

envisioning



Our Sustainability Story

Sustainability has historically been a key priority for CIC; we have always been mindful of the delicate balance between the economy, environment, and society and how our actions and decisions may impact each positively or negatively.

We are determined to play our part in addressing climate change, uplifting communities and empowering our people, with a view to securing a prosperous future for our nation.

Our responsible business principles are designed to fulfil this purpose through trailblazing strategies in each vertical. Our innovation mindset too forms a critical part of our sustainability thrust.

In this report, we have chosen to showcase one of our projects: the unique paper that features this synopsis comes from our recycled paper initiative. It has been developed using wastepaper, as well as fruit and flora effluents from the CIC Pelwehera farm while the binder for the pulp for this recycled paper is sourced from the Godagama Plant in a liquid form.

By embracing the principles of reuse and recycling, CIC endeavours to curtail the impact on the environment, both in the present and for generations to come.





Over the years, CIC has propelled forward together in synergy, steadily achieving its ambitions, despite battling economic uncertainty.

At CIC, we are visionary creators and this year and beyond, we continue envisioning a dynamic and prosperous future, assured that we are pillars of strength to our people and communities. Our sustainable practices are a key sustainability priority and designed to ensure our endurance.

The company's 5 year strategic plan "envision" envisages clear direction for the Group, choosing to build upon strategic imperatives, a vibrant portfolio and strengthening CIC's key competitive advantages to drive the Group towards growth for the benefit of all our valued stakeholders.

CONTENTS

ABOUT THE CIC GROUP

Vision, Mission, Values	3
About the Report	5
Financial and Operational Highlights	6
Chairman's Message	7
Group Chief Executive Officer's Review	10
Board of Directors	14
Management Committee	18

STRATEGY REPORT

Value Creation Model	20
Stakeholder Engagement	22
Material Topics	24
ESG Framework	26

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment	28
Sector Review	
Crop Solutions	30
Industrial Solutions	32
Livestock Solutions	34
Health & Personal Care	36
Agri Produce	39
Financial Capital	41
Manufactured Capital	45
Intellectual Capital	48
Human Capital	52
Social And Relationship Capital	57
Natural Capital	64

GOVERNANCE REPORTS

Corporate Governance	66
Audit Committee Report	120
Report of the Human Capital & Compensation Committee	122
Nomination Committee Report	124
Report of the Related Party Transactions Review Committee	125
Board of Directors Statement on Internal Controls	127
Risk Management Report	128

FINANCIAL REPORTS

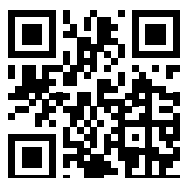
Annual Report of the Board of Directors	143
Directors' Responsibility for Financial Reporting	151
Chief Executive Officer's and Chief Financial Officer's Responsibility Statement	152
Independent Auditor's Report	153
Statement of Profit or Loss and Other Comprehensive Income	156
Statement of Financial Position	157
Statement of Changes In Equity	159
Statement of Cash Flow	161
Notes to the Financial Statements	163

SUPPLEMENTARY INFORMATION

Shareholders & Investors Information	250
Movement in Issued Capital and Dividend Distribution	254
Ten Year Group Performance	256
Notes	258
Notice of Annual General Meeting	260
Form of Proxy-Annual General Meeting (Ordinary Shares)	261
Form of Proxy-Annual General Meeting (Non-Voting (Class X) Shares)	263

Corporate Information

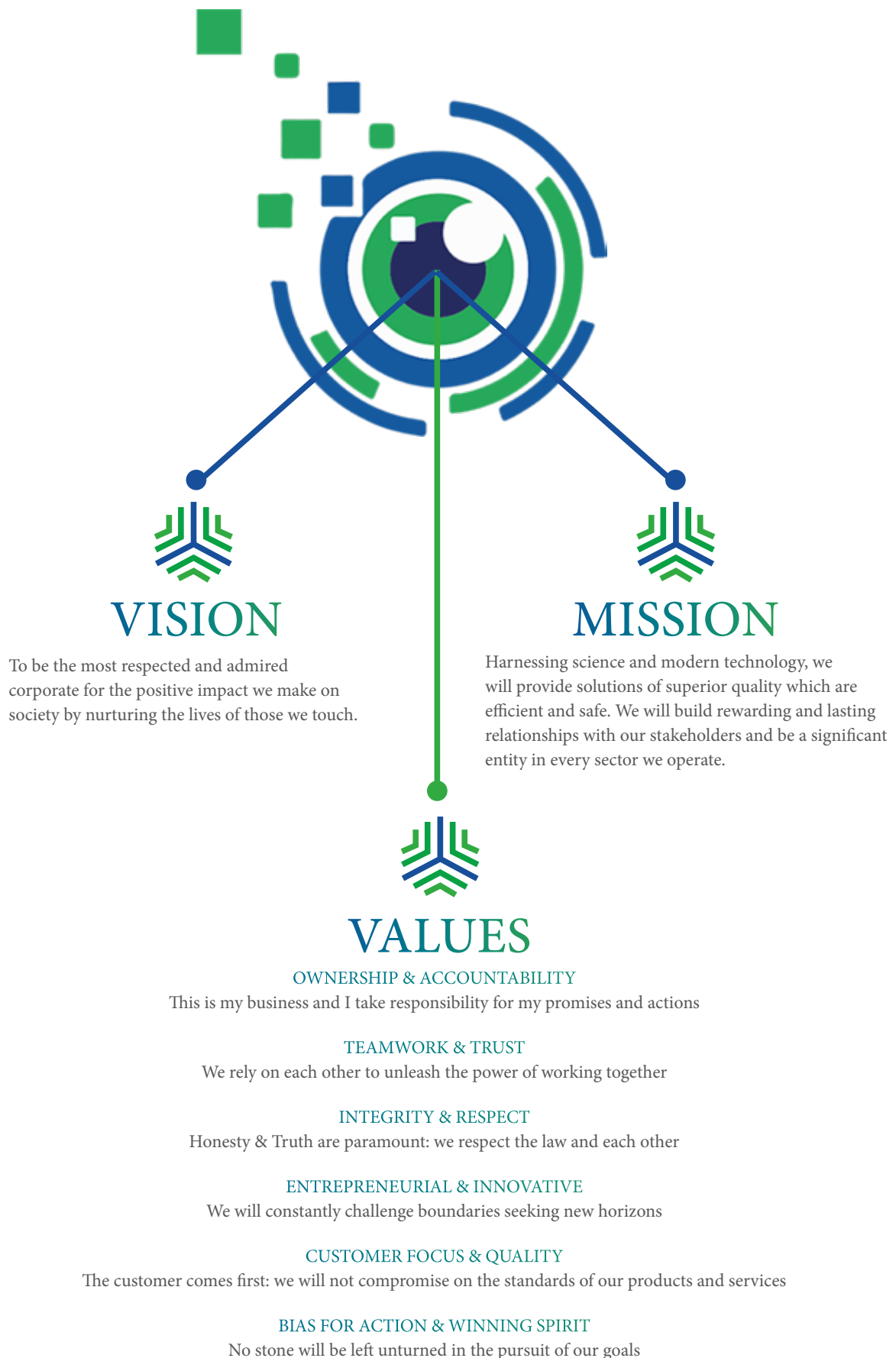
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VISION, MISSION, VALUES





“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.”

GROUP REVENUE GROWTH

63%

NET PROFIT AFTER TAX

Rs. 10.05Bn

TOTAL ASSETS

Rs. 55.80Bn

EARNINGS PER SHARE

Rs. 20.58

NET ASSET PER SHARE

Rs. 60.66



CIC Agri Produce

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



CIC Livestock Solutions

- Feeds
- Poultry
- Vetcare



CIC Health & Personal Care

- Pharmaceuticals
- Medical Devices
- Personal Care
- Herbal Care



CIC Industrial Solutions

- Construction Material
- Industrial Raw Material
- Packaging



CIC Crop Solutions

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

ABOUT THE REPORT

REINTRODUCING INTEGRATED ANNUAL REPORTING

CIC Holdings PLC takes great pride in reintroducing integrated reporting after a lapse of 7 years. With this current report the Group seeks to demonstrate its commitment to continuously improve the transparency of our public disclosures in order to give stakeholders a broader understanding of the Group's day to day operations and how these processes contribute towards carrying stakeholder value.

Previous Annual Reports published by the CIC Group for the past several years, including the most recent past report for FY 2021/22 are available on the CSE website.

SCOPE AND BOUNDARY

The current integrated report covers the period 01st April 2022 to 31st March 2023 and aims to inform shareholders and other stakeholders of the progress that has been made during this period in creating value for all. Therefore, in addition to the Financial Statements, the report contains detailed information on the Group's value creation process through our various business models via the allocation of capital resources.

The report also examines the key risks faced by the Group as well cluster-specific risks in the context of the current operating environment. The risk discussion is accompanied with a comprehensive report on the governance frameworks in place across the Group.

MATERIALITY

We have applied the principle of materiality in assessing what information is to be included in this integrated report. Material Matters are essentially those aspects that have the ability to affect our value creation capacity and thus forms the basis of the content of this report. The process adopted to determine Material Matters is shown on Page 24 of this report.

REPORTING FRAMEWORKS

Financial Reporting	Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka Companies Act no: 07 of 2007
Governance, Compliance and Risk Reporting	The Code of Best Practice for Corporate Governance, jointly issued by the SEC and the Institute of Chartered Accountants of Sri Lanka Listing rules of the Colombo Stock Exchange
Sustainability Reporting	International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework six capitals model

FORWARD LOOKING STATEMENTS

Certain statements mentioned in this report may be constituted as forward-looking. Such statements often involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Group to be significantly different from the future results, performance or achievements expressed or implied by such forward looking statements.

Accordingly, the Group undertakes no obligation to update publicly or release any revisions to these forward-looking statements due to events or circumstances after the date of this document.

ASSURANCE

We have adopted a combined assurance approach, where internally, the report content has been reviewed by the Board Audit Committee prior to seeking final approval by the Board.

Our external auditors KPMG, Chartered Accountants, have certified the Group's Financial statements and related notes and disclosures published in this Report. (Please refer the Independent Audit Report on page 153)

Board Responsibility Statement

The CIC Holdings PLC Board of Directors acknowledges its responsibility for ensuring the integrity of this integrated report. The Board confirms that it has collectively reviewed the contents of the report in conjunction with the assurance reports provided by the Board Audit Committee. The Board is satisfied that the report provides a fair and accurate representation of the Group's financial and non-financial performance for the year ended 31st March 2023.

The report was unanimously approved by the Board on 02nd June 2023 and is signed on its behalf by Chairman, Mr. S. H. Amarasekera and Director, Mr. P. R. Saldin.

Feedback

We welcome your questions regarding this report and your suggestions to help us improve the next edition and request that you direct your feedback to;

Name	Telephone Numbers
Ms. G P S Samarakoon	94 (0) 112359359 Ext. 279
Ms. D D Wickramanayake	94 (0) 112359359 Ext. 304

FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the year ended 31st march		Group	
		2023	2022
		Rs. 000	Rs. 000
Earning Highlights and Ratios			
Group revenue	Rs. '000	68,274,718	41,759,591
Group profit before interest and tax	Rs. '000	16,843,086	7,028,402
Income tax expense	Rs. '000	(3,070,914)	(910,619)
Profit for the year from continuing operations	Rs. '000	9,997,624	4,572,886
Profit/(loss) for the year from discontinued operations	Rs. '000	54,934	(227,113)
Other comprehensive income	Rs. '000	(313,920)	566,416
Total comprehensive income	Rs. '000	9,738,638	4,912,189
Profit attributable to equity holders of the Company	Rs. '000	7,801,449	3,684,153
Dividend Paid	Rs. '000	379,080	892,510
Basic/Diluted earnings per share (EPS)	Rs.	20.58	9.72
Interest cover	Number of times	4.03	3.51
Return on equity (ROE)	%	34	22
Return on assets (ROA)	%	17	11
Pre-tax return on capital employed (ROCE)	%	45	28
Statement of Financial Position - Highlights and Ratios			
Total Assets	Rs. '000	55,802,767	46,127,162
Total Equity	Rs. '000	27,829,015	20,114,101
Total Debts	Rs. '000	15,289,932	11,289,509
Equity attributable to equity holders of the Company	Rs. '000	22,996,023	16,510,662
Number of shares in issue	Number	379,080,000	379,080,000
Net assets per share	Rs.	60.66	43.55
Debt/Equity	%	54.94	56.13
Debt/Total assets	%	27.40	24.47
Market/Shareholder Information			
Market price per share as at 31st March			
Ordinary	Rs.	71.20	38.10
Non-Voting (Class X)	Rs.	49.50	25.00
Dividend per share			
Interim paid	Rs.	-	1.00
Final proposed	Rs.	2.50	1.00
Market capitalisation	Rs. Mn	25,092	13,297
Float adjusted market capitalisation	Rs. Mn	13,865	7,297
Price earnings ratio			
Ordinary	Number of times	3.46	3.92
Non-Voting (Class X)	Number of times	2.41	2.57
Other Information			
Total employees	Number	2,109	2,112
Revenue per employee	Rs. '000	32,373	19,773
Total value addition to employees	Rs. '000	3,047,126	2,572,322
Value addition to lenders of the capital	Rs. '000	5,852,891	1,658,887
Total taxes paid to Government	Rs. '000	4,413,011	1,976,196

CHAIRMAN'S MESSAGE



**THE GROUP DECLARED AND PAID
THE HIGHEST EVER DIVIDEND OF
RS. 2.50 PER SHARE AS WELL AS THE
LARGEST EVER DIVIDEND PAYOUT
OF RS. 947.70MN**

CHAIRMAN'S MESSAGE

It is my pleasure to present to you the Annual Report and Financial Statements of CIC Holdings PLC for the year ending 31st March 2023. If I were asked to describe this past year in one word, I would simply say that it was "exceptional". As the Sri Lankan economy reached yet another crucial juncture, the CIC Group again proved its exceptional resilience to record its best-ever performance to date.

STELLAR RESULTS

Growing at the fastest pace in over a decade, Group Revenue hit an all time high of Rs. 68.27Bn. All 5 clusters reported healthy top line improvements which saw consolidated Profit Before Tax increasing by 138.32% to set a new record at Rs. 13.07Bn. Remarkably, even after paying the highest ever taxes, Group PAT crossed the landmark Rs. 10Bn for the first time in our 06 decade long history to reach Rs. 10.053Bn. A combination of strong earnings growth on top of higher tax rates pushed up the Group's tax expenses to Rs. 3Bn, in FY 2022/23 denoting a massive 237.23% increase year on year.

The Group results are even more commendable given the fact that each division was able to absorb a significant increase in finance costs given the steep increase in rates during the year under review. Thus at a Group level finance costs increased by 97.25% over the previous year to an aggregate sum of Rs. 4.32Bn for the year under review.

Keen to share our success with our shareholders, the Group declared and paid the highest ever dividend of Rs. 2.50 per share as well as the largest ever dividend payout of Rs. 947.70Mn to ordinary shareholders, in the Group's 6 decade history.

While I readily admit these results are exceptional, they are not wholly unexpected as they are the outcome of coordinated and carefully engineered action plans implemented over the past four strategic cycles in order to strengthen and consolidate the Group's core positions in response to a rapidly evolving external environment.

PURPOSE-LED CRISIS RESPONSE

As the Country's economy struggled through another arduous period marked by historically low foreign exchange reserves, record high inflation and interest rates and unprecedented currency weakness, the CIC Group acted swiftly by embracing bold new approaches in order to mobilise resources as the situation warranted. We remained flexible and agile, often even changing course mid-stream to enable our portfolios to adapt to the highly fluid environment and improve their capacity to respond to the needs of the Country and its people in a timely manner.

With the acute shortages of fuel and energy and widespread civil unrest raising concerns regarding food security, the CIC Crop Solutions cluster accelerated its agri input distribution in a bid to boost local agricultural output which had been on the decline since the introduction of the fertilizer and agrochemical ban in

2020. Despite being affected by the fallout from the inflation-induced consumer demand downturn, the Livestock and Agri Solutions sectors looked beyond profit considerations to ensure the continuous availability of essential food items in the retail space.

The Group's Industrial Solutions cluster meanwhile continued to support the revival of industrial activity with special emphasis on driving the apparel sector growth momentum alongside a conscious effort to rejuvenate the stalled construction sector.

Likewise, the Group's surgical and pharma verticals prioritised the importation of essential medicines and medical equipment to supplement the needs of both the state and private sector healthcare systems.

I am extremely proud of the progress made by the herbal healthcare segment - Link Naturals in growing its export revenue, amidst the backdrop of the Country's rapidly depleting foreign reserves. On a related note, the CIC Group in September 2022 deepened its investment in Link Natural Products (Private) Limited through the acquisition of another 13% stake in the Company, thereby further cementing the Group's status as the majority shareholder of Link Naturals.

COMMITMENT TO GOOD GOVERNANCE

I firmly believe that the CIC Group's well established corporate governance has been instrumental in driving the Group's success in such turbulent times. During the year, the CIC Group Board met over 04 times and worked closely with subsidiary Boards and their respective management teams to conduct 'deep dive' reviews of divisional risks in order to further fine tune strategies in light of the highly volatile external environment and its impact on the Group's risk landscape.

The Board, supported by its Committees, also increased supervisory oversight on compliance matters. Advocating ZERO tolerance of non-compliance, equal emphasis was placed on adherence to the internal constitutional frameworks as well as to external regulatory requirements.

On behalf of the Board, I declare 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.

ESG VALUE TRANSFORMATION

Achieving business success responsibly and sustainably has been part and parcel of the CIC Group strategy since the inception. With ESG (Environment, Social, Governance) increasingly becoming a buzzword, the Group is looking to adopt a more formal approach to re-anchor its sustainability commitments across the various business clusters.

GROUP REVENUE HIT AN ALL TIME HIGH OF RS. 68.27BN. ALL 5 CLUSTERS REPORTED HEALTHY TOP LINE IMPROVEMENTS WHICH SAW CONSOLIDATED PROFIT BEFORE TAX INCREASING BY 138.34% TO SET A NEW RECORD AT RS 13.07 BN, EVEN AFTER PAYING THE HIGHEST EVER TAXES, GROUP PAT CROSSED THE LANDMARK RS. 10BN FOR THE FIRST TIME IN OUR 06 DECADE LONG HISTORY TO REACH RS. 10.053 BN.

Towards this end, the CIC Group embarked on a broad-based value transformation approach to embed Environmental, Social and Governance considerations across our various business models. Underpinning our efforts is the 5-year Sustainability Roadmap that aims to enable the Group to align its ESG commitments to business goals for the purpose of maximising sustainable benefit to the environment and the community over time.

Our ultimate aim through this effort is to support Sri Lanka to catalyse its developmental objectives in the areas of Poverty Elimination, Uplifting Education, Gender Equality, Child and Maternal Health and Climate Action.

WAY FORWARD

Reinvigorated by everything that was achieved during these times of extreme turbulence, the CIC Group is excited to see what lies ahead. Sri Lanka seemingly reaching a more stable footing following the formal agreement with the IMF to secure the EFF, I believe, will pave the way for the Country to reach greater economic stability. The fact that we are already seeing the LKR strengthening significantly against the USD suggests

that the economic turnaround is likely to materialise in the next twelve months, resulting in the gradual decline in inflationary pressure as well as more sustainable interest rates in due course.

In the near term, the CIC Group will remain watchful while focusing on consolidating positions in local market domains. The Group also intends to significantly accelerate its export orientation in order to increase our bandwidth in the Indian subcontinent and the wider Asian region while working in parallel to strengthen global outreach.

BOARD CHANGES

It is with great pleasure that I welcome Ms. Kshenuka Senewiratne who was appointed to the CIC Group Board as an Independent Non-Executive Director with effect from 01st January 2023. A seasoned diplomat, who retired from the Public Service in 2020, Ms. Senewiratne brings a unique skill set and rich blend of experience and international exposure, which I believe will be crucial in supporting the Group's global expansion strategy, going forward.

APPRECIATIONS

I wish to express my sincere thanks to my colleagues on the CIC Group Board for their unfailing support - for making themselves available at short notice to attend meetings and for agreeing without hesitation to one-on-one strategy discussions with our strategy teams so as to steer the respective businesses forward in these turbulent times.

I also wish to take this opportunity to express my sincere appreciation to the CIC Group CEO - Mr. Aroshan Seresinhe, his management teams, staff and CIC employees around the Country for their admirable commitment and dedication towards the Group.

My heartfelt gratitude also goes to our shareholders. I am immensely grateful for your continued support and confidence.

In conclusion, I wish to thank our customers, overseas principals, business partners, bankers and other stakeholders for their longstanding trust in the CIC brand. I rely on your continued support to explore the promising possibilities in the year ahead.



S. H. Amarasekera
Chairman

02nd June 2023

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW



**THE FIRST THING THAT COMES
TO MY MIND IS THE INCREDIBLE
RESILIENCE AND PERSEVERANCE
OF OUR TEAMS IN TACKLING WHAT
OFTEN AT TIMES APPEARED TO BE
INSURMOUNTABLE CHALLENGES.**

Much like the past few years, the year 2022 also presented some unprecedented challenges for Sri Lanka, as the Country battled with deepening economic uncertainty surrounded by low foreign exchange reserves, a weak currency, rising interest rates and runaway inflation.

BATTLING HEADWINDS

Looking back on FY 2022/23, the first thing that comes to my mind is the incredible resilience and perseverance of our teams in tackling what often at times appeared to be insurmountable challenges. Realising very quickly that the standard approaches would not hold water under these highly fluid circumstances, our teams went above and beyond to manoeuvre our businesses through the storm that was unfolding around us with greater agility and adaptability.

With working capital management deemed a foremost priority on the face of the forex liquidity crisis and inflationary conditions in the Country, our teams worked around the clock and on many fronts to fortify our businesses.

Treasury management activities were further streamlined to support stock and inventory planning to build up sufficient buffer stocks for several months. Debtor management was further rationalised alongside tighter credit terms and more emphasis on cash collections.

In tandem, we began working closely with our local banking partners to secure both LKR and forex liquidity, while strengthening ties with overseas correspondent banks to smoothen the import channels. In a bid to further safeguard our import capacity we also leveraged Group synergies, while simultaneously trying out new approaches including seeking the support of several of our export oriented customers to mobilise much needed foreign currency for our major import-dependent clusters.

On the downside, measures to build inventory in response to challenges on the import front led to a sharp increase in borrowing, with short-term borrowings accounting for 99.2% of the Group's total borrowings as at 31st March 2023. Increased borrowings (at the prevailing higher rates) to facilitate working capital requirements pushed up Group Finance Cost to Rs. 4.32Bn, 97.25% higher than the previous year.

Rs. 10.05 Bn

GROUP PROFIT AFTER TAX

POWERING THROUGH

While I do admit that CIC Group's presence in essential sectors such as agri, crop inputs, healthcare and livestock does work in our favour in turbulent times, I am more inclined to think that the solid performances seen across a majority of our sectors are the result of our resilient business models as well as the sharp pricing strategies to leverage market nuances.

In its first full year since the revocation of the fertilizer and agro chemical ban, the Crop Solutions sector produced solid results in the current financial year. With sufficient stocks in hand thanks to our stringent working capital management strategies, the sector was able to capitalise on robust market demand to record substantial volume growth resulting in strong year on year top line growth. Consequently, volume-based market share attributed to CIC's Crop Solutions sector also increased significantly. Meanwhile steps taken to further diversify the sector product portfolio ensued in the launch of a new hybrid fertilizer range combining chemical-based and organic products mainly for the tea and vegetable sectors. The strong market uptake seen within the first few months of launch, I believe is a clear indication of the strong market potential for such hybrid solutions in time to come. In related developments, the sector also resumed the importation of Glyphosate after a lapse of nearly 09 years.

The Industrial Solutions cluster performed extremely well in the first six months of FY 2022/23 supported by prudent working capital and pricing strategies to grow captive market share in all key markets. In a bid to capitalise on the strong momentum from the apparel industry, the textile sector product range was also further expanded in partnership with new global principals in Switzerland. However with the lagged effect of local economic hardships coming into the equation along with global recessionary conditions impacting the demand for apparel and rubber, the cascading effect had a telling impact on the prospects of the Industrial Solutions cluster in the second half of the financial year. Nonetheless thanks to significant gains made in the first half, the Industrial Solutions cluster reported strong overall results, reflecting a commendable improvement over the previous year.

In the Livestock Solutions sector, strong first half results were followed by some notable setbacks in the latter half as consumer demand weakened significantly precipitated by deteriorating economic activity, inflationary conditions and low tourist arrivals. With stock build ups becoming an industry-wide phenomenon in the second half, the sector embarked on some innovative approaches to liquidate stocks and alleviate margin pressure.

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

The Health and Personal Care sector as a whole reported a satisfactory performance in the year under review. Aside from inflation induced demand pressure, the demand for medical devices and pharma products were both further affected by the shift in customer buying patterns, as patients, being unable to afford doctor consultation charges/hospital visits, instead began seeking the advice of local pharmacists. Amidst this backdrop, the performance of the Health and Personal Care cluster was driven by steady expansion in export revenue in the personal care segment represented by Link Naturals (Private) Limited. Supported by extensive market development activities to promote its flagship Link Samahan across all key global markets, the segment recorded incremental growth in export revenue in the current financial year. Signalling an important milestone in its global market expansion strategy, Link also made inroads into the USA and Japan for the first time with new channel partnerships established in both these key markets. Meanwhile, launch of the Earth Essence Range of herbal personal care cosmetic products in early 2023 demonstrates Link's commitment to grow its bandwidth in the local market.

Reflecting the impact of subdued consumer demand, the Agri Produce sector experienced some notable strain in the form of volume and revenue erosion compared to the previous year. However eager to prove its resilience and capacity for innovation even in times of adversity, the "Home Garden Starter Pack" was launched with the aim of encouraging retail growing activity as a solution to widespread food security concerns that emerged in the immediate aftermath of the economic crisis in the Country.

Within the Agri cluster health and specialty rice exports continued to show robust year on year growth. Meanwhile as diabetes becomes a rising global health threat, afflicting as many as 3 in 5 people worldwide, we picked up the pace on our R & D efforts to develop new healthy, low glycemic rice variants with a glycemic index between 46-48%, broadly considered as the global benchmark.

STANDING OUT

The financial results tabled by the CIC Group for FY 2022/23 speaks volumes about the Group's ability not just to withstand extreme pressure, but to succeed despite it. Consolidated Group Revenue grew by 63.49% year on year to reach an all time record high of Rs. 68.27Bn in FY 2022/23.

Record Revenue results saw consolidated Gross Profit more than doubling compared to the previous year to Rs. 24.49Bn in FY 2022/23, while the Gross Profit margin moved up to 36% in the current financial year from 28% a year ago.

Regrettably, Operating Expenses increased significantly amidst inflationary pressures, thereby largely negating the impact of cost efficiencies resulting from Group-wide cost containment

**ENLIVENED BY OUR
FUNDAMENTAL ETHOS
- "NURTURING LIFE" WE
HAVE ALWAYS TAKEN A
SYSTEMATIC, PROCESS
LED APPROACH TO
ENSURE OUR DIVERSE
PORTFOLIO OF
BUSINESSES CONTINUE
TO IMPROVE THEIR
CAPACITY TO CREATE
SUSTAINABLE VALUE.**

efforts. However, despite margin pressure owing to inflation-induced cost increases, Group Operating Profit/ Earnings before Interest and Tax (EBIT) reached Rs. 16.84Bn in the current financial year - another historical milestone for the CIC Group.

ADVANCING SUSTAINABILITY

It seems quite obvious that the CIC Group's ability to grow and thrive over the past 60 years is thanks to our firm commitment to invest in sustainability. Enlivened by our fundamental ethos - "Nurturing Life" we have always taken a systematic, process led approach to ensure our diverse portfolio of businesses continue to improve their capacity to create sustainable value.

The current financial year saw the CIC Group further consolidating its commitment to sustainability via the launch of a Sustainability Roadmap detailing actionable initiatives to be undertaken over the next 5 years to accomplish a set of broader goals. To kick off the first phase of the Sustainability Roadmap, the CIC Group Partnered with a leading Bank to launch the 'Value Added Agriculture' Programme as a capacity building exercise to empower small scale agri-entrepreneurs to become key enablers of rural economic development.

Rs. 68.27 Bn

GROUP REVENUE

Our partnership with the Bank creates a structured platform to connect with rural farmers. The inaugural 'Value Added Agriculture' Programme was conducted in January 2023 for the benefit of members of Divulankadawala Farmers Associations in Medirigiriya.

We also mobilised Rs. 5.7Mn through our longstanding educational support programme managed by the CIC Charitable and Educational Trust Fund, to grant over 100 scholarships to employees' children who have excelled at key national-level examinations or gained entrance to state universities.

ENVISIONING THE FUTURE

Having achieved the best ever results amidst the most challenging circumstances, we are now eager to see what new issues we will confront, especially in terms of competitive pressure as some business segments normalise in the coming years. To bring to life our future ambitions, we began by looking more deeply at where we stand now, and started working on various different iterations to discover what we need to do in order to be where we want to be by 2028. The outcome of this was the "Envision" strategy to take the CIC Group to the next level through conscious reassessment, resizing and reinvention of all business segments within each of our sectors to improve the cohesion with Group strategic objectives.

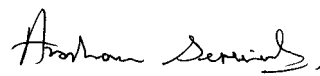
Some important takeaways from our future strategy are the investment in agri technology and focus on building scale across our export oriented businesses, especially in the Personal Care segment under Link Naturals. Similarly we are also looking at opportunities to strategically expand the global footprint of our Rice export operation. R&D led innovation will feature quite prominently in our export growth strategy in the coming years.

APPRECIATIONS

Before I conclude, I would like to place on record my deep appreciation for the guidance and invaluable support and insights I continue to receive from the CIC Group Chairman and the Board of Directors. Your wise counsel and encouragement has been a source of great strength for me personally and my team throughout this past year.

I wish to also extend my sincere gratitude to my senior leadership team and CIC Group employees around the Country for the professionalism and integrity that you bring with you every single day.

And finally, I would like to thank our valued customers, overseas principals, global partners, bankers/financial institutions and suppliers for standing by the CIC Group through the years. I urge you to stay invested in the Group as we roll out with our "Envision" strategy to catalyse new opportunities that we hope will propel the CIC Group toward a more vibrant future in the years ahead.



P. A. Seresinhe
Group Chief Executive Officer

02nd June 2023

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



K. D. SENEWIRATNE

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 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 include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law.

He also serves as the Chairman of several listed companies on the Colombo Stock Exchange including Sampath Bank PLC, Vallibel One PLC, Royal Ceramics Lanka PLC, Swisstek (Ceylon) PLC, Vallibel Power Erathna PLC. He is also the Chairman of CIC Agri Businesses (Private) Limited and Swisstek Aluminium Limited.

He is also an Independent Non-Executive Director of Expolanka Holdings PLC, Ambeon Capital PLC and Hayleys Leisure PLC.

R. S. CAPTAIN

Non-Independent, Non-Executive Director

Appointed to the Board on 10th March, 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 Stockbrokers, Asia Capital, Dutch Lanka Trailers, Asia Siyaka and Asian Alliance. He has served as Non-Executive Director of Hatton National Bank PLC, John Keells Holdings PLC and many other unlisted Companies. Mr. Captain was graduated from the University of Miami, Florida, USA.

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, NSBM Green University and Mahindra Ideal Finance Limited.

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.

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. He is also the Chairman of Commercial Insurance Brokers (Private) Limited. He also serves on the Boards of many other private companies. He 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.

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.

K. D SENEWIRATNE

Independent, Non-Executive Director

Appointed to the Board on 01st January 2023. Ms. Kshenuka Senewiratne is the first female Permanent Representative to the United Nations (UN) in New York and High Commissioner to the United Kingdom (UK) and also the Secretary of the Ministry of Foreign Affairs.

Ms. Senewiratne, a seasoned diplomat, who retired from the Public Service in 2020, counts a 35-year track record with the Sri Lanka foreign service, having held prestigious postings as Sri Lanka's Head of Mission to the UN both in Geneva and New York, UK and Thailand. She has extensive expertise in the North American, European, and Asian regions in a multitude of strategies to enhance bilateral and multilateral relations. Especially through political and economic cooperations in the global context, and also ensuring the overall administrative effectiveness of the Sri Lanka Mission overseas and the Ministry of Foreign Affairs where she served. She is currently working in an advisory capacity on international media.

MANAGEMENT COMMITTEE



Mr. Aroshan Seresinhe
Group Chief Executive Officer



Dr. Devapriya Nugawela
Chairman - Link Natural
Products (Private) Limited



Mr. Waruna Madawanarachchi
Managing Director, Agri Cluster



Mr. Jayantha Rajapakse
Chairman/Managing Director
Unipower (Private) Limited



Ms. Erandi Wickramaarachchi
Group Chief Financial Officer



Mr. Aruna Jayasekera
Group Head of Human Resources



Mr. Viraj Manatunga
Group Chief Strategy Officer /Divisional
Director - Pharma



Ms. Prasadi Samarakoon
Head of Group Treasury/Divisional
Director - Group Finance



Mr. Ajith Weerasinghe
Chief Executive Officer - CIC Feeds Group



Ms. Roshanie Jayasundera Moraes
Chief Executive Officer
Link Natural Products (Private) Limited



Mr. Prasad Wegiriya
Chief Executive Officer - CISCO Speciality
Packaging (Private) Limited



Mr. Thushara Yatigammana
Chief Operating Officer Chemanex PLC/
Divisional Director -Industrial Solutions



Mr. Hasitha Ahangama

Divisional Director - Healthcare - Medical
Devices and Diagnostics



Mr. Mahesh Wanninayake

Divisional Director - Crop Solutions



Mr. Marlon Fernandopulle

Divisional Director- Human Resources &
Corporate Affairs



Mr. Anjana Leelarathne

Chief Operating Officer
Fertilizer and Seeds Business



Mr. Vidura Gamage

Chief Operating Officer
CIC CropGuard (Private) Limited



Mr. Ranjith Bandara

Chief Operating Officer - Unipower
(Private) Limited



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



Ms. Damodara Wickramanayake

General Manager Finance - CIC
Holdings/Chemane PLC

STRATEGY REPORT

VALUE CREATION MODEL

EXTERNAL ENVIRONMENT

OPPORTUNITIES AND CHALLENGES



MISSION, VISION

STRATEGY

INPUTS



FINANCIAL CAPITAL

- Equity Capital - Rs. 27.83Bn
- Debt Capital - Rs. 15.04B



MANUFACTURED CAPITAL

Total Investment in Property, Plant & Equipment - Rs. 8Bn to date

- Dairy Processing Plant - Dambulla
- Fertilizer Blending Plant - Peliyagoda
- Fertilizer Blending Plant - Kurunegala
- Link Naturals Manufacturing Plant and R & D facility - Dompe
- Feed Manufacturing Mill - Ja-ela
- Agri Input Re-Packing Plant - Godagama
- Chick Hatchery - Pannala
- Organic Fertilizer Manufacturing Plant - Pelwehera
- Poultry Processing Plant - Badalagama
- "Seed Farms - Hingurakgoda, Pelwehera, Talawa
- Poultry Breeding Farms - Waradala, Pannala, Akaragama
- Rice Mill - Maho
- Paddy Processing Plant - Hingurakgoda, Maho, Pelwehera
- Broiler Farms - Molahena, Amunewela
- Pharmaceutical Manufacturing Plant - Welisara
- Herbal and Medicinal Plant Farms - Dambukanda, Parakaduwa
- Paint Binder Plant - Godagama



INTELLECTUAL CAPITAL

- Brand Legacy
- Standards and Certifications
 - ISO 22000: Food Safety Management Systems, including HACCP and GMP
 - FSSC 22000 Food Safety System Certification
 - ISO 9001: Quality Management Systems
 - ISO 14001: Environmental Management Systems
 - ISO 45001: Occupational Health and Safety Management Systems
 - ISO 50001: Energy Management Systems
 - Halal
 - US FDA
- Business Networks
- Business Integrity
- Research and Development
- Tacit Knowledge of Teams



HUMAN CAPITAL

- 1938 employees
- HR Governance
- Workforce Planning
- Recruitment and Selection
- Remuneration and Benefits
- Performance Management
- Training and Development
- Succession Planning
- Safety and Wellbeing
- Employee Relations
- Grievance Handling



SOCIAL AND RELATIONSHIP CAPITAL

- Customer Value Proposition
- Business Partner Value Proposition
- Community Value Proposition



NATURAL CAPITAL

- Compliance and Best Practices
- Climate Action Themes

CORPORATE GOVERNANCE FRAMEWORK

BUSINESS ACTIVITIES



RISK MANAGEMENT FRAMEWORK

OUTPUTS FOR CIC

- ✓ Global market expansion
- ✓ Improved industry standing
- ✓ First mover advantage in the local / global market through R & D led proprietary innovations
- ✓ Strong competitive edge by leveraging principal relationships to access the latest global products
- ✓ Market leadership through sustainable and reliable supply chains
- ✓ Cost leadership through enhanced operational efficiency
- ✓ Improved employee motivation leading to higher productivity and ZERO lost days
- ✓ Good standing in the community

STAKEHOLDER OUTCOMES



Shareholders

- ROE - 34% (22% - FY 2021/22)
- Dividend Payout – 12% (21% - FY 2021/22)
- Consistent improvement in share price



Customers

- Access to the latest global technology
- Integrated Solutions
- Assurance of the best in-class products with the guaranteed assurance of the CIC brand
- Access to the first-to-market products
- 100% customer satisfaction
- ZERO defects



Employees

- Incidents of discrimination - None
- 329 job opportunities created through new hires
- ZERO major injuries



Suppliers

- Consistent growth prospects for suppliers
- Amount paid to suppliers - Rs. 35Bn (Rs. 20Bn - 2021/22)



Community and Environment

- Value Distributed to farmer-outgrower networks - Rs. 2.40Bn (Rs. 1.20Bn - 2021/22)
- Total farmer-out growers benefitted – 5,000 (5,105 - 2021/22)

STRATEGY REPORT

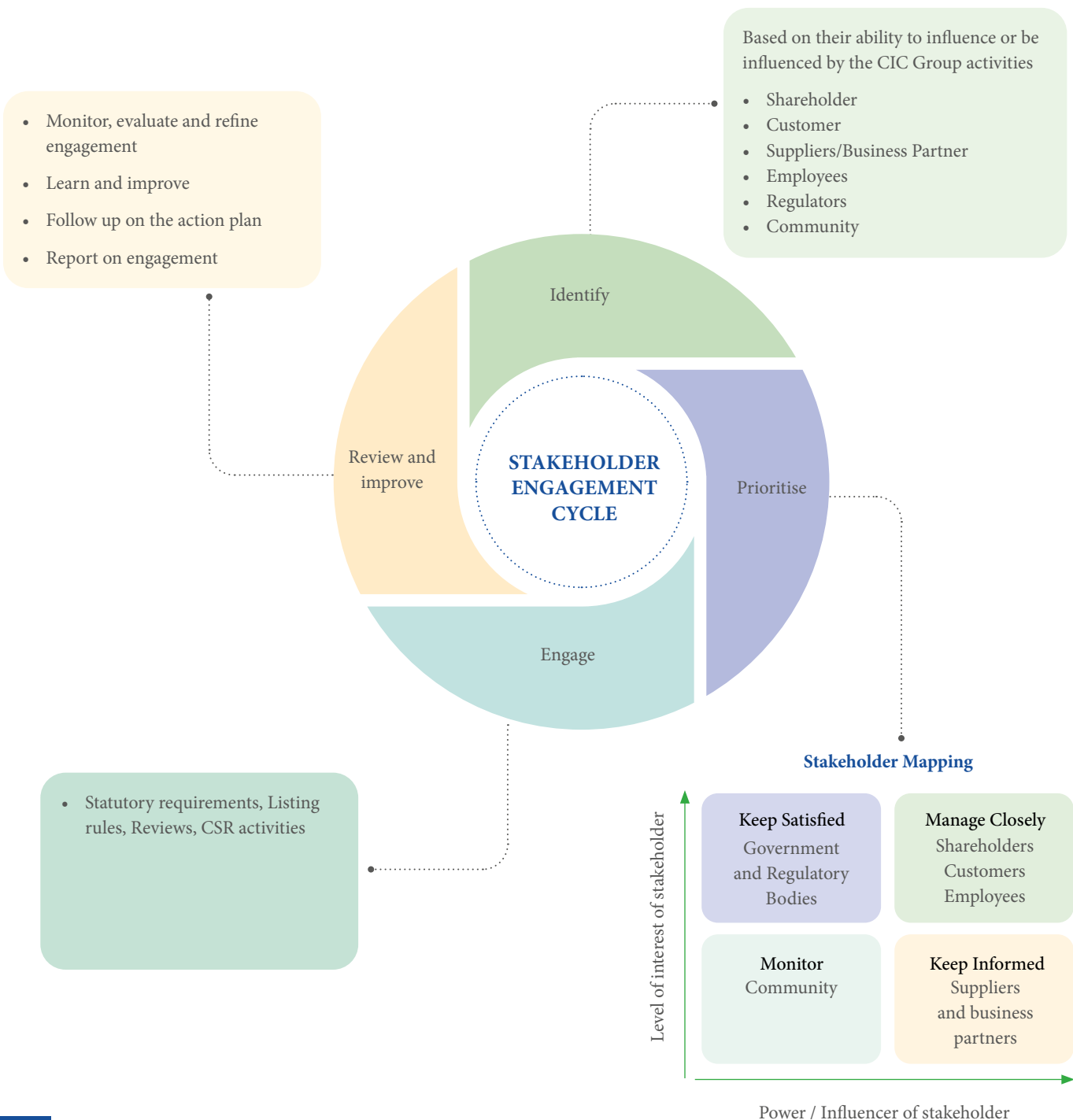
STAKEHOLDER ENGAGEMENT

In a world defined by constantly changing trends, stakeholder engagement now plays a crucial role in informing the CIC Group strategy. We have discovered that staying connected to our stakeholders helps to learn and understand what they expect of us, and in turn allows us to address these matters by taking necessary action through our decision making and strategy formulation processes.

Engaging with stakeholders also provides the opportunity for the Group to share information regarding the action we are taking in response to the issues that concern them. In this way,

continuous and ongoing engagement paves the way for the CIC Group to stay relevant in the market and to society as a whole.

To ensure our stakeholder engagements achieve the desired outcomes, we following a 4-step Stakeholder Engagement Cycle depicted below;



REPORTING FRAMEWORKS			
	Engagement Methodology	Frequency of Engagement	Stakeholder Focus
Shareholders 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
Customers 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	
Suppliers / Business Partners 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	
Employees 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	
Regulators 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
Community CIC Group maintains a structured approach to identify and address community needs in order to earn their trust	Review meetings	As needed	
	Community projects	Regularly	Investment in community capacity building
	Press releases	As needed	Local job opportunities
	Website, social media	Ongoing	

STRATEGY REPORT

MATERIAL TOPICS

Material Topics are those aspects that have the most impact on our ability to create long term value. These issues influence the decisions made by the Board regarding the strategic direction of the Group and its various business clusters.

