	8,100,000	2,430,000	4.75
2006						8,100,000	2,430,000	4.75
2007	1:1 (Rights) 3:2 (Bonus)			8,100,000	2,430,000	16,200,000	4,860,000	1.44*
2008	4:5 (Bonus)			24,300,000	7,290,000	40,500,000	12,150,000	1.50
2009						72,900,000	21,870,000	1.50
2010						72,900,000	21,870,000	1.85
2011						72,900,000	21,870,000	2.75
2012						72,900,000	21,870,000	3.20
2013						72,900,000	21,870,000	1.63
2014						72,900,000	21,870,000	-
2015						72,900,000	21,870,000	3.00
2016						72,900,000	21,870,000	4.00
2017						72,900,000	21,870,000	2.00
2018						72,900,000	21,870,000	1.00
2019						72,900,000	21,870,000	1.00
2020						72,900,000	21,870,000	2.00
2021	1:4	218,700,000	65,610,000			291,600,000	87,480,000	2.25
2022						291,600,000	87,480,000	2.00

# SUBSIDIARIES AND EQUITY ACCOUNTED INVESTEES

## ANNEXURE "A" TO THE ANNUAL REPORT OF THE DIRECTORS ON THE AFFAIRS OF THE COMPANY

Name of Subsidiary	Names of the Directors	Shareholding in Subsidiaries	
		As at 31st March 2022 Number of shares	As at 31st March 2021 Number of shares
1 Chemanex PLC	P R Saldin	NIL	NIL
	S A B Ekanayake	NIL	NIL
	E M M Boyagoda	NIL	NIL
2 Chemanex Exports (Private) Limited	M P Jayawardena	NIL	NIL
	Dr. Anura Ekanayake	NIL	NIL
3 Chemcel (Private) Limited	B R L Fernando	NIL	NIL
	Dr. Anura Ekanayake	NIL	NIL
4 Link Natural Products (Private) Limited	S H Amarasekera	NIL	NIL
	D Nugawela	1,062,725	1,062,725
	K T D de Silva	NIL	NIL
	K Shakthidasan	NIL	NIL
	P R Saldin	NIL	NIL
	Anura Ekanayake	NIL	NIL
	R S Captain	NIL	NIL
5 Cisco Speciality Packaging (Private) Limited	D T S H Mudalige	NIL	NIL
	P R Saldin	NIL	NIL
	R S Captain	1	1
	D P G C P Wegiriya	NIL	NIL
6 CIC Cropguard (Private) Limited	Ms L A Captain	13,000	13,000
	P R Saldin	NIL	NIL
	V L R Gamage	NIL	NIL
	R Ganesalingam	NIL	NIL
	W P Madawanarachchi	NIL	NIL
7 Crop Management Services (Private) Limited	W P Madawanarachchi	NIL	NIL
	D P Senadeera	NIL	NIL
	Ms L I Fernando	45,076	45,076
8 Colombo Industrial Agencies Limited	K A V Manatunga	NIL	NIL
	H C Ahangama	NIL	NIL
	H C Ahangama	NIL	NIL
9 CIC Lifesciences Limited	K A V Manatunga	NIL	NIL
	D P Senadeera	NIL	NIL
10 Cropwiz (Private) Limited	K A V Manatunga	NIL	NIL
	E Shaked	NIL	NIL
	D P Senadeera	NIL	NIL
11 CIC Properties (Private) Limited	K A V Manatunga	NIL	NIL
	W P Madawanarachchi	NIL	NIL
	H C Ahangama	NIL	NIL
12 CIC Healthcare (Private) Limited	K A V Manatunga	NIL	NIL
	S P S Ranatunga	NIL	NIL
13 CIC Precision Agricultural Technologies (Private) Limited	Prof. B Marambe	NIL	NIL
	M S Gunawardana	1	1
	A Hettiarachchi	NIL	NIL
	K A Rutnam	NIL	NIL
14 AkzoNobel Paints Lanka (Private) Limited	P R Saldin	NIL	NIL
	W Heenetigala	NIL	NIL
	O Wizenbeek	NIL	NIL
	Sen Fatt Teng	NIL	NIL
	S M Enderby	NIL	NIL