MATERIALITY DETERMINATION PROCESS



IDENTIFY

We identify key issues that may impact the execution of our strategy. This is a Group-wide effort involving inputs from all business clusters and support units as well as feedback from our stakeholders



PRIORITISE

From the identified issues, we use a Materiality Matrix to prioritise those that have the greatest impact on the Group and those that are most important to stakeholders



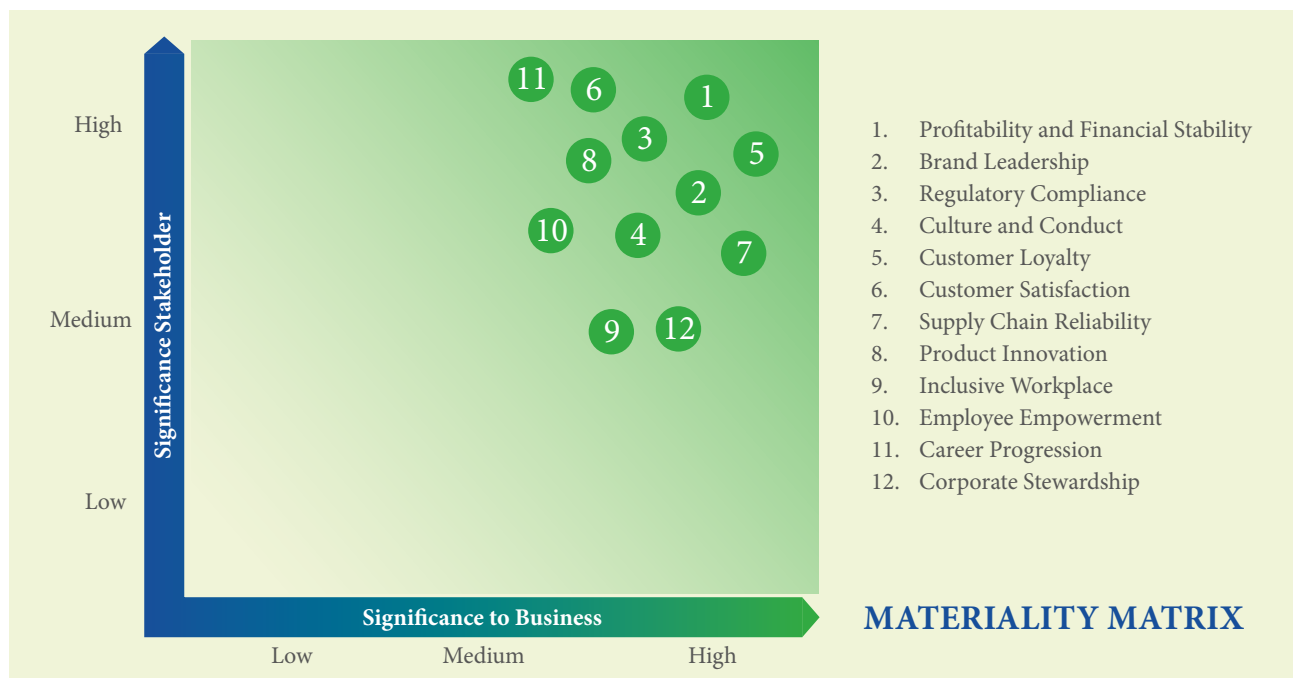
VALIDATE

Prioritised Material Topics are presented to the Board Audit Committee for review and validation



INTEGRATE

Material Matters are Integrated to the Group's Strategy (See below)



Material Topic	Economic / Social / Environmental	Management Approach
Profitability and Financial Stability	Creates a foundation to facilitate business diversification and scalability in order to drive economic activity on an ongoing basis	Board approved strategic plan and detailed business plans and budgets to deepen the penetration in captive markets and pursue new growth opportunities through diversification
Brand Leadership	Enables customers, suppliers and the community to benefit from the best in-class value propositions	Clearly defined strategies to drive brand leadership across customer markets, among suppliers as well as peers
Regulatory Compliance	Boost investor confidence in the economy	Stringent ongoing due diligence in line with the ZERO tolerance of non-compliance
Culture and Conduct	Contributes toward enhancing the credibility of the Country's corporate sector	Strong risk management governance frameworks together with high standards of ethics and business integrity
Customer Loyalty	Provides the impetus for current and future socio-economic development	Robust customer value proposition to acquire and retain customers over the long term
Customer Satisfaction		
Supply Chain Reliability	Creates the framework to enable consistent business growth over time	Strong Business Partner Value proposition to build long term relationships with suppliers and business partners
Product Innovation	Delivers socio economic benefits for a wider cross section of the population	Continuous and ongoing investment in R&D across all clusters
Inclusive Workplace	Reduces unemployment, eliminates socio economic inequalities, and improves national productivity	Fully fledged employee development framework
Employee Empowerment		
Career Progression		
Corporate Stewardship	Creates a healthier environment for the wider community and the environment over the long term	Community value proposition and environmental stability

STRATEGY REPORT

ESG FRAMEWORK

The CIC Group ESG Framework is drawn from our broader ambition to align with the United Nations Sustainable Development Goals (SDG's) that form the UN's global agenda to achieve sustainable development by the year 2030.



	Work closely with global and local value chain partners to enhance sustainability		Supporting equitable access to healthcare for all communities
	Cluster-specific climate action themes to ensure sustained long term benefits for the environment		Education support through the CIC Education Trust
	ZERO Waste operations in the livestock business		Promoting women in leadership roles
	Livelihood development of farmer-outgrower networks		Creating employment opportunities across Sri Lanka
	Empowerment of rural farming communities through the agri business farmer-outgrower networks		Investment in R&D to drive innovation
	Integrated crop solutions to promote sustainable agriculture		



thriving

MANAGEMENT DISCUSSION
AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

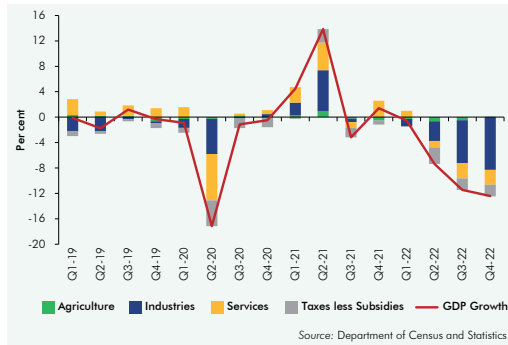
SRI LANKAN ECONOMY

Overview

Sri Lankan economy registered an unprecedented contraction in 2022 driven by the ripple effects of the unprecedented economic crisis amidst the domestic and global headwinds that reversed the post-pandemic recovery.

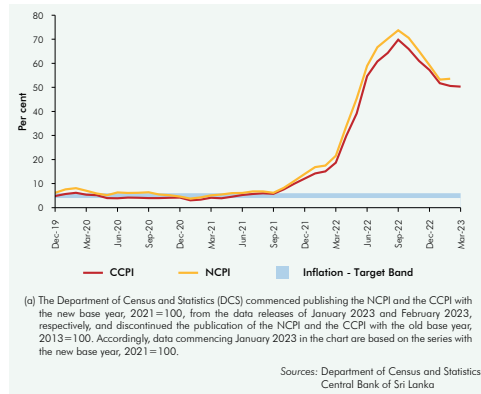
Key Economic Indicators - 2022

GDP



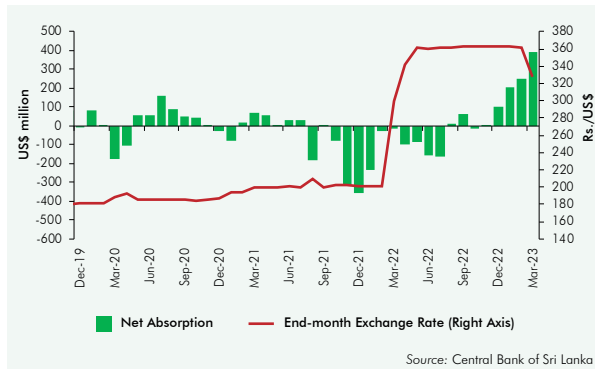
- GDP contracted by 7.8% in 2022
- Agriculture sector contracted by 4.6%
- Industry sector contracted by 16%
- Service sector showed a contraction of 2%

Inflation



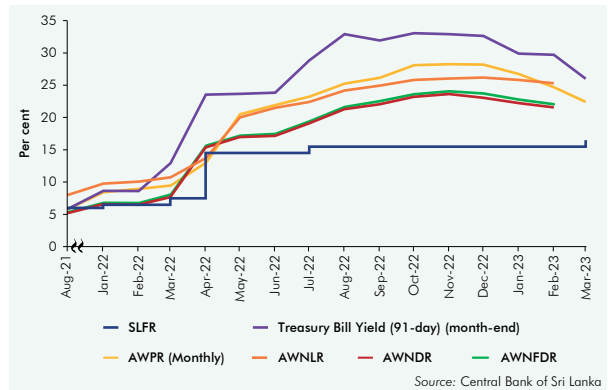
- Inflation accelerated to 69.8% in September 2022
- A more moderate 57.2% was recorded by December 2022

Exchange Rate



- LKR depreciated by 41.4% against the USD by end April 2022
- LKR appreciated against the USD by 10.9% by end March 2023

Interest Rate



- The CBSL raised interest rates by 700 basis points in April 2022
- Rates were further increased on three consecutive occasions until December 2022

OUTLOOK AND PROSPECTS

The medium term outlook for the Sri Lankan economy is contingent on the implementation of timely and effective reforms in a consistent manner to create a conducive business environment in the period ahead. It is hoped that the macroeconomic adjustment programme under the IMF-EFF arrangement, will help in restoring macroeconomic stability, debt sustainability, safeguarding financial system stability, strengthening governance and unlocking the growth potentials of the economy, while also alleviating the adverse impact of the economic crisis on the poor and vulnerable segments of the population in the coming years.

Source: CBSL AR 2022

Sector Review



CROP SOLUTIONS



INDUSTRIAL SOLUTIONS



LIVESTOCK SOLUTIONS



HEALTH & PERSONAL CARE



AGRI PRODUCE

CROP SOLUTIONS



INDUSTRIAL SOLUTIONS



LIVESTOCK SOLUTIONS



HEALTH & PERSONAL CARE



AGRI PRODUCE



Sector Review



CROP SOLUTIONS

- ➔ Plant Nutrition
- ➔ Plant Protection
- ➔ Seeds

CIC's Crop Solutions sector has cemented its position as the market leader in the provision of high-quality agriculture inputs to strengthen Sri Lanka's core agricultural base.

The Plant Nutrition segment, through its worldwide network of principal partners offers a wide range of advanced soil enrichment solutions for all major crop cultivation sectors, including tea, coconut, and vegetables.

The Plant Protection segment leverages the knowledge and expertise of its strategic tie-ups with leading global principals to deliver the best in class range of crop protection products to the Sri Lankan market.

The Seed segment with its diverse portfolio of seeds contributes towards promoting cultivation and growing activities across Sri Lanka.

PLANT NUTRITION



The year started positively with the open market conditions that came about after the revocation of the fertilizer and agro chemical ban and the removal of the quota allocation system in the latter part of 2021.

However, a number of other challenges affected the plant nutrition segment's prospects for the current financial year, most notably the shortage of forex in the Country which prevented the steady inflow of imports in the first six months of the year. As an interim step to manage these issues, inventories were rationalised, and distribution systems streamlined.

The combined impact of the LKR devaluation against the USD and rising global commodity prices saw the CIF price of agricultural imports increase drastically, causing the segment to make upward revisions in its pricing structures. Notwithstanding price increases, a strong market uptake was observed from the tea sector. Given the robust demand from the tea sector, the product range was also further expanded with the inclusion of special hybrid solutions using a blend of chemical-based and organic compounds.

Meanwhile, with price pressure stifling demand from most other sectors, the Plant Nutrition segment began offering special production packages to support customers to access more affordable solutions.

Driven by strong demand from the tea sector, the Plant Nutrition segment succeeded in achieving its revenue targets for FY 2022/23.

PLANT PROTECTION



The Plant Protection segment too encountered challenges due to the forex crisis. The disruption in regular input supplies forced the segment to focus on stringent stock administration and contract rescheduling to manage the distribution of existing inventory.

With the scarcity situation easing to a large extent following the resumption of regular imports in mid-2022 routine distribution recommenced from October 2022. On the downside, price increases made to reflect the LKR devaluation and rising global commodity costs, affected the demand for the segment's branded herbicide range. The situation was aggravated by the influx of mainstream, low quality generic products entering the market prior to the revocation of the Crop Protection products ban.

Demand for herbicide from key customer markets further weakened as farmers stopped cultivation following the unprecedented decline in farmgate prices for paddy and vegetables in the latter part of 2022. Amidst this backdrop, CIC's Plant Protection segment mobilised a series of special offers with the view of triggering a demand uptick for herbicides. Moreover, in the hope that the herbicide demand drop was only temporary, CIC's Plant Protection segment resumed the importation of Glyphosate after a lapse of nearly 09 years.

Meanwhile, on the back of a steady demand for pesticides, the segment pursued a new strategic tie up enabling the launch of 2 new bio pesticide compounds with safer toxic profiles.

Despite the challenges encountered during the year, the plant protection segment surpassed revenue targets for the year.

SEEDS



As a largely import-dependent business, the seeds segment also came under pressure due to the dollar crisis and import restrictions that were in place during the first half of the financial year. Considering the limited stocks, flexible pricing and strict inventory management measures helped to ensure market demand was met during this period by maintaining sufficient stocks in hand.

Following the resumption of full scale imports in the second half of the year, the seeds business was forced to implement price revisions to take account of the incremental rise in CIF prices attributed to the LKR devaluation and global commodity price hikes. While a notable demand contraction was observed in the immediate aftermath of the price increases, indications of a turnaround were seen towards the latter part of the financial year.

Meanwhile, in a bid to reduce the dependency on imported seeds, the segment tied up with a local breeding specialist to explore the possibility of starting commercial production of selected seed varieties in Sri Lanka.

Despite the overall volume drop, the seeds segment also achieved its revenue targets for FY 2022/23

WAY FORWARD

Having shown strong resilience against the negative headwinds encountered in FY 2022/23, CIC's Crop Solutions sector will aim for consistent growth in the future, notwithstanding challenges. This would require systematic reorientation of business operations in anticipation of market trends alongside more pronounced differentiation based on quality, R&D and specialisation.

Sector Review



INDUSTRIAL SOLUTIONS

- ➔ Industrial Chemicals
- ➔ Speciality Packaging

CIC's Industrial Solutions sector is a leading supplier of essential raw materials to support manufacturing activity in Sri Lanka.

The Industrial Chemicals segment offers a diversified range of chemicals for various industries such as paint manufacturing, packaging, rubber, textiles, and edible additives for the FMCG sector.

The speciality packaging segment offers premium quality food grade packaging solutions for large scale food and beverage manufacturers in Sri Lanka.

INDUSTRIAL CHEMICALS



The second six months of the year was an exceptionally challenging period for the Industrial Chemical segment. The demand for binders from the paint industry remained sluggish on the back of the construction sector slowdown. Similarly, demand for flexible packaging from food manufacturers also contracted as a cascading effect of inflation induced price increases that affected the consumer appetite for FMCG products.

Inventory management also became a major challenge due to import restrictions and the foreign exchange crisis. However, by working closely with overseas principals and leveraging Group synergies, the segment mobilised action on multiple fronts to ensure adequate inventories of fast-moving products.

Meanwhile, seeing a strong uptake from the textile sector throughout the year, the segment moved quickly to grow captive market share in this space. The textile sector product range was further expanded with several innovative products launched during the year backed by the current principal.

Encouraged by the expected demand uptick from one of the key paint customers of the industry, internal R&D activities were expedited leading to the development of a new emulsion polymer which was launched to the market under the segment's own brand - "CIC".

In another bold move, the segment ventured into untapped markets through the introduction of safer and environmental additive range for the personal care industry.

Focused efforts to leverage market opportunities helped the Industrial Chemical segment to make steady progress in the second half of the year.

SPECIALITY PACKAGING



The speciality packaging segment came under pressure at the start of the financial year. Given the dependence on imported raw material, the foreign currency liquidity crisis raised serious concerns regarding the ability to import essential raw material supplies. Nevertheless, stringent inventory management helped the segment to streamline its order book and prioritise customer deliverables. Improvement in dollar liquidity levels in the latter part of 2022 paved the way for the resumption of imports and allowed the segment's manufacturing operations to revert to normal levels towards the end of the year.

WAY FORWARD

Having weathered a tough year, the Industrial Solutions sector will exercise greater caution in moving forward. With current signals indicating that the anticipated economic turnaround may take longer than initially expected, the sector will focus mainly on consolidating existing market positions, while being watchful for opportunities to break into high value niche markets over the medium term.

Sector Review



LIVESTOCK SOLUTIONS

- ➔ Feed Milling
- ➔ Day-Old-Chicks (DOC) Operation
- ➔ Poultry
- ➔ Veterinary Care

CIC's Livestock vertical stands out as one of the leading fully integrated poultry solutions providers in Sri Lanka. With its diverse portfolio comprising Feed milling, Day-Old Chicks (DOC), Poultry, and Veterinary Care Businesses, it plays a vital role in contributing to the country's food chain.

FEED MILLING



Despite the challenges faced during the year, such as limited access to vital raw materials due to the scarcity of forex, LKR devaluation, and import restrictions, the Feed business showcased resilience. Innovative supply chain diversification strategies and efficient inventory planning enabled the segment to procure the necessary raw materials, ensuring uninterrupted production to fulfill the demands of its order book. Moreover, the segment's acquisition of a prominent feed additives importer exemplified its commitment to long-term supply chain security. Strengthening customer relationships, both with large and small-scale buyers, further contributed to market share growth and the achievement of volume targets for FY 2022/23.

DOC OPERATION



The DOC segment experienced a strong start to the year, capitalising on robust market demand resulting from a scarcity of chicks. However, as economic conditions deteriorated and inflationary pressures impacted consumer demand for chicken, smaller producers scaled back operations, leading to a progressive decline in demand. This situation resulted in a significant stock build-up within the business as well as across the industry. Nevertheless, proactive measures taken to streamline inputs and manage DOC output, complemented by dynamic pricing strategies helped the segment remain competitive and retain market share amidst challenging operating conditions.

POULTRY



The Poultry segment too exhibited a strong performance in Q1, leveraging scale advantages and lower input costs to capitalise on robust demand. However, demand gradually declined from Q2 onwards, and the anticipated seasonal pickup failed to materialise, leading to a substantial industry-wide stock build-up towards the end of the year. While the output management measures implemented by the DOC operation alleviated some negative impact, the Poultry segment was compelled to sell stocks below cost in line with the industry. Nonetheless, the introduction of new SKUs in Q4 aimed at cash-strapped consumers helped increase stock movement and partially mitigate the impact. Consequently, the strong volume growth achieved in the first half was offset by the challenges encountered in the second half of the year.

VETERINARY CARE



The Vetcare segment experienced mixed results during the year under review. Leveraging its scale advantages, the segment achieved healthy volume growth in the first half. Although challenges in the country's Poultry industry affected the segment's performance in the second half, ongoing contracts with large-scale poultry integrators ensured consistent volume movement. Throughout the year, the pet-care portfolio faced demand contractions primarily due to devaluation and inflation-induced cost and price increases.

WAY FORWARD

Considering the projected economic and market challenges, the Livestock vertical will proceed with caution in the next 12-18 months. Nevertheless, all business segments will maintain agility and flexibility to seize emerging market opportunities. They will also remain vigilant in securing diversification opportunities into new revenue streams that align with optimal risk-return benchmarks.

Sector Review



HEALTH & PERSONAL CARE

- ➔ Pharmaceuticals
- ➔ Medical Devices
- ➔ Personal Care

The Pharmaceutical division supports the Country's healthcare needs through the supply of a wide range of branded acute and chronic wound care products.

The Medical Devices segment is among the leading suppliers of essential medical equipment to both the state and private sector healthcare systems in the disciplines of Trauma, Endoscopy, Wound Care and Diagnostics.

The Personal Care segment has captured the local personal care market with its range of natural and herbal care products marketed locally under the "LINK" brand. A selected range of LINK products are also exported to key markets around the world.

PHARMACEUTICALS



The pharmaceutical market grew in excess of 42% for the year under review and did not keep up with the 81% increase in price allowed by National Medicine Regulatory Authority (NMRA), indicating a significant contraction in demand.

State sector procurement took place based on the fund availability either locally or through foreign sources, compelling patients to rely on the private sector for their medicine needs.

A notable decline was observed in the demand for chronic wound care products, while the demand for acute care products remained consistent as in the past years. These changes were attributed to inflation induced erosion in disposable incomes, which prompted customers to prioritise their healthcare consumption to focus on procuring mainly acute care products for routine ailments. Within the acute care range, a strong demand was observed for the low and mid price point, branded generic range. CIC capitalised on this opportunity along with its Bangladesh Partners and made affordable medicine available during crisis times, ensuring patient wellbeing.

Despite the erosion of disposable income, certain sub sectors of the chronic care segment have also held their ground during the financial year under review. CIC along with its partners from Pakistan and local manufacturing, endeavoured to keep a consistent supply for chronic care medicine at an affordable price.

Capitalising on global trends, CIC introduced "Rivaroxaban" into the local market. CIC also sought regulatory approval to launch the fixed dose combination products, which will be commercialised during the next financial year, for more effective medication intake management.

Considering the drug shortage in the state sector, CIC donated medicines worth LKR 28Mn. to the Ministry of Health for diabetes management and peritoneal dialysis treatment.

Furthermore, CIC entered into a memorandum of understanding with the Nutrition Society of Sri Lanka and the University of Wayamba to formulate the National Nutrition Guidelines for Children, which is a long-felt requirement of the country.

The segment's manufacturing operations also recorded a significant growth in the diabetes management segment, getting into leading market rankings of related segments. The growth was also supported by timely tech transfers for new product launches and effective inventory management to ensure year-round availability of all essential raw materials and other resources.

Considering the demand for rapid automation and data analytics for decision making, CIC introduced SAP based Sales Automation System to manage re-distribution sales with seamless integration with SAP – ERP. Capitalising on the Group synergies, Link Natural Products will make use of the strong presence of the CIC Pharmaceuticals SBU for the better demand generation of its products with chemists.

Finance cost and exchange premiums remain a challenge during the financial years exerting pressure on net margins. Increased tax burden also added more pressure.

However, the settlement of government receivables with Treasury Bonds did ease the working capital funding requirements and associated costs, accruing such benefits to the new financial year.

Considering the importance of human resource development, CIC Pharmaceuticals tied up with the Chartered Institute of Personal Management (CIPM) and the Postgraduate Institute of Management (PIM) to launch Leadership Development Programs at the operational and strategic levels, witnessing our commitment to win the market with agile and empowered leadership teams.

MEDICAL DEVICES



Challenges associated with the economic crisis had a significant impact on the prospects of the medical devices segment in the current financial year. A change in state sector buying patterns opened a number of opportunities to deepen penetration into the private sector. In a bid to expand its bandwidth in the private sector, the segment began working on introducing a new low cost range of orthopaedic support, orthopaedic implants and instrumentation and wound care products, which is expected to be launched in the coming years.

NMRA approval was also sought for several new specialty products in the Point-of-Care-Testing in diagnostics, reconstructive surgery and wound care, which would further consolidate the segments core strengths in these areas.

Meanwhile, taking steps to grow private sector market share, CIC's medical devices segment signed an MoU with a leading private sector hospital to supply clinical diagnostics products and immunisations for their laboratory network.

Driven by the segments' extensive focus on developing the private sector market, the revenue share attributed to the private sector increased compared to the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

PERSONAL CARE



In a year characterised by high inflation and lower disposable incomes, the demand for FMCG products in general declined, prompting the personal care segment to adopt a cautious approach towards growing market share locally. Accordingly, it was decided to selectively expand the retail distribution network coupled with targeted initiatives to strengthen B2B relationships.

The launch of the "Earth Essence" Range of herbal personal care cosmetic products in early 2023 also marks an important milestone in expanding the segment's reach in the local market. The new product range, which is the culmination of years of research, was well received and continues to gain traction in the market. Ongoing research in relation to existing products saw further improvements being made to the Swastha Amurtha product.

Meanwhile, export market development activities were significantly accelerated leading to the establishment of several new channel partnerships in Japan and the USA.

Challenges, such as the shortage of fuel, the high cost of distribution and packaging materials were overcome thanks to stringent planning, thus ensuring production activities could continue without interruption.

The segment recorded strong turnover growth backed by robust growth in exports.

WAY FORWARD

The focus for the immediate future would be to drive cost leadership and innovation as the key differentiators for growing captive market share. It is also hoped that the gradual improvement in economic conditions over the medium to long term will create a scalable platform to mobilise sustained growth over time. The care segment will continue to focus on growing exports.

Sector Review



AGRI PRODUCE

- RICE
- DAIRY
- FRESH PRODUCE

The CIC Agri Produce sector plays an important role in contributing towards Sri Lanka's food security by supplying a range of healthy food. The sector portfolio comprises locally produced, high quality and nutritionally rich staple foods such as Rice, Dairy and Fresh Produce.

The Rice segment occupies a niche market space, where its range of nutritionally enriched Health Rice, authentic Sri Lankan Traditional Rice and highly palatable Specialty Rice caters to the needs of discerning customers.

The Dairy segment offers a range of cultured Dairy products and UHT fresh milk marketed under the CIC Creamoo label and distributed island-wide in response to the mainstream consumer demand for premium quality Dairy products.

The Fresh Produce business is positioned as a premier provider of fresh vegetables and fruits as well as specialty condiments and other essentials for the selective high end consumer market.

RICE



The Rice segment came under pressure in the current financial year as consumer demand fell sharply amidst the widespread deterioration in disposable incomes caused by the economic crisis and inflationary conditions in the country. While an overall drop in demand was observed across all product categories, the core product - the low GI health Rice was more severely affected.

Across channels, the most notable volume drop was observed in the modern trade. On the other hand, volumes attributed to the HORECA channel showed a slight improvement towards the latter part of 2022, thanks to the gradual pick up in the tourism industry.

A combination of inflation induced cost increases and low farmer yields consequent to the non-availability of fertilizers caused the margins in the Rice segment's margins to narrow considerably in the current financial year. Taking proactive steps to safeguard the bottom line against these adverse impacts, an aggressive export drive was initiated to further expand the reach in key global markets. In parallel, a series of market development activities were undertaken to bring visibility to the CIC Rice range, especially the low GI health products, across key global markets such as the US and Australia.

Despite the challenges encountered on the business front, R&D activities continued during the year yielding promising results that are expected to facilitate further product diversification in due course.

MANAGEMENT DISCUSSION AND ANALYSIS

DAIRY



The Dairy segment too was affected by similar challenges. Shrinking consumer demand meant the segment had to contend with a sizable drop in sales volumes compared to the previous year, along with an overall reduction in the market size resulting in intense competitive pressure.

Amidst this backdrop, capacity utilisation goals were revisited. Production lines were rationalised to drive cost synergies and different product combinations introduced to consolidate the segment's competitive strengths. Similarly, the sales orientation shifted towards creating brand visibility for the CIC Dairy product portfolio. As part of this same effort, packaging of selected products was revamped to improve the visual appeal. In parallel, the modalities of the existing channel management mechanism were revised with a new KPI based model introduced to further streamline distributor management and territory management activities.

On the supply side, the increased demand for fresh milk following the ban on the importation of powdered milk, resulted in the raw milk prices reaching an all-time high. Furthermore, with raw milk supplies being diverted en-masse to produce powdered milk locally, the CIC Dairy segment moved swiftly to safeguard its supply chain. Pricing structures were revised while procurement planning activities were reorganised and accompanied with more focused supplier outreach and special initiatives to strengthen supplier loyalty towards CIC. More emphasis was also placed on supply chain diversification to reduce the dependence on bulk milk collectors.

WAY FORWARD

With economic conditions likely to remain uncertain for the foreseeable future, CIC's Agri Produce sector will focus mainly on consolidating core competencies to further enhance competitive strengths alongside a conservative approach to explore new market opportunities in the coming years.

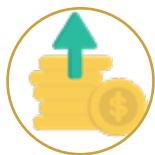
FRESH PRODUCE



The knock-on effect of unfavourable economic conditions, high inflation and lower disposable incomes had a negative impact on CIC's Fresh Produce segment. The average footfall at all Fresheez outlets fell sharply causing the demand for fresh juices - the segment's core product to decline significantly compared to the previous year.

Ongoing import restrictions also had far reaching consequences for the segment's prospects in FY 2022/23. Given the inability to procure imported fruits, the focus shifted towards promoting local fruits, a strategy that gained good traction among customers.

The scarcity of electrical equipment and packaging material due to the ongoing import restrictions also proved to be major constraints for the smooth functioning of the day to day operations at Fresheez outlets. However, these constraints were mitigated to a large extent thanks to stringent inventory planning and effective stock management measures implemented throughout the year.



FINANCIAL CAPITAL

GROWTH

Revenue

The Group leveraged its business and industry diversity to record a revenue growth of 63.49% year on year to Rs. 68.27Bn in FY 2022/23, to record its highest ever top line result in the Group's 60 year history. Growth was underpinned by the strong emphasis on consolidating core competencies while driving continuous improvement in business agility and resilience in response to the fluid operating environment. Key contributors to revenue growth included Crop Solutions (+131%), Livestock Solution (+49%), Health & Personal Care (+34%), Industrial Solutions (+63%), and Agri Produce Cluster (+13%). As detailed further in the Portfolio Review on pages 185 of this Report, the Group's performance amidst unprecedented challenges, reflects

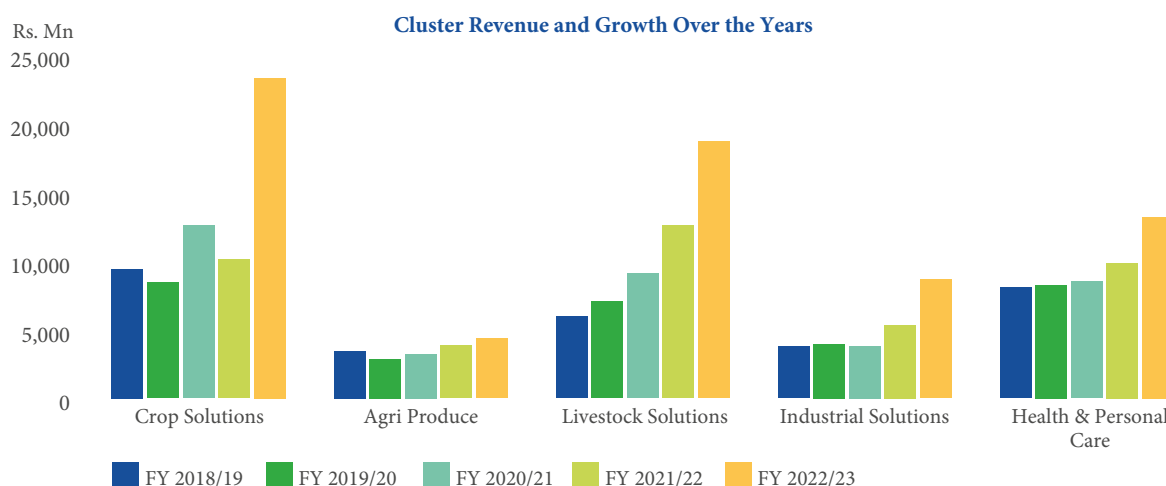
its strategic agility in swiftly adapting to and capturing emerging opportunities. Consequently, all Sectors recorded revenue growth during the year, a commendable achievement given the conditions that prevailed. The geographical composition of revenue remained relatively unchanged.

Key Milestones

Highest revenue of Rs. 68.27Bn and profitability of Rs.10Bn.

Further investments in acquiring up to 83% stake in Link Natural Products (Private) Limited and up to 100% stake in Unipower (Private) Limited.

Acquisition of 100% stake in Asiavet Lifesence (Private) Limited.



PROFITABILITY MARGINS

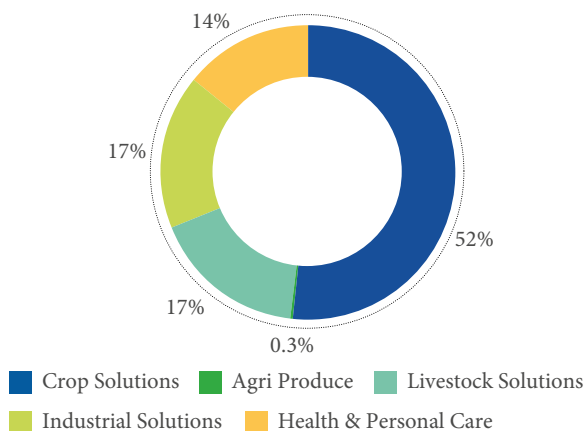
Gross Profit

The rise in global commodity prices, surge in freight rates, supply chain disruptions and increase in the price of imported raw materials and other items following the exchange rate depreciation at the beginning of the year, exerted pressure on margins. The Group withstood these difficulties to a certain degree, supported by the diversity of its businesses and strategic emphasis on achieving a more favourable product range in several sectors. Buttressed by these efforts, Consolidated Gross Profit increased by 112.5% to Rs. 24.49Bn in FY 2022/23, while the Gross Profit margin also reflected the upward trend by moving to 36% in the current financial year from 28% a year ago.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL CAPITAL

Segmental Results for FY 2022/23



Operating cost management

The Group's Overall Expenses increased during the year, owing to a combination of higher operational activity across most sectors, high inflation, as well as higher remuneration to safeguard employees' financial security amidst macro-economic challenges. Accordingly, Administrative Expenses increased by 64.7% while Distribution Expenses increased by 68.5% during the year, and gradually reduced towards the year end.

It is also noteworthy that the increased focus on Group synergies continues to produce cost efficiencies through centralised processes.

Operating Profitability

Group Operating Profit/ Earnings before Interest and Tax (EBIT) surged by 139.6% to reach a record high of Rs. 16.8Bn for the current financial year. For most key sectors, the inevitable pressure on margins were offset by strong revenue growth, which in turn facilitated improvements in the performance of 4 out of 5 Sectors. The Agri Produce segment recorded a decline in EBIT as a consequence of inflation induced deterioration in the disposable income of end consumers.

Sector Contributions

Key contributors to Group Profit in descending order, Crop Solutions (+791%), Industrial Solutions (+86%), Livestock Solutions (+9%), Health and Personal Care (-48%). The deterioration in owing to the pressure on consumer disposable incomes had an adverse impact on the Agri Produce sector resulting in the sector posting a Rs. 493,000 loss for the year.

Net Finance Cost

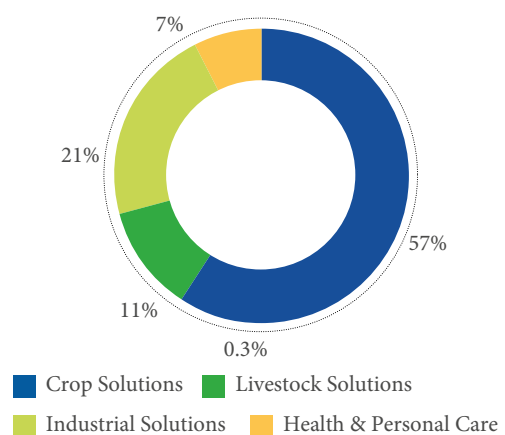
The Group incurred a Net Finance cost of Rs. 4.3Bn during the year (Rs. 2.2Bn 2021/22), as a consequence of sizeable foreign exchange losses attributed to the unprecedented LKR depreciation against the USD in April 2022. Foreign Exchange

Impact thereby slightly decreased to Rs. 1.073Bn (2021/22: Rs. 1.496Bn) for all the sectors which are mainly into import and trading. Group Finance Cost increased by 97.3% to Rs. 4.3Bn, primarily due to the increase in other borrowing costs stemming from the upward trend in interest rates seen along with the higher borrowings to meet the demand for increased working capital requirements during the year.

Profitability

Improvements in the Group's core performance, supported by focused business strategies during the year, resulted in Consolidated Profit Before Tax increasing by 138.3% to Rs. 13.1Bn, setting a new record for the highest profits in the Group's history. The Crop Solutions cluster emerged as the leading contributor to profitability with a (share of 63%) of Consolidated Profit After Tax, followed by Industrial Solutions (share of 23%), Livestock Solutions (share of 12%) and Health & Personal care (share of 7%) while the Agri Produce cluster reported a negative result.

Segmental PAT for FY 2022/23



It is noteworthy that all Sectors, with the exception of Agri Produce, recorded an improvement at EBIT level attesting to the Group's remarkable resilience in a year of extraordinary challenges. Tax contributions for the year increased by 237.2% to Rs. 3.1Bn reflecting strong earnings growth as well as the increase in the corporate tax rate introduced under the new tax regime that was implemented from 1st October 2022. Consequently, the effective tax rate for the CIC Group increased to 25% in FY 2022/23 from 20% the previous year.

Even after accounting for higher taxes, Group Profit-after tax more than doubled and surpassed the Rs. 10Bn mark for the first time to reach Rs.10.052Bn, denoting an all-time high. Meanwhile, at Company level, CIC Holdings PLC delivered a profit-after tax of Rs.1.82Bn compared to a profit of Rs. 1.76Bn the previous year, supported by dividend of Rs.697 Mn during the year.

Other Comprehensive Income

Total Other Comprehensive Income decreased to negative Rs. 313.92Mn (from positive Rs. 566.41Mn) the previous year, primarily due to fair valuation of investment held on listed shares. Resultantly, the Group's Total Comprehensive Income amounted to Rs. 9.739Bn.

FINANCIAL STABILITY

Asset growth

Consolidated assets grew by 21% to Rs. 55.80Bn, reflecting higher investments in working capital to support increased operational activities and the conscious efforts to shore up inventory given the persistent disruptions to supply chains during the year. Key contributors to asset growth were Industrial Solutions (+61%) which represents a consolidation of remarkably performing sectors, Livestock Solutions (+36%), Health & Personal Care (+13%) and Agri Produce (+31%). The Crop Solution sector witnessed a reduction of 17% of the total assets owing to the receipt of a significant portion of fertilizer subsidy due from the government.

Investments in working capital increased by 67% and accounted for 43% of Consolidated Assets, reflecting both increased volumes and the higher cost of inventory. The Group's Property, Plant and Equipment (PPE) was maintained at the same level through strategic replenishment. The Group's Capital Expenditure for the year amounted to Rs. 552.36Mn.

Total Assets Composition (Sector wise)

Sector Rs. Mn	FY 2022/23	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19
Crop Solutions	11,254	11,453	11,264	11,849	10,112
Agri Produce	3,578	2,723	3,047	3,310	3,417
Livestock Solutions	11,985	8,826	7,461	7,491	7,475
Industrial Solutions	13,863	9,651	7,492	6,215	6,706
Health & Personal Care	13,286	11,799	9,247	8,991	8,213
Total Assets Composition	55,803	46,127	40,031	39,269	37,251

Capital and Funding

Healthy profitability in recent years, has helped to strengthen the Group's capital position and funding profile. In FY 2022/23, Total Equity increased by 38.4% to Rs. 27.83Bn. Despite the short-term challenges that prevailed, the Group maintained a positive medium-to-long term outlook and continued to ensure working capital availability across all key sectors. In keeping with its strategy, the Group continued to sustain the growth momentum through a combination of debt and reinvesting profits which has seen a consistent increase in borrowings and reserves; this, together with higher investments in working capital resulted in the Group's borrowings increasing by 35% to Rs. 15.29Bn by the end of March 2023.

Measures to build inventory in view of challenges on the import front saw debt levels across all sectors increasing rapidly in the current financial year. Short-term borrowings dominated the Group's debt profile with a share of 98%. Overall, the Group's debt/equity ratio was maintained at the same level at 55%, on par with the previous year.

Cashflow and Liquidity

Group cashflow and liquidity position improved during the year, reflecting the overall improvement in operational activity. Group Net Cash Inflow from Operating Activities amounted to Rs. 2.37Bn., Net Cash Outflow from Investing Activities amounted to Rs. 6.07Bn, compared to Rs. 1.97Bn the previous year as a result of 100% stake in Asia Vet Lifesence (Private) Limited. Meanwhile Net Cash Outflow from Financing Activities amounted to Rs. 562.84Mn, reflecting revolving of borrowings, interest payments and dividend payments.

CIC Holdings PLC is committed to maintaining transparent, constructive and ongoing dialogue with its shareholders, facilitated through multiple engagement platforms including the Annual General Meeting, the publication of the Annual Report, quarterly reporting to the CSE as well as periodic press releases and announcements. Through these ongoing engagement, the Group seeks to provide meaningful and relevant information to facilitate informed decision making.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL CAPITAL

Securities in Issue:

- Ordinary Shares-Voting
- Ordinary Shares-Non Voting

This section of the Report provides information on CIC Holdings PLC's ordinary shares; please refer to Note 30 for information on the shares.

Performance of the Colombo Stock Exchange (CSE)

Despite the volatile economic environment in the country, the CSE recorded unprecedented growth in 2022. Increased local investor activity, triggered by monetary and fiscal measures implemented by the Government propelled market activity, with the All-Share Price Index (ASPI) and S&P SL20 Index decreasing by 44% and 60 % respectively. However, the deepening economic crisis together with weakening investor sentiments led to a sharp downturn in the share market performance during the first quarter of 2022 was volatile towards end of the year.

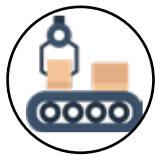
Consequently, Market capitalisation value of the full market also decreased by 29.6% to Rs. 3,800Bn as at end December 2022.

Share Performance

The price of the CIC share (both ordinary and non-voting) mirrored the performance of the broad-market and recorded significant volatility during the year. The share price reached a high of Rs.108.00 (ordinary) and Rs. 76.00 (non-voting) in October 2022, before gradually declining during the course of the next few months to close the year at Rs. 71.20 (ordinary) and Rs. 49.50 (non-voting). Average daily turnover during the year amounted to Rs. 28,602,395.74 (ordinary) and Rs. 27,069,264.30 (non-voting). At the year end 4.52% and 3.88% ordinary and non-voting respectively were held by foreign shareholders.

Shareholder Returns

The Group continued to deliver superior shareholder returns, underpinned by record profitability and usual dividend payout. Shareholder returns as measured by Earnings per share increased from Rs. 9.72 to Rs. 20.58 during the year, while Net Asset Value increased to Rs. 22.996Bn (39.28%) by end-March 2023, depicting the growing value of the Group's non-monetised capital including innovation capabilities, deep rooted relationships with suppliers and communities, strong brand equity as well as our ability to attract the country's top talent.



MANUFACTURED CAPITAL

Our Manufactured Capital serves as a key enabler for the Group's various business clusters to produce and deliver their core products to their respective customer markets. The growth and business transformation over the past 50+ years has seen the CIC Group building a strong Manufactured Capital base comprising property, plant and equipment. Today, our Manufactured Capital, with a Net-Book-Value of Rs. 8.5Bn as at 31st March 2023 accounts for 14% of the Group's total assets.

OUR MANUFACTURED CAPITAL

Description	Location	Capacity	Investment value as at 01st April 2022	Additions during the year	Investment value as at 31st March 2023	NBV as at 31st March 2023
Dairy Processing Plant	Dambulla	Fully automated yoghurt production plant capacity of 200,000 yoghurts per day	Rs. 581.2 Mn	Rs. 2.8 Mn	Rs. 584.0 Mn	Rs. 294.4 Mn
Fertilizer Blending Plant	Peliyagoda	Largest and only fully automated fertilizer blending plant in Sri Lanka with a capacity to handle 600 MT per day	Rs. 301.4 Mn	Rs. 22.0 Mn	Rs. 323.4 Mn	Rs. 104.3 Mn
Fertilizer Blending Plant	Kurunegala	Blending capacity of 75 MT per day	Rs. 76.3 Mn	Rs. 5.5 Mn	Rs. 81.8 Mn	Rs. 35.1 Mn
Link Naturals Manufacturing plant and R & D facility	Dompe	Manufacturing and supplying herbal healthcare products, personal care products, pharmaceuticals and essential oil to the local and global market	Rs. 3,134.6 Mn	Rs. 143.4Mn	Rs. 3,278 Mn	Rs. 2,374.7 Mn
Feed Manufacturing Mill	Ja-ela	Fully automated feed mill with a capacity to produce 7,000 MT of high quality poultry feed per month	Rs. 1,015.5 Mn	Rs. 28.6 Mn	Rs. 1,044.1 Mn	Rs. 699.6 Mn
Agri Input Re-Packing Plant	Godagama	State of the art packing plant with a capacity of 180 Mn Kg/Lt p.a	Rs. 708.0 Mn	Rs. 22.0 Mn	Rs. 730.0 Mn	Rs. 395.0 Mn
Chick Hatchery	Pannala	Fully automated hatchery with a capacity to produce 23.8 Mn eggs p.a.	Rs. 556.5 Mn	Rs. 24.1 Mn	Rs. 580.6 Mn	Rs. 387.3 Mn
Organic Fertilizer Manufacturing Plant	Pelwehera	Production capacity of 6,000 MT p.a	Rs. 13.7 Mn	Rs. 81.9 Mn	Rs. 95.6 Mn	Rs. 81.2 Mn
Poultry Processing Plant	Badalgama	Capacity to process 20,000 birds per day	Rs. 1,743.3 Mn	Rs. 10.1 Mn	Rs. 1,753.4 Mn	Rs. 1,006.9 Mn
Seed Farms	Hingurakgoda, Pelwehera, Talawa	Total 2,300+ acres	Rs. 430.3 Mn	Rs. 25.7 Mn	Rs. 456.0 Mn	Rs. 111.3 Mn
Poultry Breeding Farms	Waradala, Pannala, Akaragama	Total breeding capacity of approximately 200,000 birds at any given time	Rs. 1,343.1 Mn	Rs. 92.4 Mn	Rs. 1,435.4 Mn	Rs. 1,034.6 Mn

MANAGEMENT DISCUSSION AND ANALYSIS

MANUFACTURED CAPITAL

Description	Location	Capacity	Investment value as at 01st April 2022	Additions during the year	Investment value as at 31st March 2023	NBV as at 31st March 2023
Rice Mill	Maho	State of the art rice mill with a capacity to process 7,000 MT p.a	Rs. 248.6 Mn	Rs. 5.9 Mn	Rs. 254.5 Mn	Rs. 56.2 Mn
Paddy Processing Plant	Hingurakgoda, Maho, Pelwehera	Total capacity of 260 BU per hour	Rs. 103.6 Mn	Rs. 14.8 Mn	Rs. 118.4 Mn	Rs. 36.2 Mn
Broiler Farms	Molahena, Amunewela	Capacity of 4.9 Mn birds p.a	Rs. 1,443.7 Mn	Rs. 84.9 Mn	Rs. 1,526.4 Mn	Rs. 1,113.6 Mn
Pharmaceutical Manufacturing Plant	Welisara	Capacity to produce 350 Mn Tablets p.a and 300 Mn Capsules p.a	Rs. 204.8 Mn	Rs. 1.8 Mn	Rs. 206.6 Mn	Rs.20 Mn
Herbal and Medicinal Plant Farms	Dambukanda,	21.60 acres	Rs. 85.0 Mn	-	Rs. 85.0 Mn	Rs. 85.0 Mn
	Parakaduwa	23.54 acres	Rs. 11.0 Mn	-	Rs. 11.0 Mn	Rs. 11.0 Mn
Industrial Solution Paint, binder & Adhesive Factory	Godagama	Paint, binder & Adhesive plant with a capacity of 22,000kg/per day	Rs. 753.7 Mn	Rs. 15.1 Mn	Rs. 768.8 Mn	Rs.512.4 Mn

MANAGEMENT APPROACH

The Group's approach to developing its Manufactured Capital is based on making strategic investments to support the growth objectives of the various clusters. A Board approved CAPEX plan serves as the basis of all new investments. To improve the resilience and efficacy of our assets, we continue to undertake necessary maintenance and upkeep activities on an ongoing basis. As part of this same approach, many of our plants have also adopted global best practices such as ISO 9001:2015 Quality Management Systems Standard, ISO 14001: 2018 Occupational Health and Safety Management Systems Standard, ISO 50001:2018 Energy Management Systems and ISO 22000:2018 Food Safety Management Standards, encompassing HACCP & GMP guidelines. In recent years, we have sought to further add value to our Manufactured Capital base through investments in IT and digital infrastructure systems to complement our plant and administrative operations.

Policies and Procedures for Developing Manufactured Capital

- Board Approved Annual CAPEX Plan
- Annual Maintenance Budget
- Best Manufacturing Practices
- Board Approved IT Strategy

Sector	Proportion of PPE (As a % of Total NBV as at 31st March 2023)	Turnover / PPE Ratio
Agri Produce	5.94	574.84
Crop Solutions	7.03	2,619.17
Health and Personal Care	21.20	491.65
Industrial Solutions	13.78	496.87
Livestock Solutions	37.56	392.94
Other Group Assets	14.49	

Value Additions to Manufactured Capital					
	2022/23	2021/22	2020/21	2019/20	2018/19
CAPEX	Rs. 552.4 Mn	Rs. 560.3 Mn	Rs. 186.5 Mn	Rs. 264.9 Mn	Rs. 485 Mn
IT Infrastructure and Digital Systems	Rs. 103.2 Mn	Rs. 115.1 Mn	Rs. 145.7 Mn	Rs. 54.3 Mn	Rs. 93.9 Mn



Our company has made significant capital investments in computer systems such as SAP enterprise system to improve our business processes and increase efficiency. The SAP system provides an integrated platform for managing our finance operations, from sales and procurement to production and inventory management.

In addition to our investment in computer systems, we have also implemented a robust business continuity management programme to ensure our operations can continue in the event of a disruption. This programme includes risk assessment, business impact analysis, and crisis management plans to minimise the impact of any potential threats to our business.

Together, our investment in computer systems and business continuity management enables us to operate in a more streamlined and secure manner, ultimately benefiting our customers, shareholders, and stakeholders.

KEY HIGHLIGHTS FOR FY 2022/23

In FY 2022/23, we have successfully implemented a new Human Resources Management System (HRMS) and Sales Force automation system to our company's operations. The HRMS has streamlined our human resources processes, allowing for more efficient tracking of employee information such as, attendance, and performance management systems. This has not only reduced manual workload for our HR department but has also improved employee satisfaction and engagement by providing self-service options such as attendance management.

Our sales force automation system has similarly improved our sales team's performance and productivity. The system has provided real-time access to key sales data such as customer behaviour, purchase history, and inventory levels, enabling our

sales representatives to make data-driven decisions and improve their sales strategy. This has resulted in increased revenue and customer satisfaction. Upon, the sales force automation the analytics dashboard provides a comprehensive view of sales performance, including revenue trends, customer behaviour, and salesperson performance. The dashboard helps us identify areas for improvement, optimise sales strategies, and make data-driven decisions to achieve our sales goals.

Overall, the implementation of these new systems has positively impacted our company's operations and contributed to our growth and success in the past year.

POSITIVE IMPACT TO OTHER CAPITALS

Our disciplined approach to investing in the above has enabled all clusters to pursue growth and diversification to enhance their ability to generate revenue, thus enhancing Group Financial Capital. These developments have also helped boost competitive positioning and strengthen goodwill of the respective clusters, in turn adding value to the Group's Intellectual Capital.

FOCUS FOR 2023/24 AND BEYOND

Invest in capacity expansion in the following areas;

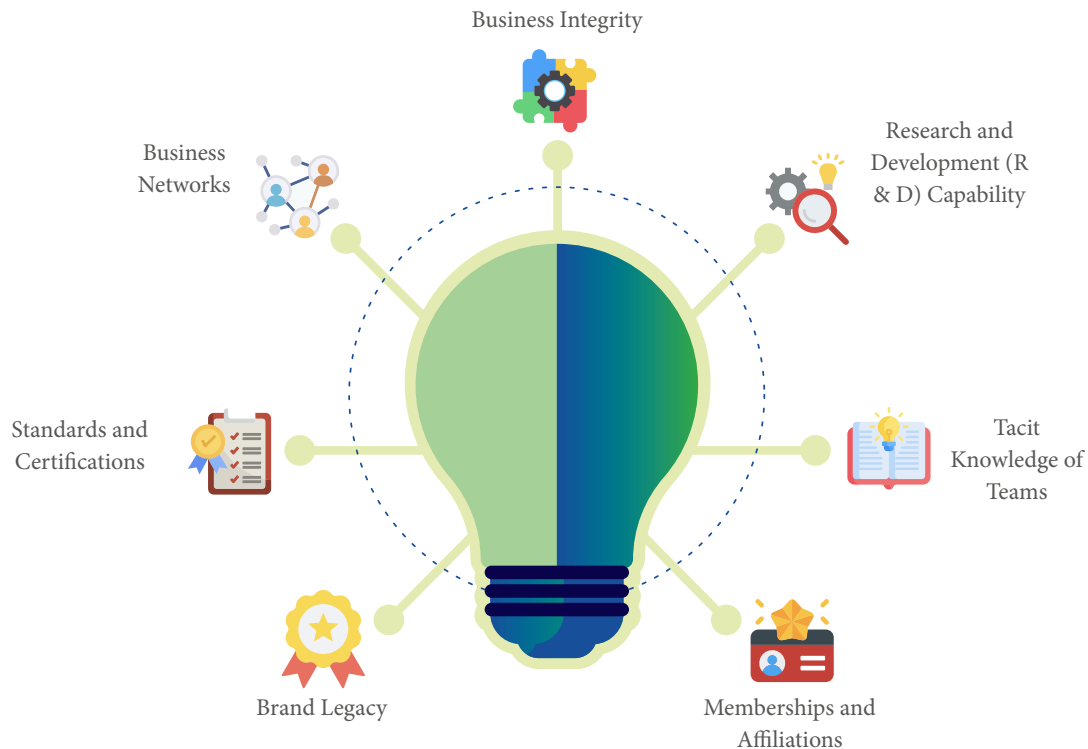
- Agri input facility in Ekala (Crop Solutions Cluster)
- Vetcare warehouse facility in Ja-ela (Livestock Solutions Cluster)
- Manufacturing and warehousing (Healthcare Cluster)



INTELLECTUAL CAPITAL

Our Intellectual Capital represents the intrinsic attributes of the CIC Group, in short, the foundational building blocks that underpin the Group's constitutional architecture.

OUR INTELLECTUAL CAPITAL



Management Approach

Our approach to developing Intellectual Capital is based on nurturing and unifying all intangible elements to create an ecosystem that will protect and preserve the Group's status quo as a top tier conglomerate in the Country.

Brand Legacy

Backed by a long and illustrious history spanning over half a century, the CIC brand stands out as one of the most iconic and legendary brands in Sri Lanka. Over the past 50+ years, we have built our brand legacy driven by our pursuit of excellence, passion for innovation and dedication to doing business the right way, above all else. First starting out as a chemical distributor in 1964, the CIC brand has since evolved through strategic diversification into key economic sectors with the Group claiming industry-leading positions in every space that it is present.

In 1968, CIC marked its entry to the agro chemicals by setting up a repacking facility for agro chemicals in the Country. The next few decades saw the Group diversifying its portfolio

to establish a presence in a number of areas ranging from manufacturing of chemicals, PET bottles, importation and distribution of pharmaceuticals, medical devices and other healthcare products, importation, blending and distribution of fertilizers and distribution of paints. The new millennium saw the Group investing in livestock solutions to become one of the leading integrators in the Country's poultry value chain. Moreover, leveraging its established footprint in the healthcare solutions sector, the Group ventured into the manufacture of pharmaceuticals in 2012. More recently the Group has expanded its bandwidth into the personal care domain along with significant investments in R & D to drive the expansion of herbal healthcare products on a global scale.

Standards and Certifications

Specific standards and certifications adopted by various business clusters to benchmark their internal operations against global standards contribute towards enhancing the Group's status as a champion for world class excellence.

Cluster	Plant	Certification	In place since
Agri Produce Cluster	Dairy Processing Plant - Dambulla	ISO 22000:2018 Food Safety Management Systems, including HACCP and GMP	2015.11.02
		Halal	First Certification 2015.03.25 and cancelled on 2020.03.06
			Certified again on 2020.11.13, and certification has been ongoing since then.
	Rice Mill - Maho	ISO 9001:2016 Quality Management Systems	N/A
		ISO 22000:2018 Food Safety Management Systems including HACCP and GMP	2023.04.10
		Halal	2023.03.19
		US FDA	2022.10.17
Crop Solutions Cluster	Fertilizer Blending Plant - Kurunegala	ISO 9001:2015 Quality Management Systems	1999.09.06
		ISO 14000: 2004 Environmental Management Systems	2012.04.20
	Agri Input Re-packing Plant	ISO 9001:2015 Quality Management Systems	2007.01.30
		ISO 14001: 2015 Environmental Management Systems	2007.02.15
		ISO 45001: 2018 Occupational Health and Safety Management Systems	2019.05.30
Health and Personal Care Cluster	Link Naturals Manufacturing Plant - Dompe	ISO 9001:2015 Quality Management Systems	2006.10.31
		ISO 14001: 2018 Occupational Health and Safety Management Systems	2006.10.20
		ISO 50001:2018 Energy Management Systems	2022.02.17
		GMP	2016.04.03
		HACCP	2016.07.15
		ISO 45001:2018 Occupational Health & Safety Management System	2021.02.11
		ISO 22000 Food Safety Management System	2022.11.10
		FSSC 22000 Food Safety System Certification	2022.11.10
Livestock Solutions	Poultry Processing Plant	ISO 22000:2018, Food Safety Management Systems, including HACCP and GMP	2008.02.15

BUSINESS NETWORKS

Business networks are crucial for many of the Groups business clusters. The Crop Solutions cluster as well as the Pharmaceuticals, Medical Devices and Industrial Solutions businesses all rely on overseas principals for their core product lines.

Over the years these businesses have built strong ties with their overseas principals, all highly respected globally reputed organisations who are leaders in their respective fields. Long-standing connections with these principals give the CIC Group a strong competitive advantage, especially in terms of access to the latest technology and technical know-how. Our Industrial

Solutions cluster in particular works closely with its overseas principals to develop innovative bespoke solutions for the needs of new and emerging industries.

CROP SOLUTIONS

Strength of Relationships with Principals	No. of Principals
< 5 years	2
5 - 10 years	3
10 - 20 years	5
> 20 years	1

MANAGEMENT DISCUSSION AND ANALYSIS

INTELLECTUAL CAPITAL

INDUSTRIAL SOLUTIONS

Strength of Relationships with Principals	No. of Principals
< 5 years	4
5 - 10 years	6
10 - 20 years	3
> 20 years	7

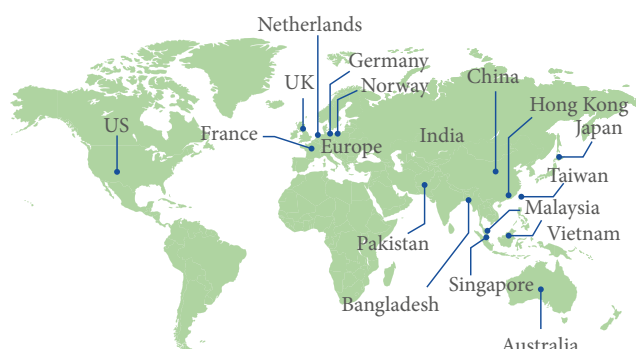
PHARMACEUTICALS

Strength of Relationships with Principals	No. of Principals
< 5 years	3
5 - 10 years	0
10 - 20 years	5
> 20 years	2

MEDICAL DEVICES

Strength of Relationships with Principals	No. of Principals
< 5 years	3
5 - 10 years	0
10 - 20 years	4
> 20 years	1

Our Global Network of Principals



BUSINESS INTEGRITY

As one of the largest local conglomerates and a listed entity, we want to be known for the highest standards of business integrity and ethical conduct in our day to day operations. This involves 100% compliance of all regulatory requirements across all businesses, without exception. Going beyond compliance, the Group Code of Conduct espouses high standards of integrity and sets out strict guidelines to ensure employees act professionally, fairly and with integrity in their business dealings and relationships on behalf of the Group. Our conduct policies also include special anti bribery and anti corruption clauses that define appropriate behaviour for employees, while special procedures including a whistleblower process is in place to report allegations of bribery and corruption.

RESEARCH AND DEVELOPMENT (R&D) CAPABILITY

World-class R & D capability is a key strength of the CIC Group. The Research and Development Centre at Link Natural plant in Dompe, with state-of-the-art equipment and laboratory facilities, has enabled Link to systematically update its product range through the release of first to market personal care products. Contributions by leading ayurvedic physicians and internationally recognised scientific and pharmaceutical consultants further complement Link's R & D capabilities.

The Rice and the Dairy segments too have industry-leading research capability, which has led to the launch of some groundbreaking products over the years.

	Investment in R & D		
	2022/23 Rs.	2021/22 Rs.	2020/21 Rs.
Link Naturals	327.9 Mn	281.3 Mn	193.8 Mn
Rice Segment	14.6 Mn	11.3 Mn	9.4 Mn
Hybrid Seed Production Segment	56.6 Mn	59.5 Mn	42.8 Mn

TACIT KNOWLEDGE OF TEAMS

The tacit knowledge of our cluster teams is a key competitive advantage, and their collective expertise have been instrumental in fuelling the Group's growth over the past 50+ years.

The CIC Group Board is also an invaluable asset that augments our knowledge base. The diverse skills and expertise of each Board member enhances the quality of our Board and together provides the vision and leadership to ensure effective decision making to steer each of our clusters and the Group firmly forward.

MEMBERSHIPS AND AFFILIATIONS

Memberships with the Ceylon Chamber of Commerce further contribute towards augmenting our knowledge capacities;

KEY HIGHLIGHTS FOR FY 2022/23

Product Innovation

Pharmaceuticals

- CCL Launches Xalia- Rivaroxaban

Personal Care

- Earth Essence Range of personal care products

Crop Solutions

- 2 new bio pesticide compounds with safer toxic profile

Industrial Solutions

- CIC Emulsion Polymer for the paint industry
- Special textile dyes for the apparel industry
- Additive range for the personal care industry

Brand Presence

- Acquisition of 100% stake in Asiavet Lifesense (Private) Limited
- Increasing the shareholding Link Naturals (Private) Limited



POSITIVE IMPACT TO OTHER CAPITALS

Building and nurturing our brand legacy opens up opportunities for business growth and revenue generation to bolster Group Financial Capital. Similarly, R & D led innovation creates a platform to build new customer equity and strengthen the Group's Social and Relationship Capital.

FOCUS FOR 2023/24 AND BEYOND

- Increase the investment in R & D to support the development of propriety products in the herbal healthcare and speciality / health rice categories.
- Create a platform to inspire and reward employee innovation.



HUMAN CAPITAL

Our Human Capital is represented by employees around the Country whose knowledge, expertise and commitment are instrumental in ensuring the CIC's Group's continued success.

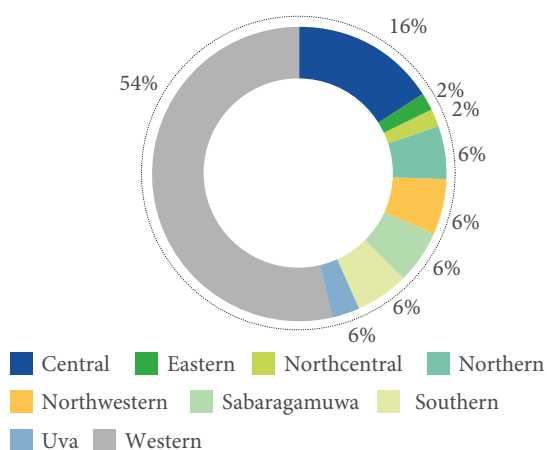
OUR HUMAN CAPITAL

01. Breakdown of workforce	2023	2022
Payroll Carder		
Permanent	1,865	1,835
Probation	244	277
Non-Payroll carder		
Outsourced	1,487	1,436
Total	3,596	3,548

02. Carder as at 31st March 2023				
Employment type	Male	Female	Total	%
Senior Management	82	11	93	5%
Management	274	67	341	16%
Executives	493	82	575	27%
General Staff	808	292	1,100	52%
Total	1,657	452	2,109	

03. Employees by Geography as at 31st March 2023		
Province	No of staff	%
Central	342	16%
Eastern	26	2%
North central	43	2%
Northern	122	6%
North western	117	6%
Sabaragamuwa	130	6%
Southern	120	6%
Uva	64	3%
Western	1,135	54%
Total	2,109	

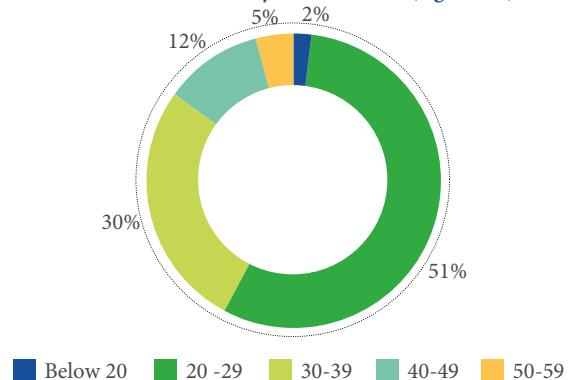
Employees by Geography 2022/23



04. New recruits for the year 2022/2023 (Age Wise)

Age limit	Count	%
Below 20	7	2%
20 -29	149	51%
30-39	89	30%
40-49	35	12%
50-59	14	5%
Total	294	

New recruits for the year 2022/2023 (Age Wise)



05. Carder details

Total Staff as at 1st April 2022	Recruitments April 2022 to March 2023	Resignations April 2022 to March 2023	Total Staff as at 31st March 2023
2,112	294	297	2,109

MANAGEMENT APPROACH

The CIC Group's approach to building a strong Human Capital base stems from our commitment to have the best in class talent for our corporate needs. To achieve the desired results, we focus on three fundamental human capital pillars - Talent Attraction, Talent Retention and Talent Engagement.

In all, we strive to offer a compelling employee value proposition based on the principles of fairness, equality and non-discrimination as stated under the ILO convention and the UN Global Compact for human rights. As an equal opportunity employer, we are committed to treat all employees equally and provide a dynamic and challenging work environment to encourage everyone of them to maximise their potential.

HR Policies and Procedures

Recruitment Policy
Employee Benefit Policy
Performance Appraisal Policy
Training and Development Policy
Grievance Handling Policy
Employee Welfare Policy

HR GOVERNANCE

HR Governance plays a crucial role in executing our three-pronged talent human capital development approach. CIC Group HR is the apex body in charge of all HR related matters of the Group. In this capacity, Group HR provides oversight for the formulation and implementation of all HR policies and for ensuring compliance with all labour laws applicable to the Group.

The Head of Group HR reports to the CEO on operational HR matters and to the Board Human Capital and Compensation Committee and the Board of Directors regarding policy and compliance matters.

In the year under review, the existing HR Policy framework was reviewed and revamped to reflect global best practices. A new HR Policy Manual was also developed encapsulating the updated policies, which will be rolled out with effect from 1st April 2023.

Labour Regulations Applicable to the CIC Group

Shop and Office Employees (Regulation of Employment and Remuneration) Act, No. 19 of 1954 and its amendments
Factories Ordinance No. 45 of 1942 and its amendments
National Minimum Wage of Workers (Amendment) Act, No. 16 of 2021
Employee's Provident Fund Act No. 15 of 1958
Payment of Gratuity Act no. 12 of 1983
Maternity Benefits Ordinance of 1939

The CIC Group was fully compliant with all labour regulations in the year under review.

TALENT ATTRACTION

Workforce Planning

Workforce planning marks the first step in our talent attraction framework. Being a vital tool in identifying manpower requirements to meet the needs of our diverse business clusters, workforce planning is undertaken annually by cluster heads to establish their respective manpower requirements for the forthcoming financial year. Cluster-wise manpower requirements are collated and submitted to the approval of Head of Group HR.

Recruitment and Selection

A highly transparent recruitment process supports our efforts to recruit the right candidates for the job role as well as those who are the best fit for CIC corporate culture and work ethics. All vacancies identified through our workforce planning process are advertised publicly and notified internally to give both internal and external applicants equal opportunity to apply. For our production plant operations around the Country, we maintain clear guidelines regarding local hiring, where we aim to ensure that the majority of the staff at these locations are from the surrounding area.

Selections are made purely on the basis of merit. We use a systematic approach to shortlist candidates by mapping their credentials and expertise against the desired skills for the job, with all shortlisted candidates subject to further scrutiny via a series of competency-based interviews.

All new recruits remain on probation for a period of 6-month, whereafter based on the outcome of their post-probationary review, they are either absorbed to the permanent cadre or placed under a mentor to help improve their performance.

In the year under review we continued with our recruitments despite the challenges arising from the economic crisis with a total of 294 recruitments being made within the 12 months ending 31st March 2023.

The CIC Group maintains formal agreements with a number of labour contractors to meet the workforce requirements at our production plants. Agreements are renewed bi-annually, following strict verifications of the contractors labour compliance record, including statutory payments.

Meanwhile, casual labourers at farms are recruited directly from the community, as and when needed.

Remuneration and Benefits

The main anchor in our talent attraction programme is a robust remuneration and benefit structure that goes beyond the statutory minimum requirements to provide a fair, equitable, and market-competitive package in recognition of the duties and responsibilities of the job.

While employee salary scales and benefit structures tend to vary between clusters, all employee across the Group are entitled to the following benefits, in addition to their basic salary;

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

Remuneration for casual (daily) workers is based on the statutory minimum wage stipulated by the National Minimum Wage of Workers (Amendment) Act, No. 16 of 2021. The CIC

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN CAPITAL

Group ensures at all times that the wages paid are significantly above the current stipulated minimum wage for the respective trade.

The Board 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 FY 2022/23, annual increments and bonuses were granted to all employees based on the business unit and individual performance.

In addition, a special discretionary allowance was paid to all the employees. This was done to alleviate the financial stress on employees owing to inflation induced cost of living increases.

TALENT RETENTION

Performance Management

Performance Management is an integral component in our efforts to create a vibrant, high performance culture that will drive employees to reach their full potential. The annual performance evaluation cycle creates a necessary platform to ascertain employee performance based on target driven KPI's.

In the year under review the performance review process was further enhanced with the inclusion of a competency evaluation module.

The performance of all permanent employees of the CIC Group (excluding contract labour and casual employees) were assessed in the manner for the FY 2021/22 cycle.

Training and Development

The CIC Group is committed to ensuring that all employees have access to learning, development and training opportunities which enable them to be suitably knowledgeable and skilled to carry out their role. Accordingly, training needs are established through the annual performance appraisal cycle and summarised in the cluster-wise training plan to enable appropriate training facilitation arrangements to be made. While technical training remains the top priority across all clusters, more recently there has also been an increased emphasis on soft skills and leadership training.

Succession Planning

A Board approved succession planning programme was launched in the current financial year to support our efforts to develop the next leadership tier from within. The outcomes of the annual performance appraisal cycle were used as the basis of on-boarding candidates to the succession planning programme. The pharmaceutical division was selected for the first phase of the succession planning programme implementation, with 32 high performers from the pharma division's middle

management cadre earmarked for further development. To kick start their initiation all selected candidates were on-boarded to a special leadership development course conducted by the CIPM (Chartered Institute of Personnel Management Sri Lanka).

32 high performing senior management employees were also earmarked and on-boarded to a special leadership development initiative conducted by the Postgraduate Institute of Management (PIM), while Individual Development Plans were also drawn up outlining their developmental needs for the next 2 - 3 years.

Safety and Wellbeing

The CIC Group advocates the ZERO injury principle in its day to day operations. Given the diverse nature of our business clusters and the scope and scale of their respective operations, the Group maintains a decentralised approach to safety and wellbeing of employees.



Safety teams at all production plants have been empowered to oversee the implementation of cluster-specific safety initiatives in response to identified safety risks in compliance with the Factory Ordinance No 45 of 1942 and global safety standards such as the ISO 45001 Occupational Health and Safety Management System. Additionally, all employees at production sites are fully insured under the workmen's compensation cover.

All Group locations are equipped with mandatory fire safety systems, while the annual fire drill and regular safety training is conducted to develop the safety awareness culture among employees. Safety training covers all employees, including contracted labour and casual workers.

Plant	Key Risks	Control Procedures	Injury Record
Agri Input Repacking and Formulation Centre	Chemical exposure Chemical accidents	Procedure for a hazardous materials identification Procedure for hazard identification and risk assessment. Procedure for operational control	Minor accidents- 03 Reportable accident- 01
Fertilizer Blending Plant	Injuries due to Vehicle and Forklift movement Fertilizer dust generation due to production and material handling Falling from fertilizer stacks Injuries due to machine operations	Awareness, Safety Instructions, operational controls Dust extraction system, PPE and safety Instructions PPE, safety instructions, operational controls PPE, safety instructions, safety guards and other operational controls	Nil
Link Naturals Plant	Chemical Handling	Ensuring proper storage conditions, equipment and tools Standard personal protective equipment (respiratory masks, goggles, chemical resistant gloves, safety shoes, overcoats) SOPs First aid equipment, eye washers, emergency showers Spill control kits and trained the staff to manage chemical spillage safely	Nil
	Machinery Handling	Preventive maintenance schedule for all machinery SOPs Machine guards, earthing PPE	Nil
	Hot Surfaces / Liquids	Insulation PPE SOPs	Minor accidents- 02
	Electrocution	Regular electrical panel board servicing Availability of electrical insulated rubber carpets Industrial type extension cord usage SOPs	Nil
	Working at Height	Permit to work system PPE Availability of ladders and scaffoldings Staff Training	Nil
	Slippery surfaces due to oil spillage	Frequent cleaning PPE Availability of spill control kits	Nil

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN CAPITAL

TALENT ENGAGEMENT

Employee Relations

Each cluster has established its own unique employee engagement mechanisms such as sales meetings, departmental team briefings etc. to cultivate employee relations. Beyond this, the Group's wide open door policy allows employees to reach out to the management.

We maintain a consistent approach to interact with our labour contractors, including but not limited to the bi-annual contract renewal review.

Grievance Handling

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 Group HR. 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 incidents were reported through the grievance handling mechanism in the current financial year.

FOCUS FOR 2023/24 AND BEYOND

- Invest in e-learning solutions to create an environment for continuous learning
- Implement a structured coaching programme based on cluster-wise training needs analysis



SOCIAL AND RELATIONSHIP CAPITAL

Our Social and Relationship Capital represents the essential connections that ensure the continuity of each of our business clusters as well as the Group.

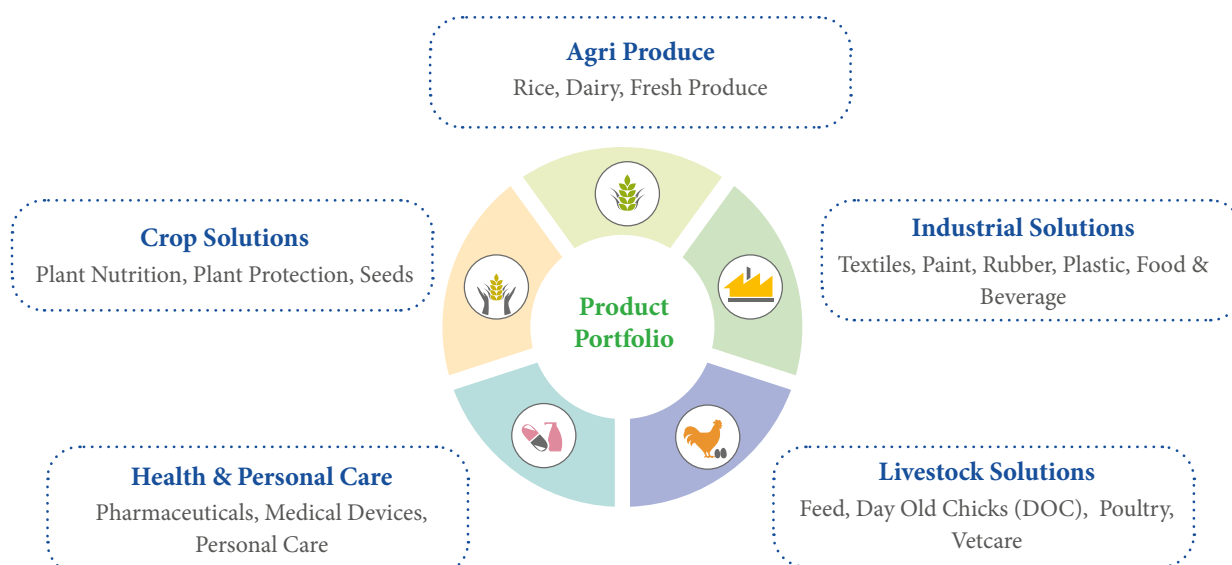
OUR SOCIAL AND RELATIONSHIP CAPITAL

 CUSTOMERS	 BUSINESS PARTNERS	 COMMUNITIES
- Retail customers across Sri Lanka who procure our rice, dairy, fresh produce, poultry, personal care and vet care products - Farmers and cultivators across Sri Lanka - Plantation Companies and other B2B customers - Poultry integrators and other B2B customers - Paint manufacturers and other B2B customers - State pharmaceutical corporation and private sector B2B customers - Retail customers around the world who purchase our specialty rice and herbal healthcare products	- Modern trade and HORECA Channel partners who support the distribution of rice, dairy, poultry, personal care and vet care products - Network of globally reputed overseas principals - Island-wide network of dealers and distributors of our plant nutrition, plant protection solutions and personal and healthcare products - Global distribution networks	- Rice out grower network - Small scale milk producers - Small scale vegetable farmers - Herbal out grower network - Small scale rural farming communities - Communities in and around production plants

MANAGEMENT APPROACH

Our approach to developing its Social and Relationship Capital is framed around the CIC Group's core values: Ownership & Accountability; Teamwork & Trust; Integrity & Respect; Entrepreneurial & Innovative; Customer Focus & Quality; Bias for Action & Winning Spirit. Anchored by these core principles, we strive to provide customised value propositions that will allow us to earn the trust and respect of our customers, business partners and communities in order to build long lasting equity among each of these stakeholder groups.

CUSTOMER VALUE PROPOSITION



MANAGEMENT DISCUSSION AND ANALYSIS

SOCIAL AND RELATIONSHIP CAPITAL

OUR BRANDS



PLANT NUTRITION

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



PLANT PROTECTION

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



SEEDS

Different seed varieties for paddy, vegetables and fruits



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 mainstream 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



VET CARE

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



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



FEEDS

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



POULTRY

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



INDUSTRIAL SOLUTIONS

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



DOC

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



PHARMACEUTICALS

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



MANAGEMENT DISCUSSION AND ANALYSIS

SOCIAL AND RELATIONSHIP CAPITAL

QUALITY ASSURANCE

Quality assurance is the fundamental tenet that defines our customer value proposition. The CIC Group takes great pride in its multi pronged approach to ensure the integrity of every product is guaranteed for quality, safety and optimal efficiency. In this regard, our policy is to procure only licensed brands from globally reputed top tier international manufacturers.

At the same time, the Group's local manufacturing plants operate in accordance with global best practices such as the ISO 9001 Quality Management System Standard and the ISO 22000:2018 Food Safety Management Systems, including HACCP and GMP. Additionally, our rice mill in Maho has secured the Halal certification as well as the US FDA stamp of approval. The Intellectual Capital Report on page 48 contains a comprehensive list of all certifications.

Where relevant, our in-house testing labs provide further 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.

Integrated Solutions

CIC Agri is the only entity in Sri Lanka that fully supports agri value chain from seed to shelf via integrated solutions. We offer customers fully integrated solutions, combining our top of the line 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.

Innovative Solution to address Food Security Concerns

As the threat of Food Security emerged in the recent past, CIC Agri was quick to respond with the introduction of a 'Home Garden Starter Pack' comprising five varieties of Seeds, three types of fertilizers, and a nursery media. The Starter pack which was very economically priced soon became a sought after pack with many individuals and companies showing keen interest.



RESEARCH AND DEVELOPMENT (R & D)

The Group's multi disciplinary approach to R & D has resulted in unrivalled investigative and explorative capabilities which has enabled continuous and ongoing product innovation across our cluster portfolios. At the fully fledged R & D Centre at Link Naturals, our scientists study ancient Ayurveda concepts, using state-of-the-art techniques of modern science, which has paved the way for these historic medicinal principles to be translated for use by the modern day consumer.

Moreover, we often work with our principals to leverage their proprietary domain knowledge to tailor make new products and also further refine our existing products to improve their ability to adapt to local conditions.

The Intellectual Capital Report on page 48 captures a few of the latest R & D led innovations that were released to the market in FY 2022/23.

CUSTOMER ENGAGEMENT AND FEEDBACK

We see customer engagement as a crucial platform that allows us to capture complaints, while also listening and learning from our customers. To support this, clusters have been given the autonomy to develop appropriate engagement initiatives that best suited to their respective business model.

Based on the feedback received through cluster-specific customer engagement activities conducted during the year, customers satisfaction scores remained at the current levels. Furthermore, there were ZERO complaints received from customers regarding product quality or safety concerns.

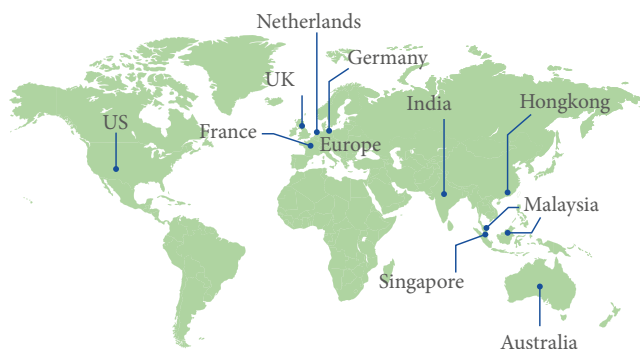
BUSINESS PARTNER VALUE PROPOSITION

Nurturing Ties with Overseas Principals

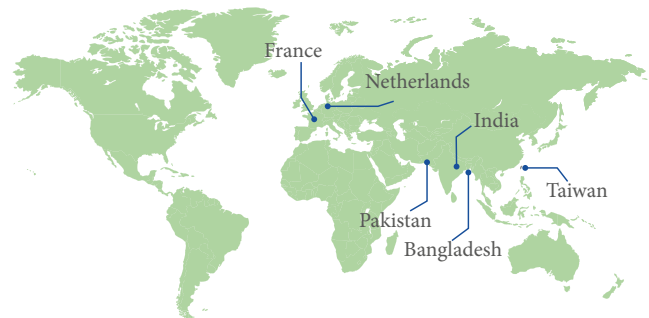
Within the CIC Group, clusters such as Crop Solutions, Pharmaceuticals, Medical Devices and Industrial Solutions, all rely heavily on overseas principals as part of their respective supply chains.

Working closely with their respective overseas principals, each cluster has over the years built strong, reliable global networks to support business continuity even during the most challenging times. In many cases, relationships between the CIC Group and its overseas principals date back several decades, which stands testament to the mutual commitment to shared growth.

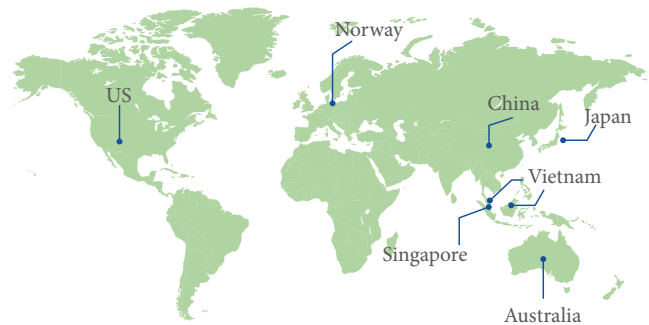
Healthcare



Industrial Solutions



Crop Solutions



Strength of Relationships with Overseas Principals

Crop Solutions	55% of overseas principal relationships are more than 10 years
Pharmaceuticals Segment	70% of overseas principal relationships are more than 10 years
Medical Devices Segment	63% of overseas principal relationships are more than 10 years
Industrial Solutions	50% of overseas principal relationships are more than 10 years

DEVELOPING DISTRIBUTION PARTNERS

Many of the Group's clusters depend on distributor networks to move their products to market. All distribution partners (apart from the Link Natural overseas channel partners) are based in across Sri Lanka

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

MANAGEMENT DISCUSSION AND ANALYSIS

SOCIAL AND RELATIONSHIP CAPITAL

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

The Group has invested in a fully fledged distributor management system to complement its efforts to drive optimal value. In the year under review, various relief measures were implemented to enable dealers and distributors to remain in business amidst the challenging economic conditions.

COMMUNITY VALUE PROPOSITION

Supporting Farmer Out-Grower Networks

Farmer-outgrower networks comprising small scale farmers who supply rice, milk and fresh vegetables are a crucial component in the value chain of our Agri Businesses. In this way, we aim to empower these rural farming communities to derive a stable livelihood and become productive members contributing towards the development of their local economy.

In recent years we have further deepened our commitment to our out-growers, by carrying out capacity building initiatives to strengthen their business acumen and financial literacy and also working closely with them to help them scale up their operations.

			
	Dairy	Rice	Seeds
FY 2021/22	No. of Farmer / Outgrowers	1,800	1,805
	Amount Paid (Rs.)	462,004,000	627,847,904
FY 2022/23	No. of Farmer / Outgrowers	1,900	1,850
	Amount Paid (Rs.)	606,786,000	1,459,776,592
			301,091,281

Launch of the 'Value Added Agriculture' Programme - a capacity building initiative to empower rural farmers

In a landmark effort to broaden its capacity building efforts for Micro, Small and Medium Scale Agri Entrepreneurs around Sri Lanka, the CIC Group tied up with Sampath Bank PLC to launch the 'Value Added Agriculture' Programme in the areas where the Bank's "Wewata Jeewayak" tank restoration programme has been implemented so far. The 'Value Added Agriculture' Programme is designed as a capacity building initiative to strengthen agri-entrepreneurs in different parts of the country by encouraging them to embrace value-added agriculture. It is hoped that moving to 'value added agriculture', will empower these rural agricultural communities to generate outputs with a higher intrinsic value.