Name of Subsidiary	Names of the Directors	Shareholding in Subsidiaries	
		As at 31st March 2022 Number of shares	As at 31st March 2021 Number of shares
15 CIC Feeds (Private) Limited	A Cabraal	NIL	NIL
	D T S H Mudalige	NIL	NIL
	J R Gunaratne	NIL	NIL
16 CIC Vetcare (Private) Limited	A Cabraal	NIL	NIL
	A Weerasinghe	NIL	NIL
	M P Jayawardena	NIL	NIL
	D T S H Mudalige	NIL	NIL
17 CIC Poultry Farms Limited	D A Cabraal	NIL	NIL
	M P Jayawardena	NIL	NIL
	D T S H Mudalige	NIL	NIL
	L D A Weerasinghe	NIL	NIL
	R R Anthony	NIL	NIL
18 CIC Bio Security Breeder Farms Limited	J R Gunaratne	NIL	NIL
	A Cabraal	NIL	NIL
	D T S H Mudalige	NIL	NIL
19 CIC Agri Businesses (Private) Limited	M P Jayawardena	NIL	NIL
	S H Amarasekera	NIL	NIL
	P R Saldin	NIL	NIL
	W P Madawanarachchi	NIL	NIL
20 CIC Dairies (Private) Limited	J D Peiris	NIL	NIL
	J M Swaminathan	NIL	NIL
	K J M De A Rajapakse	NIL	NIL
	P R Saldin	NIL	NIL
	W P Madawanarachchi	NIL	NIL
	D P Senadeera	NIL	NIL
21 CIC Grains (Private) Limited	P Wegiriya	NIL	NIL
	H A C K Leelarathna	NIL	NIL
	P R Saldin	NIL	NIL
22 CIC Seeds (Private) Limited	W P Madawanarachchi	NIL	NIL
	D P Senadeera	NIL	NIL
	P R Saldin	NIL	NIL
23 CIC Dairy Breeding & Management (Private) Limited	W P Madawanarachchi	NIL	NIL
	H A C K Leelarathna	NIL	NIL
24 CIC Agri Produce Marketing (Private) Limited	W P Madawanarachchi	NIL	NIL
25 CIC Agri Produce Export (Private) Limited	M Fernandopulle	NIL	NIL
	W P Madawanarachchi	NIL	NIL
26 Wayamba Agro Fertilizer Limited	S S Wijeweera	NIL	NIL
	W P Madawanarachchi	NIL	NIL
27 CIC Agri Biotech (Private) Limited	S S Wijeweera	NIL	NIL
	W P Madawanarachchi	NIL	NIL
28 Biosystems Technologies Limited	S S Wijeweera	NIL	NIL
	W P Madawanarachchi	NIL	NIL
	H A C K Leelarathna	NIL	NIL
29 Unipower (Private) Limited	S A D N Senevirathne	6,512,132	6,512,132
	K J M De A Rajapakse	161,400	161,400
	P R Saldin	NIL	NIL
	M Wanninayake	NIL	NIL
	H M R Bandara	NIL	NIL
	W P Madawanarachchi	NIL	NIL

# TEN YEAR GROUP PERFORMANCE

## Income Statement

	2022	2021	2020
	SLFRS	SLFRS	SLFRS
	Rs'000	Rs'000	Rs'000
Turnover	41,759,591	37,233,343	30,535,563
Operating profit after interest	4,531,251	4,140,439	1,120,813
Other income	308,814	305,125	360,906
Share of profit of equity accounted investees	643,440	466,488	390,013
Profit before tax	5,483,505	4,912,052	1,871,732
Taxation	(910,619)	(975,188)	(535,597)
Profit for the year from continuing operations	4,572,886	3,936,864	1,336,135
Profit/(loss) for the year from discontinued operations	(227,113)	(90,771)	(256,735)
Non-controlling interest	661,620	713,682	246,816
Profit attributable to equity holders of the company	3,684,153	3,132,411	832,584

## Balance Sheet

Stated capital	1,008,450	1,008,450	1,008,450
Capital reserves	3,368,499	2,818,526	2,360,463
Revenue reserves	12,133,713	9,397,491	6,206,615
Non-controlling interest	3,603,439	3,078,520	2,136,220
Total equity	20,114,101	16,302,987	11,711,748
Property, plant & equipment	12,749,774	12,193,664	12,359,815
Investment property	2,400	2,400	2,400
Biological assets	311,612	221,125	179,610
Deposit on leasehold property	-	-	-
Capital work-in-progress	107,948	21,614	21,260
Intangible assets	373,182	390,480	366,982
Investments	2,738,087	1,399,139	1,155,031
Net current assets	6,515,992	4,514,714	713,772
	22,798,995	18,743,136	14,798,870
Deferred liabilities	(1,519,511)	(1,333,857)	(1,411,812)
Long-term liabilities	(1,165,383)	(1,106,292)	(1,675,310)
	20,114,101	16,302,987	11,711,748