The 'Value Added Agriculture' Programme was officially launched on 23rd January 2023 with the first event being conducted at Divulankadawala in Medirigiriya. At the event, a panel of experts from CIC Holdings conducted the knowledge sharing sessions on Value Added Agriculture for the members of the Divulankadawala Farmers Association. The programme also marks the first step in the CIC Group's new strategic CSR agenda that targets the development of 4000 Micro, Small and Medium Scale Agri Entrepreneurs by 2025.

COMMUNITY OUTREACH INITIATIVES

Donation of Suwasariya Ambulances

The CIC Group pledged Rs. 10 Million to adopt two 1990 Suwasariya Ambulances. The Ambulances will be deployed in designated areas of the Country, providing critical medical assistance to those in need thereby enhancing the emergency healthcare services in the island.



Donation of essential medicine to the Ministry of Health

CIC Healthcare, along with CCL Pharmaceuticals, donated Tacgraf® (Tacrolimus) worth LKR 12mn to the ministry of Health. Approximately 10% of Sri Lanka's population undergoes

kidney failure and the medicine donated – "Tacgraf®", is an immunosuppressant critical to prevent organ failure



Scholarships for Employees' Children

CIC Group granted over 100 Educational Scholarship to children of employees who excelled at the year 5 scholarship exam, G C E (O'Level) and G C E (A'Level) examinations. Employees Children who obtained entrance to a State University and who excelled in Sports at National Level were also recognised.



POSITIVE IMPACT TO OTHER CAPITALS

Earning the trust and respect of customers, business partners and the community helps to strengthen brand equity to boost Group Intellectual Capital and also creates a foundation for sustainable revenue growth, thus enhancing Group Financial Capital.

Focus for 2023/24 and Beyond

- Implement the CIC Group Strategic CSR Agenda targeting the following
- Development of 4,000 Agri Entrepreneurs by 2025
- Enhance Rural Education via the CIC Group "Viduhul" project
- Enhance infrastructure facilities in Rural Hospitals including infrastructure development and supply of essential medicine.



NATURAL CAPITAL

The Group's business operations do not rely heavily on natural resources in its day to day operations.

MANAGEMENT APPROACH

In keeping with our core values of “ownership and accountability” the CIC Group strives to lead by example to minimise the direct or indirect negative impact on the environment.

COMPLIANCE AND BEST PRACTICES

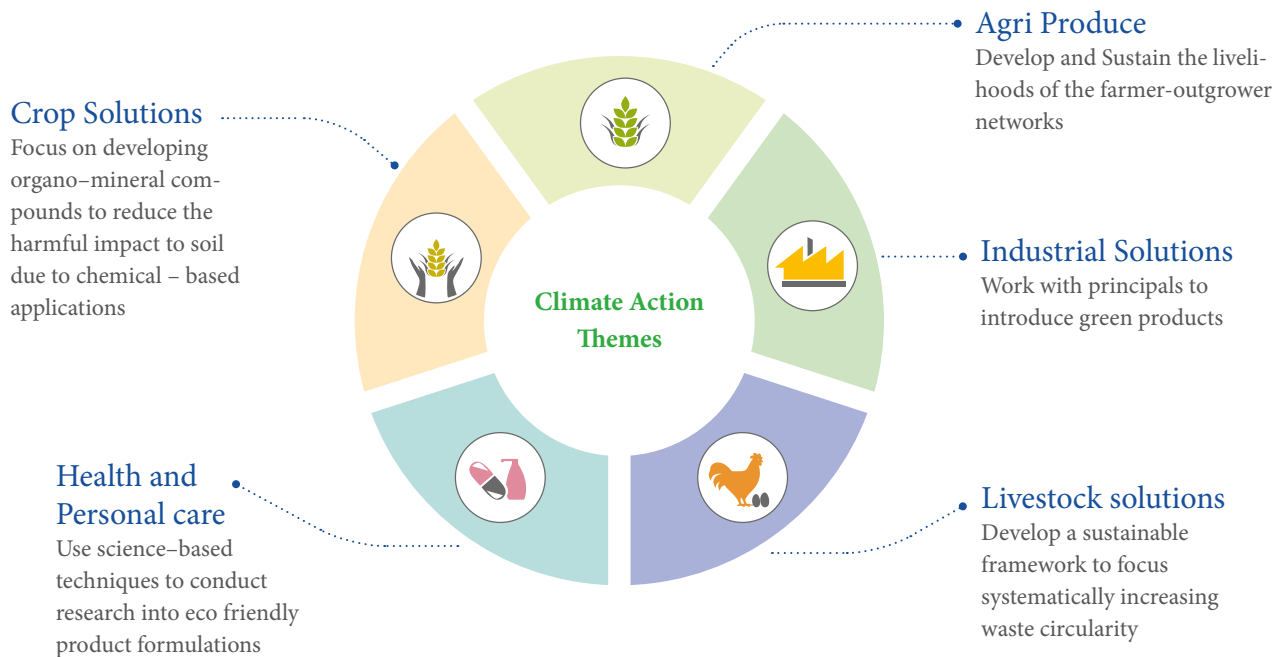
The Group's approach to preserving Natural Capital is based on Environmental Compliance and voluntary adoption of environmental best practices. Accordingly, all our manufacturing plants comply with the guidelines set out under the Environmental Protection Licence issued by the Central Environmental Authority. As stipulated under the EPL, all water and waste discharges are monitored continuously and reported on a quarterly basis.

There were no incidents of non-compliance of environmental regulations reported in the current financial year.

As part of our overall approach to environmental management, we strive to benchmark global best practices such as the ISO 14000: 2004 Environmental Management System Standard. Link Naturals has also secured the ISO 50001:2018 – Energy Management System for more effective control of its energy consumption.

CLIMATE ACTION THEMES

We have outlined specific climate action themes for each of our clusters outlining cluster specific targets for more focused action.



POSITIVE IMPACT TO OTHER CAPITALS

Demonstrating environmental consciousness enhances the goodwill of the respective clusters, in turn adding value to the Group's Intellectual Capital.



monitoring

GOVERNANCE REPORTS

CORPORATE GOVERNANCE

The Group/Company ensures to comply with the established best practices in corporate governance and ensure the highest ethical standards in the 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. The 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

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

- Ms. K. D. Senewiratne appointed to the Board as an Independent Non-Executive Director with effect from 01st January 2023

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 7.14.1 of the CSE Listing Rules. The public holding of the Company as at 31st March 2023 was 46.65%, which is above the minimum requirement of 20% as specified by the Listing Rules [Rule 7.14.1 (a)] of the Colombo Stock Exchange (CSE).

BUSINESS GOVERNANCE

Business governance (performance governance) is linked from Company's Vision Statement to Final Objective level 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 monthly and at more frequent intervals, as needed and the Chairman and the Board of Directors review actual performance at each Board meeting.

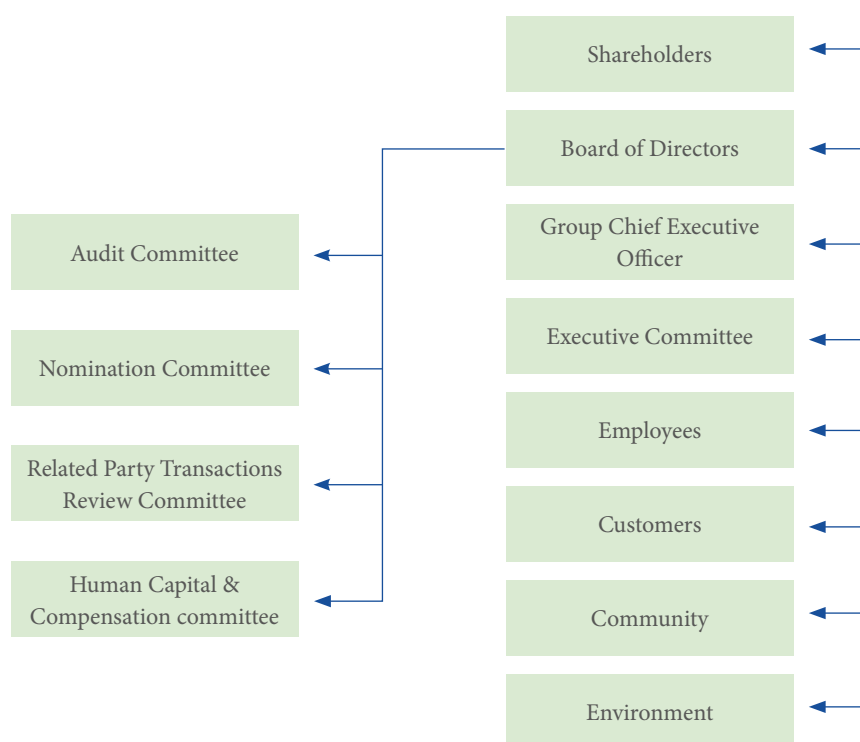
IT GOVERNANCE

The 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 resources deployed in various places. IT resources include ERP system, other related business systems, internet, emails and other Company-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	Protecting the environment by reducing print through migration to emails, SMS, social media and soft copies.

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 continuous Listing Requirements of the Colombo Stock Exchange	Standard Operating Procedure Manual
Code of Best Practice on Corporate Governance issued in year 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.

CORPORATE GOVERNANCE

- 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

As committed through company values "The customer comes first; we will not compromise on the standards of our products and services". 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 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 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. Toward serving our differently abled customers, personalised service is provided by specialised trained team with an utmost care of the life of customers. As the market leader in the crop protection industry, CIC Crop Solutions plays a vital role in supporting the country's agriculture sector by providing superior quality crop care products for management of weeds, insect pests and other diseases in crop cultivation. Moreover, aiming of securing

the main income stream of farmers by improving yields qualitatively and quantitatively. The wide range of product accompanied with field level agriculture extension services along with technical expertise. CIC Crop Solutions products to provide environment friendly crop protection solutions with low toxicity and low post harvest intervals and green agriculture practices.

Offering technical solutions to customers to develop the final products, technical support is extended from point of formulation, monitoring inventory with them and minimise financial losses throughout the value chain. Quality related issues are addressed on urgent basis and focus on locally developed products for unique customer requirements.

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 "we are committed to 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 PRACTICES 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 Practices 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
- Directors' Remuneration
- Relationship with Shareholders
- Accountability and Audit
- Institutional Investors
- Other Investors
- Internet of things and cyber-security
- Environment, society and governance

Above are discussed in the following sections;

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	Compliant 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 sub-committees 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 2023. Details of the meetings and attendance of the members are set out on page 119. The meetings convened by the Board sub-committees during 2022/23 are also provided on page 119.	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

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		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. The Group CEO chairs the Executive Committee. The Executive Management Committee, comprising all key senior managers who are divisional heads/subsidiary CEOs and Group CEO meets frequently for performance review and decision making. 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. 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.	Complied
		Ensuring the adoption of an effective CEO and Senior Management succession strategy	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. Developing a Group wide succession plan considering 3x3x3 is in progress	Complied
		Approving budgets and major capital expenditure.	Budgets and major capital expenditure are reviewed and approved by the Board	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		Determining the matters expressly reserved to the Board and those delegated to the Management including limits of authority and financial delegation.	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 Limits of authority and financial delegation are agreed by the Board to manage affairs efficiently.	Complied
		Ensure effective systems to secure integrity of information, internal control and risk management.	The Board has delegated this responsibility to the Audit Committee. The Audit Committee is empowered to review and monitor the financial reporting process of CIC Group to provide additional assurance on the reliability of 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 their responsibilities on ensuring the quality of financial reporting and related communication to the shareholders and the public. Audit Committee framework, composition, responsibilities and duties are given in the Audit Committee Report on page 120. Risk Management framework is given in the Risk Management Report appearing from pages 128.	Complied
		Ensuring compliance with laws, regulation and ethical standards.	The Board follows a policy of strict compliance with laws and regulatory requirements and ensures that stakeholder interests are considered in key corporate direction. 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. The Company has also issued a Code of Ethics and Human Resources Policies and Procedures applicable to all employees.	Complied

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		All stakeholders' interests are considered in corporate decisions.	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. The Board relies on the integrity and due diligence of Key Managers, Senior Managers, Auditors and Advisors to oversee the Group's overall performance objectivities, financial plans and annual budgets, investments, financial performance reviews, risk management and corporate governance practices.	Complied
		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
		The Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.	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.	Complied
			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 2022/23 and which are given as part of the Financial Reports on pages 163 to 183 and the related changes to significant accounting policies are described in Note 03.	
		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

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		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.	The Board makes every endeavour to ensure a balanced and objective assessment of the Company's position, performance and prospects. 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.	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.	As mentioned above, there is a significant emphasis across the organisation to ensure compliance with applicable laws and regulations. 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	Complied
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

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
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.	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 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. 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 2023	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	The Board met on four (04) occasions during the year. The Board is satisfied that the Chairman and the Non-Executive Directors committed sufficient time during 2022/23 to fulfil their duties.	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	Compliant 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	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. 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. 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.	Complied

A.2 Chairman and Group Chief Executive Officer (Group CEO)

Main Principle

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant 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	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 2022/23 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 Parent Company and Divisional Heads (Key Management).	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	Compliant 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 –		
		- 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	-Agenda for Board meetings is developed in consultation with the Group CEO, Directors, Group CFO and the Company Secretary.	Complied
		-Sufficiently detailed information of matters included in the agenda should be provided to Directors in a timely manner.	-Required information are provided to Directors in a timely manner.	Complied
		-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	-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.	Complied
		-The effective participation of both Executive and Non-Executive Directors is secured.	-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.	Complied
		-All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company.	-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.	Complied
		-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.	-Necessary information and presentations are done if necessary to the agenda items. All Directors are free to communicate with Divisional Heads and Head of Risk Management to call additional information necessary	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		-A balance of power between Executive and Non-Executive Directors is maintained.	-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.	Complied
		-The views of Directors on issues under consideration are ascertained; and	-Chairman ensures that regular meetings are conducted at least once a quarter and the minutes of the meetings are accurately recorded.	Complied
		- The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders.	- Chairman approves the agenda prepared by the Company Secretary.	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	Compliant 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	Compliant with the code	Compliance
Presence of strong team of Non-Executive Directors	A.5.1	The Board should include Non-Executive Directors of sufficient calibre and number for their views to carry significant weight in the Board's decisions. The Board should include at least three Non-Executive Directors or such number of Non-Executive Directors equivalent to one-third of 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.	All eight (08) Board Directors 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".	Six out of eight 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 that Mr. S H Amarasekera, Mr M P Jayawardena and Mr. S M Enderby as Independent Non-Executive Directors notwithstanding that they are Directors for consecutive eighteen years, fifteen years and ten years respectively, as the objectivity of their role is not compromised by being in the Board.	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.	The Company maintains the "Interest Register" required by the Companies Act No. 07 of 2007, which also shows details of Directors' Interest in Contracts/Company or Group. A disclosure on related party transactions is available on pages 234.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant 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 of the Code.	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.5.6	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” 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.	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: 1. Mr. S. H. Amarasekera 2. Mr. S. M. Enderby 3. Mr. J. R. Gunaratne 4. Mr. M. P. Jayawardena 5. Mr. D. T. S. H. Mudalige 6. Ms. K. D Senewiratne However, the Board has determined Mr. S. H. Amarasekera, Mr. M. P. Jayawardena and Mr. S M Enderby as Independent Non-Executive Directors notwithstanding that they are Director for consecutive eighteen years, fifteen yeas and ten years respectively, as the objectivity of their role is not compromised by being in the Board .	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	Compliant 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.	N/A
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	Compliant 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 meetings	The Company ensures that the Directors receive adequate information in a timely manner. On urgent matters, every effort is made to provide the information, as early as possible 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. 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.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
			If necessary, members of the Executive Committee, External Auditors and outside Consultancies makes presentations on issues of importance. The Chairman ensures that all Directors are briefed adequately on issues arising at Board meetings.	
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	Compliant with the code	Compliance
Nomination Committee	A.7.1	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. The Chairman and members of the Nomination Committee should be identified in the Annual Report.	The Committee consists of one Independent Non-Executive Director and two Non-Executive Directors. Chairman is an Independent non -Executive Director. Please refer page 124 for new appointments in year 2022/23	Complied
		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 124.	Complied

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
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 assess 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: - a brief résumé of the Director; - the nature of his expertise in relevant functional areas; - the names of companies in which the Director holds directorships or memberships in Board committees; and - whether such a Director can be considered “independent”.	All new appointments are communicated to the shareholders via the Colombo Stock Exchange. The details of the current Board of Directors and new appointments are provided on page 144 in this Annual Report.	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	Compliant 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, except for Managing Director, retire by rotation and may offer themselves for re-election at the AGM. By virtue of being the Managing Director is 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 re-appointment by the shareholders at the said AGM.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant 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 Articles of Association 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, 2022/23 is available on pages 144.	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	Compliant 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 sub-committee 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	Compliant 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	Compliant 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 page 16	Complied
		ii. The nature of his/her expertise in relevant functional areas;	Available on page 16	Complied
		iii. Immediate family and/or material business relationships with other Directors of the Company;	Not Applicable.	N/A
		iv. Whether Executive, Non-Executive and/or Independent Director	Available on page 16	Complied
		v. Names of listed companies in Sri Lanka in which the Director concerned serves as a Director;	Available on page 16	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant 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;	Disclosed through annual declaration of directors	Complied
		vii. Number/percentage of Board meetings of the Company attended during the year;	Available on page 119	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. However these information are available with the Company Secretary.	Complied
		ix. Committees in which the Director serves as Chairman or a member;	Available on page 119	Complied
		x. Number/percentage of Committee meetings attended during the year.	Available on page 119	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	Compliant 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

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	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/Group Head-Human Resources (GHHR)/Group CFO and Business Heads are carried out by the Board at the end of each year to ensure that pre-agreed targets and objectives have been achieved or if not whether there are acceptable reasons for not achieving them.	Complied

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	Compliant 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 CEO. Remuneration and perquisites of Group CEO is considered.	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 directors 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 Group HHR/ 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 122 for the Remuneration Committee Report for details of the Chairman and members of the Remuneration Committee.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
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 by the Group Chief Executive Officer, the Committee as a whole decides the remuneration of 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 sub-committee. 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 sub-committee.	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	Compliant 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 Remuneration Committee and the Board ensure that Executive Directors – who are on the Board and Key Management are provided with an attractive remuneration package.	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

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
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 increments 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
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 (ESOS) proposed by the Board of Directors was approved by the shareholders at the Extraordinary General Meeting held on 30th June 2016. The shares under the scheme granted to the eligible employees starting from the financial year 2017/18, based on the results achieved in financial year 2016/17. During the year no options were granted /exercised under ESOS.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
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 E. 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 Remuneration Committee Report on page 122.	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.	Compiled
	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.	N/A

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant 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).	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. Non-Executive Directors are not included in share options as there is no scheme in existence.	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	Compliant 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	Please refer Remuneration Committee Report on page 122 for disclosure on the names of Remuneration Committee members and Remuneration Policy of the Company. Please refer Note 11 to the Financial Statements on page 187 for aggregate remuneration paid to Executive and Non-Executive Directors.	Complied

C. RELATIONS 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	Compliant 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, Circular to Shareholders 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: - The number of shares in respect of which proxy appointments have been validly made;	The Company ensures that all valid proxy appointments received for General Meetings are properly recorded and counted	Complied

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		- The number of votes for the resolution; - The number of votes against the resolution; and - The number of shares in respect of which the vote was directed to be withheld; 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, Remuneration, 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	Compliant 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.	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 are 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. The Company used the following channels to disseminate timely information; - Shareholders meetings - Financial and other notices as and when required through the Colombo Stock Exchange - Corporate website - Corporate Facebook and LinkedIn pages - Press notices - Investor webinar	Complied
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 are communicated accurately at all times.	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.	Printed copies of Annual Report are provided to all shareholders on request without charge and soft copies are available in corporate website. All other announcements are posted on the CSE website.	Complied

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
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. In addition, Head of Investor Relations is assigned to handle communications related to investor relations. Such questions, requests and comments should be addressed to the Head of Investor Relations and in the absence of him the Group Chief Executive Officer.	Complied
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 Head of Investor Relations 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

C.3 Major transactions

Main Principle

Further to compliance with the requirements under the Companies Act No. 7 of 2007, 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	Compliant 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	Compliant 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.	The Board is well aware of its responsibility to present interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 151 confirming this position. 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.	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.	It is assigned to Chief Financial Officer, Compliance Officers of the respective subsidiary companies. 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	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Directors' Report in the Annual Report	D.1.4	The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that: - the Company has not engaged in any activity which contravenes laws and regulations; - the Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested; - the Company has made all endeavours to ensure the equitable treatment of shareholders; - the Directors have complied with best practices of corporate governance - Property, plant and equipment is reflected at fair value, where it is different from fair value adequate disclosures are made - the business is a going concern, with supporting assumptions or qualifications as necessary; and - 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.	The Annual Report of the Board of Directors on the Affairs of the Company given on page 143 covers all of these requirements. 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 A compliance statement is tabled at each Board meeting by the Compliance Officer 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 page 66 of this Report.	

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Statements of Directors' and Auditors' Responsibility for the Financial Statements	D.1.5	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.	The "Statement of Directors' Responsibility on Financial Reporting" is given on page 151. The "Independent Auditors' Report" on page 153 Statement of the Auditor's responsibility The Statement on Internal Control is given on page 127 in the Statement of Director's Responsibilities.	Complied
Management Discussion and Analysis	D.1.6	The Annual Report should contain a "Management Discussion and Analysis", discussing, among other issues: - business model; - industry structure and developments; - opportunities and threats; - risk management; - - internal control systems and their adequacy; - governance; - stakeholder relationships; - social and environmental protection activities carried out by the Company; - financial performance; - investment in physical and intellectual capital; - human resource/industrial relations activities carried out by the company; and - prospects for the future. 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.	Please refer Chairman's Statement on page 8, Group Chief Executive Officer's Review on page 10 and Management Discussion and Analysis on page 30 of this Annual Report. Management Discussion and Analysis is structured based on the Integrated Reporting Framework in this Annual Report.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Summon on EGM to notify serious loss of capital	D.1.7	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	Likelihood of such occurrence is remote. However, should the situation arises, an EGM will be called for and shareholders will be notified.	Complied
Disclosure of related party transaction	D.1.8	The Board should adequately and accurately disclose the Related Party Transactions in its Annual Report: - 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; - A record/register either in hard or soft form on related party and related party⁴ - The Company Secretary keeps a record on related party transactions and make necessary disclosures accordingly; transaction should be maintained by the Company; - 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	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; Standards and similar regulations. Related party transactions review committee reviewed related party transactions of the CIC Group which is described in this Annual Report in page 125. Related parties and related party transactions are captured and documented by the Company.	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	Compliant with the code	Compliance
Annual Review of the effectiveness of Group's system of internal control	D.2.1	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.	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. The Company has outsourced internal audit processes which are implemented to ensure that effective controls are in place. These processes extend across all Group Company operations. The Company does not have a separate internal audit function. It is handled by respective finance heads and reporting to Group CFO.	Complied
			In relation to the subsidiary companies, the internal audit function includes an individual risk assessment for every business unit directly operated by the company, based on five criteria: 1. Receivables management 2. Inventory management 3. Cash management 4. Internal checks and balances 5. Effectiveness of internal controls Each subsidiary is graded by the Internal Auditor based on its adherence to controls and its administrative performance on the management of the five criteria mentioned above	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 page 128 for the Risk Management report.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	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 2023, 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 127 for details.	Complied

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	Compliant 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 Audit Committee are Non-Executive Directors. Out of total four members, three members are Independent Non- Executive Directors. Chairman of the Audit Committee is a Non-Executive Director. Details of the members, invitees and Secretary of the Committee are in the Audit Committee Report under the heading "Composition of the Committee" in page 120.	Complied

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
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 – which, at minimum, must be to – Assist Board oversight of the: - Preparation, presentation and adequacy of disclosures in the Financial Statements, in accordance with the Sri Lanka's Accounting Standards; - Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements; - 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; - Assessing the Company's ability to continue as a going concern in the foreseeable future; - Performance of the Company's internal audit function; - Process to the identification, monitoring and management of significant business/financial risk; and - Independence and performance of the Company's external audit. - The duties and responsibilities of the Audit Committee should at a minimum include those set out below: - Making recommendations to the Board, pertaining to appointment, reappointment and removal of External Auditors and to approve the External Auditors; - 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;	Audit Committee of the Company has a written Terms of Reference. Details are disclosed in Audit committee report on page 120 of this Annual Report.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		- 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; - Discussion of the audit plan, key audit issues, their resolution and management responses; - 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; - To review significant financial reporting judgements; - Review the Company's earnings press releases and financial information and earnings guidance provided to analysts and rating agencies; - Discussion of policies and practices with respect to risk assessment and risk management; - Ensuring that a process of sound system of internal control is in place; - 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; - Ensuring that an effective internal audit function is in place and monitor and review the internal audit activities; - Meeting separately, periodically, with Management, Auditors and Internal Auditors; - 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; - Assuring confidentiality to whistle-blowing employees; - Setting clear hiring policies for employees or former employees of the Auditors; and - Reporting regularly to the Board of Directors		

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Disclosure of names of the members of the Audit Committee	D.3.3	A separate section of the Annual Report should describe the work of the Committee in discharging its responsibilities. The report should include – - 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. - The number of meetings held and attendance of each Director; - The scope of work and how its roles and responsibilities were discharged; - 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;	Names of the members of the Audit Committee are given on page 120 under "Composition of the Committee" and disclosure on the independence of the Auditors is found on page 149 under the Auditors' in the Annual Report of the Board of Directors on the Affairs of the Company.	Complied
		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 120.	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 page 120.	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	Compliant 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.	In compliance with Section 9 of the Listing Rules of the CSE, the Committee comprises three Independent Non-Executive Directors, Mr. J. R. Gunaratne was appointed to the Committee w. e. f. 21/10/2022) The Committee is chaired by an Independent Non-Executive Director.	Complied
	D.4.3	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 – - A procedure for documenting related parties in accordance with the definitions in LKAS 24 and the CSE Listing Rules. - 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.	The Related Party Transactions Review Committee Report sets out the functions of the Committee which is given on page 125.	Complied

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		- 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. - A procedure to inform all related parties of what constitutes exempted related party transactions. - A procedure and guideline to delegate to Key Management Personnel to deal with recurrent related party transactions as defined in the CSE Listing Rules. - A procedure for the RPT Review Committee to review and recommend to the Board matters relating to such transactions. - 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. - 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. - 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. - A procedure to identify related party transactions which require shareholder approval by special resolution at an Extraordinary General Meeting. - The Company Secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals, and minutes. - Review and recommend to the Board the related party disclosures to be made in the Annual Report of the Company		

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	Compliant with the code	Compliance
Disclosure of Code of Business Conduct and Ethics	D.5.1	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. 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: - Conflict of interest; - Bribery and corruption; - Entertainment and gift; - Accurate accounting and record-keeping; - Fair and transparent procurement practices; - Corporate opportunities; - Confidentiality; - Protection and proper use of company assets including information assets;	Company has an internally-developed Code of Conduct. All employees including Directors, Key Managers, Senior Managers and 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 suspects wrong doing at work, whether by Management, peers or any other employee, to raise their concerns	Complied

CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		- Compliance with laws, rules and regulations (including insider trading laws); and - Encouraging the reporting of any illegal, fraudulent or unethical behaviour.	Other Policies In addition, the Company implements policies covering: - Recruitment and selection - Financial integrity/Financial Manual - Use of Company property including computers - Non-harassment in the workplace - Environment, safety and health - Security of IT system	
	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 and established policy and process to ensure that material and price sensitive information are immediately disclosed to the shareholders via 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 is in place and any share transaction done by Board Director need to be immediately disclosed to the Company Secretary and Company Secretary inform such transactions to the shareholders through 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 ethic	Please refer Chairman's statement on page 8 in this Report.	Complied

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	Compliant 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 66-119 sets out the manner and extent to which the Company 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	Compliant 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.	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 Board and the Management. Head of Investor Relations is a dedicated position 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 Shareholders are provided with Quarterly Financial Statements and the Annual Report, which the Company considers as its principle communication with them and other stakeholders. These reports are also available on the Company's website – www.cic.lk and are provided to the Colombo Stock Exchange. Any information that the Board considers as price sensitive is disseminated to the shareholders as necessary.	Complied

CORPORATE GOVERNANCE

E.2 Evaluation of Governance Disclosures

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant 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	Compliant 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 when reaching 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 Meetings of the Company and exercise their voting rights.	Complied

G. INTERNET OF THINGS AND CYBER-SECURITY

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant 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 cyber-security 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 General Manager - IT is mainly assigned to complete this task. IT policy and Cyber-security policies have been developed and needs to be presented to the Board for approvals.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	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. The policy should include a robust cyber security 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 cyber security insurance.	Head of Group IT functions as the Chief Information Security Officer. IT policy and cyber security policy have been developed	Complied
	G.3	The Board should allocate regular and adequate time on the Board meeting agenda for discussions about cyberrisk management: - The matters taken up for the discussion on the Board meeting agenda may include; Potential cyber security risks in the Company's business model. - CISO's security strategy and status of the current projects. - Compliance with the cyber security risk management process and incident report. - Findings and recommendations from independent reviewers.	IT policies and Cyber security policies are presented to the Board.	Complied
	G.4	The Board should ensure the effectiveness of the cyber security risk management through independent periodic review and assurance. 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.	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 cyber-security risks.	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.	Not Complied

CORPORATE GOVERNANCE

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 increasingly 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	Compliant with the code	Compliance
	H.1.1	Companies should provide information in relation to – - The relevance of environmental, social and governance factors to their business models and strategy. - How ESG issues may affect their business. - How risks and opportunities pertaining to ESG are recognised managed, measured and reported.	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

H.1.2 Environmental factors

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.2	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: - pollution prevention. - sustainable resource use (e.g. water, energy). - climate change. - protection of environment. - biodiversity. - restoration of natural resources.	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.	Complied

H.1.3 Social factors

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.3.1	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. -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 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. -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. -The organisation should have policies and procedures to ensure that suppliers and outsourced providers comply with social governance norms of the Company	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.	Complied

CORPORATE GOVERNANCE

H.1.4 Governance

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.4.1	- 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. - 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. - The Company should have a process to ascertain, assess and manage risks which have an impact on the sustainability of the Company - 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. - 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.	Process of managing risks in line with ESG aspects is discussed in the Risk Management Report.	Complied

H.1.5 Board's role on ESG factors

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.5.1	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. ESG reporting may be built on a number of different guidelines, such as – - Integrated Reporting Framework - The Global Reporting Initiative Guidelines	The Company is in the process of implementing ESG reporting in line with Global Reporting Initiatives (GRI) guidelines.	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 2023:

Section	Rule No	Corporate governance rule	Details of compliance	Compliance
Board of Directors				
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 eight Directors, all 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.	Six 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, Mr. M. P. Jayawardena and Mr. S M Enderby as Independent Non-Executive Directors notwithstanding that they are serving the Board eighteen, fifteen and ten years respectively.	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 Page 16.	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 page 16.	Complied
Human Capital and Compensation Committee				
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 (5) Non-Executive Directors.	Complied
		• in all other instances majority of whom to be independent.	Three (3) out of five (05) of them are independent Non -Executive Directors	

CORPORATE GOVERNANCE

Section	Rule No	Corporate governance rule	Details of compliance	Compliance
		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 119.	Complied
		• Statement of Remuneration policy	Please refer Human Capital and Compensation Committee report on page 122.	Complied
		• Aggregate remuneration paid to Executive and Non-Executive Directors	Please refer page 187.	Complied
Audit Committee				
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	The Committee comprises Four (04) Non-Executive Directors. Three (03) of them are independent non executive directors	Complied
		• in all other instances of Non-Executive Directors a majority of whom to be independent.		
		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 and the CIC Group.	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/Group CFO attend Committee meetings 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 120.	Complied
		The Annual report shall contain a Report of the Audit Committee in the prescribed manner.	Please refer Audit committee report on page 120.	Complied

Section	Rule No	Corporate governance rule	Details of compliance	Compliance
Related party transactions review committee				
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 three (03)Independent Non-Executive Directors, (Mr J. R. Gunaratne was appointed to the Committee w e f 21/10/2022. He is an Independent Non 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 125.	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 2023;

Rule No	Applicable requirement	Details of compliance	Compliance
7.6 (i)	Names of persons who were Directors of the Entity.	Share Information on page 250.	Complied
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Management Discussion and Analysis on page 28 and Notes to the Financial Statements on pages 214-216.	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 251-252.	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 page 253.	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 page 146.	Complied
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity	Risk Management on page 128.	Complied
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Management Discussion and Analysis on page 28.	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 page 196.	Complied
7.6 (ix)	Number of shares representing the Entity's stated capital.	Share Information on page 250.	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 page 250.	Complied
7.6 (xi)	Financial ratios and market price information	Financial Highlights on page 6 and Share Information on page 252.	Complied

CORPORATE GOVERNANCE

Rule No	Applicable requirement	Details of compliance	Compliance
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 163-183.	Complied
7.6 (xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year.	Not Applicable	N/A
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes.	Not Applicable for the year under review	N/A
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 66-119.	Complied
7.6 (xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Entity as per audited financial statements, whichever is lower.	Notes to the Financial Statements on pages 163-183.	Complied

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 2023:

Rule No	Applicable 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 163-183.	Complied
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed.	Financial Statements on pages 156-249.	Complied
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company.	Independent Auditors' Report on page 153.	Complied
168 (1) (d)	Accounting Policies and any changes therein	Notes to the Financial Statements on pages 163-183.	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 143-150.	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 163-183.	Complied
168 (1) (g)	Corporate donations made by the Company during the accounting period.	Notes to the Financial Statements on pages 163-183	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 State of Affairs of the Company on pages 143-150 and Steering the ship on pages 28-64.	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 163-183.	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 143-150.	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 State of Affairs of the Company on pages 143-150.	Complied

Board, Audit Committee, Remuneration Committee, Nomination Committee & Related Party Transactions Review Committee Attendance

The number of meetings of the Board, Audit Committee, Remuneration Committee and Related Party Transactions Review Committee and individual attendance by members are as follows:

NUMBER OF MEETINGS AND DATES

Board Meetings	4
Audit Committee Meetings	7
Remuneration Committee Meetings	4
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
23rd May 2022	19th May 2022	22nd April 2022		23rd May 2022
22nd July 2022	23rd May 2022	18th July 2022		22nd July 2022
21st October 2022	7th April 2022	2nd Dec 2022		21st October 2022
20th January 2023	22nd July 2022	20th March 2023		20th January 2023
	21st October 2022			
	20th January 2023			
	2nd March 2023			

INDIVIDUAL ATTENDANCE

Name Of Director	Directorship Status	Board Meetings	Audit Committee	Related Party Transaction Review Committee	Nomination Committee	Human Capital and Compensation and Remuneration Committee
Mr. S. H. Amarasekera	Chairman, Independent, Non-Executive Director	4/4			0/0*	4/4
Mr. R. S. Captain	Non Independent, Non - Executive Director	4/4			0/0	4/4
Mr. S. M. Enderby	Independent, Non-Executive Director	4/4	7/7	4/4		4/4
Mr. J. R. Gunaratne	Independent, Non-Executive Director	4/4		1/1		
Mr. M. P. Jayawardena	Independent, Non-Executive Director	4/4	7/7	4/4*		4/4
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	4/4*
Ms. K. D. Senewiratne	Independent, Non-Executive Director	1/1				

* Chairman of respective committee

- Mr. J. R. Gunaratne was appointed to the Related Party Transaction Review Committee w. e. f. 21st Oct 2022, and subsequent to his appointment only one (01) RPT committee meeting was held.
- Ms. K. D. Senewiratne is appointed to the Board w. e. f. 1st January 2023, and subsequent to her appointment only one (01) board meeting was held.

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 (04) Non-Executive Directors and out of four, three (03) members are Independent Non-Executive Directors and is chaired by a Non-Executive Director. Audit Committee Members are as follows:

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 page 16 of this Annual Report. P W Corporate Secretarial (Private) Limited functions as the Secretary to the Committee. The Group Chief Financial Officer/Compliance 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 charter, 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 2022/23

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 codes of conduct of its employees.

Meetings of the committee

During the reporting period, seven (07) 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 2023 were also discussed at the meeting held on the 31st May 2023. 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 2023 under review is given on page 119 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 re-appointed as the External Auditors for the financial year 2023/24, 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.

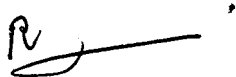
Sri Lanka accounting standards

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.



P. R. Saldin
Chairman
Audit Committee

02nd June 2023

REPORT OF THE HUMAN CAPITAL & COMPENSATION COMMITTEE

COMPOSITION

The Human Capital & Compensation Committee consists of five (5) Non-Executive Directors majority of whom are Independent. The Human Capital & Compensation Committee as of 31st March 2023 consisted of the following.

P. R. Saldin - Non-Executive Director
Committee Chairman

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

R. S. Captain - Non-Executive Director

S. M. Enderby - Independent Non-Executive Director

M. P. Jayawardena - Independent Non-Executive Director

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 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 various jobs and positions, rationalised the structure and reviewed the Company's Remuneration Policy.

The Committee also reviewed the compensation benefit packages and salary structures of Key Management Personnel and did recommend appropriate changes to kept abreast of the dynamic challenges and changes that were required during the year.

Due to the economic challenges faced by the CIC Team it was decided to provide a special discretionary payment (SDP) to all employees from April 2022 and with effect from 1st February 2023 a Special Hardship Allowance (SHA) was implemented to mitigate the impact due to increase in PAYE taxes. Further, payment of annual bonus and increments were brought forward to be effective from April 2023.

PERFORMANCE CULTURE

The performance appraisals of the Group CEO and Key Management Personnel were completed after reviewing the targets in compliance with the Action Plan.

The Committee also undertook to review and revise the HR Strategic Plan in line with the Group's strategic ambitions for the next 3-5-year time frame. To further support this, the Committee approved the roll out of attractive Performance-based bonus scheme to reward exceptional performers who have achieved their stretched targets.

To further strengthen the performance-based work culture, the Committee approved the following.

- i. Introduction of Competencies evaluation
- ii. Introduction of Balance Scorecard approach in developing KPI's
- iii. Introduction of Rating or overall performance
- iv. Promotion calendar to be effective from 1st April every year.

The Key Performance Indicators of the Group CEO and Key Management Personnel were agreed at the beginning of the financial year in line with the Strategic Plan and their performance assessed at the end of the year. Based on this, remuneration and salary structures were reviewed and finalised.

CAPABILITY DEVELOPMENT

To enhance the CIC group's team capabilities Executive Leadership Development Programme were launched with the collaboration of Post Graduate Institute of Management (PIM) and Chartered Institute of Personnel Management (CIPM) to develop the second tier of leaders in the executive cadre.

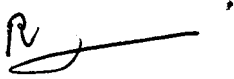
It was also decided that Key Management Personnel to go through an Executive coaching program under a renowned coach with local and international experience conducting such programs.

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 187.

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

02nd June 2023

NOMINATION COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

Nomination Committee consists of one (01) Independent Non-Executive Director, two (02) Non-Independent Non-Executive Directors as at the end of the reporting period, 31st March 2023. Nomination Committee Members are as follows:

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.

RE-ELECTION OF DIRECTORS AT THE ANNUAL GENERAL MEETING

The Committee recommended that Ms. K. D. Senewiratne who retires in terms of Article 25(2) of the Articles of Association of the Company and Messrs. S. H. Amarasekera and R. S. Captain who retire in terms of Article 25(6) of the Articles of Association of the Company be re-elected to the Board at the Annual General Meeting to be held on 30th June 2023.

The Committee further recommended to re-appoint Mr. M. P. Jayawardena a Director, who attained the age of 70 years on 2nd August 2022, in terms of the Resolution passed by the Directors pursuant to Section 211 of the Companies Act No.7 of 2007 that the age limit referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to Mr. M. P. Jayawardena.

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

02nd June 2023

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 three (03) Independent Non-Executive Directors.

The following Directors serve on the Committee:

1. **M. P. Jayawardena**
Independent, Non-Executive Director-Committee Chairman
2. **S. M. Enderby**
Independent, Non-Executive Director
3. **J. R. Gunaratne**
Independent, Non-Executive Director (Appointed to the Committee w. e. f. 21st October 2022)

Brief profiles of the members are given on page 16 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 Secretarial (Private) Limited functions as the Secretary to the Related Party Transactions Review Committee.

MEETINGS OF THE COMMITTEE

During the year ended 31st March 2023, the Committee met four (04) times. Attendance by the Committee Members at these meetings is given in the table on page 119 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 Group CFO who has been identified as the Focal Point, for this purpose
7. Data is shared with the Group CFO and the Company Secretary to meet the regulatory requirements if required.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

02nd June 2023

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.

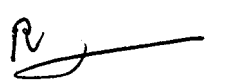
CONFIRMATION STATEMENT

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. R. Saldin
Chairman - Audit Committee

02nd June 2023

RISK MANAGEMENT REPORT

Risk management is central to the way the CIC Group is managed. As a listed company with a public mission to safeguard all stakeholders, the overriding objective of the Group is to be resilient in the most turbulent market conditions. In this regard the Group Risk Management Framework has been designed to protect interest of all stakeholders at all times, including during periods of economic turmoil and extreme market volatility such as that was experienced in year under review.