## Cash Flow Statement

Net cash inflow/(outflow) from operating activities	2,613,233	8,117,296	749,221
Net cash inflow/(outflow) from investing activities	(1,968,921)	(1,166,628)	10,456
Net cash inflow/(outflow) from financing activities	(1,288,843)	(1,135,340)	(618,235)

## Other Information

Earning per share (Rs.)	9.72	8.26	2.20
Dividend per share paid (Rs.)	2.25	1.25	0.50
Net assets per share (Rs.)	43.55	34.89	25.26
Market capitalisation (Rs.Mn)	13,296.96	18,551.59	3,183.54
Interest cover (No.of times)	3.51	6.18	2.10
Current Ratio (No.of times)	1.28	1.21	1.03
Dividend cover (No.of times)	4.32	6.61	4.39
Price earnings ratio (No.of times)			
Ordinary	3.92	6.16	15.94
Non-voting (Class X)	2.57	5.13	13.16

	Re-classified				Restated	Restated
2019	2018	2017	2016	2015	2014	2013
SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
30,701,977	33,148,257	32,210,546	26,666,284	23,496,259	21,559,839	21,582,348
303,337	(251,921)	852,073	1,117,701	1,005,508	(832,986)	144,176
202,417	673,963	311,298	534,705	209,971	577,839	133,902
394,788	267,053	334,728	362,478	207,636	270,071	291,716
900,542	689,095	1,498,099	2,014,884	1,423,115	14,924	605,324
(40,428)	(491,865)	(384,066)	(366,777)	(397,697)	(72,047)	(174,818)
860,114	197,230	1,114,033	1,648,107	1,025,418	(57,123)	430,506
(402,784)	(575,123)	(227,116)	(14,273)	15,425	(1,069,716)	(246,530)
(25,909)	35,182	333,419	279,542	278,916	(155,126)	(49,339)
483,239	(413,075)	553,498	1,354,292	761,927	(971,713)	233,315
1,008,450	1,008,450	1,008,450	1,008,450	1,008,450	1,008,450	1,008,450
2,360,463	1,917,975	1,815,568	2,281,833	1,711,501	1,718,327	1,737,451
5,848,483	5,611,505	6,237,214	5,564,815	4,400,987	3,984,249	5,033,888
2,061,339	2,174,725	2,354,316	2,029,199	1,722,310	1,398,512	1,663,008
11,278,735	10,712,655	11,415,548	10,884,297	8,843,248	8,109,538	9,442,797
13,279,431	12,275,229	12,645,808	12,275,004	10,610,666	9,414,735	8,706,775
2,400	13,900	54,147	51,400	51,400	51,400	14,607
208,082	181,028	248,508	226,382	307,728	67,366	86,262
-	-	-	-	-	-	16,152
353,024	382,247	301,036	72,153	353,518	763,412	1,072,154
384,362	391,938	168,809	137,140	27,683	27,683	147,911
1,298,570	1,376,659	1,339,958	945,217	1,457,106	1,449,913	798,468
(1,004,411)	(785,319)	(1,124,166)	(1,929,784)	(2,084,183)	(2,158,904)	261,136
14,521,458	13,835,683	13,634,100	11,777,512	10,723,918	9,615,605	11,103,465
(1,274,866)	(1,280,408)	(431,580)	105,275	(773,775)	(648,946)	(662,939)
(1,967,857)	(1,842,620)	(1,786,972)	(998,490)	(1,106,895)	(857,121)	(997,729)
11,278,735	10,712,655	11,415,548	10,884,297	8,843,248	8,109,538	9,442,797
(1,713,963)	2,236,464	(132,541)	(451,359)	1,998,599	2,343,127	(1,001,983)
(1,315,568)	(2,368,100)	(353,331)	(1,436,441)	(1,420,071)	(1,219,656)	(1,499,063)
227,624	(297,636)	(246,839)	(2,473,931)	1,261,253	77,112	552,409
5.10	(4.36)	5.84	14.29	8.04	(10.25)	2.46
-	1.00	2.00	4.00	3.00	-	1.63
97.26	90.09	95.61	93.44	75.14	70.81	82.08
3,366.52	5,179.55	7,203.98	8,525.66	6,800.11	4,132.70	5,466.04
1.50	1.47	1.73	3.73	3.04	0.29	1.22
0.96	0.96	0.94	0.90	0.86	0.87	1.02
-	-	2.92	3.57	2.68	-	1.51
7.55	-	13.71	6.68	9.46	-	26.75
5.02	-	10.68	5.00	7.17	-	20.44

# NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty Ninth Annual General Meeting of CIC Holdings PLC will be held by way of audio or audio/visual means on Thursday the 30th day of June 2022 at 9.00 a.m. centered from the Company's Registered Office at 199, Kew Road, Colombo 02 for the following purposes.

## AGENDA

1. To receive and adopt the Statements of Accounts of the Company and of the Group for the year ended 31st March 2022 together with the Reports of the Directors and Auditors thereon
2. To declare a dividend
3. To re-elect as a Director, Mr. Steven Mark Enderby who retires in terms of Article 25(6) of the Articles of Association of the Company
4. To re-elect as a Director, Mr. Prawira Rimoe Saldin who retires in terms of Article 25(6) of the Articles of Association of the Company
5. To vote a sum as donations
6. To re-appoint M/s. KPMG, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration

By order of the Board of,  
**CIC HOLDINGS PLC**

P W Corporate Secretarial (Pvt) Ltd  
Secretaries  
31st May 2022

## Notes:

- A shareholder entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to virtually participate and vote in his/her place in the manner provided for, by completing the Form of Proxy together with Annexure I- Registration of Shareholder Information.
- A proxy need not be a shareholder of the Company.
- Having taken into consideration the current situation prevailing in the country, possible challenges which may arise with regard to travel and in the interest of protecting the health and safety of shareholders, Directors and other attendees, the Board of Directors has decided to hold this AGM through Audio or Audio/Visual means, and as such shareholders will only be able to participate in the AGM virtually, via the designated online meeting platform.

- Shareholders who wish to participate in the AGM through online platform are kindly requested to complete and forward the Annexure 1- Registration of Shareholder Information to the email address [agm@cic.lk](mailto:agm@cic.lk) with the email subject titled "CIC AGM 2022" or post it to the registered address of the Company to be received not less than 48 hours before the time appointed for the AGM.

Shareholders are requested to provide their email address in the space provided in Annexure 1 to enable us to forward the web link so that they may participate in the meeting through online platform.

- The Chairman and certain members of the Board and key officials essential for the administration of formalities and conducting of the meeting will be physically present at the Registered Office.
- Voting on the items listed in the Agenda will be registered via online platform or a designated ancillary online application. All such procedures will be explained to the shareholders prior to the commencement of the meeting.
- Shareholders who wish to appoint a member of the Board of Directors as his/ her proxy to represent them at the AGM may do so by completing the Form of Proxy. In such an event the email address of the proxy holder will not be required.
- Shareholders may send their questions/ comments on the items listed in the Agenda of the Notice convening the AGM by email to [agm@cic.lk](mailto:agm@cic.lk) or by post to the Company Secretaries, 199, Kew Road, Colombo 02 to be received not less than 3 days before the date of the AGM.
- The instrument appointing a proxy should be deposited at the Registered Office of the Company at 199, Kew Road, Colombo 02 or scanned and emailed to [agm@cic.lk](mailto:agm@cic.lk) not less than 48 hours before the time appointed for the holding of the meeting.
- Only registered shareholders and registered proxy holders will be permitted to log in and participate in the AGM, on line.
- The date fixed for the AGM will not be affected even if a public holiday is declared on such date since Arrangements will be in place to proceed via online platform.

# FORM OF PROXY

## Ordinary Shares ANNUAL GENERAL MEETING

I/We .....

of .....

being a shareholder/shareholders of CIC Holdings PLC hereby appoint:

Shiran Harsha Amarasekera	of Colombo or failing him
Rusi Sohli Captain	of Colombo or failing him
Steven Mark Enderby	of Colombo or failing him
Jitendra Romesh Gunaratne	of Colombo or failing him
Mahinda Preethiraj Jayawardena	of Colombo or failing him
Don Tibertius Sujeewa Handapangoda Mudalige	of Colombo or failing him
Prawira Rimoe Saldin	of Colombo or failing him

.....  
as my/our Proxy to represent me/us and speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 9.00. a.m. on 30th June 2022 and at any adjournment thereof.