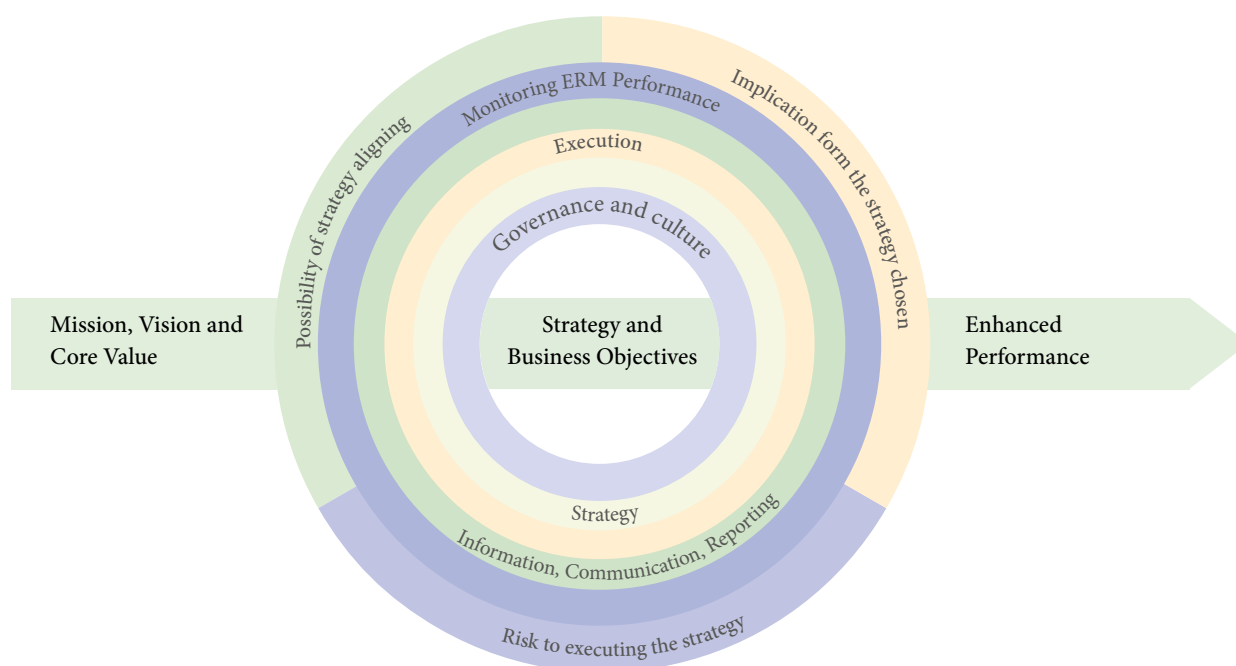
The CIC Group Board of Directors, as the highest governing body within the organisation, is responsible for establishing the necessary control environment to support the effective management of all key risks. The control environment encompasses appropriate risk management policies, internal control procures, risk mitigation strategies as well as monitoring and reporting protocols. As the key custodian for risk management, the Board provides oversight for the effective management of all key risks. The Board Audit Committee assists the Board in assessing the suitability and soundness of the risk control environment in tandem with changes in the operating environment.

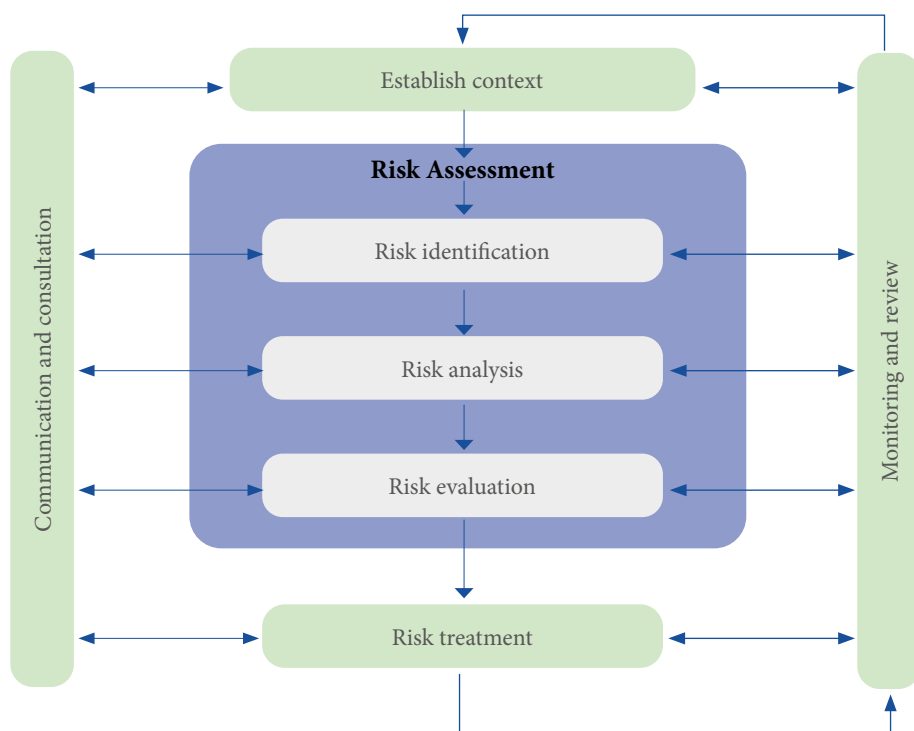
The Board has established a robust Risk Management Framework as per the guidelines set out under the Group Risk Management Policy. The main purpose of the Group Risk Management Policy is to ensure sound and effective management of all key risks faced by the Group in line with the Board approved risk appetite limits. To that end, the Policy establishes the main principles and minimum process requirement to identify, measure, manage, control and report all current and emerging risks that could arise from the activities performed by CIC Group.

The Risk Management Framework revolves around the following four process;

- Risk Identification
- Risk Measurement
- Risk Management and Control
- Risk Reporting

ENTERPRISE RISK MANAGEMENT PROCESS





RISK CONTEXT

Several risks remained at elevated levels in the current financial year owing to severe economic headwinds along with political instability. Sri Lanka recorded its worst post-independence economic contraction as inherent weaknesses in macroeconomic fundamentals coupled with longstanding deficits in the budget balance and the external current account pushed the Country into an unprecedented foreign currency liquidity crisis.

Being a large scale importer, the scarcity of foreign currency liquidity in the Country's financial system was one of the main risk triggers for the CIC Group. The lack of adequate foreign currency liquidity affected the free flow of raw materials for several of the Group business clusters. Additionally, restrictions on non-essential imports also impacted certain clusters. Meanwhile with Sri Lanka's sovereign rating downgrade bringing into question the Country's credibility as a global trading partner, overseas suppliers and foreign correspondent banks began requesting conditional trading arrangements and demanding significantly tighter settlement terms that were highly disadvantageous for local importers such as the CIC Group.

The unprecedented devaluation of the LKR against the USD also proved to be a major challenge owing to the highly inflated cost of imported materials, which in turn pushed up cost of production. Over and above this, rising interest rates caused borrowing costs to increase sharply.

Widespread fuel shortages and frequent power outages during the year under review were responsible for disruptions to local supply chains, logistics and distribution networks.

Risk Owners –

The operational department heads are taking ownership of task ensuring correct management of risk correlated with the activities performed and introducing suitable controls, in compliance with the organisational structure and guidelines issued by the Audit Committee, to guarantee implementation of the internal control and Risk management policies issued by the Board. The roles and responsibilities of each organisational units are established within the system of delegated powers and policies approved by the Board.

Risk Management Process –

Risk management, compliance, anti-financial crime and internal audit are second line of defence. They guarantee continuous monitoring of the relevant risks applicable to the Group and respective business units. All responsible key risk owners are responsible for reporting updates on risks.

Audit Function –

The audit function is the third line of defence and is responsible for monitoring and evaluating the efficacy and efficiency of internal control and risk management system.

RISK MANAGEMENT REPORT

GROUP RISK REGISTER

The Group Risk Register is part of the Risk management Group Policy and captures the common risks which impact the CIC Group. These are listed below;

Headline Risk	Related Risk	Risk	Response of the Group
External Environment	Political	Impact of political instability / regulatory changes	Being vigilant on the situation to take appropriate action as needed
	Macroeconomic Conditions (GDP, inflation, economic growth, unemployment etc.)	Lower disposable income/ reduced purchasing power of the customer / increasing cost of production and expenditure	Optimal working capital management by streamlining resource utilisation
	Foreign Currency	Inability to import key raw materials due to the lack of foreign currency liquidity	Focus on enhancing forex inflows to the Group and improve supply chain sustainability
	Interest Rate	Rising cost of funds	Improve cash flows to reduce the dependence on borrowings
	Market Liquidity	Shortage of LKR liquidity resulting in working capital constrain	Managing working capital to strengthen cash flows
	Exchange Rate	Volatility in the exchange rate causes increase of cost of production and overall cost	Focus on supplier credit management and strengthening the B2B customer base with special emphasis on export-oriented customers in order to receive settlements directly in USD
	Weather and Climate Changes	Daring weather patterns impacting the normal course of business	Promoting SMART agriculture solutions and improving access to information regarding weather trends and climate forecasting
	Seasonality	Unexpected losses due to seasonal adjustments	The annual financial plan considers expected peaks and troughs during the year with business plans aligned accordingly Investing in business diversification Increasing Group synergies to ensure consistent year-round revenue generation
	Energy Crisis	Energy shortages due to economic uncertainty	Proper planning of production and operations to improve energy efficiency. Invest in energy efficient technology Evaluate the possibility of introducing renewable energy.
	Credit Risk	Risk of customer defaults due to adverse economic conditions	Tightening credit controls and convert credit customers to cash customers

Headline Risk	Related Risk	Risk	Response of the Group
External Environment	Possible Outbreaks of Diseases	Pandemic situations could disrupt both production and logistics operations.	Protocols have been designed and communicated to employees on good hygiene practices. Number of days operations are tied up to the demand and when possible, the number of working days to be limited. Responsibilities have been assigned to senior staff and the management to provide heads up on a frequent basis.
Business Strategies and Policies	Product Portfolio	Non availability of products and alternative solutions	CIC focused on enhancing reliable supplier base and focused on product development through R & D
	Brand Awareness	Low brand loyalty & consumer shifting to low-cost options	Investment and focus on brand awareness and development
Business process	Risk of Fraud	Increasing economic challenges lead to potential risk of fraud	Tightening internal controls and frequent internal audit assignments
Organisation and People	Skills Competency and Motivation	Risk of losing key employees and high recruitment cost	Motivate employees through new developments with retention
	Skill Migration	Risk of losing key resources	Provide clear career development path and attract new resources
	Employee Retention	Retaining key employees	High performers are recognised and rewarded and appropriate training provided to support career growth
Systems and Technology	External Security Threats & Vulnerabilities	Damage to data, systems and business continuity Information loss, connectivity loss, systems corruption, business loss	Enforce IT security policy across the Group
	Loss of External Facilities	System continuity Impact for the system in external facilities such and power, fuel, internet	Use common data centers for co-locations of the CIC Data Centers, and multiple backup service providers
	IT Governance Risk	Impacts on Company's performance due to poor IT governance. It increases cost and compromises on data security.	Implemented IT governance framework and ensure right investments are made in technology to drive business value and protect the Company.

RISK MANAGEMENT REPORT

Headline Risk	Related Risk	Risk	Response of the Group
Systems and Technology	Sensitive Data Protection	Leakage of sensitive information Damage the Company image and competitors would take advantage out of that	Properly classify the data & maintain sensitive information in high secured environments
	Business Continuity Planning	Losses of the business, damage to the business process	Implemented proper BCP
	Disastrous incidents Emanating from Operations,	Frauds Loss of sensitive information	Continuously monitor IT users, activities and educate users in IT policy procedures
	Skills Competency and Motivation and Employee Retention	High employee turnover in IT finds it difficult to provide an uninterrupted IT service to the Company.	Proper recognition and career development programmes are implemented for staff motivation.
	Disaster Recovery	Data loss. Data will not be able to recover in a disaster situation unless proper data recovery systems are in place.	The Company has invested in high scale data recovery systems with backups.
	Technology Infrastructure / Architecture	Risk of not having a proper IT infrastructure will result in hardware damages, network issues and loss of data.	Proper planning of IT strategy and IT road map has minimise the Company's IT risk.

CLUSTER SPECIFIC RISK ANALYSIS

Industrial Solution Cluster

Industrial Solution cluster consist of CISCO Specialty Packaging (Private) Limited , Chemanex PLC and the Industrial Solution SBU of CIC Holdings PLC which involved manufacturing process and import and trading industrial chemicals . Risk owners of the cluster are the respective CEO / SBU heads who are directly responsible to Audit Committee on risk management process and business continuity plan. The cluster follows the risk management framework and policy laid down by the Group and common risk elements are monitored at the Group level. The cluster mainly deals with B2B customers List of key risks and mitigation actions which are unique to industrial solution cluster.

Cluster specific Risks	Mitigative measure
Operations - sourcing, production, and distribution • Import dependency/higher energy consumption. • Shortage of foreign exchange, shortage of generator capacity and dependency on fuel • Supplier credibility due to country risk profile	• Focus on product availability • Focus on deemed export customers and billed in forex to enhance exchange flow • Long-standing relationship and reputation with suppliers to ensure continuous supply of raw materials and products
Competition (related and unrelated) • Price war/reduced market share • Tendency to move to cheaper alternatives by customers	• Ensure product quality/introducing additional service - free transport etc • Continuous rapport with customers • Tight inventory management/ good rapport with suppliers/ keeping alternative suppliers
Business and product portfolio • Less market share • New agencies are not interested in SL market due to situation of the country • Risk of investment in new product development	• Investment in product development • Canvassing new products • Investment in enhanced capacity
Environment, health, and safety • Low level of production • Loss of resources • Customer dissatisfaction • Disrepute to the brand, loss of production/sales	• Have a SHE (Safety, Health and Environment) policy, have a SHE manager, conduct periodic audits in all factories and business premises
Knowledge / intellectual capital • Effect of confidentiality maintained with suppliers and customers • Risk of espionage of production formula	• Obtain IP registration • Bound the employees with code of conduct
Labour relations • Employees being demotivated due to the country situation • Low efficiency levels	• Good HR practices • Recognise and reward employees for performance

Risk Matrix of industrial cluster

Risk Matrix						
Impact/Severity	5	Catastrophic/ Extreme Impact	20 5	21 22 10	15 17 20	1 6 15 25
	4	Major/ Very High Impact	4	12 23 26 28 8	31 29 13 16 33 18 19 11 12 14 16	20
	3	Moderate/ High Impact	25 24 3	6	27 34 32 30 9	10 12 15
	2	Minor Impact	2	9 4	5 6	7 3 4 8 2 10
	1	Low/ Insignificant Impact	1	8 2	3	4 5
			Rare/Remote to Occur	Unlikely to Occur	Possible to Occur	Likely to Occur
		1	2	3	4	5
Occurrence/Likelihood						

RISK MANAGEMENT REPORT

Agri Produce Cluster

Agri produce cluster consists of three subsidiary companies, CIC Agri Produce Exports (Private) Limited, Agri Produce Marketing (Private) Limited, CIC Dairies (Private) Limited as well as the retail chain of food and juices outlets operating under the Fresheez brand. This cluster is mainly exposed to the customer buying power which in the current year was affected by adverse economic conditions in the country including inflation and interest rates. Below are common and cluster specific list of risks.

Cluster specific Risks	Mitigative measure
Raw material shortage - Seasonal fluctuation in raw material. - Shortage of raw milk for production, leading high milk cost due to ad-hoc purchases - High cost of production lead to less attraction of rice growing segment - High dependency on out grower purchase	- Maintain loyal out-grower chain - Clear rapport with the out growers and maintain their financial cost benefit ratio - Alternative out grower plan - Alternative product developments
Environment, health, and safety - Risk for the property and people - Penalties, legal action, and protest leading to paying compensation	Emphasis on stringent health and safety measures
Product quality failure and contamination - Financial loss/ damage to product image/ succumb to legal penalties - Product defects/health risk to consumers	Stringent quality control measures with an ability of traceability
Competition - Reducing market share - Red ocean/ matures market segments - Competition with imported products - Ad-hoc Government involvement & funding in business ventures	- Emphasis on quality - Focus on new product development
Product portfolio and distribution - Limited product portfolio - Short shelf life and limited option to leverage with longer shelf life products - High turnover of distributors - Low entry and exit barriers	- Maintain distributor profitability - Focus on product development - Rationalise distribution and focus on citadels - Focus on modern trade - More investments on branding and promotions
Reputation, brand image and brand awareness - Impairment of brand image - Low brand loyalty & consumer shifting to low-cost options	- Focus on quality and serve niche market segments - Activities on enhancing brand awareness - Manage customer expectation

Risk Matrix of Agri Produce Cluster

Risk Matrix											
Impact/Severity	5	Catastrophic/ Extreme Impact	5	16	10	7	15	20	25		
	4	Major/ Very High Impact	13 14	4	23	8	4 10 15 18	12	06 12 17	16	20
	3	Moderate/ High Impact	3	2 8 9 19	21 22	6	1 5 23	9	20	12	15
	2	Minor Impact	2	4	3 11	6	8	10			
	1	Low/ Insignificant Impact	1	2	3	4	5				
			Rare/Remote to Occur	Unlikely to Occur	Possible to Occur	Likely to Occur	Almost certain to Occur				
		1	2	3	4	5					
Occurrence/Likelihood											

Crop Solution Cluster

The Crop Solution cluster consist of the subsidiaries and SBUs that sell and distribute agri inputs for cultivation ranging from land preparation to harvesting along with comprehensive advisory and monitoring services to all the farmers and growers. Specialised high efficacy seeds Agro chemical, plant nutrition and plant protection are the core business activities of the cluster. The segment faces material risk factors which are addressed through Group risk map, while risks which require specific analysis covers CIC Agri Business (Private) Limited, CIC Seeds (Private) Limited, CIC CropGuard (Private) Limited, Unipower (Private) Limited and the Crop solution SBU of CIC Holdings PLC .The cluster is highly vulnerable to government policies and regulations, seasonality, climate and weather and investment capacity of a farmer.

Cluster specific Risks	Mitigative measure
Weather and climate changes - Stock carry over or product shortage, business losses - Unpredictable expenses, challenging the sustainability of the business	- Focused and prompting protective agriculture business - Introduce new technologies, refer the world weather forecast
Increase illegal/counterfeit products in the market - With the absence of legitimate products, illegal products are aggressively invading the market and very less involvement by the government to address the issue - Farmers discourage to cultivate & increase illegal & fake products in the market. It effects the reduction of the cash flow. On other hand reduce the customer trust on the company	- Strong awareness programme on products and participate actively in industry activities to mitigate the illegal product movements - Re-establish legal channel - Maintain continuous awareness campaigns with "Crop Life" to aware customers and farmers
Higher dependency on imports and dependency on agricultural inputs - Severe impact to the ability to purchase and sell. - Due to an unforeseen situation (Ex. Fertilizer and chemical ban), major businesses will become stand still. - Significant disruption of business operation.	- Pursue diversification to broad base the business - Focus on some export business. - Look for some avenues where the Company could supply materials to exporter to earning forex - Enhance our locally produced fertilizer to cater specially the organic market.

RISK MANAGEMENT REPORT

Cluster specific Risks	Mitigative measure
Inadequate Research / Innovation • Business sustainability, poor product movement and market share • Decline the market share and losing opportunity to move into new markets	• Focus on research to develop existing product portfolio and working together with related scientist to develop new products • Collaboration with research institutes related to industry on new product development • Enhance product portfolio through new product introduction and registration
Interdependency (between CIC and Channel) • Lack of understanding of Interdependency • Failing to understand risk interferences can result in seemingly unrelated risk events triggering more severe risks throughout the organisation.	• Review the views of the channel partner with employees. • Customer evaluation seasonally and annually • Upgrading the entertainment scheme • Develop synergies with the Group resources
Product quality issues and customer expectations • Reduction in demand due to quality issues • Loss of Market share/loss of reputation • Non-Availability of products	• Maintain the laid down processes and product standards
Higher dependency on outsourced labour force/ Labour intensive operation • Deterioration of availability trained and skilled labour force. As fertilizer production and logistics operation are physical intensive jobs and due to challenging work environment, higher staff turnover is inherent to the business • Difficult of maintaining adequate production and distribution capacities. • Demanding higher salaries and wages. • As business had experienced continuous staff turnover in high numbers	• Identify the key areas which could be mechanised in short term to get over the critical operations. • Identify the current operations which could be fully automated or partially automated.
Skills Competency and motivation and employee retention • For some unique Agencies employee replacement cost is high • Skilled staff will be moved out • Learning curve to train the new staff in the industry is very lengthy process	• Star performers recognised and awarded, and required training and other needs provided accordingly • Motivated them for new developments with retention assurance
Risk of misuse of Knowledge / Intellectual Capital • Misappropriation of company intellectual properties • Intellectual properties could be transferred illegally among competitors	• Constant monitoring of relevant rules and regulations • Follow Stringent Code Of Conduct For Employees

Risk Matrix of Crop Solution Cluster

Risk Matrix						
Impact/Severity	5	Catastrophic/ Extreme Impact	5	10	5 12 15	3 4 10 10 1 25
	4	Major/ Very High Impact	22 4	8	31 12	2 7 28 16 20
	3	Moderate/ High Impact	3	17 24 29 6	13 14 15 16 18 19 21 25 27 9	8 12 15
	2	Minor Impact	23 26 30 2	4	9 20 6	8 10
	1	Low/ Insignificant Impact	1	2	3	4 5
		Rare/Remote to Occur	Unlikely to Occur	Possible to Occur	Likely to Occur	Almost certain to Occur
		1	2	3	4	5
Occurrence/Likelihood						

Health & Personal Care Cluster

The Health & Personal Care cluster consists of the medical devices and pharmaceutical SBU's and the local pharmaceutical manufacturing arm of the CIC Group that caters to the healthcare needs of Sri Lankan consumers through a range of locally manufactured and imported products. The Health and Personal Care cluster also includes Link Naturals Product (Private) Limited, the Country's leading manufacturer of herbal care products for the local and global market.

The unique blend of indigenous and globally reputed brands ensures that this sector remains relevant to changing consumer preferences and across many market segments. The inherent cluster risks arise mainly due to consumer buying power, stringent regulatory requirements, forex fluctuation, energy and transpiration risk and expiry risks. Common risks of external environment are covered through group risk map and section is focused on Industry / cluster specific risks.

Cluster specific Risks	Mitigative measure
Customer expectations - Customer might reduce in spending and making more often price comparison and look for much cost-effective alternatives - This will have a negative impact especially genuine products	Monitor closely the demand trends and build up strategic discussion with those agencies to find out alternative strategies
Supply Chain Risk - Inability to source raw materials in a timely manner due to a breakdown in global supply chains - Unique material supplier/s abandon operation - Risk of losing agencies due to country risk downgrade	- Strict procurement planning and monitoring level of inventory - Frequent communication with the suppliers and, visit the supplier sites - Own cultivations and focus on generic product manufacturing - Develop/ identify possible alternatives and test them with the products
Legal, Regulatory, Compliance - Delayed in Regulatory approval Process - Opportunity for entry to new markets will delayed - Leading to dissatisfaction of global brands and external customers	Convince Colleges to Expedite the process by explaining negative impart

RISK MANAGEMENT REPORT

Cluster specific Risks	Mitigative measure
Research/innovation - Lack of innovativeness sales and production - Losing competitive advantage. Competitors will offer cost effective and faster methods of reaching the market	- Introduced new SFA (Sales force Automation) system for sales. - Understand low productive areas and products and re-assesses the strategic direction - Invest in state of art research & development center at herbal healthcare product development
Expansion Risk 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	5-year strategic plan outlined all capacity expansion projects
Weather and Climate - Drought, Floods - Water availability for the production - Manufacturing operations, agricultural activities, employee welfare & sanitation will be interrupted	- Water Treatment Plant - outsource or in built - Maintaining necessary buffer stocks to carry out operations at any given time
Quality/ Standards - Major quality failure of materials inhouse - Risk of losing licenses - Deterioration of brand image - Defective products due to batch failures - Major quality failure of final products in the market - Product recalls	- Stringent quality checks - Quality Assurance at each stage of the manufacturing process - Immediately source the urgent materials requirement for uninterrupted production
Energy and Transportation - Possibilities of disturbing to the production, administrative operations and distribution - Interruptions on manufacturing operations (Inability to supply steam requirement for plants)	- Moving for alternate energy sources - Maintain buffer of fuel - Minimised the power usage of significant energy users

Risk Matrix of Health and Personal Care Cluster

Risk Matrix							
Impact/Severity	5	Catastrophic/ Extreme Impact	10 5	10	12 15	20	1 2 3 4 25
	4	Major/ Very High Impact	4	8	12	15 6 5 19 20 16	20
	3	Moderate/ High Impact	13 3	16 17 6	7 8 11 14 9	18 12	15
	2	Minor Impact	2	4	9 6	8	10
	1	Low/ Insignificant Impact	1	2	3	4	5
			Rare/Remote to Occur	Unlikely to Occur	Possible to Occur	Likely to Occur	Almost certain to Occur
		1	2	3	4	5	
Occurrence/Likelihood							

Livestock solution cluster

The Livestock Solution cluster consists of CIC Feeds (Private) Limited, CIC Poultry (Private) Limited, CIC Vetcare (Private) Limited and recently acquired Asiavet Lifesence (Private) Limited. Since the sector ultimately serves the end consumer, adverse macro-economic conditions created industry specific risk triggers in the current financial year. Common risk categories are address at the Group level and industry specific risks are discussed below;

Cluster specific Risks	Mitigative measure
Operations - sourcing, production and distribution • Risk to business continuity due to supply disruptions • All companies in the cluster will be affected by supply disruption difficulty of importing and shortages of raw materials	• Ensure forex supply through Group resources • Maximising local sourcing of raw materials • Minimising sales to non-core customer base
Reputation and brand image • Reputational damage at corporate or brand level due to customer boycotts, government regulatory action etc. • Negative impact on profitability	• Operating within the legal framework applicable to the Group
Capital & finance • Lack of equity capital to affect long term investment in capital assets • Impact on long term profitability due to the company's inability to invest in required projects in line with industry direction and competition	• Critical management of working capital • Focus on reinvesting earnings towards expansions
Supply chain • Loss of business due to termination of supplier relationship/s from the suppliers side due to country rating downgrade • Since the company depends on key principles/suppliers for its revenue for CIC Vet Care Limited, a loss of these relationships can result in severe impact to its business.	• Continuous relationship building with principles/suppliers.
Environment, health & safety • Loss of business due to violation of environmental, health and safety standards • Possible legal action by government or other statutory bodies, reputational risk to brand	• Adherence to all regulations applicable to our business
Dependency on utilities • Stock losses, distrupction to regular production. Overall impact on whole value chain • will not be able to carry out its regular production due to lack of electricity or back up power.	• Maximising storage of Fuel, cutting down on non-essential power usage and using solar power during power cuts.
Skills, competency, motivation & employee retention • Ability to retain and develop the required skills set for future growth • Inability of the Group to operate in its current business and grow new lines of business without the required skills set	• Developing strategic HR function of the Group and aligning it with the CIC overall HR policies • Recognise and reward for performance of the employees

RISK MANAGEMENT REPORT

Risk Matrix of Livestock Solutions Cluster

Risk Matrix						
Impact/Severity	5	Catastrophic/ Extreme Impact	1 5	10	2 9 15	20 10 3 0 11 25
	4	Major/ Very High Impact	4	8	12	16 20
	3	Moderate/ High Impact	1 3	6	5 15 9	12 15
	2	Minor Impact	2	0 4	6 4 8 1 6	8 10
	1	Low/ Insignificant Impact	1	2	3	4 5
		Rare/Remote to Occur	Unlikely to Occur	Possible to Occur	Likely to Occur	Almost certain to Occur
		1	2	3	4	5
Occurrence/Likelihood						



fulfilling

FINANCIAL REPORTS

FINANCIAL CALENDAR

1st Quarter Financial Results	Released on 25th July 2022
2nd Quarter Financial Results	Released on 21st October 2022
3rd Quarter Financial Results	Released on 20th January 2023
4th Quarter Financial Results	Released on 25th May 2023
2022/23 Final Dividend Payment Date if approved at AGM	24th July 2023
60th Annual General Meeting	30th June 2023

Annual Report of the Board of Directors	143
Directors' Responsibility for Financial Reporting	151
Chief Executive Officer's and Chief Financial Officer's Responsibility Statement	152
Independent Auditor's Report	153
Statement of Profit or Loss and Other Comprehensive Income	156
Statement of Financial Position	157
Statement of Changes In Equity	159
Statement of Cash Flow	161
Notes to the Financial Statements	163

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

ANNUAL REPORT OF THE BOARD OF 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 2023.

REVIEW OF THE YEAR

Chairman's Statement, (page 8), and the Group Chief Executive Officer's Review, (page 10) describe the Company's affairs and the Group's business. Financial results of the Company/Group are elaborated on pages 156-249. 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, Livestock solutions and Health & Personal Care market segments. During the year under review there

were no changes in the business of the Company and those of subsidiary companies, except Asiavet Lifesence (Private) Limited a company engaged in the business of importing veterinary products.

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' report on the Financial Statements is given on pages 153-155 in this Annual Report.

FINANCIAL STATEMENTS

The Financial Statements for the 12 months ended 31st March 2023 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 156-249 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 156-249. The Company/Group has consistently applied the accounting policies as set out in Note 1 to 4 all periods presented in these Consolidated Financial Statements.

PROFIT AND APPROPRIATIONS

As at 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Profit for the year after depreciation	2,152,773	2,059,642	13,068,538	5,483,505
From which a deduction is made for taxation and	(328,275)	(298,395)	(3,070,914)	(910,619)
For discontinued operations	(427)	194	54,934	(227,113)
	1,824,071	1,761,441	10,052,558	4,345,773
From which a deduction is made for non- controlling Interest	-	-	(2,251,109)	(661,620)
	1,824,071	1,761,441	7,801,449	3,684,153
To which must be added/(deducted) other comprehensive income	(21,206)	4,687	3,725	8,531
Total comprehensive income	1,802,865	1,766,128	7,805,174	3,692,684
To which must be added the unappropriated profit brought forward from the previous years and	2,568,889	1,655,691	11,637,265	8,731,316
De-recognition of financial assets due to disposal	-	-	(2,937)	51,018
Realisation of capital reserve on account of disposal of assets	-	-	13,630	-
Adjustment to non-controlling interest of a subsidiary	-	-	(746,320)	(7,833)
Transfer of general reserve	-	-	-	23,010
Making available for appropriation amount of	4,371,754	3,421,819	18,706,812	12,490,195
Out of which a dividend was paid Rs.1.00 (2022 - Rs 2.25)	(379,080)	(852,930)	(379,080)	(852,930)
so that the unappropriated profit carried forward will be	3,992,674	2,568,889	18,327,732	11,637,265

PROPERTY, PLANT & EQUIPMENT

During the financial year, the Company and the Group invested a sum of Rs. 87.41Mn (2021/22 - Rs. 134.22Mn) and Rs. 552.36Mn - (2021/22 - Rs. 560.33Mn) in property, plant & equipment. Details of property, plant & equipment and

intangible assets and their movements are given in Notes 16 to the Financial Statements respectively. Details of freehold land and buildings are given in Note 16 to the Financial Statements.

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

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.

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 196 in this Annual Report.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Statement of the Directors' Responsibilities is given on page 151.

CORPORATE GOVERNANCE

The Company has complied with Corporate Governance Rules 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 66-119 describes the good Corporate Governance Principles adopted by the Company.

DIVIDENDS

Further, in terms of Article 7 of the Articles of Association of the Company, final dividend of Rs. 2.50 per share has been proposed by the Directors for the financial year ended 31st March 2023. 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.

RESERVES (EXCLUDING NON-CONTROLLING INTEREST)

Group reserves and retained equity as at 31st March 2023 amounted to Rs. 21,987.57Mn vs Rs. 15,502.21Mn as at 31st March 2022. The break-up and movement are shown in the Statement of Changes in Equity in the Financial Statements.

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 2023 and remained unchanged during the year. Details are given in Note 30 to the Financial Statements on page 225.

Earnings per share, dividends per share, dividend payout and net assets value per share are given in the Highlights on page 6 of this Annual Report and prior year figures are adjusted in line with the subdivision.

COMMITMENTS AND CONTINGENCIES

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

DIRECTORS

The following were the Directors of the Company as at 31st March 2023 and their brief profiles are set out in pages 16-17.

S. H. Amarsekera- Chairman

R. S. Captain

S. M. Enderby

J. R. Gunaratne

M. P. Jayawardena

D. T. S. Mudalige

P. R. Saldin

K. D. Senewiratne (appointed w.e.f. 01st January 2023)

APPOINTMENTS & RESIGNATIONS

During the year Ms. K. D. Senewiratne was appointed to the Board of Directors.

Retirement by Rotation & Re-election

- (i) Ms. K. D. Senewiratne retires pursuant to Article 25(2) of the Articles of Association of the Company and being eligible offers herself for re-election as recommended by the Board.
- (ii) Mr. S. H. Amarasekera retires pursuant to Article 25(6) of the Articles of Association of the Company and being eligible offers himself for re-election as recommended by the Board.
- (iii) Mr. R. S. Captain retires in pursuant to Article 25(6) of the Articles of Association of the Company and being eligible offers himself for re-election as recommended by the Board.
- (iv) Mr. M P Jayawardena who attained this age of 70 years on 2nd August 2022 vacates office at the conclusion of the forthcoming Annual General Meeting pursuant to Section 210 of the Companies Act No.7 of 2007. As recommended by the Board, a resolution will be placed before the shareholders for the re-appointment of Mr. M P Jayawardena pursuant to Section 211 of the Companies Act No.7 of 2007

Independence of Directors

S. H. Amarasekera

Independent, Non-Executive Director/Chairman

S. M. Enderby

Independent, Non-Executive Director

M. P. Jayawardena

Independent, Non-Executive Director

D. T. S. H. Mudalige

Independent, Non-Executive Director

J. R. Gunaratne

Independent, Non-Executive Director

K. D. Senewiratne

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, Mr. S. M. Enderby and Mr. M. P. Jayawardena have served on the Board for over 9 years as at 31st March 2023, the Board of Directors of the Company has determined that Mr. S. H. Amarasekera, Mr. S. M. Enderby and Mr. M. P. Jayawardena shall nevertheless be considered as independent as objectivity of their roles are not compromised by serving a long period on the Board.

BOARD COMMITTEES**Audit committee**

Following are the names of the Directors comprising the Audit Committee of the Board:

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 120 sets out the manner of compliance by the Company requirements of the Rule 7.10 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

Human Capital and Compensation Committee

Following are the names of the Directors comprising the Human Capital and Compensation Committee of the Board:

P. R. Saldin

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

S.H. Amarasekera

Independent, Non-Executive Director

S.M. Enderby

Independent, Non-Executive Director

R.S. Captain

Non-Independent, Non-Executive Director

M.P. Jayawardena

Independent, Non-Executive Director

The Report of the Human Capital and Compensation Committee on page 122 contains a statement on 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 187.

Nomination Committee

Following are the names of the Directors comprising the Nomination Committee of the Board:

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 Nomination Committee on page 124 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

Following are the names of the Directors comprising the Related Party Transactions Review Committee:

M.P. Jayawardena

Independent, Non-Executive Director-Chairman of the Committee

S.M. Enderby

Independent, Non-Executive Director

J. R. Gunaratne

Independent, Non-Executive Director (Appointed to the Committee w. e. f. 21st Oct 2022)

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

The Board of Directors has declared that the related party transactions of the Company that require review by the Committee during the financial year have been reviewed by the Related Party Transactions Review Committee of the Company and that the Company is in compliance with Section 9 of the Listing Rules of the CSE.

The Report of the Related Party Transactions Review Committee on page 125 sets out the manner of compliance by the Company.

Directors' Interests and Interest 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. As per the particulars of entries in the Interests Register there are no share purchases during the financial year under review, except the sale of shares by the M. P. Jayawardena.

Directors' Remuneration

Executive Directors remuneration is structured within an established framework by the Board's Remuneration 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 Directors for the year ended 31st March 2023 is given in Note 11 includes the value of perquisites (if any) granted to them as part of their terms of service.

The Directors' fees of Non-Executive Directors for the reporting year ended 31st March 2023 given in Note 11 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 holding in shares of the Company are as follows:

CIC HOLDINGS PLC

As at	Ordinary shares		Non-Voting (Class X)	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Mr. S. H. Amarasekera - Chairman	-	-	-	-
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	-	-	5,000	20,000
Mr. P. R. Saldin	-	-	2,000	2,000
Ms K. D. Senewiratne	-	N/A	-	N/A
	320	320	7,556	22,556

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.

SHARE INFORMATION AND SUBSTANTIAL SHAREHOLDINGS

The distribution of shareholdings, public holding percentage, market value of shares, 20 largest shareholders and record of scrip issues are given on page 252.

DIRECTORATES OF SUBSIDIARIES AND THEIR SHAREHOLDING

The names of the Directors holding office at the end of the year in subsidiary companies and their shareholding in the respective companies are given below:

Company	Directors	Shareholding 31st March 2023 Number of shares	Shareholding 31st March 2022 Number of shares
Chemanax PLC	P R Saldin	NIL	NIL
	S A B Ekanayake	NIL	NIL
	E M M Boyagoda	NIL	NIL
Chemanax Exports (Private) Limited	M P Jayawardena	NIL	NIL
	Dr. Anura Ekanayake	NIL	NIL
Chemcel (Private) Limited	B R L Fernando	NIL	NIL
	Dr. Anura Ekanayake	NIL	NIL
Link Natural Products (Private) Limited	S H Amarasekera	NIL	NIL
	Dr. D. Nugawela	NIL	1,062,725
	P R Saldin	NIL	NIL
	Anura Ekanayake	NIL	NIL
	R S Captain	NIL	NIL
	D T S H Mudalige	NIL	NIL
Cisco Speciality Packaging (Private) Limited	P R Saldin	NIL	NIL
	R S Captain	1	1
	D P G C P Wegiriya	NIL	NIL
	Ms L A Captain	13,000	13,000
CIC CropGuard (Private) Limited	P R Saldin	NIL	NIL
	V L R Gamage	NIL	NIL
	R Ganesalingam	NIL	NIL
	W P Madawanarachchi	NIL	NIL
Crop Management Services (Private) Limited	W P Madawanarachchi	NIL	NIL
	H A C K Leelarathna	NIL	NIL
Colombo Industrial Agencies Limited	Ms L I Fernando	45,076	45,076
	K A V Manatunga	NIL	NIL
	H C Ahangama	NIL	NIL
CIC Lifesciences Limited	H C Ahangama	NIL	NIL
	K A V Manatunga	NIL	NIL
Cropwiz (Private) Limited	H A C K Leelarathna	NIL	NIL
	K A V Manatunga	NIL	NIL
	E Shaked	NIL	NIL
CIC Properties (Private) Limited	H A C K Leelarathna	NIL	NIL
	K A V Manatunga	NIL	NIL
	W P Madawanarachchi	NIL	NIL
CIC Healthcare (Private) Limited	H C Ahangama	NIL	NIL
	K A V Manatunga	NIL	NIL
CIC Precision Agricultural Technologies (Private) Limited	S P S Ranatunga	NIL	NIL
	Prof. B Marambe	NIL	NIL
	M S Gunawardana	1	1
	A Hettiarachchi	NIL	NIL
	K A Rutnam	NIL	NIL

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

Company	Directors	Shareholding 31st March 2023 Number of shares	Shareholding 31st March 2022 Number of shares
Akzo Nobel 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
CIC Feeds (Private) Limited	A Cabraal	NIL	NIL
	D T S H Mudalige	NIL	NIL
	J R Gunaratne	NIL	NIL
CIC Vetcare (Private) Limited	A Cabraal	NIL	NIL
	A Weerasinghe	NIL	NIL
	M P Jayawardena	NIL	NIL
	D T S H Mudalige	NIL	NIL
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
	J R Gunaratne	NIL	NIL
CIC Bio Security Breeder Farms Limited	A Cabraal	NIL	NIL
	D T S H Mudalige	NIL	NIL
	M P Jayawardena	NIL	NIL
CIC Agri Businesses (Private) Limited	S H Amarasekera	NIL	NIL
	P R Saldin	NIL	NIL
	W P Madawanarachchi	NIL	NIL
	J D Peiris	NIL	NIL
	J M Swaminathan	NIL	NIL
	K J M De A Rajapakse	NIL	NIL
CIC Dairies (Private) Limited	P R Saldin	NIL	NIL
	W P Madawanarachchi	NIL	NIL
	P. Wegiriya	NIL	NIL
	H A C K Leelarathna	NIL	NIL
CIC Grains (Private) Limited	P R Saldin	NIL	NIL
	W P Madawanarachchi	NIL	NIL
	H A C K Leelarathna	NIL	NIL
CIC Seeds (Private) Limited	P R Saldin	NIL	NIL
	W P Madawanarachchi	NIL	NIL
	H A C K Leelarathna	NIL	NIL
CIC Dairy Breeding & Management (Private) Limited	W P Madawanarachchi	NIL	NIL
CIC Agri Produce Marketing (Private) Limited	W P Madawanarachchi	NIL	NIL
	M Fernandopulle	NIL	NIL

Company	Directors	Shareholding 31st March 2023 Number of shares	Shareholding 31st March 2022 Number of shares
CIC Agri Produce Export (Private) Limited	W P Madawanarachchi	NIL	NIL
	S S Wijeweera	NIL	NIL
Wayamba Agro Fertilizer Limited	W P Madawanarachchi	NIL	NIL
	SS Wijeweera	NIL	NIL
CIC Agri Biotech (Private) Limited	W P Madawanarachchi	NIL	NIL
	S S Wijeweera	NIL	NIL
Biosystems Technologies Limited	W P Madawanarachchi	NIL	NIL
	H A C K Leelarathna	NIL	NIL
	S A D N Senevirathne	6,512,132	6,512,132
Unipower (Private) Limited	K J M De A Rajapakse	NIL	161,400
	P R Saldin	NIL	NIL
	M Wanninayake	NIL	NIL
	H M R Bandara	NIL	NIL
	W P Madawanarachchi	NIL	NIL
Asiavet Lifesence (Private) Limited	D A Cabraal	NIL	N/A
	L D A Weerasinghe	NIL	N/A
	P A Serasinghe	NIL	N/A
	H C Ahangama	NIL	N/A

HUMAN RESOURCES

The number of persons employed by the Group and the Company as at 31st March 2023 was 2,109 (2022 – 2,112) and 476 (2022 – 449), respectively.

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS OF THE COMPANY

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

EMPLOYEE SHARE OPTION SCHEME (ESOS)

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 offered 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 44 on page 238.

Risks that Company and its subsidiaries are exposed to are set out in Risk Management on page 128.

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

During the year, donations amounting to Rs. 2.88 Mn/- (2021/22 – Rs.1.22 Mn/-) were made by the Group and donations made by the Company were Rs. 1 Mn (2021/22 – 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.

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 2023/24 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 on the work 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 187 in this Annual Report.

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

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.

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 Colombo Stock Exchange. The Corporate Governance Section on pages 66-119 describes the good Corporate Governance Principles adopted by the Company.

The Corporate Governance Report is given under the Governance Section of the 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 24th May 2023, the Directors have proposed a final dividend of Rs 2.50 per share to be paid to the shareholders on 24th of July 2023.

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 231.

STATUTORY PAYMENTS

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 151.

NOTICE OF MEETING

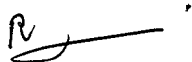
The 60th Annual General Meeting will be held on 30th June 2023 at 9th Floor, Commercial Bank Building, No.1, Union Place, Colombo 02 at 9.00 a.m.

The Notice of the Annual General Meeting to the shareholders is given on page 260.

For and on behalf of the Board,



S. H. Amarasekera
Chairman



P. R. Saldin
Chairman - Audit Committee



P W Corporate Secretarial (Private) Limited
Company Secretary

02nd June 2023

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 new 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 new Sri Lanka Accounting Standards (SLFRS/LKAS) which came to effect from 1st January 2012 and are in agreement with the underlying books of account and in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No.15 of 1995, the Listing Rules of the Colombo Stock Exchange and the Code 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. 07 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 pages 153-155.

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 (Private) Limited
Company Secretary

02nd June 2023

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

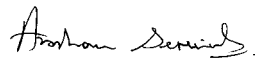
The Financial Statements of CIC Holdings PLC and the Consolidated Financial Statements of the Group are prepared in conformity with requirements of the

- 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.

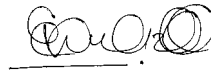
The Board of Directors and the management of our Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect 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.



P. A. Seresinhe
Group Chief Executive Officer



Erandi Wickramaarachchi
Group Chief Financial Officer

02nd June 2023

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 2023, 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 156 to 249 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 2023, 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 assessment of goodwill and investments in subsidiaries

Refer to the significant accounting policy in Note 3.1.3 and 3.13 and explanatory Notes 20 and 22 to the financial statements.

Risk Description

The Company has recorded Rs. 3.39 Bn as investments in subsidiaries and the Group had recorded intangible asset pertaining to Good will amounting to LKR 533Mn as at 31st March 2023. The carrying amount of each investments in Subsidiaries and related Goodwill have been tested for impairment as individual Cash Generating Units. The carrying amount of these investments and goodwill 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.

We identified assessment of impairment of investment in subsidiaries and Goodwill 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 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 Goodwill.

Our audit procedures included:

- Obtaining an understanding of management's impairment assessment process.
- Evaluating the indications of possible impairment of investments in subsidiaries and Goodwill.
- Obtaining the forecasted cash flow projections of the subsidiaries and assessing the reasonableness of the forecasts and challenging the assumptions used in the valuation.

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C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA
W.W.J.C. Perera FCA
W.K.D.C. Abeyratne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FTII



- Assessing the adequacy of disclosures made in the financial statements with the relevant accounting standards.

2. Allowance for impairment of Trade Receivables

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

Risk Description

The Group has recognised trade receivable balance of Rs. 6.018 Bn as at 31st March 2023, after provision for impairment of Rs. 989 Mn.

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 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 allowance 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 allowance by considering the estimation uncertainties by management pursuant to the 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 preparation 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.

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 3272.

Chartered Accountants
Colombo

02nd June 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March		COMPANY		GROUP	
	Notes	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Continuing operations					
Revenue	6	15,435,671	9,981,078	68,274,718	41,759,591
Cost of sales		(9,816,953)	(7,160,935)	(43,781,973)	(30,234,808)
Gross profit		5,618,718	2,820,143	24,492,745	11,524,783
Other income	7	869,880	1,141,108	601,428	308,814
Distribution expenses		(1,879,817)	(1,243,954)	(4,938,863)	(2,930,370)
Impairment (loss)/reversal on trade receivables		(54,613)	23,932	(112,042)	55,524
Administrative expenses		(755,151)	(443,139)	(3,133,090)	(1,902,326)
Other expenses	8	(55,000)	(419)	(67,092)	(28,023)
Results from operating activities		3,744,017	2,297,671	16,843,086	7,028,402
Finance income		241,389	55,563	577,315	430,803
Finance cost		(1,832,633)	(293,592)	(4,893,844)	(2,619,140)
Finance cost (net)	9	(1,591,244)	(238,029)	(4,316,529)	(2,188,337)
Share of profit of equity accounted investees (net of tax)	10	-	-	541,981	643,440
Profit before tax	11	2,152,773	2,059,642	13,068,538	5,483,505
Income tax expense	12	(328,275)	(298,395)	(3,070,914)	(910,619)
Profit from continuing operations		1,824,498	1,761,247	9,997,624	4,572,886
Discontinued operations					
Profit/(loss) from discontinued operations (net of tax)	13	(427)	194	54,934	(227,113)
Profit for the year		1,824,071	1,761,441	10,052,558	4,345,773
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Actuarial gains/(losses) on retirement benefit obligations		(30,294)	6,167	14,999	(1,856)
Surplus on revaluation of land		-	313,785	-	832,193
Deferred tax charge on revaluation surplus		-	(75,308)	-	(173,189)
Deferred tax impact on revaluation reserve due to rate change		(76,612)	-	(306,342)	-
Realisation of deferred tax due to disposal		-	-	3,314	-
Income tax on other comprehensive income		9,088	(1,480)	(3,790)	9,521
Net gain/(loss) from fair value change in financial assets		15,345	(82,273)	(22,519)	(107,682)
Equity-accounted investees- share of OCI		-	-	418	7,429
Other comprehensive income for the year		(82,473)	160,891	(313,920)	566,416
Total comprehensive income for the year		1,741,598	1,922,332	9,738,638	4,912,189
Profit attributable to :					
Equity holders of the Company		1,824,071	1,761,441	7,801,449	3,684,153
Non- Controlling interests		-	-	2,251,109	661,620
Profit for the year		1,824,071	1,761,441	10,052,558	4,345,773
Total comprehensive income attributable to :					
Equity holders of the Company		1,741,598	1,922,332	7,542,967	4,146,958
Non- Controlling interests		-	-	2,195,671	765,231
Total comprehensive income for the year		1,741,598	1,922,332	9,738,638	4,912,189
Earnings per share					
Basic/diluted earnings per share (Rs.)	14	4.81	4.65	20.58	9.72
Earnings per share -continuing operations					
Basic/diluted earnings per share (Rs.)		4.81	4.65	20.50	10.05

Notes from pages 163 to 249 form an integral part of the Financial Statements

Figures in brackets indicate deductions

STATEMENT OF FINANCIAL POSITION

As at 31st March		COMPANY		GROUP	
	Notes	2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS					
Non- current assets					
Property, plant & equipment	16	2,367,125	2,436,740	12,676,995	12,749,774
Investment property	17	-	-	2,400	2,400
Capital work-in-progress	18	-	-	56,185	107,948
Biological assets	19.1	-	-	393,305	311,612
Intangible assets	20	39,577	45,016	646,488	373,182
Deferred tax assets	21	-	-	7,956	10,854
Investment in subsidiaries	22	3,393,208	1,619,543	-	-
Equity accounted investees	23	36,000	36,000	1,264,307	1,185,399
Equity investments at fair value through OCI	24	5,145,507	1,228,127	5,153,595	1,236,497
Deposits with banks		-	-	-	316,191
		10,981,417	5,365,426	20,201,231	16,293,857
Current assets					
Inventories	25	4,634,122	1,967,107	17,894,323	9,542,017
Biological assets	19.7	-	-	320,841	266,972
Income tax receivables	37	-	-	8,482	305
Trade receivables	26	2,347,063	2,588,214	6,018,871	4,738,996
Contract assets		89,243	70,542	130,875	101,060
Other receivables	27	1,151,933	758,181	3,675,132	7,614,670
Equity investments at fair value through OCI	28	27,922	23,553	2,033,291	1,996,814
Deposits with banks		1,639,788	1,290,920	2,272,588	1,812,182
Cash in hand and at bank	29	120,245	374,684	1,941,537	2,276,995
		10,010,316	7,073,201	34,295,940	28,350,011
Assets classified as held for sale	13.2	1,050,060	1,050,060	1,247,981	1,434,337
Assets classified as held for distribution	13.5	197	197	57,615	48,957
		11,060,573	8,123,458	35,601,536	29,833,305
Total assets		22,041,990	13,488,884	55,802,767	46,127,162
EQUITY AND LIABILITIES					
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	1,716,062	1,792,674	3,165,113	3,368,499
Revenue reserves	32	4,671,578	3,232,448	18,822,460	12,133,713
		7,396,090	6,033,572	22,996,023	16,510,662
Non controlling Interests		-	-	4,832,992	3,603,439
Total Equity		7,396,090	6,033,572	27,829,015	20,114,101
Non-current liabilities					
Loans and borrowings	33.1	73,260	75,961	306,980	338,066
Retirement benefit obligations	34	226,615	155,616	897,355	820,074
Grants	35	-	-	1,548	7,243
Deferred tax liabilities	21	235,624	407,854	1,866,353	1,530,365
		535,499	639,431	3,072,236	2,695,748

STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	COMPANY		GROUP	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Liabilities					
Trade payables	36	2,629,624	2,582,472	4,600,864	9,460,602
Contract liabilities		130,994	96,142	219,625	156,285
Income tax payable	37	293,879	198,055	1,265,269	418,052
Accruals and other payables	38	1,278,969	594,448	3,153,331	1,766,386
Contingent consideration payable		215,970	-	215,970	-
Loans and borrowings	33.4	9,560,965	3,344,764	14,982,952	10,951,443
		14,110,401	6,815,881	24,438,011	22,752,768
Liabilities classified as held for sale	13.2	-	-	461,633	562,673
Liabilities classified as held for distribution	13.5	-	-	1,872	1,872
		14,110,401	6,815,881	24,901,516	23,317,313
Total Liabilities		14,645,900	7,455,312	27,973,752	26,013,061
Total equity and liabilities		22,041,990	13,488,884	55,802,767	46,127,162
Net assets per share Rs.		19.51	15.92	60.66	43.55

Notes from pages 163 to 249 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.



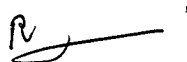
Erandi Wickramaarachchi
Group Chief Financial Officer

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

02nd June 2023
Colombo

STATEMENT OF CHANGES IN EQUITY

Company

(In Rs.'000)	Stated Capital	Revaluation Reserve	General Reserves	Fair Value Reserve	Retained Earnings	Total
Balance as at 1 April 2021	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)
Total comprehensive income	-	238,477	-	(82,273)	1,766,128	1,922,332
Dividends (Note 15)	-	-	-	-	(852,930)	(852,930)
Total contributions by and distribution to the owners of the Company	-	-	-	-	(852,930)	(852,930)
As at 31st March 2022	1,008,450	1,792,674	782,604	(119,045)	2,568,889	6,033,572
Balance as at 1 April 2022	1,008,450	1,792,674	782,604	(119,045)	2,568,889	6,033,572
Profit for the year	-	-	-	-	1,824,071	1,824,071
Other comprehensive income	-	-	-	15,345	(21,206)	(5,861)
Deferred tax on tax rate change	-	(76,612)	-	-	-	(76,612)
Total comprehensive income	-	(76,612)	-	15,345	1,802,865	1,741,598
Dividends (Note 15)	-	-	-	-	(379,080)	(379,080)
Total contributions by and distribution to the owners of the Company	-	-	-	-	(379,080)	(379,080)
As at 31st March 2023	1,008,450	1,716,062	782,604	(103,700)	3,992,674	7,396,090

Notes from pages 163 to 249 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						Non-controlling interest	Total Equity
	Stated Capital	Revaluation Reserve	Fair Value Reserve	General Reserves	Retained Earnings	Total		
Balance as at 1 April 2021	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 in a subsidiary	-	-	-	(23,010)	23,010	-	-	-
De-recognition of financial assets due to disposal	-	-	(51,018)	-	51,018	-	-	-
Total comprehensive income for the year	-	549,973	(146,717)	(23,010)	3,766,712	4,146,958	765,231	4,912,189
Transactions with shareholders								
Dividend paid to equity holders of the parent (Note 15)	-	-	-	-	(852,930)	(852,930)	-	(852,930)
Organisation of non-controlling interest through acquisition of subsidiary	-	-	-	-	-	-	4,940	4,940
Adjustment due to change in holding	-	-	-	-	(7,833)	(7,833)	7,833	-
Subsidiary dividend to non controlling-interest	-	-	-	-	-	-	(253,085)	(253,085)
Transaction with owners of the Company	-	-	-	-	(860,763)	(860,763)	(240,312)	(1,101,075)
As at 31st March 2022	1,008,450	3,368,499	(223,858)	720,306	11,637,265	16,510,662	3,603,439	20,114,101
Balance as at 1 April 2022	1,008,450	3,368,499	(223,858)	720,306	11,637,265	16,510,662	3,603,439	20,114,101
Profit for the year	-	-	-	-	7,801,449	7,801,449	2,251,109	10,052,558
Other comprehensive income	-	-	(4,657)	-	3,725	(932)	(9,960)	(10,892)
Deferred tax on impact on revaluation reserve due to tax rate change	-	(260,863)	-	-	-	(260,863)	(45,479)	(306,342)
Realisation of capital reserve on account of disposal of assets	-	(13,630)	-	-	13,630	-	-	-
Realisation of deferred tax on account of disposal of assets	-	3,314	-	-	-	3,314	-	3,314
De- recognition financial assets due to disposal	-	-	2,937	-	(2,937)	-	-	-
Total comprehensive income for the year	-	(271,179)	(1,720)	-	7,815,867	7,542,968	2,195,670	9,738,638
Transactions with shareholders								
Dividend paid to equity holders of the parent (Note 15)	-	-	-	-	(379,080)	(379,080)	-	(379,080)
Adjustment due to change in holding (Note 22 D)	-	67,793	-	-	(746,320)	(678,527)	(736,186)	(1,414,713)
Subsidiary dividend to non controlling-interest	-	-	-	-	-	-	(229,932)	(229,932)
Transaction with owners of the Company	-	67,793	-	-	(1,125,400)	(1,057,607)	(966,118)	(2,023,725)
As at 31st March 2023	1,008,450	3,165,113	(225,578)	720,306	18,327,732	22,996,023	4,832,992	27,829,015

Notes from pages 163 to 249 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOW

For the year ended 31st March		COMPANY		GROUP	
	Notes	2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flow from operating activities					
Cash generated from operations (Note A)		1,182,809	2,397,005	9,525,270	6,699,410
Interest paid		(1,699,390)	(667,431)	(4,859,194)	(3,249,785)
Retirement benefits paid	34	(4,896)	(7,515)	(102,490)	(28,078)
Income tax paid	37	(472,205)	(229,525)	(2,185,800)	(808,314)
Net cash inflow/(outflow) from operating activities		(993,682)	1,492,534	2,377,786	2,613,233
Cash flow from investing activities					
Additions to property, plant & equipment	16	(85,105)	(134,223)	(542,258)	(560,328)
Additions to capital work-in-progress	18	-	-	(189,480)	(134,915)
Additions to intangible assets	20	(2,307)	-	(10,099)	-
Additions to biological assets	19	-	-	(488,625)	(347,800)
Proceeds from disposal of property, plant & equipment		193	-	15,683	66,463
Proceeds from disposal of assets held for sale		-	-	67,013	-
Proceeds from disposal of Investments		-	-	3,152	141,364
Proceeds from sale of biological assets		-	-	732	-
Further investment in subsidiary	22. D	(1,414,719)	-	(1,414,713)	-
Long term investments	24	(3,905,850)	(1,052,566)	(3,905,850)	(1,052,566)
Short term investments	28	(554)	(702)	(74,121)	(194,275)
Investment in subsidiary, net of cash acquired	20.4	(142,976)	-	(142,167)	(16,550)
Investment in bank deposits		(473,692)	(218,819)	(269,039)	(681,933)
Dividend received from subsidiaries	7	215,879	470,800	-	-
Dividend received from equity accounted investees	7	441,900	601,200	441,900	601,200
Dividend received from other financial assets	7	39,084	4,262	76,466	32,701
Subsidiary dividends to non-controlling interest		-	-	(229,931)	(253,085)
Interest income received		241,389	55,563	592,188	430,803
Net cash outflow from investing activities		(5,086,758)	(274,485)	(6,069,149)	(1,968,921)
Net cash (outflow)/inflow before financing activities		(6,080,440)	1,218,049	(3,691,363)	644,312
Cash flow from financing activities					
Dividends paid to equity holders of the parent		(379,080)	(892,510)	(379,080)	(892,510)
Lease rental payments	33.3	(10,931)	(9,867)	(65,820)	(162,228)
Repayment of long-term borrowings	33.2	-	-	(117,938)	(244,921)
Long-term borrowings obtained	33.2	-	-	-	10,816
Net cash outflow from financing activities		(390,011)	(902,377)	(562,838)	(1,288,843)
Net increase/ (decrease) in cash & cash equivalents during the year		(6,470,451)	315,672	(4,254,201)	(644,531)
Cash & cash equivalents at the beginning of the year		(2,967,466)	(3,283,138)	(8,621,776)	(7,977,245)
Cash & cash equivalents at the end of the period (Note B)		(9,437,917)	(2,967,466)	(12,875,977)	(8,621,776)

STATEMENT OF CASH FLOW

For the year ended 31st March		COMPANY		GROUP	
	Notes	2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Note A - Cash generated from operations					
Profit before tax from continuing businesses		2,152,773	2,059,642	13,068,538	5,483,505
Profit/(loss) before tax from discontinued businesses		(427)	194	55,065	(227,036)
Adjustments for:					
Depreciation on property, plant & equipment	16	149,198	156,427	866,113	837,584
Impairment of property, plant & equipment	8	-	-	499	2,961
Impairment of assets classified as held for sale	13.1	-	-	-	77,323
Write off of capital work-in-progress		-	-	196	-
Capital work-in-progress expensed		-	-	-	130
(Gain) /loss on disposal of property, plant & equipment	7,8	(193)	419	(4,752)	(6,813)
Loss on disposal of assets held for sale	8, 13.1	-	-	115,200	-
Provision for retirement benefit	34	45,601	6,049	194,770	76,711
Amortisation of intangible assets	20	7,746	7,438	26,031	24,836
Amortisation of right-of-use assets		5,522	5,522	62,847	49,085
Amortisation of biological assets		-	-	405,088	271,279
Reversal of provision for inter-company receivables	7	(14,173)	-	-	-
Provision /(reversal) for impairment of trade receivables	26.2	54,613	(23,932)	112,042	(55,524)
Provision for write-down of inventories	25.1	142,467	94,916	464,490	379,495
Loss from changes in fair value - biological assets	7	-	-	(43,517)	(34,167)
Grants amortised	7	-	-	(5,695)	(588)
Rent income waive off received		-	-	-	(1,296)
Share of profit of equity accounted investees	10	-	-	(541,981)	(643,440)
Unrealised exchange loss/(gain) on bank deposits		124,824	(382,489)	124,824	(523,188)
Interest income	9	(241,389)	(55,563)	(592,188)	(430,803)
Interest expense		1,707,809	676,081	4,946,598	3,286,753
Dividend income	7	(696,863)	(1,076,262)	(76,466)	(32,701)
Operating profit before working capital changes		3,437,508	1,468,442	19,177,702	8,534,106
(Increase)/decrease in trade and other receivables		(211,742)	(313,346)	2,594,798	(1,619,571)
(Increase)/decrease in inventories		(2,809,482)	279,596	(8,752,331)	(1,663,139)
Increase/(decrease) in trade and other payables		766,525	962,313	(3,494,899)	1,448,014
Cash generated from operations		1,182,809	2,397,005	9,525,270	6,699,410
Note B - Analysis of cash & cash equivalents at the end of the year					
Cash in hand and at bank	29.1	120,245	374,684	1,998,070	2,323,419
Interest bearing short-term borrowings	29.2	(9,558,162)	(3,342,150)	(14,874,047)	(10,945,195)
	29.2	(9,437,917)	(2,967,466)	(12,875,977)	(8,621,776)

Notes from pages 163 to 249 form an integral part of the Financial Statements

Figures in brackets indicate 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 2023 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, its subsidiaries and equity accounted investees are given on page 148.

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 02nd June 2023.

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 Judgements

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 2023 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 19 – determining the fair value of biological assets on the basis of significant unobservable inputs;
- 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- 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 44 – 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 judgement is required in establishing fair values. The judgements 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. Notes 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 of the Financial Statements for the year ended 31 March 2023, 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 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 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.

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 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.
Issue of free goods	The Group offers free goods to their dealers as a promotion.	The free goods granted to customer is a material right of the customer and is accounted as a separate performance obligation. The revenue is allocated for the performance obligation on their relative stand-alone selling price and the revenue is recognised at the point in time when the performance obligation is met.
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.

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, 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 (maximum of every three years) 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 01 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.

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. 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.

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 31 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 31 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 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 transaction 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:

- 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 principal 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 capital. On de-recognition, gain and losses accumulated in OCI capital 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 life time 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 life time 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 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 past due;
- 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.

NOTES TO THE FINANCIAL STATEMENTS

Provision for obsolete and slow moving inventory

Specific provision 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 serviced 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.

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.

3.22 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.

3.23 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.

3.24 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 183 and 184.

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.

3.25 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 this new Sri Lanka Accounting Standard which will become applicable for financial periods beginning on or after 1st April 2023 or at a later date. Accordingly, this Standard have not been applied in preparing these Financial Statements.

4.1 Amendments to "Accounting Policies, Changes in Accounting Estimates and Errors" (LKAS 8): Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after April 01, 2023. The Group does not expect this will result in a material impact on its Financial Statements.

4.2 Amendments to "Income Taxes" (LKAS 12): Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for

tax purposes to the liability recognised in the financial statements or to the related asset component. This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after January 01, 2023. The Group does not expect this will result in a material impact on its Financial Statements.

4.3 Amendments to "Presentation of Financial Statements" (LKAS 1) and "Making Materiality Judgements" (IFRS Practice Statement 2): Disclosure of Accounting Policies

Amendments to LKAS 1 and IFRS Practice Statement 2, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies.
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after April 01, 2023. The Group is in the process of revisiting its accounting policy information disclosures to ensure consistency with the amended requirements.

4.4 Classification of Liabilities as Current or Non-current - Amendments to LKAS 1

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify,

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period

- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures
- The amendments are effective for annual reporting periods beginning on or after 01 January 2023.

5. SEGMENTAL INFORMATION

The 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, Grain, Rice.
Livestock Solutions	Feeds, Poultry, Vet care, Dairy breeding
Industrial Solutions	Construction Materials, Industrial Raw Material, Packaging
Health & Personal care	Herbal Care, Medical Devices, Personal care, pharmaceuticals.

NOTES TO THE FINANCIAL STATEMENTS

SEGMENTAL INFORMATION

For the year ended 31st March														GROUP						
	Crop Solutions				Agri Produce				Live Stock Solutions				Industrial Solutions				Health & Personal Care			
	2023	Rs. '000	2022	Rs. '000	2023	Rs. '000	2022	Rs. '000	2023	Rs. '000	2022	Rs. '000	2023	Rs. '000	2022	Rs. '000	2023	Rs. '000	2022	Rs. '000
Revenue	23,536,756	10,309,055	4,738,060	3,850,240	18,802,632	12,623,817	8,980,907	5,402,860	13,444,436	9,908,974	69,502,791	42,094,946								
Inter segmental Revenue	(194,380)	(191,253)	(405,841)	-	(94,068)	(33,501)	(304,228)	(68,361)	(229,556)	(42,240)	(1,228,073)	(335,355)								
Total revenue to external customers	23,342,376	10,117,802	4,332,219	3,850,240	18,708,564	12,590,316	8,676,679	5,334,499	13,214,880	9,866,734	68,274,718	41,759,591								
Segmental results	8,735,344	2,524,633	52,142	280,082	2,795,210	1,815,860	2,957,015	958,153	2,303,375	1,449,674	16,843,086	7,028,402								
Finance cost (net)	(961,443)	(1,511,275)	(565,822)	(61,077)	(1,069,477)	(568,274)	(575,974)	(206,806)	(1,143,813)	159,095	(4,316,529)	(2,188,337)								
Share of profit of equity accounted investees	-	-	-	-	-	-	541,981	643,440	-	-	541,981	643,440								
Profit/(loss) before tax	7,773,901	1,013,358	(513,680)	219,005	1,725,733	1,247,586	2,923,022	1,394,787	1,159,562	1,608,769	13,068,538	5,483,505								
Income Tax	(1,447,298)	(303,477)	(26,629)	(43,170)	(555,712)	(177,910)	(596,053)	(156,956)	(445,222)	(229,106)	(3,070,914)	(910,619)								
Profit/(loss) after tax	6,326,603	709,881	(540,309)	175,835	1,170,021	1,069,676	2,326,969	1,237,831	714,340	1,379,663	9,997,624	4,572,886								
Profit/(loss) from discontinued operations	(77)	(60)	47,752	(241,692)	-	-	7,259	14,639	-	-	54,934	(227,113)								
Profit/(loss) for the year	6,326,526	709,821	(492,557)	(65,857)	1,170,021	1,069,676	2,334,228	1,252,470	714,340	1,379,663	10,052,558	4,345,773								
Attributable to :																				
Equity Holders of the company	5,094,386	696,616	(392,447)	(17,837)	1,123,692	936,432	1,606,402	1,035,463	369,416	1,033,479	7,801,449	3,684,153								
Non-Controlling Interests	1,232,138	13,205	(100,110)	(48,020)	46,329	133,244	727,826	217,007	344,926	346,184	2,251,109	661,620								
Profit /(loss) for the year	6,326,524	709,821	(492,557)	(65,857)	1,170,021	1,069,676	2,334,228	1,252,470	714,342	1,379,663	10,052,558	4,345,773								
Assets and Liabilities																				
Non -current assets																				
Property, Plant and equipment	891,213	1,033,621	753,641	972,131	4,761,183	4,750,244	1,746,276	1,582,593	2,687,853	2,735,611	10,840,166	11,074,200								
Unallocated property, plant and equipment	-	-	-	-	-	-	-	-	-	-	1,836,829	1,675,574								
Other non-current assets	(133,966)	88,285	(311)	26,151	716,703	364,330	6,819,675	2,647,310	122,135	418,007	7,524,236	3,544,083								
Total non -current assets	757,247	1,121,906	753,330	998,282	5,477,886	5,114,574	8,565,951	4,229,903	2,809,988	3,153,618	20,201,231	16,293,857								
Current assets	10,496,983	10,331,390	2,824,761	1,725,109	6,506,803	3,711,162	5,296,783	5,420,684	10,476,206	8,644,960	35,601,536	29,833,305								
Total assets	11,254,230	11,453,296	3,578,091	2,723,391	11,984,689	8,825,736	13,862,734	9,650,587	13,286,194	11,798,578	55,802,767	46,127,162								
Non -current liabilities	519,948	474,866	128,212	167,752	1,106,993	854,221	349,364	325,966	967,719	872,943	3,072,236	2,695,748								
Current Liabilities	9,304,272	10,644,923	2,181,686	1,465,222	5,640,925	4,196,717	1,138,869	2,195,262	6,635,764	4,815,189	24,901,516	23,317,313								
Total Liabilities	9,824,220	11,119,789	2,309,898	1,632,974	6,747,918	5,050,938	1,488,233	2,521,228	7,603,483	5,688,132	27,973,752	26,013,061								
Inter segment pricing on the basis of arm's length transactions.																				

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.

6 REVENUE

For the year ended 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	15,435,671	9,981,078	68,274,718	41,759,591
Net Revenue	15,435,671	9,981,078	68,274,718	41,759,591
Local	15,435,671	9,981,078	67,024,285	41,088,860
Exports	-	-	1,250,433	670,731
Total	15,435,671	9,981,078	68,274,718	41,759,591

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Primary geographical markets										
Local	23,342,376	10,117,802	4,191,366	3,722,598	18,708,564	12,590,316	8,676,679	5,334,499	12,105,301	9,323,645
Export	-	-	140,853	127,642	-	-	-	-	1,109,579	543,089
	23,342,376	10,117,802	4,332,219	3,850,240	18,708,564	12,590,316	8,676,679	5,334,499	13,214,880	9,866,734
Major product lines										
Agro chemicals	6,534,716	3,304,800	-	-	-	-	-	-	-	-
Fertilizer	14,334,680	5,270,923	-	-	-	-	-	-	-	-
Grains	-	-	2,169,177	2,293,448	-	-	-	-	-	-
Feeds	-	-	-	-	15,396,236	10,296,295	-	-	-	-
Pharmaceuticals and medical devices	-	-	-	-	-	-	-	-	8,356,043	6,019,163
Herbal health and personal care	-	-	-	-	-	-	-	-	4,858,837	3,847,571
Industrial chemicals	-	-	-	-	-	-	4,315,236	2,918,877	-	-
Consumer & packaging	-	-	-	-	-	-	4,361,443	2,415,622	-	-
Others	2,472,980	1,542,079	2,163,042	1,556,792	3,312,328	2,294,021	-	-	-	-
	23,342,376	10,117,802	4,332,219	3,850,240	18,708,564	12,590,316	8,676,679	5,334,499	13,214,880	9,866,734
Timing of revenue recognition										
Products transferred at a point in time	23,342,376	10,117,802	4,332,219	3,850,240	18,708,564	12,590,316	8,676,679	5,334,499	13,214,880	9,866,734

NOTES TO THE FINANCIAL STATEMENTS

6.2 Disaggregation of Export Revenue from Contracts with Customers

For the year ended 31st March	GROUP	
	2023	2022
	Rs. '000	Rs. '000
Asia	590,960	268,793
Europe	372,674	210,274
Middle East	16,036	25,016
USA/Canada	120,387	97,948
Australia	87,219	49,140
Others	63,157	19,560
	1,250,433	670,731

7 OTHER INCOME

For the year ended 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Rent	24,947	23,108	7,967	10,054
Dividend Income				
Quoted	54,963	12,201	76,466	32,701
Unquoted	641,900	1,064,061	-	-
Net gain on disposal of property, plant & equipment	193	-	5,291	17,533
Net gain on disposal of biological assets	-	-	-	11,330
Changes in fair value of biological assets	-	-	43,517	35,517
Reversal of provision against inter company receivables	14,173	-	-	-
Grants amortised	-	-	5,695	588
Direct sales commission	84,624	30,513	161,323	55,850
Fertilizer handling income	-	-	19,958	7,585
Sundry income	49,080	11,225	281,211	137,656
Total	869,880	1,141,108	601,428	308,814

8 OTHER EXPENSES

For the year ended 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Impairment loss on property, plant & equipment	-	-	499	2,961
Loss on disposal of property, plant & equipment	-	419	539	10,720
Loss on disposal of assets classified as held for sale (Note 13.6)	-	-	66,054	-
Flood damage	-	-	-	12,992
Changes in fair value of biological assets	-	-	-	1,350
Provision for impairment of inter company receivables	55,000	-	-	-
Total	55,000	419	67,092	28,023

9 FINANCE COST (NET)

For the year ended 31st March		COMPANY		GROUP	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
9.1 Finance Cost					
Long -term loans		-	-	20,749	21,289
Lease interest		8,419	8,650	34,986	33,950
Short- term loans and overdrafts		1,564,247	200,924	3,508,165	797,603
Interest expenses on related parties		222,557	-	-	-
Staff loans		-	-	1,318	3,001
Foreign exchange loss		37,410	84,018	1,328,626	1,763,297
		1,832,633	293,592	4,893,844	2,619,140
9.2 Finance Income					
Staff loan		21	274	13,388	3,554
Foreign exchange gain		-	-	254,920	267,042
Interest on repo investments		-	-	97,261	28,423
Interest income from related parties		123,420	-	-	-
Deposits		117,948	55,289	211,746	131,784
		241,389	55,563	577,315	430,803
		1,591,244	238,029	4,316,529	2,188,337

10. SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEEES (NET OF TAX)

For the year ended 31st March		COMPANY		GROUP	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Akzo Nobel Paints Lanka (Private) Limited		-	-	582,441	649,549
Rainforest Ecolodge (Private) Limited		-	-	(40,460)	(6,109)
Total		-	-	541,981	643,440

11 PROFIT BEFORE TAX

For the year ended 31st March		COMPANY		GROUP	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Stated after charging all expenses including the following:					
Directors' emoluments and retirement benefits		-	24,819	143,247	175,486
Depreciation on property, plant & equipment and amortisation of right of use asset		154,720	161,949	928,960	886,669
Directors' fees		31,892	24,335	65,673	39,751
Donations		1,000	1,000	2,888	1,217
Legal fees		2,590	6,299	6,484	10,697
Auditors' remuneration					
Statutory audit fees		3,215	2,725	17,150	14,154
Audit related fees		279	580	8,630	3,991
Non- audit fees		3,802	1,794	7,185	3,248
Professional fees		5,349	5,186	25,235	19,457
Provision for obsolete and slow moving inventories		142,467	94,916	464,490	379,495
Personnel Costs * (Note 11.1)		693,959	475,772	3,047,126	2,572,322

*Includes Director' emoluments and retirement benefits

NOTES TO THE FINANCIAL STATEMENTS

11.1 Personnel Costs

For the year ended 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Salaries	411,812	341,348	1,937,021	1,930,993
EPF/MSPS - Defined contribution plan	52,248	39,980	193,515	176,195
ETF - Defined contribution plan	13,093	9,995	49,571	43,844
Bonus	171,205	78,400	671,797	344,489
Provision for retirement benefits	45,601	6,049	194,770	76,711
Voluntary retirement scheme	-	-	452	90
Total	693,959	475,772	3,047,126	2,572,322
Number of employees as at the end of the year	476	449	2,109	2,112

12 INCOME TAX EXPENSE

For the year ended 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current tax expenses on ordinary activities for the year				
Current tax expenses on profit for the year (Note 12.2)				
Continued Operations	553,661	297,307	2,977,991	845,171
Under / (over) provision in respect of previous years	14,368	4,366	15,412	13,817
Irrecoverable ESC written off	-	-	8,843	29,645
Transferred to Other Comprehensive Income	-	-	-	9,673
Tax on dividend income	-	-	36,600	-
	568,029	301,673	3,038,846	898,306
Deferred Tax expense/(reversals)				
Origination of temporary differences (Note 12.1)				
Continued Operations	(239,754)	(3,278)	32,068	12,313
	(239,754)	(3,278)	32,068	12,313
Total	328,275	298,395	3,070,914	910,619

12.1 Deferred Tax Expense/(Reversal)

For the year ended 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit or Loss				
Deferred tax expense/(reversal) arising from :				
Property, plant & equipment	48,661	(4,657)	431,475	(14,163)
Intangible assets	-	-	(726)	(3,240)
Biological assets	-	-	76,748	17,253
Provision for impairment of trade receivables	(78,820)	5,329	(148,187)	5,448
Provision for obsolete and slow moving inventories	(115,002)	(1,349)	(159,907)	(50,058)
Provision for others	(71,267)	(1,920)	(74,856)	(1,990)
Accumulated tax losses	-	-	16,784	57,135
Contract assets	-	-	6,995	462
Right-of-use assets	2,181	(1,325)	3,936	10,862
Lease Liability	(3,960)	292	(6,238)	1,794
Contract Liability	-	-	(15,764)	(1,712)
Employee benefits	(21,547)	352	(98,192)	(9,478)
	(239,754)	(3,278)	32,068	12,313
Other Comprehensive Income				
Deferred tax expense/ (reversal) arising from :				
Actuarial losses/(gain) on defined benefit Obligations	(9,088)	1,480	3,790	152
Revaluation of property, plant and equipment	-	75,308	-	173,189
Deferred tax impact on revaluation reserve due to rate change	76,612	-	306,342	-
Realisation of deferred tax on revaluation reserve though sale of property	-	-	(3,314)	-
	67,524	76,788	306,818	173,341
Total	(172,230)	73,510	338,886	185,654

12.1.1 Deferred Tax Charge/ (Reversal) recognised Through

For the year ended 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Statement of Profit or Loss				
Charge arising on during the year movement	(212,085)	-	(202,239)	-
Charge due to change in tax rates	(27,669)	-	234,307	-
Total	(239,754)	-	32,068	-
Other Comprehensive Income				
Charge arising on during the year movement	(7,270)	-	(1,932)	-
Charge due to change in tax rates	74,794	-	308,750	-
Total	67,524	-	306,818	-

NOTES TO THE FINANCIAL STATEMENTS

12.2 Reconciliation of the Accounting Profit and Taxable Profit

For the year ended 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit/ (loss) before tax-continuing operations	2,152,773	2,059,642	13,068,538	5,483,505
Profit/ (loss) before tax-discontinued operations	(427)	194	55,065	(227,036)
Intra - group adjustments	-	-	(97,530)	1,224,642
	2,152,346	2,059,836	13,026,073	6,481,111
Share of profit of equity accounted investee	-	-	(541,981)	(643,440)
Other sources of income	-	-	236,658	186,500
Disallowable expenses	761,848	460,315	3,369,248	2,110,402
Tax deductible expenses	(442,351)	(391,172)	(3,984,434)	(2,644,391)
Tax exempt income	(245,191)	(447,710)	(489,942)	(959,547)
Tax loss for the year	-	-	273,829	135,887
Tax loss utilised during the year	-	-	(72,827)	(534,310)
Taxable income	2,226,652	1,681,269	11,816,624	4,132,212
Income tax @ 14%	37,825	148,675	58,569	233,154
Income tax @ 18%	60,876	-	60,875	209,522
Income tax @ 24%	25,299	148,632	384,638	402,572
Income tax @ 28%	139,715	-	889,196	-
Income tax @ 30%	289,946	-	1,584,713	-
Current tax expense on continued operations	553,661	297,307	2,977,991	845,171
Current tax expense on Discontinued operations	-	-	131	77
	553,661	297,307	2,978,122	845,248
Accumulated tax losses				
Tax loss brought forward	-	-	2,018,726	2,083,406
Adjustment to brought forward tax losses	-	-	(370,138)	333,743
Tax loss for the year	-	-	273,829	135,887
Tax loss utilised during the year	-	-	(72,827)	(534,310)
Tax loss carried forward	-	-	1,849,590	2,018,726
Effective tax rate	25%	18%	25%	20%

12.3 As per the Inland Revenue Act No.24 of 2017 and amendments thereto, all Group companies which are resident in Sri Lanka are liable to Income Tax at 30% w.e.f 01 October 2022, upto 30 September 2022 liability was at 24% (2021/22 - 24%). Tax have been provided as per the Inland Revenue Act No. 24 of 2017 and any subsequent amendments thereto, including any amendments legislated by Inland Revenue (Amendment) Act No. 45 of 2022.

12.4 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.

12.5 Irrecoverable Economic Service Charge (ESC) has been charged to the Profit or Loss.

12 INCOME TAX EXPENSES CONTD.

12.6 Details of the Current Tax Computation

CIC Agri Produce Marketing (Private) Limited engaged in Cultivation of Banana , is exempted from Income Tax under Agro – farming

CIC Agri Produce Export (private) Limited engaged in Rice Milling business was taxed at 14% for 2021/22 under Agro-processing. The first six months and the second six months of the current year was taxed at 14% and 30% respectively.

CIC Dairies (Private) limited, engaged in the production of Yoghurt which was exempt from Income tax up to 31 March 2021 , became liable for Income tax at the rate of 18% after expiration of the exemption period. For the first half of the current year it was liable to Income Tax at the rate 18% and for the second half of the year it was liable to Income Tax at the rate of 30 %. However due to Tax losses it was not Taxed for the current year.

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 standard rate. CIC Vetcare (Private) Limited and CIC Bio Security Breeder Farms Limited were liable for income tax at the rate of 24% up to 30th September 2022 and starting from 01st October 2022 the rate increased to 30%. CIC Feeds (Private) Limited was taxable under dual tax rates i.e. feed division at 18% and day old chicks division at 0% up to 30th September 2022. Subsequently, starting from 01st October 2022 the feed division rate increased to 30% and the day old chicks division tax rate remained the same at 0%.

13 DISCONTINUED OPERATIONS

Discontinued operations include CIC Agri Biotech (Private) Limited, Chemanex 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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit/(loss)after tax from discontinued operations				
Revenue	-	840	-	840
Cost of sales	(36)	(332)	(11,796)	(5,894)
Gross profit/(loss)	(36)	508	(11,796)	(5,054)
Other income	-	-	406	621
Administrative expenses	(386)	(143)	(1,062)	(684)
Gain on write back of bank loans and overdrafts	-	-	154,550	-
Distribution expenses	(5)	(171)	(5)	(171)
Impairment of property,plant & equipment*	-	-	-	(77,323)
Loss on disposal of assets held for sale	-	-	(49,146)	-
Finance cost (net)	-	-	(37,882)	(144,425)
Profit/(loss) before tax from a discontinued operations	(427)	194	55,065	(227,036)
Tax expense	-	-	(131)	(77)
Profit/(loss) for the year from a discontinued operations	(427)	194	54,934	(227,113)

*Impairment loss arising from property, plant & equipment belongs to Cropwiz (Private) Limited.

NOTES TO THE FINANCIAL STATEMENTS

13.2 Major Classes of Assets and Liabilities Classified as held for sale:

As at 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets				
Property, plant & equipment	1,050,060	1,050,060	1,091,744	1,273,957
Trade and other receivables	-	-	93,074	92,442
Investment in equity accounted investees*	-	-	-	-
Inventories	-	-	-	6,952
Cash in hand and cash at bank	-	-	63,163	60,986
Assets classified as held for sale	1,050,060	1,050,060	1,247,981	1,434,337
Liabilities				
Trade and other payables	-	-	461,633	412,642
Interest bearing borrowings	-	-	-	13,245
Bank overdraft	-	-	-	136,786
Liabilities directly associated with assets classified as held for sale	-	-	461,633	562,673
Net assets directly associated with disposal group	1,050,060	1,050,060	786,348	871,664

*Investment in Cropwiz (Private) Limited amounting to Rs.125.11Mn is fully impaired in the Company financials.

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 2021/22 at a value of Rs. 174.75Mn and a part of it disposed during the current financial year.

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.

In 2022/23 CIC Properties (Private) Limited transferred free of charge its right title and interest in (20) acres from and out of the land and premises located at Katuwahenawatta, Agalegedara, Walpita. And accordingly, on 21st October 2022, Hatton National Bank PLC issued a letter stating that unconditionally and irrevocably acknowledge and agree that: the recovery of Rs.275Mn by the sale of assets shall be considered as full and final settlement against the total liability of loans, together with interests accrued up to that date, granted to Cropwiz (Private) Limited. Accordingly, Cropwiz (Private) Limited wrote back its loans together with the interest and recognised the disposal loss of assets which were transferred.

CIC Properties (Private) Limited further disposed 38 acres and 5 perches for a consideration of Rs.67Mn which generated a total disposal loss of Rs.66Mn included in other expenses. Below are the details of the remaining land.

Location	Land extent in Acres/Perches/Roods	Date of revaluation	Significant unobservable inputs- Estimated price	Revalued Amount Rs.Mn	Sensitivity fair value to unobservable inputs
Katuwahenawatte, Walpita, Waradala	13 acres and 39.5 perches	30th November 2021	Per acer Rs.1,200,000- Rs.3,600,000	41.68	Positively correlated sensitivity

13.3 Cash Flows Generated From/(Used in) Discontinued Operations

For the year ended 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net cash generated from/(used in) operating activities	-	885	(52,277)	13,604
Net cash inflow/(outflow)	-	885	(52,277)	13,604

13.4 Earnings/(Deficit) per Share:

For the year ended 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
Basic/diluted earnings/(loss) per share for the year, from discontinued operations (Rs.)	(0.00)	0.00	0.08	(0.33)

13.5 Assets classified as held for distribution

As at 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Major classes of assets and liabilities classified as held for distribution				
Assets				
Investments	197	197	4,245	3,519
Cash in hand and at bank	-	-	53,370	45,438
Asset Classified as held for distribution	197	197	57,615	48,957
Liabilities				
Trade and other payables	-	-	1,872	1,872
Liabilities directly associated with assets classified as held for distribution	-	-	1,872	1,872

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”.

NOTES TO THE FINANCIAL STATEMENTS

13.6 Disposal of Assets Held for Sale

During 2022/23 Group 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 Group.