Signed this ..... day of ..... Two Thousand and Twenty Two.

.....

Signature

### Instructions as to Completion

1. Perfect the Form of Proxy, after filling in legibly your full name and address, by signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company at the undermentioned address or scanned and emailed to [agm@cic.lk](mailto:agm@cic.lk) not less than 48 hours before the time appointed for the holding of the meeting.

### CIC House

199, Kew Road  
Colombo 2



# FORM OF PROXY

## ANNUAL GENERAL MEETING - Non-Voting (Class X) Shares

I/We .....

of .....

being a holder/holders of Non Voting (Class X) shares of CIC Holdings PLC hereby appoint:

Shiran Harsha Amarasekera	of Colombo or failing him
Rusi Sohli Captain	of Colombo or failing him
Steven Mark Enderby	of Colombo or failing him
Jitendra Romesh Gunaratne	of Colombo or failing him
Mahinda Preethiraj Jayawardena	of Colombo or failing him
Don Tibertius Sujeewa Handapangoda Mudalige	of Colombo or failing him
Prawira Rimoe Saldin	of Colombo or failing him

.....  
as my/our Proxy to represent me/us and speak on my/our behalf at the Annual General Meeting of the Company to be held at 9.00 a.m. on 30th June 2022 and at any adjournment thereof.

Signed this ..... day of ..... Two Thousand and Twenty Two.

.....  
Signature

### Instructions as to Completion

1. Perfect the Form of Proxy, after filling in legibly your full name and address, by signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company at the undermentioned address or scanned and emailed to [agm@cic.lk](mailto:agm@cic.lk) not less than 48 hours before the time appointed for the holding of the meeting.

### CIC House

199, Kew Road  
Colombo 2



# CORPORATE INFORMATION

## NAME OF THE COMPANY

CIC Holdings PLC

## COMPANY REGISTRATION NUMBER

PQ 88

## LEGAL FORM

A Public Quoted Company with limited liability incorporated in Sri Lanka on 12th May 1964

Re-registered under the Companies Act. No. 7 of 2007 on 21st November 2007

## REGISTERED ADDRESS

No.199, Kew Road, Colombo 02

## BOARD OF DIRECTORS

S H Amarasekera (Chairman)

R S Captain

S M Enderby

J R Gunaratne

M P Jayawardena

D T S H Mudalige

P R Saldin

S Fernando (*resigned w.e.f. 26/08/2021*)

## COMPANY SECRETARY

P W Corporate Secretarial (Pvt) Ltd

## AUDITORS

KPMG

Chartered Accountants

32A, Sir Mohamed Macan Markar Mawatha, Colombo 03

## BANKERS

Bank of Ceylon

Commercial bank of Ceylon PLC

DFCC Bank PLC

Standard Chartered Bank PLC

Hatton National Bank PLC

NDB Bank PLC

Nations Trust Bank PLC

Peoples Bank

Sampath Bank PLC

Seylan Bank PLC

## LEGAL ADVISERS

Nithya Partners

Attorneys-at-Law

97A, Galle Road, Colombo 03

Heritage Partners

Attorneys-at-Law

04, Malalasekara Pedesa

Colombo 07

Julius & Creasy

Attorneys-at-Law

371, R A De Mel Mawatha, Colombo 03

## NON-EXECUTIVE DIRECTORS

S H Amarasekera (Chairman)

R S Captain

S M Enderby

J R Gunaratne

M P Jayawardena

D T S H Mudalige

P R Saldin

## AUDIT COMMITTEE

P R Saldin (Chairman)

S M Enderby

M P Jayawardena

D T S H Mudalige

## HUMAN CAPITAL & COMPENSATION COMMITTEE

P R Saldin (Chairman)

S H Amarasekera

R S Captain

S M Enderby

M P Jayawardena

## NOMINATIONS COMMITTEE

S H Amarasekera (Chairman)

R S Captain

P R Saldin

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

M P Jayawardena (Chairman)

S M Enderby

Designed & produced by

**emagewise**



CIC Holdings PLC  
"CIC House" 199, Kew Road, Colombo 02. Sri Lanka  
[www.cic.lk](http://www.cic.lk)