For the year ended 31st March	GROUP
	2023
	Rs. '000
Property, plant & equipment	182,213
Consideration received (net of tax)	(67,013)
Loss on disposal	115,200
Classified under	
Other expenses	66,054
Discontinued operations	49,146

14 EARNINGS PER SHARE

For the year ended 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Earnings per Share:				
Profit attributable to equity holders of the Company	1,824,071	1,761,441	7,801,449	3,684,153
The share capital is as follows :				
Ordinary Shares				
Weighted average number of shares	291,600,000	291,600,000	291,600,000	291,600,000
Non-Voting (Class X) Shares				
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.)	4.81	4.65	20.58	9.72

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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interim Dividend				
Ordinary Shares				
Interim dividend paid per share Nil(2022/23),Rs.1.00 (2021/22)	-	291,600	-	291,600
Non-Voting (Class X) Shares				
Interim dividend paid per share Nil(2022/23),Rs.1.00 (2021/22)	-	87,480	-	87,480
	-	379,080	-	379,080
Final Dividends				
Final dividend proposed and paid Rs.1.00 (2021/22) Rs.1.25 (2020/21)				
Ordinary Shares	291,600	364,500	291,600	364,500
Non-Voting (Class X) Shares	87,480	109,350	87,480	109,350
	379,080	473,850	379,080	473,850
Total	379,080	852,930	379,080	852,930
Post sub-division no. of shares				
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
	379,080,000	379,080,000	379,080,000	379,080,000
Dividend per share	1.00	2.25	1.00	2.25

During the year, Rs.1.00 dividend was paid to the shareholders (2021/22 - Rs.2.25).

Directors have recommended the payment of a final dividend of Rs.2.50. per share on Ordinary and Non-Voting (Class x) shares for the year ended 31st March 2023. This proposed dividend has not yet been recognised as a liability as at 31st March 2023.

This would result in a total dividend per share of Rs.2.50 (2021/22 - Rs.2.00) once it is approved at the Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS

16 PROPERTY, PLANT & EQUIPMENT

A. Company

As at 31st March	Land	Buildings	Plant & Machinery	Equipment	Computers	Furniture & Fittings	Motor Vehicles	Total 2023	Total 2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Freehold									
(a) Cost/Valuation									
At the beginning of the year	1,409,875	1,052,984	179,729	680,979	260,682	44,174	16,120	3,644,543	3,197,137
Additions	5,718	25,629	400	25,601	24,489	3,268	-	85,105	134,223
Revaluation surplus	-	-	-	-	-	-	-	-	313,785
Disposals	-	-	-	(533)	(1,305)	(589)	-	(2,427)	(602)
At the end of the year	1,415,593	1,078,613	180,129	706,047	283,866	46,853	16,120	3,727,221	3,644,543
(b) Depreciation/Impairment									
At the beginning of the year	-	385,628	123,852	541,942	164,072	40,156	16,120	1,271,770	1,115,526
Depreciation	-	49,976	9,441	55,988	31,589	2,204	-	149,198	156,427
On disposals	-	-	-	(533)	(1,305)	(589)	-	(2,427)	(183)
At the end of the year	-	435,604	133,293	597,397	194,356	41,771	16,120	1,418,541	1,271,770
Leasehold									
Cost/Valuation									
At the beginning of the year	-	94,164	-	-	-	-	-	94,164	94,164
At the end of the year	-	94,164	-	-	-	-	-	94,164	94,164
Depreciation/Impairment									
At the beginning of the year	-	30,197	-	-	-	-	-	30,197	24,675
Amortisation	-	5,522	-	-	-	-	-	5,522	5,522
At the end of the year	-	35,719	-	-	-	-	-	35,719	30,197
Carrying value as at									
31st March 2023	1,415,593	701,454	46,836	108,650	89,510	5,082	-	2,367,125	
Carrying value as at									
31st March 2022	1,409,875	731,323	55,877	139,037	96,610	4,018	-		2,436,740

- 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.58.45Mn (2022- Rs.63.97Mn) related to leased properties that do not meet the definition of the investment property.

B. Group

As at 31st March	Land	Buildings	Plant & Machinery	Equipment	Computers	Furniture & Fittings	Motor Vehicles	Total 2023	Total 2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(a) Cost/Valuation									
At the beginning of the year	4,651,578	5,646,197	5,130,244	2,367,263	466,527	309,900	524,127	19,095,836	18,163,606
Additions	5,718	91,212	124,066	116,044	83,035	8,709	92,882	521,666	557,285
On acquisition of subsidiary	-	-	-	-	-	537	17,500	18,037	2,240
Revaluation surplus	-	-	-	-	-	-	-	-	832,193
Transfer from intangible assets	-	-	-	-	-	-	-	-	940
On disposals	-	-	(8,641)	(12,368)	(2,658)	(1,063)	(591)	(25,321)	(136,341)
Transferred from capital work in progress (Note 18)	-	90,019	131,503	9,732	7,826	1,826	141	241,047	48,451
Transferred to asset held for sale	-	-	-	-	-	-	-	-	(174,751)
Impairment	-	-	(6,488)	-	-	-	-	(6,488)	(27,425)
Write- off	-	-	-	-	-	-	-	-	(170,362)
At the end of the year	4,657,296	5,827,428	5,370,684	2,480,671	554,730	319,909	634,059	19,844,777	19,095,836
(B) Depreciation/ Impairment									
At the beginning of the year	-	1,651,810	2,823,716	1,657,738	320,510	198,402	467,837	7,120,013	6,580,309
Depreciation	-	195,958	324,049	216,075	50,431	26,307	26,014	838,834	810,456
Impairment	-	-	(5,989)	-	-	-	-	(5,989)	(24,464)
On acquisition of subsidiary	-	-	-	-	-	418	15,460	15,878	765
On disposals	-	-	(1,881)	(8,618)	(2,356)	(944)	(591)	(14,390)	(76,691)
Write- off	-	-	-	-	-	-	-	-	(170,362)
At the end of the year	-	1,847,768	3,139,895	1,865,195	368,585	224,183	508,720	7,954,346	7,120,013

NOTES TO THE FINANCIAL STATEMENTS

16 PROPERTY, PLANT & EQUIPMENT (CONTD.)

	Land	Buildings	Plant & Machinery	Equipment	Computers	Furniture & Fittings	Motor Vehicles	Total 2023	Total 2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Leasehold									
Cost/Valuation									
At the beginning of the year	382,314	1,000,963	-	-	-	-	24,599	1,407,876	1,172,510
Additions to right-of-use assets	1,184	73,651	-	-	-	-	7,312	82,147	263,839
Additions	-	20,592	-	-	-	-	-	20,592	3,043
De recognition of right-of-use assets	-	-	-	-	-	-	-	-	(31,516)
At the end of the year	383,498	1,095,206	-	-	-	-	31,911	1,510,615	1,407,876
Depreciation/Impairment									
At the beginning of the year	83,331	525,996	-	-	-	-	24,598	633,925	562,143
Depreciation	2,570	24,709	-	-	-	-	-	27,279	27,128
Amortisation	6,746	55,857	-	-	-	-	244	62,847	49,085
De recognition of right-of-use assets	-	-	-	-	-	-	-	-	(4,431)
At the end of the year	92,647	606,562	-	-	-	-	24,842	724,051	633,925
Carrying value as at 31st March 2023	4,948,147	4,468,304	2,230,789	615,476	186,145	95,726	132,408	12,676,995	
Carrying value as at 31st March 2022	4,950,561	4,469,354	2,306,528	709,525	146,017	111,498	56,291		12,749,774

- i Carrying amount of property, plant & equipment pledged as securities for bank facilities obtained amounted to Rs.445.09 Mn.(2022 Rs.1,201.82 Mn).
- ii During the year Group has not capitalised the borrowing cost.(2022 - Nil).
- iii Unexpired lease period of land belonging to CIC Agri Businesses (Private) Limited is 68 years
- iv Property, plant & equipment includes right-of-use assets of Rs.392.67Mn (2022- Rs.373.37Mn) related to leased properties that do not meet the definition of the investment property.

C. Carrying value for the property, plant & equipment

As at 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At Cost	898,807	962,900	7,238,853	7,324,246
At Valuation	1,409,873	1,409,873	4,651,578	4,651,578
On Finance Lease	58,445	63,967	786,564	773,950
Total	2,367,125	2,436,740	12,676,995	12,749,774

D. The values of the lands if it had been carried under cost model

As at 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Land	138.72	133.00	937.00	931.28
Total	138.72	133.00	937.00	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	13 acres, 3 roods and 33.5 perches	20	355.88
	Lenagala Estate, Dedigamuwa	1 rood and 25 perches	-	5.72
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
	Iswetiya Elies, Horakandawila, Dunagaha	17 acres and 16.8 perches	17	208.30
	Amunuwela Estate, Kuliyaipitiya	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
				4,657.30

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 - Rs.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 - Rs.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 Years	Plant & Machinery Years	Equipment Years	Computers Years	Furniture & Fittings Years	Motor Vehicles Years
CIC Holdings PLC	20	8,15,30,40	4,5,8,10,15,30	3	5,10	5
Chemanex PLC	10-20	20	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
Asiavet Lifesence (Private) Limited	-	-	-	-	5,8	5
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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Buildings	32,688	32,518	237,538	204,318
Plant & Machinery	65,291	50,162	903,154	580,427
Equipment	431,206	366,665	1,126,322	964,375
Computers	136,401	131,658	275,662	261,217
Furniture & Fittings	30,952	23,861	128,558	115,112
Motor Vehicles	16,115	16,115	462,549	402,150
Leased hold land improvements	-	-	11,745	11,745
Total	712,653	620,979	3,145,528	2,539,344

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
	Pellanwatta, 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 2021/22, the land belongs 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.

17 INVESTMENT PROPERTY

As at 31st March	GROUP	
	2023	2022
	Rs. '000	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	Market Value	Carrying value	
As at 31st March				2023 Rs.'000	2023 Rs.'000	2023 Rs.'000
CIC Agri Businesses (Private) Limited	Bogahapitiya estate, Kengalle	12.0 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 with relating to the 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	
	2023 Rs. '000	2022 Rs. '000
At the beginning of the year	107,948	21,614
Additions during the year	189,480	-
Write off of capital work-in-progress	(196)	134,915
Amount capitalised in property, plant & equipment	(241,047)	(48,451)
Transferred to expenditure	-	(130)
As at the end of the year	56,185	107,948

Capital work-in-progress is comprised of the expenditure incurred relating to building, machinery and furniture.

During the year Group has not capitalised borrowing cost (2022-Nil).

NOTES TO THE FINANCIAL STATEMENTS

19 BIOLOGICAL ASSETS

19.1 Non-current biological assets

As at 31st March	GROUP	
	2023 Rs. '000	2022 Rs. '000
As at the beginning of the year	311,612	221,125
Additions	488,625	347,800
Gain/(loss) from changes in fair value		
Due to Price change	(12,369)	13,966
Due to physical change	11,257	-
Disposals/amortisation	(405,820)	(271,279)
At the end of the year (Note 19.3)	393,305	311,612

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	
	2023 Rs. '000	2022 Rs. '000
Gains included in other income		
Change in fair value (realised)	(12,369)	15,316
Change in fair value (Unrealised)	11,257	-
Loss included in other operating expense		
Change in fair value (realised)	-	(1,350)

19.3 Biological Assets

As at 31st March	Highland				Total
	Buffaloes	Crops	Breeder	Teaks	
Matured (Rs.'000)	12,608	19,713	125,576	9,085	166,982
Immature (Rs.'000)	7,150	-	210,658	8,515	226,323
Total	19,758	19,713	336,234	17,600	393,305

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 At the end of the period	Buffaloes No. of animals	Poultry No. of birds	Teak cubic meters
2023	163	51,047	4.08
2022	136	70,847	4.13
Quantities Produced during the year	Buffaloes No. of animals	Breeder No. of birds	Breeder No. of Eggs
2023	35	5,165,470	14,941,619
2022	18	5,241,179	16,306,018

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)	24%	positively correlated with diameter and negative correlation with interest
Poultry breeder bird	Present value of future cash flows	No.of birds	20.35%	positively correlated
		No.of eggs per bird		positively correlated
		Weight of cull birds		positively correlated
		Selling price per DOC		positively correlated
		Cost per DOC		positively correlated
		Hatchability		positively correlated

19.7 Current biological assets

As at 31st March	GROUP	
	2023 Rs. '000	2022 Rs. '000
At the beginning of the year	266,972	192,970
Additions during the year	6,072,405	3,185,786
Expensed during the year	(7,582)	-
Disposals	(6,055,583)	(3,131,985)
Gain from change in fair value	44,629	20,201
	320,841	266,972

NOTES TO THE FINANCIAL STATEMENTS

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. 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	Selling price (Rs.790/Kg)	Increase when selling price increases Decrease when selling price decreases
Growing birds (broilers)		Average bird weight (1.90 Kg)	Increase when average weight increases Decrease when average weight decreases

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.

	GROUP 2023	
As at 31st March	-10% Rs.'000	10% Rs.'000
Biological assets	17,782	21,734

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.

	GROUP 2023	
As at 31st March	-10% Rs.'000	10% Rs.'000
Biological assets	18,919	20,596

20 INTANGIBLE ASSETS

As at 31st March	COMPANY		GROUP	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Goodwill				
Gross amount	-	-	383,850	375,372
On acquisition of subsidiary	-	-	289,238	8,478
Less: provision for impairment	-	-	(139,610)	(139,610)
Net Goodwill (20.1)	-	-	533,478	244,240
Software cost capitalised	45,016	52,454	128,942	154,718
Re-classification	-	-	-	(940)
During the year additions	2,307	-	10,099	-
Amortisation for the year	(7,746)	(7,438)	(26,031)	(24,836)
Net ERP cost capitalised(ii)	39,577	45,016	113,010	128,942
Total	39,577	45,016	646,488	373,182

20.1 Aggregate carrying amounts of goodwill allocated to each unit are as follows:

As at 31st March	GROUP	
	2023 Rs.Mn	2022 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	8.48
Asiavet Lifesence (Private) Limited	289.24	-
	533.48	244.24

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.

NOTES TO THE FINANCIAL STATEMENTS

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	30%
	Term	5 years (terminal value thereafter)
	Terminal growth rate	1%
CIC Feeds (Private) Limited	Average growth rate	5%-10%
	Discount rate	30%
	Term	5 years (terminal value thereafter)
	Terminal growth rate	1%
Chemanex PLC	Average growth rate	10%-15%
	Discount rate	30%
	Term	5 years (terminal value thereafter)
	Terminal growth rate	1%
BioSystems Technologies Limited	Average growth rate	7.5%-10%
	Discount rate	30%
	Term	5 years (terminal value thereafter)
	Terminal growth rate	1%
Asiavet Lifesence (Private) Limited	Average growth rate	15%-20%
	Discount rate	30%
	Term	5 years (terminal value thereafter)
	Terminal growth rate	5%

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.

20.4 Goodwill generated from acquisition of subsidiary

Acquisition of Asiavet Lifesence (Private) Limited

On 31st August 2022, Company acquired 2,750,100 shares representing 100% of the issued shares of Asiavet Lifesence (Private) Limited a company engaged in the importing veterinary products, at a total consideration as set out below:

- (i) The first tranche of the consideration of Rs.148,280,069/- representing 7 times profit after tax (as audited) for the financial year 1st April 2021 to 31st March 2022 (Financial Year 1), less retention in a sum of Rs.30,297,901/- was settled on 31st August 2022 and the sum retained is to be released upon realisation of stocks and debtors held by Asiavet Lifesence (Private) Limited as at 31st August 2022.
- (ii) The second and third tranches of the consideration for the said acquisition will be calculated and paid in the following manner:
 - (a) a sum equal to half the profit after tax (as audited) for the financial year 1st April 2022 to 31st March 2023, which exceeds the profit of Financial Year 1 multiplied by 7, which sum shall be paid within 14 days of the finalisation of the audit: and
 - (b) a sum equal to half the profit after tax (as audited) for the financial year 1st April 2023 to 31st March 2024, which exceeds the profit of Financial Year 2 multiplied by 7, which sum shall be paid within 14 days of the finalisation of the audit.

When calculating the goodwill, Company recognised the fair value of the contingent consideration as part of the consideration transferred in exchange for the acquiree and classified as a financial liability. Accordingly, Company recorded a goodwill of Rs.289.24Mn from the said acquisition.

Acquisition of BioSystems Technologies Limited

In 2021/22, 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.

NOTES TO THE FINANCIAL STATEMENTS

	Fair value recognised on acquisition of Asiavet Lifesence (Private) Limited		Fair value recognised on acquisition of BioSystems Technologies Limited	
	2023		2022	
As at 31st March	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets				
Property, plant & equipment	2,159		1,475	
Inventories	73,705		15,015	
Other receivables	70,672		17,706	
Cash in hand and at bank	815	147,351	3,450	37,646
Liabilities				
Other payables	(77,638)	(77,638)	(21,186)	(21,186)
Total identifiable net assets at fair value		69,713		16,460
Non-controlling interest measured at fair value		-		(4,938)
Net assets applicable to the parent		69,713		11,522
Purchase consideration transferred		142,982		20,000
Contingent consideration payable		215,969		-
Goodwill arising on acquisition		289,238		8,478

21 DEFERRED TAX

As at 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	407,854	334,344	1,519,511	1,333,857
Amount origination / (reversal) of temporary differences				
Recognised in profit or loss	(239,754)	(3,278)	32,068	12,313
Recognised in other comprehensive income	67,524	76,788	306,818	173,341
At the end of the year	235,624	407,854	1,858,397	1,519,511
Deferred tax asset	-	-	7,956	10,854
Deferred tax liabilities	235,624	407,854	1,866,353	1,530,365
Net liability	235,624	407,854	1,858,397	1,519,511

B Movement in Deferred Tax Balances

Company	Net balances as at 01st April Rs'000	Recognised in Profit or loss Rs'000	Recognised in OCI Rs'000	Balance at 31 March Net Rs'000	Deferred tax assets Rs'000	Deferred tax liabilities Rs'000
2023						
Property plant & equipment	190,655	48,661	-	239,316	-	239,316
Revaluation reserves	306,447	-	76,612	383,059	-	383,059
Right-of-use assets	15,353	2,181	-	17,534	-	17,534
Lease liability	(18,858)	(3,960)	-	(22,818)	(22,818)	-
Provision for obsolete and slow moving inventories	(6,136)	(115,002)	-	(121,138)	(121,138)	-
Provision for impairment of trade receivables	(17,602)	(78,820)	-	(96,422)	(96,422)	-
Other provisions	(24,658)	(71,267)	-	(95,925)	(95,925)	-
Retirement benefit obligations	(37,347)	(21,547)	(9,088)	(67,982)	(67,982)	-
Net liabilities/(assets)	407,854	(239,754)	67,524	235,624	(404,285)	639,909
Company	Net balances as at 01st April Rs'000	Recognised in Profit or loss Rs'000	Recognised in OCI Rs'000	Balance at 31 March Net Rs'000	Deferred tax assets Rs'000	Deferred tax liabilities Rs'000
2022						
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)	-
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)	-
Net liabilities/(assets)	334,344	(3,278)	76,788	407,854	(104,601)	512,455

NOTES TO THE FINANCIAL STATEMENTS

Movement in deferred tax balances

Group	Net			Balance at 31 March		
	balances	Recognised	Recognised		Deferred	Deferred
	as at 01st	in Profit	in OCI	Net	tax assets	tax
2023	April	or loss				liabilities
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Property plant & equipment	982,919	431,475	-	1,414,394	-	1,414,394
Revaluation reserves	842,196	-	303,028	1,145,224	-	1,145,224
Intangible assets	7,162	(726)	-	6,436	-	6,436
Right-of-use assets	13,096	3,936	-	17,032	-	17,032
Lease liability	(3,779)	(6,238)	-	(10,017)	(10,017)	-
Biological assets	52,023	76,748	-	128,771	-	128,771
Provision for impairment of trade receivables	(75,685)	(148,187)	-	(223,872)	(223,872)	-
Provision for obsolete and slow moving inventories	(82,643)	(159,907)	-	(242,550)	(242,550)	-
Accumulated tax losses	(16,784)	16,784	-	-	-	-
Other provision	(26,216)	(74,856)	-	(101,072)	(101,072)	-
Contract assets	5,494	6,995	-	12,489	-	12,489
Contract liability	(10,825)	(15,764)	-	(26,589)	(26,589)	-
Retirement benefit obligation	(167,447)	(98,192)	3,790	(261,849)	(261,849)	-
Net liabilities/(assets)	1,519,511	32,068	306,818	1,858,397	(865,949)	2,724,346

Group	Net			Balance at 31 March		
	balances	Recognised	Recognised		Deferred	Deferred
	as at 01st	in Profit	in OCI	Net	tax assets	tax
2022	April	or loss				liabilities
	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 provision	(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)	(167,447)	-
Net liabilities/(assets)	1,333,857	12,313	173,341	1,519,511	(383,379)	1,902,890

Deferred Tax Effect of Temporary Differences

Company	2023		2022	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs'000	Rs'000	Rs'000	Rs'000
Property plant & equipment	797,722	239,316	794,396	190,655
Revaluation reserves	1,276,866	383,059	1,276,866	306,447
Retirement benefit obligations	(226,615)	(67,982)	(155,616)	(37,347)
Right-of-use assets	58,444	17,534	63,967	15,353
Provision for obsolete and slow moving inventories	(403,791)	(121,138)	(25,565)	(6,136)
Provision for impairment of trade receivables	(321,407)	(96,422)	(73,342)	(17,602)
Other provisions	(319,747)	(95,925)	(102,739)	(24,658)
Lease liability	(76,061)	(22,818)	(78,575)	(18,858)
Net liabilities		235,624		407,854

Deferred Tax Effect of Temporary Differences

Group	2023		2022	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs'000	Rs'000	Rs'000	Rs'000
Property plant & equipment	5,423,711	1,414,394	5,616,213	982,919
Revaluation reserves	3,919,983	1,145,224	4,047,480	842,196
Intangible assets	30,406	6,436	40,803	7,162
Biological assets	465,168	128,771	338,847	52,023
Other provision	(336,897)	(101,072)	(111,391)	(26,216)
Right-of-use assets	73,858	17,032	90,718	13,096
Lease liability	(20,190)	(10,017)	(17,758)	(3,779)
Contract liability	(88,631)	(26,589)	(60,143)	(10,825)
Contract assets	41,632	12,489	30,518	5,494
Provision for impairment of trade receivables	(695,070)	(223,872)	(349,514)	(75,685)
Provision for obsolete and slow moving inventories	(669,393)	(242,550)	(432,041)	(82,643)
Accumulated tax losses	-	-	(69,925)	(16,784)
Retirement benefit obligations	(897,355)	(261,849)	(820,074)	(167,447)
Net liabilities		1,858,397		1,519,511

NOTES TO THE FINANCIAL STATEMENTS

D. Unrecognised Deferred Tax Assets

As at 31st March	2023		2022	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs'000	Rs'000	Rs'000	Rs'000
Group				
Accumulated tax losses	1,849,590	554,978	1,948,801	355,549

Deferred tax asset has not been recognised in respect of the Group's brought forward tax losses as at 31st March 2023 amounting to Rs.1,849.59Mn (2022-Rs.1,948.80Mn) since it is not probable that the future taxable profit will be available against which the Group can use the benefit therein.

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			2023		2022	
	Market Value Rs. Mn	Holding %	No. of Shares	Cost Rs. '000	No. of Shares	Cost Rs. '000
Company						
Quoted						
ChemaneX PLC	615.30	50.55	7,939,373	136,683	7,939,373	136,683
	615.30		7,939,373	136,683	7,939,373	136,683
Unquoted - Subsidiaries						
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.		83.61	6,633,583	1,737,600	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		100.00	538,000	427,675	376,000	238,075
CIC Properties (Private) Limited		100.00	4,500,000	45,000	4,500,000	45,000
Asiavet Lifesence (Private) Limited		100.00	2,750,100	358,952	-	-
Precision Agricultural Technologies (Private) limited		60.00	840,000	8,400	840,000	8,400
				3,657,608		1,883,943
Provision for impairment of subsidiaries				(264,400)		(264,400)
Total				3,393,208		1,619,543

i) During the year Company further invested in 1,062,725 shares of Link Natural Products (Private) Limited for an amount of Rs.1.22Bn. And also Company purchased remaining stake of Unipower (Private) Limited for a consideration of Rs.189.6Mn.

ii) 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.

iii) 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.

iv) 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.

v) Breakup of the provision for impairment of subsidiaries is as follows:

	2023	2022
As at 31st March	Rs. Mn	Rs. Mn
Crop Management Services (Private) Limited	148.20	148.20
Precision Agriculture Technologies (Private) Limited	8.40	8.40
CIC Properties (Private) Limited	45.00	45.00
CIC Agri Businesses (Private) Limited	62.80	62.80
Total	264.40	264.40

v) The subsidiaries of the Company are incorporated in Sri Lanka.

vi) The Company has neither contingent liabilities nor capital commitment in respect of subsidiaries.

vii) The main activities of the subsidiary companies are given in page 148.

B. Inter Company Shareholdings

Investor	Investee	2023		2022	
		% 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

NOTES TO THE FINANCIAL STATEMENTS

C. 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 summarises the information relating to the subsidiary which has a material non-controlling interest.

As at 31st March	CIC Agri Businesses (Private) Limited	
	GROUP	
	2023 Rs.'000	2022 Rs.'000
NCI percentage	32.3%	32.3%
Non-current assets	2,035,406	2,087,062
Current assets	8,048,542	10,360,815
Non - current liabilities	529,480	525,002
Current liabilities	4,742,861	10,820,106
Profit after tax	3,725,367	194,254
Net cash flows generated from/(used in) operating activities	3,943,461	(2,609,439)
Net cash flows used in investing activities	(110,649)	(136,435)
Net cash flows used in financing activities	(115,812)	(118,197)

D Acquisition of NCI

During the current financial year, Group acquired the remaining 30% of Unipower (Private) Limited and 13% of Link Natural Products (Private) Limited.

	Unipower (Private) Limited Rs.000	Link Natural Products (Private) Limited Rs.000	Total Rs.000
Net assets on the date of acquisition	190,657	5,069,188	5,259,845
Carrying amount of NCI acquired	57,197	678,989	736,186
Consideration paid to NCI	189,600	1,225,113	1,414,713
A decrease in equity attributable to owners of the Company	(132,403)	(546,124)	(678,527)
The decrease in equity attributable to owners of the Company comprised;			
a decrease in retained earnings			(746,320)
an increase in revaluation reserve			67,793
			(678,527)

23 EQUITY ACCOUNTED INVESTEEES

As at 31st March		2023		2022	
	Holding %	No. of Shares	Cost Rs.'000	No. of Shares	Cost Rs.'000
Company					
Unquoted					
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)
Total			36,000		36,000
Group					
Unquoted					
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
			449,005		449,005
Share of equity accounted investees retained earnings			833,000		754,092
Share of equity accounted investees other reserves			14,875		14,875
Share of losses absorbed -Rahimafrooz CIC Agro Limited			(32,573)		(32,573)
Total			1,264,307		1,185,399

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.

NOTES TO THE FINANCIAL STATEMENTS

- 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.

	2015
As at 31st March	Rs. '000
Current assets	356,699
Non current assets	10,920
Current liabilities	(473,943)
Non current liabilities	(124,089)
Net assets	(230,413)

23 EQUITY ACCOUNTED INVESTEEES (CONTD.)

- 23.3** The main activities of the equity accounted investees are given in page 148. Registered business place of Rainforest Ecolodge (Private) Limited is No 50, Nawam Mawatha, Colombo 02 and Akzo Nobel 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

	GROUP	
As at 31st March	2023	2022
	Rs. '000	Rs. '000
Revenue	7,646,500	7,410,896
Expenses	(6,704,200)	(6,361,183)
Profit after tax	942,300	1,049,713
Non- current assets	741,343	677,686
Current assets	4,223,291	3,775,224
Total assets	4,964,634	4,452,910
Non- current liabilities	203,745	171,175
Current liabilities	2,602,850	2,328,159
Total liabilities	2,806,595	2,499,334
Net assets	2,158,039	1,953,576

23.8 The below table reconciles the summarised financial information to the carrying amount of the Groups interest in Associates.

As at 31st March	GROUP	
	2023 Rs. '000	2022 Rs. '000
At the beginning of the year	1,185,399	1,135,730
Share of profit of equity accounted investees	541,981	643,440
Share of other comprehensive income	418	7,429
Dividend received	(463,491)	(601,200)
At the end of the year	1,264,307	1,185,399

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 investment were disposed during 2022/23 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

As at 31st March	COMPANY		GROUP	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Carrying value at the beginning of the year	1,228,127	254,841	1,236,497	263,409
Additions	3,905,850	1,052,566	3,905,850	1,052,566
Fair value gain/ (loss)	11,530	(79,280)	11,248	(79,478)
Carrying value at the end of the year	5,145,507	1,228,127	5,153,595	1,236,497

As at 31st March	2023			2022		
	No of shares	Share Price (Rs)	Fair Value Rs. '000	No of shares	Share Price (Rs)	Fair Value Rs. '000
Company						
Quoted						
John Keells Holdings PLC	36,752,907	140.00	5,145,507	8,469,844	145.00	1,228,127

As at 31st March	2023			2022		
	No of shares	Share Price (Rs)	Fair Value Rs. '000	No of shares	Share Price (Rs)	Fair Value Rs. '000
Group						
Quoted						
Muller & Phipps (Ceylon) PLC	300	1	-	300	1	-
John Keells Holdings PLC	36,809,607	140.00	5,153,445	8,526,544	145.00	1,236,347
			5,153,445			1,236,347
Unquoted						
Equity Investments (Lanka) Limited	15,000		150	15,000		150
			150			150
Total			5,153,595			1,236,497

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 3.20 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

25 INVENTORIES

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Raw materials and consumables	1,184,867	438,867	9,163,197	5,240,952
packing Materials	-	-	935,888	372,612
Work-in-progress	57,476	41,651	655,949	457,345
Finished goods	3,536,474	1,374,760	7,457,962	2,982,716
Goods-in-transit	259,096	502,029	797,575	1,387,056
	5,037,913	2,357,307	19,010,571	10,440,681
Provision for obsolete and slow moving inventories (Note 25.1)	(403,791)	(390,200)	(1,116,248)	(898,664)
Total	4,634,122	1,967,107	17,894,323	9,542,017

Inventories are stated at cost or net realisable value, whichever is lower. The breakup of the carrying value of inventories is as follows:

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At cost	4,634,122	1,967,107	17,894,323	9,542,017
At net realisable value	-	-	-	-
Total	4,634,122	1,967,107	17,894,323	9,542,017

25.1 Provision for obsolete and slow moving inventories

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	390,200	300,405	898,664	605,829
Provision made during the year	142,467	94,916	464,490	379,495
Write off during the year	(128,876)	(5,121)	(246,906)	(86,660)
At the end of the year	403,791	390,200	1,116,248	898,664

25.2 The Group has obtained bank facilities on the negative pledge on inventories.

26 TRADE RECEIVABLES

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade receivables from Group Companies (Note 26.1)	668	2,771	-	-
Other trade receivables	2,859,074	3,015,561	6,848,694	5,603,083
Bills receivable	-	32,341	159,456	150,769
Total	2,859,742	3,050,673	7,008,150	5,753,852
Less : Provision for impairment for trade receivables (Note 26.2)	(512,679)	(462,459)	(989,279)	(1,014,856)
Total	2,347,063	2,588,214	6,018,871	4,738,996

* Bank facilities have been obtained on negative pledge on trade receivables.

26.1 Trade Receivables from Group Companies

	COMPANY	
	2023	2022
As at 31st March	Rs. '000	Rs. '000
CIC Agri Businesses (Private) Limited	-	1,657
Chemanex PLC	38	-
Link Natural Products (Private) Limited	-	111
CIC Feeds (Private)Limited	120	319
CIC Dairies (Private)Limited	-	295
CIC Seeds (Private) Limited	-	152
CIC CropGuard (Private) Limited	38	-
CIC Poultry Farms Limited	472	-
CISCO Specialty Packaging (Private) Limited	-	237
Total	668	2,771

26.2 Provision for impairment for trade receivables

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	462,459	508,309	1,014,856	1,192,759
Provision/ (reversal) made during the year	54,613	(23,932)	112,042	(55,524)
Written off during the year	(4,393)	(21,918)	(137,619)	(122,379)
At the end of the year	512,679	462,459	989,279	1,014,856

26.3 Trade Receivables Currency-wise

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lankan Rupees	2,783,350	3,018,332	6,776,371	5,603,083
US Dollars	76,392	32,341	231,589	117,445
Aus. Dollars	-	-	-	136
Euro	-	-	190	33,188
Total	2,859,742	3,050,673	7,008,150	5,753,852

27 OTHER RECEIVABLES

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non trade receivables from Group companies (Note 27.1)	48,695	122,553	-	-
Other non trade receivables (Net)	734,186	640,921	2,548,906	2,310,063
Short term loans granted to Subsidiaries (Note A)	549,700	55,000	-	-
Subsidy receivable	-	-	1,294,029	5,303,076
VAT Receivable	-	39,175	15,945	90,888
Loans to employees	4,097	3,838	23,338	35,934
Pre-paid staff cost	-	1,585	4,899	6,840
	1,336,678	863,072	3,887,117	7,746,801
Less : Provision for impairment of other receivables (note 27.3)	(184,745)	(104,891)	(211,985)	(132,131)
Total	1,151,933	758,181	3,675,132	7,614,670

NOTES TO THE FINANCIAL STATEMENTS

- 27.1** 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. This loan has been fully impaired.

27.2 Non Trade Receivable from Group Companies

	COMPANY	
	2023	2022
As at 31st March	Rs. '000	Rs. '000
Chemanex PLC	10,970	11,581
CISCO Speciality Packaging (Private) Limited	-	12,032
CIC Agri Businesses (Private) Limited	2,308	12,332
CIC Feeds (Private) Limited	7,272	14,887
CIC CropGuard (Private) Limited	-	3,691
Crop Management Services (Private) Limited	3,811	531
CIC Agri Produce Export (Private) Limited	58	876
CIC Agri Produce Marketing (Private) Limited	-	58
CIC Grains (Private) Limited	1,284	1,119
CIC Seeds(Private) Limited	-	1,923
CIC Dairies (Private) Limited	15,992	4,146
CIC Lifesciences Limited	1,304	1,949
CIC Dairy Breeding & Management (Private) Limited	2,238	2,238
CIC Properties (Private) Limited	-	55,732
CIC Poultry Farms (Private) Limited	3,307	-
Bio System Technologies Limited	164	-
Unipower (Private) Limited	1,622	1,093
Total	50,330	124,188
Less: Provision for impairment	(1,635)	(1,635)
Total	48,695	122,553

27.3 Provision for impairment of other receivables

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	104,891	104,891	132,131	132,131
Provision made during the year	79,854	-	79,854	-
At the end of the year	184,745	104,891	211,985	132,131

27.4 Inter company loan

As at 31st March	COMPANY	
	2023	2022
	Rs. '000	Rs. '000
CIC Properties (Private) Limited	55,000	55,000
CIC Feeds (private)Limited	200,000	-
CIC Poultry Farms (private) Limited	200,000	-
CIC Agri Produce Export (Private)Limited	115,000	-
CIC Dairies (Private) limited	34,700	-
	604,700	55,000
Less: Provision for impairment	(55,000)	-
Total	549,700	55,000

Company has lendd its funds at opportunity interest rate plus additional 1% to its group companies.

A. As at 31st March	COMPANY	
	2023	2022
	Rs. '000	Rs. '000
CIC Properties inter company receivables		
Balance as at	55,732	88,814
Settlement During the year	(70,600)	-
Payment	695	-
Provision reversal	14,173	(33,082)
Closing Balance	-	55,732

28 EQUITY INVESTMENT AT FAIR VALUE THROUGH OCI

As at 31st March	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Carrying value at the beginning of the year	23,553	25,844	1,996,814	1,971,669
Additions	554	702	74,042	194,165
Fair value gain/(loss)	3,815	(2,993)	(34,413)	(27,656)
Disposal	-	-	(3,152)	(141,364)
Carrying value at the end of the year	27,922	23,553	2,033,291	1,996,814

As at 31st March	2023			2022		
	Share Price	No of shares	Fair value	Share Price	No of shares	Fair value
	(Rs.)	'Rs. '000	'Rs. '000	(Rs.)	'Rs. '000	'Rs. '000
Company						
Quoted						
Ceylon Hospitals PLC	132.25	5,979	791	104.50	5,628	588
Renuka Agri Foods PLC	5.20	153,200	797	3.60	153,200	551
Hatton National Bank PLC- Voting	129.50	189,921	24,595	109.25	186,560	20,382
Hatton National Bank PLC - Non-Voting	88.20	19,722	1,739	105.00	19,342	2,032
Total			27,922			23,553

NOTES TO THE FINANCIAL STATEMENTS

28 EQUITY INVESTMENT AT FAIR VALUE THROUGH OCI (CONTD.)

As at 31st March	2023			2022		
	Share Price (Rs.)	No of shares	Fair value Rs.'000	Share Price (Rs.)	No of shares	Fair value Rs.'000
Group						
Quoted						
Ceylon Hospitals PLC	132.25	5,979	791	104.50	5,628	588
Renuka Agri Foods PLC	5.20	153,200	797	3.60	153,200	551
Hatton National Bank PLC- Voting	129.50	1,507,313	195,197	109.25	1,480,636	161,759
Hatton National Bank PLC - Non-Voting	88.20	19,722	1,739	105.00	19,342	2,032
John Keells Holdings PLC	140.00	13,105,475	1,834,767	145.00	12,605,234	1,827,759
Dipped Products PLC	-	-	-	32.50	126,891	4,125
Total			2,033,291			1,996,814

All fair value through OCI financial assets short term are designated as level 1 in the fair value hierarchy as the mentioned 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.

29 CASH AND CASH EQUIVALENTS

29.1 Favourable cash and cash equivalents

	COMPANY		GROUP	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March				
Cash and bank balances	120,245	374,684	1,319,001	1,898,990
Short term deposits	-	-	622,536	378,005
	120,245	374,684	1,941,537	2,276,995
Cash and cash equivalents classified as assets held for sale	-	-	3,163	986
Cash and cash equivalents classified as assets held for distribution	-	-	53,370	45,438
	120,245	374,684	1,998,070	2,323,419

29.2 Unfavourable cash and cash equivalents

	COMPANY		GROUP	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March				
Bank overdraft	(1,301,659)	(83,362)	(2,776,936)	(806,686)
Short term bank loans	(8,256,503)	(3,258,788)	(12,097,111)	(10,001,723)
	(9,558,162)	(3,342,150)	(14,874,047)	(10,808,409)
Cash and cash equivalents classified as assets held for sale	-	-	-	(136,786)
Interest bearing short-term borrowings for the purpose of cash flow statement	-	-	(14,874,047)	(10,945,195)
Cash and cash equivalents for the purpose of cash flow statements	(9,437,917)	(2,967,466)	(12,875,977)	(8,621,776)

30 STATED CAPITAL

As at 31st March	COMPANY			
	2023		2022	
	No.of shares	Rs.	No.of shares	Rs.
Ordinary Shares				
As at the beginning of the year	291,600,000	789,750,000	291,600,000	789,750,000
As at the end of the year	291,600,000	789,750,000	291,600,000	789,750,000
Non-Voting (Class X) Shares				
As at the beginning of the year	87,480,000	218,700,000	87,480,000	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 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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	1,792,674	1,554,197	3,368,499	2,818,526
Surplus on revaluation	-	313,785	-	697,803
Realisation of deferred tax on account of disposal of assets	-	-	3,314	-
Deferred tax on revaluation of land	(76,612)	(75,308)	(13,630)	(147,830)
Deferred tax on tax rate change	-	-	(260,863)	-
Adjustment due to change in holding	-	-	67,793	-
Total	1,716,062	1,792,674	3,165,113	3,368,499

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.

NOTES TO THE FINANCIAL STATEMENTS

32 REVENUE RESERVES

	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Summary				
General reserves	782,604	782,604	720,306	720,306
Retained earnings	3,992,674	2,568,889	18,327,732	11,637,265
Fair value reserves	(103,700)	(119,045)	(225,578)	(223,858)
	4,671,578	3,232,448	18,822,460	12,133,713

Revenue reserves comprises 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.

33 LOANS AND BORROWINGS

33.1 Loans and borrowings repayable after one year

	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March				
Bank loans (Note 33.2)	-	-	2,700	59,991
Lease liability relating to ROU asset (Note 33.3)	73,260	75,961	304,280	278,075
	73,260	75,961	306,980	338,066

33.2 Bank Loans

	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March				
At the beginning of the year	-	-	175,950	410,055
Obtained during the year	-	-	-	10,816
Acquisition of subsidiary	-	-	1,746	-
Repayments during the year	-	-	(117,938)	(244,921)
At the end of year	-	-	59,758	175,950
Less: Repayable within one year	-	-	(57,058)	(115,959)
Repayable after one year	-	-	2,700	59,991

There are no bank loans payable after five years in the Company or Group.

33.3 Lease liability relating to ROU asset

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	78,575	79,792	305,150	201,672
New lease additions	-	-	82,147	263,839
De-recognition	-	-	-	(30,787)
Interest charge	8,419	8,650	34,650	33,950
Rent waive off received'	-	-	-	(1,296)
Payments	(10,931)	(9,867)	(65,820)	(162,228)
At the end of the year	76,063	78,575	356,127	305,150
Less: Repayable within one year	(2,803)	(2,614)	(51,847)	(27,075)
Repayable after one year	73,260	75,961	304,280	278,075

33.4 Loans and borrowings repayable within one year from the year end

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Bank loans	-	-	57,058	115,959
Lease liability relating to ROU asset	2,803	2,614	51,847	27,075
Bank overdrafts	1,301,659	83,362	2,776,936	806,686
Short term loans	8,256,503	3,258,788	12,097,111	10,001,723
Total	9,560,965	3,344,764	14,982,952	10,951,443

33.5 Analysis of loans and borrowings payable after one year

Company						
	Lender	Interest Rate	Repayment Term	2023 Rs.Mn	2022 Rs.Mn	Security
CIC Dairies (Private) Limited	Seylan Bank	AWPLR + 1.50%	Monthly	2.70	58.31	
CISCO Speciality Packaging (Private) Limited	Commercial Bank	AWPLR	Monthly	-	1.68	Plant Machinery
				2.70	59.99	

34 RETIREMENT BENEFIT OBLIGATIONS

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	'Rs. '000	'Rs. '000	'Rs. '000	'Rs. '000
Present value of the gratuity		-		-
At the beginning of the year	155,616	163,249	820,074	769,585
Current service cost	22,259	16,783	72,288	44,412
Benefits paid by the plan	(4,896)	(7,515)	(102,490)	(28,078)
Interest cost	23,342	13,060	122,482	63,445
Actuarial (gains)/losses	30,294	(6,167)	(14,999)	1,856
Past service cost	-	(23,794)	-	(31,146)
As at the end of the year	226,615	155,616	897,355	820,074

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	
	2023	2022	2023	2022
	'Rs. '000	'Rs. '000	'Rs. '000	'Rs. '000
Cost of Sales	1,046	39	17,861	22,636
Distribution expenses	27,085	5,196	47,680	15,769
Administrative expenses	17,470	814	129,229	38,306
	45,601	6,049	194,770	76,711
Other comprehensive income	30,294	(6,167)	(14,999)	1,856
Total	75,895	(118)	179,771	78,567

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	
	2023	2022
	Rs. '000	Rs. '000
Rate of discount	18%	15%
Salary increase	13%	13%
Retirement age	60 Years	60 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.

As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19. Further, the salary increment rate of 13% is considered appropriate to be in line with the Company's targeted future salary increments when taking into account the current market conditions and inflation rate. 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	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	(11,167)	13,482	12,286	(12,422)
Group - The present value change in retirement benefit obligation	(41,800)	49,256	46,116	(23,544)

D Below table summarises the maturity profile of the defined benefit obligation

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs'000	Rs'000	Rs'000	Rs'000
within the next 12 months	-	11,366	196,121	152,595
Between 1-2years	34,800	-	36,956	50,217
Between 2-5 years	75,205	16,827	242,150	201,253
Between 5-10 years	74,518	48,378	247,866	198,749
Beyond 10 years	42,092	79,045	174,262	217,260
Total	226,615	155,616	897,355	820,074

In the financial 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.

35 GRANTS

	GROUP	
	2023	2022
As at 31st March	Rs'000	Rs'000
At the beginning of the year	7,243	7,831
Amortised during the year	(5,695)	(588)
At the end of the year	1,548	7,243

Grants are amortised over the useful life of the asset. Details of grants are as follows;

Beneficiary	Purpose	Grantor	Carrying Value	Carrying Value
			2023	2022
			Rs'000	Rs'000
CIC Agri Business (Private) Limited	Dairy development in the Eastern Province	Land O'Lakes, Inc		
			1,548	7,243
			1,548	7,243

36 TRADE PAYABLES

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables to Group Companies (Note 36.1)	88,558	28,901	-	-
Bills payable	2,534,207	2,488,458	3,361,000	7,298,065
Other trade payables	6,859	65,113	1,239,864	2,162,537
Total	2,629,624	2,582,472	4,600,864	9,460,602

NOTES TO THE FINANCIAL STATEMENTS

36.1 Trade Payables to Group Companies

	COMPANY	
	2023	2022
As at 31st March	Rs'000	Rs'000
CISCO Speciality Packaging (Private) Limited	1,779	-
CIC Feeds (Private) Limited	2,494	-
CIC Lifesciences Limited	84,285	28,901
	88,558	28,901

36.2 Currency-wise Trade Payable

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
US Dollars	2,080,654	1,901,751	2,844,131	7,585,501
Euros	153,970	230,169	153,970	303,096
Sterling Pounds	-	-	-	1,711
Singapore Dollars	48,695	59,722	48,695	59,722
Sri Lankan Rupees	346,305	390,830	1,554,068	1,510,933
	2,629,624	2,582,472	4,600,864	9,460,602

37. INCOME TAX PAYABLE/ (RECEIVABLE)

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at the beginning of the year	198,055	125,907	417,747	337,351
Provision made during the year				
- continuing operations	553,661	297,307	3,014,591	854,844
- discontinued operations	-	-	131	77
Under provisions in respect of previous year	14,368	4,366	15,412	13,817
Irrecoverable ESC written off	-	-	8,843	29,645
Acquisition of subsidiary	-	-	7,463	-
Payments made during the year	(472,205)	(229,525)	(2,185,800)	(808,314)
Tax on dividends received from associates	-	-	(21,600)	-
Income tax on other comprehensive income	-	-	-	(9,673)
As at the end of the year	293,879	198,055	1,256,787	417,747
Income tax payable	293,879	198,055	1,265,269	418,052
Income tax receivable	-	-	(8,482)	(305)
Total	293,879	198,055	1,256,787	417,747

38 ACCRUALS AND OTHER PAYABLES

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Other payables to Group Companies (Note 38.1)	58,114	32,211	-	-
Other payables	507,103	179,556	2,151,907	1,124,024
Accruals	513,752	302,681	801,424	642,362
Paints & General Industries advance payable	200,000	-	200,000	-
	1,278,969	594,448	3,153,331	1,766,386

38.1 Other payables to Group Companies

	COMPANY	
	2023	2022
As at 31st March	Rs. '000	Rs. '000
Colombo Industrial Agencies Limited	37,066	31,996
CIC CropGuard (Private) Limited	2,903	-
CISCO Speciality Packaging (Private)Limited	4,197	-
Link Natural Products (Private) Limited	9,019	215
CIC Seeds (Private) Limited	4,929	-
	58,114	32,211

39 CAPITAL COMMITMENTS

There were no capital commitments, which have been approved or contracted as for the reporting date.

40 CONTINGENT LIABILITIES

There are no 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 deceleration

The Board of Directors has recommended a final dividend of Rs.2.50 per share amounting to Rs.947.70 Mn on the issued capital of both Ordinary and Non-Voting (Class-X) shares which is payable on 24th July 2023 if approved by the Shareholders at the Annual General Meeting. This dividend will be paid out of the dividend received.

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.

NOTES TO THE FINANCIAL STATEMENTS

Lessee	Location	Nature	Period
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	NCC	Sales Outlet	07/1/2017 - 6/30/2022
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	Jaffna	Agricultural Land	01/08/2017 - 31/07/2022
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	MundelMadurankuliya	Broiler Farm Cages	31/01/2021- 30/01/2028

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	Buildings	Total
2023	Rs.'000	Rs.'000
Balance as at 01 April 2022	63,967	63,967
Depreciation charge for the year	(5,522)	(5,522)
Balance as at 31 March 2023	58,445	58,445

Company	Buildings	Total
2022	Rs.'000	Rs.'000
Balance as at 01 April 2021	69,489	69,489
Depreciation charge for the year	(5,522)	(5,522)
Balance as at 31 March 2022	63,967	63,967

Group	Lands	Buildings	Motor Vehicle	Total
2023	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April 2022	129,701	243,669	-	373,370
Addition to right-of-use assets	1,184	73,651	7,312	82,147
Depreciation charge for the year	(6,746)	(55,857)	(244)	(62,847)
Balance as at 31 March 2023	124,139	261,463	7,068	392,670

Group	Lands	Buildings	Total
2022	Rs.'000	Rs.'000	Rs.'000
Balance at 01 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 at 31 March 2022	129,701	243,669	373,370

42.1.2 Amounts recognised in profit or loss

	COMPANY	GROUP
	Rs.'000	Rs.'000
2023-Leases under SLFRS 16		
Interest on lease liabilities	(8,419)	(34,986)
Expenses relating to short-term leases	(8,520)	(17,040)
Amortisation of right-of-use asset	(5,522)	(62,847)

NOTES TO THE FINANCIAL STATEMENTS

	COMPANY	GROUP
	Rs.'000	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)

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	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Payment of lease rentals	(10,931)	(9,867)	(65,820)	(162,228)
Expenses relating to short term leases	(8,520)	(7,920)	(17,040)	(15,840)

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	GROUP
	Rs.'000	Rs.'000
Less than one year	10,931	73,228
Later than one year and not later than five years	46,820	292,891
More than five years	73,236	309,276
Total undiscounted lease liability	130,987	675,395

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

Rental income recognised by the Group during 2023 was Rs.7.97Mn (2022-Rs. 10.05Mn)

Undiscounted lease payments to be received within less than nine months after the year end is Rs. 5.34Mn. (2022-Rs.4.85Mn)

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	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Statement of Profit or Loss and Other Comprehensive Income				
Sale of goods	383,619	525,136	389,419	559,208
Purchase of goods	1,145	672	1,145	672
Statement of Changes in Equity				
Dividend paid	158,347	356,280	158,347	356,280
Statement of Financial Position				
Trade receivables	20,167	92,397	20,167	114,174
Trade payables	-	498	-	498
Advance received	200,000	-	200,000	-

Advance received of Rs.200Mn is for the purpose of importing and reserving of raw materials for Paints and General Industries Limited, to ensure an uninterrupted supply of Binders as CIC Holdings PLC is the exclusive supplier of their main raw material.

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 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. M.P. Jayawardena
 Mr. P.R. Saldin
 Mr. J.R. Gunaratne
 Mr. D.T.S.H. Mudalige
 Mr. S.M. Enderby
 Ms. K.D. Senewiratne

Details of Directors and their spouses' shareholdings are given in the Annual Report of the Directors' on the Affairs of the Company on page 146.

NOTES TO THE FINANCIAL STATEMENTS

43.3 Transactions with Subsidiaries

Nature of transaction	COMPANY	
	2023	2022
	Rs. '000	Rs. '000
Statement of Profit or Loss and Other Comprehensive Income		
Handling commission	92,365	89,529
Interest expense on short term loan	222,557	22,848
Interest income on short term loan	123,420	-
Purchase of goods	336,416	49,889
Rent paid	10,931	9,868
Rent received	24,093	22,299
Sale of goods	17,632	29,641
Service Charge	149,318	86,680
Staff cost paid	67,235	45,021
Staff cost received	36,694	27,488
Statement of Changes in Equity		
Dividend received	230,879	345,800
Statement of Financial Position		
Payables - Non Trade	58,114	32,211
Payables - Short term loan	845,000	400,000
Payables - Trade	88,558	28,901
Receivable - Non Trade	50,330	124,188
Receivables - Trade	668	2,771
Receivables - Short term loan	549,700	55,000

Transactions relating to Corporate Guarantees have been disclosed under Contingent Liabilities Note 40.

- (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

	COMPANY		GROUP	
	2023	2022	2023	2022
	Rs.'000	Rs. '000	Rs. '000	Rs. '000
Statement of Profit or Loss and Other Comprehensive Income				
Purchases of goods	45,008	11,049	340,260	218,371
Sale of Goods	10,420	11,234	10,420	11,720
Rent received	157	157	157	157
Statement of Changes in Equity				
Dividend received (Gross)	377,100	601,200	377,100	601,200
Dividend paid (Gross)	-	-	1,770	1,462
Statement of Financial Position				
Receivables - Non Trade	92	170	92	170
Receivables - Trade	-	2,952	-	2,957
Payables -Trade	5,358	868	21,205	50,589

- (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 disclosure in Annual Report as per the requirements of section 9.3.2(b) of the CSE Listing Rules.

43.5 Non recurring related party transactions

There were no non-recurring related party transactions which in aggregate value exceeds 10% of the equity (Rs. 2.01Bn.) or 5% of the total assets,(Rs.2.31Bn.) whichever is lower, of the Company as at 31st March 2022 audited Financial Statements, which require additional disclosure in the 2022/23 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.

NOTES TO THE FINANCIAL STATEMENTS

44 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.

	COMPANY	
	2023	2022
As at 31st March	Rs. '000	Rs. '000
Exposure to credit risk		
Trade receivables	2,859,742	3,050,673
Other receivables	1,336,677	861,487
Deposits with banks	1,639,788	1,290,920
Cash at bank	120,245	374,684
Total	5,956,452	5,577,764

	GROUP	
	2023	2022
As at 31st March	Rs. '000	Rs. '000
Trade receivables	7,008,150	5,753,852
Other receivables	2,590,776	2,436,885
Deposits with banks	2,272,588	2,128,373
Cash at bank	1,941,537	2,276,995
Total	13,813,051	12,596,105

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.0.12Bn at 31 March 2023, (2022 Rs.0.37Bn), Group held Rs.1.94Bn as at 31st March 2023 (2022 - Rs.2.28Bn) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank 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	A
Nation Trust Bank PLC	A-
Sampath Bank PLC	A
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.

As at 31st March 2023, Company's current liabilities exceeded its current assets by Rs.3.05Bn. This is primarily due to the Company's loans and borrowings, which are within the Company's banking facility limits. Company is generating adequate operating cash flows in order to recover the negative current asset position in the future from the ordinary course of the business.

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.

	GROUP	
	2023	2022
As at 31st March	Rs. '000	Rs. '000
Domestic	6,776,371	5,603,083
Foreign	231,779	150,769
Total	7,008,150	5,753,852

NOTES TO THE FINANCIAL STATEMENTS

Impairment losses

All trade receivables that are past due, have been considered for impairment as at 31 March 2023

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 31 March 2023.

The Group uses a provision matrix to calculate ECLs for loans and 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.

As at 31st March	2023			2022		
	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000
Company						
Corporate and Government	1,680,290	(197,438)	1,482,852	2,313,000	(141,403)	2,171,597
Distributors	1,146,744	(315,241)	831,503	705,332	(321,056)	384,276
Foreign customers/Exporters	32,708	-	32,708	32,341	-	32,341
	2,859,742	(512,679)	2,347,063	3,050,673	(462,459)	2,588,214

As at 31st March	2023			2022		
	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000
Group						
Corporate and Government	4,288,164	(493,894)	3,794,270	3,987,276	(454,656)	3,532,620
Distributors	2,290,118	(353,144)	1,936,974	1,180,554	(432,054)	748,500
Foreign customers/Exporters	192,164	(55,616)	136,548	150,769	-	150,769
Others	237,704	(86,625)	151,079	435,253	(128,146)	307,107
	7,008,150	(989,279)	6,018,871	5,753,852	(1,014,856)	4,738,996

As at 31st March	2023			2022		
	Gross	Impairment	Net	Gross	Impairment	Net
	Rs'000	Rs'000	receivable Rs'000	Rs'000	Rs'000	receivable Rs'000
Company						
Not past due	2,242,115	(35,806)	2,206,309	1,953,443	(44,204)	1,909,239
Past due 0-30 days	53,855	(305)	53,550	140,431	(5)	140,426
Past due 31-120 days	47,273	(331)	46,942	244,254	(133)	244,121
Past due more than 120 days	516,499	(476,237)	40,262	712,545	(418,117)	294,428
	2,859,742	(512,679)	2,347,063	3,050,673	(462,459)	2,588,214

As at 31st March	2023			2022		
	Gross	Impairment	Net	Gross	Impairment	Net
	Rs'000	Rs'000	receivable Rs'000	Rs'000	Rs'000	receivable Rs'000
Group						
Not past due	4,427,573	(79,890)	4,347,682	4,197,838	(179,270)	4,018,568
Past due 0-30 days	1,142,440	(39,005)	1,103,435	150,099	(2,999)	147,100
Past due 31-120 days	637,570	(118,884)	518,686	270,236	(16,852)	253,384
Past due more than 120 days	800,567	(751,499)	49,068	1,135,679	(815,735)	319,944
	7,008,150	(989,279)	6,018,871	5,753,852	(1,014,856)	4,738,996

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.

As at 31st March 2023	COMPANY				
	Carrying	Contractual	On	Less than	90-365
	Value	cash flow	Demand	90 days	days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	2,629,624	2,629,624	-	2,629,624	-
Accruals and other payables	1,278,969	1,278,969	-	1,278,969	-
Lease liabilities relating to right-of-use asset	2,803	10,931	-	-	2,803
Short term loans	8,256,503	8,256,503	8,256,503	-	-
Bank overdraft	1,301,659	1,301,659	-	1,301,659	-
Contingent consideration payable	215,970	215,970	-	215,970	-

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March 2022	COMPANY				
	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	2,582,472	2,582,472	-	2,582,472	-
Accruals and other payables	594,448	594,448	-	594,448	-
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 2023	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	4,600,864	4,600,864	-	4,600,864	-
Accruals and other payables	3,153,326	3,153,326	-	3,153,326	-
Lease liabilities relating to right- of- use asset	51,847	292,891	-	-	51,847
Bank overdraft	2,776,936	2,776,936	-	2,776,936	-
Short term loans	12,097,111	12,097,111	12,097,111	-	-
Contingent consideration payable	215,970	215,970	-	215,970	-

As at 31st March 2022	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	9,460,602	9,460,602	-	9,460,602	-
Accruals and other payables	1,766,386	1,766,386	-	1,766,386	-
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	-	-

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		2023	2022
		Rs.'000	Rs.'000
Equity Securities - FVOCI	Company	5,173,429	1,251,680
Equity Securities - FVOCI	Group	7,186,886	3,233,311

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:

Company

As at 31st March	2023		2022		
Rs.'000	EUR	USD	EUR	USD	GBP
Trade receivables	-	247	-	112	-
Foreign currency deposits	-	4,952	-	4,393	-
Trade payables	(433)	(6,448)	(683)	(5,942)	-

Group

As at 31st March	2023		2022		
Rs.'000	EUR	USD	EUR	USD	GBP
Trade receivables	1	750	102	407	-
Foreign currency deposits	-	6,978	-	5,793	-
Trade payables	(433)	(8,813)	(899)	(24,951)	(4)

Followings are the exchange rate used for the translation of transaction denominated in foreign currencies.

As at 31st March	Year end average (Rs.)		Period end spot rate- Buying(Rs.)		Period end spot rate- Selling (Rs.)	
	2023	2022	2023	2022	2023	2022
US Dollar	327.29	299.00	318.27	288.75	336.01	298.99
Euro	357.10	334.03	346.72	325.73	366.71	337.08
GBP	405.97	392.53	393.83	379.84	416.44	394.24

NOTES TO THE FINANCIAL STATEMENTS

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.

	COMPANY			
	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs'000	Rs'000	Rs'000	Rs'000
2023				
US Dollar (5% movement)	23,788	(23,788)	16,651	(16,651)
Euro (5% movement)	7,699	(7,699)	5,389	(5,389)
2022				
US Dollar (5% movement)	23,793	(23,793)	18,083	(18,083)
Euro (5% movement)	11,508	(11,508)	8,746	(8,746)

	GROUP			
	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs'000	Rs'000	Rs'000	Rs'000
2023				
US Dollar (5% movement)	22,941	(22,941)	16,059	(16,059)
Euro (5% movement)	7,689	(7,689)	5,383	(5,383)
2022				
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)

Interest rate risk

Profile

At the reporting date, the interest rate profile of the Company's and Group's interest bearing financial instruments was as follows:

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed rate instruments				
Financial assets	1,639,788	1,290,920	2,895,124	2,506,378
	1,639,788	1,290,920	2,895,124	2,506,378
Variable rate instruments				
Financial assets	120,245	374,684	1,319,001	1,898,990
Financial liabilities	(9,558,162)	(3,342,150)	(14,874,046)	(10,984,359)
	(9,437,917)	(2,967,466)	(13,555,045)	(9,085,369)

Cash flow sensitivity for variable rate instruments

Since the policy interest rates have significantly decreased 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 as 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
2023				
Variable rate instrument				
Cash flow sensitivity (Net)	94,379	(94,379)	66,065	(66,065)
2022				
Variable rate instrument				
Cash flow sensitivity (Net)	29,675	(29,675)	22,553	(22,553)

	GROUP			
	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs'000	Rs'000	Rs'000	Rs'000
2023				
Variable rate instrument				
Cash flow sensitivity (Net)	135,550	(135,550)	94,885	(94,885)
2022				
Variable rate instrument				
Cash flow sensitivity (Net)	90,854	(90,854)	69,049	(69,049)

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 ordinary 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 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 recognised in equity relating to cash flow hedges, less unaccrued proposed dividends

NOTES TO THE FINANCIAL STATEMENTS

The Company's and Group's adjusted net debt to equity ratio at the end of the reporting period was as follows;

	COMPANY		GROUP	
	2023	2022	2023	2022
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Total Debts	9,634,225	3,420,725	15,289,932	11,289,509
Less: Cash and cash equivalents and deposit with banks	(1,760,033)	(1,665,604)	(4,214,125)	(4,405,368)
Net debt	7,874,192	1,755,121	11,075,807	6,884,141
Adjusted net debt	8,745,829	2,055,626	11,667,380	6,958,071
Total equity	7,396,090	6,033,572	27,829,015	20,114,101
Adjusted equity	6,448,390	5,654,492	26,881,315	19,735,021
Net debt to adjusted equity ratio (Times)	1.06	0.36	0.43	0.35

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:

Company	Financial assets at amortised cost		Other financial liabilities	Carrying amount	Fair Value
As at 31st March 2023	Fair value through OCI	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalent	-	120,245	-	120,245	120,245
Deposits with banks	-	1,639,788	-	1,639,788	1,639,788
Trade receivable	-	2,347,063	-	2,347,063	2,347,063
Other receivable	-	1,151,933	-	1,151,933	1,151,933
Equity investments at fair value through OCI	5,173,429	-	-	5,173,429	5,173,429
	5,173,429	5,259,029	-	10,432,458	10,432,458
Trade payables	-	-	(2,629,624)	(2,629,624)	(2,629,624)
Other payables	-	-	(1,278,969)	(1,278,969)	(1,278,969)
Loans and borrowings	-	-	(9,634,225)	(9,634,225)	(9,634,225)
Contingent consideration payable	-	-	(215,970)	(215,970)	(215,970)
	-	-	(13,758,788)	(13,758,788)	(13,758,788)

Company		Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
As at 31st March 2022	Fair value through OCI				
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalent	-	374,684	-	374,684	374,684
Deposits with banks	-	1,290,920	-	1,290,920	1,290,920
Trade receivable	-	2,588,214	-	2,588,214	2,588,214
Other receivable	-	758,181	-	758,181	758,181
Equity investments at fair value through OCI	1,251,690	-	-	1,251,680	1,251,680
	1,251,690	5,011,999	-	6,263,679	6,263,679
Trade payables	-	-	(2,582,472)	(2,582,472)	(2,582,472)
Other payables	-	-	(594,448)	(594,448)	(594,448)
Loans and borrowings	-	-	(3,420,725)	(3,420,725)	(3,420,725)
	-	-	(6,597,645)	(6,597,645)	(6,597,645)
Group		Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
As at 31st March 2023	Fair value through OCI				
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalent	-	1,941,537	-	1,941,537	1,941,537
Deposits with banks	-	2,272,588	-	2,272,588	2,272,588
Trade receivables	-	6,018,871	-	6,018,871	6,018,871
Other receivables	-	3,675,132	-	3,675,132	3,675,132
Equity investments at fair value through OCI	7,186,886	-	-	7,186,886	7,186,886
	7,186,886	13,908,128	-	21,095,014	21,095,014
Trade payables	-	-	(4,600,864)	(4,600,864)	(4,600,864)
Other payables	-	-	(3,153,331)	(3,153,331)	(3,153,331)
Loans and borrowings	-	-	(15,289,932)	(15,289,932)	(15,289,932)
Contingent consideration payable	-	-	(215,970)	(215,970)	(215,970)
	-	-	(23,260,097)	(23,260,097)	(23,260,097)

NOTES TO THE FINANCIAL STATEMENTS

Group		Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
As at 31st March 2022	Fair value through OCI				
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalent	-	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	-	-	(9,460,602)	(9,460,602)	(9,460,602)
Other payables	-	-	(1,766,385)	(1,766,385)	(1,766,385)
Loans and borrowings	-	-	(11,289,509)	(11,289,509)	(11,289,509)
	-	-	(22,516,497)	(22,516,497)	(22,516,497)

Fair value measurement hierarchy

As at 31st March	Level 01		Level 02		Level 03	
	2023	2022	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Company						
Recurring fair value measurements-						
Assets measured at fair value						
Freehold land	-	-	-	-	1,415,592	1,409,875
Equity Investment	5,173,429	1,251,680	-	-	-	-
	5,173,429	1,251,680	-	-	1,415,592	1,409,875
Non - recurring fair value measurements-						
Net asset classified as held for sale and distribution					1,050,257	1,050,257

As at 31st March	Level 01		Level 02		Level 03	
	2023	2022	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Group						
Recurring fair value measurements-						
Assets measured at fair value						
Non-Financial						
Freehold land	-	-	-	-	4,657,295	4,651,578
Biological Assets	-	-	-	-	714,146	578,584
Financial						
Equity Investment	7,186,886	3,233,311	-	-	-	-
	7,186,886	3,233,311	-	-	5,371,441	5,230,162
Assets for which fair values are disclosed:						
Investment property					4,200	4,200
Non-recurring fair value measurements						
Net asset classified as held for sale and distribution					842,091	918,749

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 behaviour. 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 condition is disclosed in the separate note 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 (2022 - 291,600,000) Ordinary Shares and 87,480,000 (2022 - 87,480,000) Non-Voting (Class X) Shares listed in the Colombo Stock Exchange.

2 SHAREHOLDERS

There were 3,822 (2022 - 3,859) Ordinary shareholders and 4,006 (2022 - 3,712) Non-Voting (Class X) shareholders as at 31st March 2023, distributed into different categories as follows:

Ordinary Shares

Shares held	2023			2022		
	No. of Shareholders	Total Shareholding	%	No. of Shareholders	Total Shareholding	%
1 - 1000	2,146	556,071	0.19	1,979	561,568	0.19
1001 - 10000	1,068	4,291,363	1.47	1,190	4,817,346	1.65
10001 - 100000	465	15,648,893	5.37	528	17,959,069	6.16
100001 - 1000000	124	34,041,140	11.67	144	41,953,596	14.39
Over 1000000	19	237,062,533	81.30	18	226,308,421	77.61
	3,822	291,600,000	100.00	3,859	291,600,000	100.00

Shares held	2023			2022		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	3,786	278,417,448	95.48	3,821	287,459,452	98.58
Non-Resident	36	13,182,552	4.52	38	4,140,548	1.42
	3,822	291,600,000	100.00	3,859	291,600,000	100.00

The below information of distribution of shares as at 31st March 2023, 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 - 46.65%

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 - 0.04%

Percentage of shares held by Employees' Provident Fund - 9.06%

Non-Voting (Class X) Shares

Shares held	2023			2022		
	No. of Shareholders	Total Shareholding	%	No. of Shareholders	Total Shareholding	%
1 - 1000	1,708	577,444	0.66	1,418	510,714	0.58
1001 - 10000	1,483	5,995,373	6.85	1,520	6,238,645	7.13
10001 - 100000	672	21,130,669	24.15	628	20,388,621	23.31
100001 - 1000000	136	33,073,373	37.81	140	35,081,016	40.10
Over 1000000	7	26,703,141	30.52	6	25,261,004	28.88
	4,006	87,480,000	100.00	3,712	87,480,000	100.00

Shareholders & Investors Information

Shares held	2023			2022		
	No. of Shareholders	Total Shareholding	%	No. of Shareholders	Total Shareholding	%
Resident	3,944	84,088,533	96.12	3,652	84,703,655	96.83
Non-Resident	62	3,391,467	3.88	60	2,776,345	3.17
	4,006	87,480,000	100.00	3,712	87,480,000	100.00

Percentage of shares held by public - 96.49%

Percentage of shares held by the Directors together with the members of their families - 0.01%

Percentage of shares held by the Parent Company - 3.32%

Percentage of shares held by the Employees - 0.18%

Percentage of shares held by Employees' Provident Fund - 12.70%

3 TWENTY LARGEST SHAREHOLDERS - ORDINARY SHARES

Name	2023		2022	
	No. of shares	%	No. of shares	%
1 Paints & General Industries Limited	155,441,396	53.31	155,441,396	53.31
2 Employee's 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 Citibank New York S/A Norges Bank Account 2	9,875,561	3.39	723,492	0.25
5 Sri Lanka Insurance Corporation Limited - Life Fund	9,245,423	3.17	3,291,936	1.13
6 Union Assurance PLC - Universal Life Fund	2,657,309	0.91	167,935	0.06
7 Pershing LLC S/A Averbach Grauson & Co.	2,545,011	0.87	1,120,000	0.38
8 Sri Lanka Insurance Corporation Limited - General Fund	2,345,898	0.80	1,325,880	0.45
9 Employees Trust Fund Board	2,333,038	0.80	2,466,683	0.85
10 Mrs. J.N. Ambani	1,983,000	0.68	2,250,000	0.77
11 Dr. H.R. Wickremesinghe & Mr. V.K. Wickremasinghe	1,767,316	0.61	1,767,316	0.61
12 S.K. Wickremesinghe Trust (Guarantee) Limited	1,360,000	0.47	1,360,000	0.47
13 Colombo Fort Investments PLC	1,220,000	0.42	1,220,000	0.42
14 Mrs. L.K. Goonewardena	1,205,120	0.41	1,492,163	0.51
15 Union Assurance PLC - Traditional Life Participating Fund	1,174,257	0.40	102,047	0.03
16 Sakuvi Investment Trust (Private) Limited	1,157,095	0.40	1,157,095	0.40
17 Miss. N.K.R.H. De Silva	1,135,700	0.39	1,135,700	0.39
18 Seylan Bank PLC/ Andaradeniya Estate (Private) Limited	1,088,300	0.37	1,088,300	0.37
19 National Savings Bank	1,005,257	0.34	-	-
20 Deutsche Bank AG as Trustee To Capital Alliance Quantitative Equity Fund	984,946	0.34	-	-
	238,047,479	81.63	215,632,795	73.95

SHAREHOLDERS & INVESTORS INFORMATION

4 TWENTY LARGEST SHAREHOLDERS - NON VOTING (X CLASS) SHARES

Name	2023		2022	
	No. of shares	%	No. of shares	%
1 Employee's 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	2,625,000	3.00	2,264,000	2.59
5 Hotel International (Private) Limited	1,613,873	1.84	50,000	0.06
6 Mrs. M.S.E.V.E.A.U. Von Stumm	1,236,224	1.41	1,236,224	1.41
7 J.B. Cocoshell (Private) Limited	1,024,864	1.17	26,055	0.03
8 Mr. M.A. Jafferjee	814,656	0.93	814,656	0.93
9 Seylan Bank PLC/ Mr. A.C. Senanka	750,000	0.86	730,000	0.83
10 EMFI Capital Limited	750,000	0.86	-	-
11 Mr. M.Z.H. Hashim & Mr. N.R.M. Hashim	750,000	0.86	-	-
12 Malship Ceylon Limited	665,000	0.76	100,000	0.11
13 DFCC Bank A/C No.01	630,000	0.72	1,557,600	1.78
14 Union Assurance PLC - Universal Life Fund	602,956	0.69	-	-
15 Sampath Bank PLC/ Mr. G.S.N. Peiris & Mrs. I.R. Peiris	600,000	0.69	500,000	0.57
16 Aruna Equity Care (Private) Limited	532,768	0.61	532,768	0.61
17 Citizens Development Business Finance PLC/ Mr. H.G.P.P. Nilantha	530,100	0.61	-	-
18 Mr. S.A. Cooray, Mr. P.T. Cooray & Mrs. S. Nugapitiya	500,000	0.57	-	-
19 Commercial Bank of Ceylon PLC/ Andaradeniya Estate (Private) Limited	481,510	0.55	561,510	0.64
20 Mr. K.C. Vignarajah	460,990	0.53	471,599	0.54
	238,047,479	81.63	215,632,795	73.95

5 MARKET VALUE OF SHARE

	Ordinary Shares		Non-voting Shares	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Share price (Rs.)				
As at the end of the year	71.20	38.10	49.50	25.00
Highest price traded	108.00	71.00	76.00	54.00
Lowest price traded	27.00	35.60	17.00	24.90

6 SHARE TRADING

	Ordinary Shares		Non-voting Shares	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
No. of shares traded	85,988,194	85,419,466	114,793,429	93,951,823
No. of transactions	26,322	33,551	41,376	34,796
Value of shares traded (Rs.)	6,692,960,603	4,592,886,426	6,334,207,846	4,135,704,996

7 MARKET CAPITALISATION

Type	No of shares	Share price Rs.	Capitalisation Rs.
Ordinary Shares	291,600,000	71.20	20,761,920,000
Non voting (Class - X) Shares	87,480,000	49.50	4,330,260,000
			25,092,180,000

8 FLOAT ADJUSTED MARKET CAPITALISATION

Type	No of shares	Share price Rs.	Capitalisation Rs.
Ordinary Shares	136,045,581	71.20	9,686,445,367
Non voting (Class - X) Shares	84,405,173	49.50	4,178,056,064
			13,864,501,431

The float adjusted market capitalisation of the Company falls under option 02 of Rule 7.13.1(a) of Colombo Stock Exchange and Company has complied with minimum public holding requirement applicable under said option.

9 PUBLIC SHAREHOLDERS

	2023		2022	
Public Shareholder As at March	No. of public shareholders	public shareholding (%)	No. of public shareholders	public shareholding (%)
Ordinary Shares	3,833	46.65	3,854	46.68
Non Voting (Class - X) Shares	3,996	96.49	3,703	96.53

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

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	
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)			8,100,000	2,430,000	16,200,000	4,860,000	1.44*
	3:2 (Bonus)			24,300,000	7,290,000	40,500,000	12,150,000	
2008	4:5 (Bonus)			32,400,000	9,720,000	72,900,000	21,870,000	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
2023						291,600,000	87,480,000	2.50

*Effective rate (Rs. 1.44 Per Share)

TEN YEAR GROUP PERFORMANCE

	2023 SLFRS Rs'000	2022 SLFRS Rs'000	2021 SLFRS Rs'000
Turnover	68,274,718	41,759,591	37,233,343
Operating profit after interest	11,925,129	4,531,251	4,140,439
Other income	601,428	308,814	305,125
Share of profit of equity accounted investees	541,981	643,440	466,488
Profit before tax	13,068,538	5,483,505	4,912,052
Taxation	(3,070,914)	(910,619)	(975,188)
Profit for the year from continuing operations	9,997,624	4,572,886	3,936,864
Profit/(loss) for the year from discontinued operations	54,934	(227,113)	(90,771)
Non-controlling interest	2,251,109	661,620	713,682
Profit attributable to equity holders of the company	7,801,449	3,684,153	3,132,411
Balance Sheet			
Stated capital	1,008,450	1,008,450	1,008,450
Capital reserves	3,165,113	3,368,499	2,818,526
Revenue reserves	18,822,460	12,133,713	9,397,491
Non-controlling interest	4,832,992	3,603,439	3,078,520
Total equity	27,829,015	20,114,101	16,302,987
Property, plant & equipment	12,676,995	12,749,774	12,193,664
Investment property	2,400	2,400	2,400
Biological assets	393,305	311,612	221,125
Deposit on leasehold property	-	-	-
Capital work-in-progress	56,185	107,948	21,614
Intangible assets	646,488	373,182	390,480
Investments	6,417,902	2,738,087	1,399,139
Net current assets	10,700,020	6,515,992	4,514,714
	30,893,295	22,798,995	18,743,136
Deferred liabilities	(1,858,397)	(1,519,511)	(1,333,857)
Long-term liabilities	(1,205,883)	1,165,383	(1,106,292)
	27,829,015	22,444,867	16,302,987
Cash Flow Statement			
Net cash inflow/(outflow) from operating activities	2,377,786	2,573,654	8,117,296
Net cash inflow/(outflow) from investing activities	(6,069,149)	(1,968,921)	(1,166,628)
Net cash inflow/(outflow) from financing activities	(562,838)	(1,249,263)	(1,135,340)
Other Information			
Earning per share(Rs.)	20.58	9.72	8.26
Dividend per share(Rs.)	1.00	2.25	1.25
Net assets per share(Rs.)	60.66	43.55	34.89
Market capitalisation(Rs.Mn)	25,092.18	13,296.96	18,551.59
Interest cover(No.of times)	4.03	3.51	6.18
Current Ratio(No.of times)	1.43	1.28	1.21
Dividend cover(No.of times)	20.58	4.32	6.61
Price earnings ratio(No.of times)			
Ordinary	3.46	3.92	6.16
Non-voting(Class X)	2.41	2.57	5.13

		Re-classified				Restated
2020	2019	2018	2017	2016	2015	2014
SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
30,535,563	30,701,977	33,148,257	32,210,546	26,666,284	23,496,259	21,559,839
1,120,813	303,337	(251,921)	852,073	1,117,701	1,005,508	(832,986)
360,906	202,417	673,963	311,298	534,705	209,971	577,839
390,013	394,788	267,053	334,728	362,478	207,636	270,071
1,871,732	900,542	689,095	1,498,099	2,014,884	1,423,115	14,924
(535,597)	(40,428)	(491,865)	(384,066)	(366,777)	(397,697)	(72,047)
1,336,135	860,114	197,230	1,114,033	1,648,107	1,025,418	(57,123)
(256,735)	(402,784)	(575,123)	(227,116)	(14,273)	15,425	(1,069,716)
246,816	(25,909)	35,182	333,419	279,542	278,916	(155,126)
832,584	483,239	(413,075)	553,498	1,354,292	761,927	(971,713)
1,008,450	1,008,450	1,008,450	1,008,450	1,008,450	1,008,450	1,008,450
2,360,463	2,360,463	1,917,975	1,815,568	2,281,833	1,711,501	1,718,327
6,206,615	5,848,483	5,611,505	6,237,214	5,564,815	4,400,987	3,984,249
2,136,220	2,061,339	2,174,725	2,354,316	2,029,199	1,722,310	1,398,512
11,711,748	11,278,735	10,712,655	11,415,548	10,884,297	8,843,248	8,109,538
12,359,815	13,279,431	12,275,229	12,645,808	12,275,004	10,610,666	9,414,735
2,400	2,400	13,900	54,147	51,400	51,400	51,400
179,610	208,082	181,028	248,508	226,382	307,728	67,366
-	-	-	-	-	-	-
21,260	353,024	382,247	301,036	72,153	353,518	763,412
366,982	384,362	391,938	168,809	137,140	27,683	27,683
1,155,031	1,298,570	1,376,659	1,339,958	945,217	1,457,106	1,449,913
713,772	(1,004,411)	(785,319)	(1,124,166)	(1,929,784)	(2,084,183)	(2,158,904)
14,798,870	14,521,458	13,835,683	13,634,100	11,777,512	10,723,918	9,615,605
(1,411,812)	(1,274,866)	(1,280,408)	(431,580)	105,275	(773,775)	(648,946)
(1,675,310)	(1,967,857)	(1,842,620)	(1,786,972)	(998,490)	(1,106,895)	(857,121)
11,711,748	11,278,735	10,712,655	11,415,548	10,884,297	8,843,248	8,109,538
749,221	(1,713,963)	2,236,464	(132,541)	(451,359)	1,998,599	2,343,127
10,456	(1,315,568)	(2,368,100)	(353,331)	(1,436,441)	(1,420,071)	(1,219,656)
(618,235)	227,624	(297,636)	(246,839)	(2,473,931)	1,261,253	77,112
8.79	5.10	(4.36)	5.84	14.29	8.04	(10.25)
2.00	-	1.00	2.00	4.00	3.00	-
101.04	97.26	90.09	95.61	93.44	75.14	70.81
3,183.54	3,367.00	5,180.00	7,203.98	8,525.66	6,800.11	4,132.70
2.10	1.50	1.47	1.73	3.73	3.04	0.29
1.03	0.96	0.96	0.94	0.90	0.86	0.87
4.39	-	-	2.92	3.57	2.68	-
3.98	7.55	-	13.71	6.68	9.46	-
3.29	5.02	-	10.68	5.00	7.17	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixtieth Annual General Meeting of CIC Holdings PLC will be held on Friday the 30th day of June 2023 at 9.00 a.m. at the Auditorium of Commercial Bank of Ceylon PLC, Union Place Branch, Colombo 02 for the following purposes;

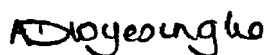
AGENDA

1. To receive and adopt the Statements of Accounts of the Company and of the Group for the year ended 31st March 2023 together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend as recommended by the Directors.
3. To re-elect as a Director, Mr S. H. Amarasekera who retires in terms of Article 25(6) of the Articles of Association of the Company.
4. To re-elect as a Director, Mr R. S. Captain who retires in terms of Article 25(6) of the Articles of Association of the Company.
5. To re-elect Ms K. D. Senewiratne who retires in terms of Article 25(2) of the Articles of Association of the Company.
6. To re-appoint Mr M. P. Jayawardena, who attained the age of 70 years on 2nd August 2022 by passing the following Resolution in terms of Section 211 of the Companies Act No. 7 of 2007,

"IT IS HEREBY RESOLVED that Mr. M. P. Jayawardena, who reached the age of 70 years on 2nd August 2022 be re-appointed a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specially declared that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. M. P. Jayawardena."
7. To re-appoint M/s. KPMG, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.
8. To vote a sum as donations.

By order of the Board of;

CIC HOLDINGS PLC



P W Corporate Secretarial (Private) Limited
Secretaries

02nd June 2023

Notes:

- A shareholder entitled to attend and/or vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to participate and/or vote on his/her behalf (as applicable) and Forms of Proxy are enclosed for this purpose.
- A proxy need not be a shareholder of the Company.
- 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.
- 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 not less than 48 hours before the time appointed for the holding of the meeting.
- Any Shareholder or Proxy holder attending the meeting is kindly requested to bring his/her National Identity Card or Passport for identification purposes.
- Health screening measures will be carried out and maximum safety precautions will be taken at the aforesaid venue and the Company will not be responsible for any negligence on the part of the Shareholders / Proxy holders.
- All the Shareholders or Proxy holders are kindly requested to wear a suitable face mask.
- Persons with respiratory infections of any type including a cough, cold, sore throat or exhibiting any other similar symptoms will not be permitted to enter to the Meeting.
- Any person not adhering to basic health and safety guidelines and standards, including wearing a mask and maintaining the minimum social distance required, will be requested to leave the Meeting.

FORM OF PROXY

Ordinary Shares

ANNUAL GENERAL MEETING

I/We.....

of

shareholder/shareholders of CIC Holdings PLC hereby appoint:

Shiran Harsha Amarasekera	or failing him
Rusi Sohli Captain	or failing him
Steven Mark Enderby	or failing him
Jitendra Romesh Gunaratne	or failing him
Mahinda Preethiraj Jayawardena	or failing him
Don Tibertius Sujeewa Handapangoda Mudalige	or failing him
Prawira Rimoe Saldin	or failing him
Kshenuka Dhireni Senewiratne	

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 2023 and at any adjournment thereof.

Signed this day of Two Thousand and Twenty Three.

.....
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 by 9.00 a.m. on 28th June 2023.

CIC House

199, Kew Road
Colombo 2

FORM OF PROXY

Non-Voting (Class X) Shares ANNUAL GENERAL MEETING

I/We.....

of

being a holder/holders of Non Voting (Class X) shares of CIC Holdings PLC hereby appoint:

Shiran Harsha Amarasekera	or failing him
Rusi Sohli Captain	or failing him
Steven Mark Enderby	or failing him
Jitendra Romesh Gunaratne	or failing him
Mahinda Preethiraj Jayawardena	or failing him
Don Tibertius Sujeewa Handapangoda Mudalige	or failing him
Prawira Rimoe Saldin	or failing him
Kshenuka Dhireni Senewiratne	

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 2023 and at any adjournment thereof.

Signed this day of Two Thousand and Twenty Three.

.....
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 by 9.00 a.m. on 28th June 2023.

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

K D Senewiratne

COMPANY SECRETARY

P W Corporate Secretarial (Private) Limited

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

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CIC Holdings PLC
“CIC House” 199, Kew Road, Colombo 02. Sri Lanka
www.cic.lk