

Envisioning a Greener



Tomorrow

CEYLON GRAIN ELEVATORS PLC
ANNUAL REPORT 2024

Contents

About the Report

Our Core Values	5
Our History	6
Group Structure	7
Historical Milestones	8
Our Product Portfolio	10
The Board of Directors	12

The Year at a Glance

Financial Highlights	16
Non-Financial Highlights	17
Socio-Economic Impact	18
Awards and Accolades	19
Chairman's Message	20
Chief Executive Officer's Review	22

Strategic Focus

Business Model	24
Stakeholder Engagement	26
Materiality Topics	29
Business Strategy and Resource Allocation	34

Management Discussion and Analysis

Operating Environment	40
Review of Group Operations	43
Financial Capital	51
Manufactured Capital	60
Intellectual Capital	64
Social and Relationship Capital	69
Human Capital	84
Natural Capital	96

Governance and Leadership

Corporate Governance Review	106
Approach to Sustainability and Commitment to SDGs	146
Sustainability and Climate-Related Risk Report	155
GRI Content Index	159
Sustainability Accounting Standards Board Index	164
SLFRS S1 and S2 Early Adoption	169

Financial Reports

Financial Calendar	171
Report of the Board of Directors on the State of Affairs of the Company	172
Statement of the Directors' Responsibility	175
Independent Auditor's Report	176
Statement of Profit or Loss and Other Comprehensive Income	180
Statement of Financial Position	181
Statement of Changes in Equity	182
Statement of Cash Flows	183
Notes to the Financial Statements	184

Investor Highlights and Information

Five Year Financial Summary	238
Statement of Value Added	239
Shareholder Information	240
Glossary of Financial Terminology	242
Notice of Meeting	244
Form of Proxy	247
Corporate Information	Inner Back Cover



Envisioning a Greener Tomorrow

At Ceylon Grain Elevators PLC, sustainability is the cornerstone of our mission to create a better future. Guided by innovative practices, we are transforming poultry farming to align with the principles of environmental stewardship. From adopting eco-friendly technologies to enhancing resource efficiency, our approach ensures that our growth contributes to the well-being of the planet. Beyond our operational commitments, we strive to enhance the communities and ecosystems that surround us. By fostering partnerships, promoting ethical farming practices and investing in local development, we ensure that progress benefits everyone. Together, we are not just working on the present we are envisioning a greener tomorrow.



About the Report

Ceylon Grain Elevators PLC (hereinafter referred to as “CGE Group” or the “Group”) has prepared and published this integrated annual report for the purpose of informing stakeholders regarding the Group’s performance and prospects.

The current report marks the 2nd integrated report published by the CGE Group since embarking on its integrated reporting journey in 2023. This report, along with all previous integrated reports, is available for viewing and download on our corporate website – <https://prima.com.lk/businesses/ceylon-grain-elevators/>.

There are no restatements pertaining to any of these previous reports.

This report is presented in an integrated format and illustrates the connection between the CGE Group’s strategy, business model, operating environment, material risks and opportunities, governance framework and overall operational and financial performance. By adopting this approach, the report provides a comprehensive perspective on the Group’s strategy and material risks, demonstrating how these factors are managed through the effective allocation of resources across various forms of capital.

Scope and Boundary

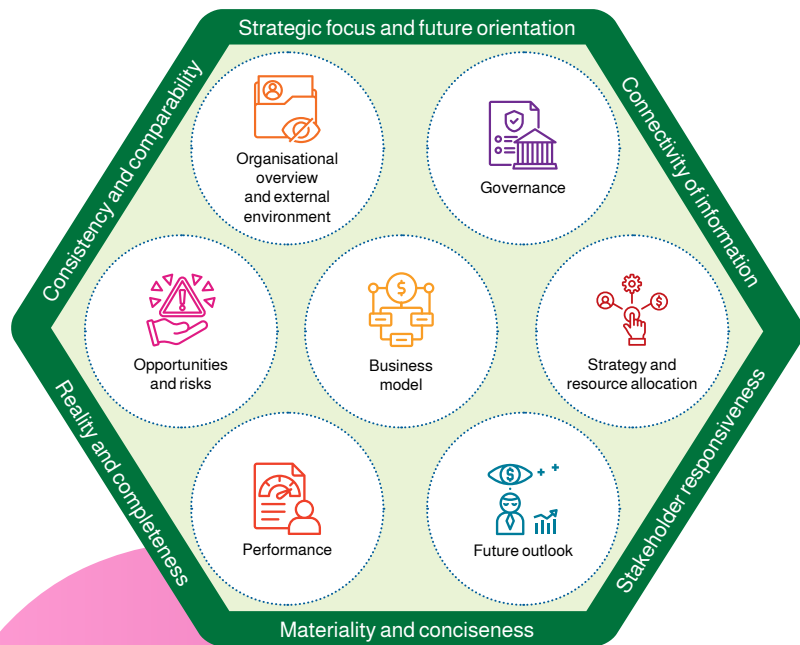
Both qualitative and quantitative information contained within the reports is for the period 1 January 2024 to 31 December 2024 which coincides with the Group’s financial reporting cycle (FY2024).

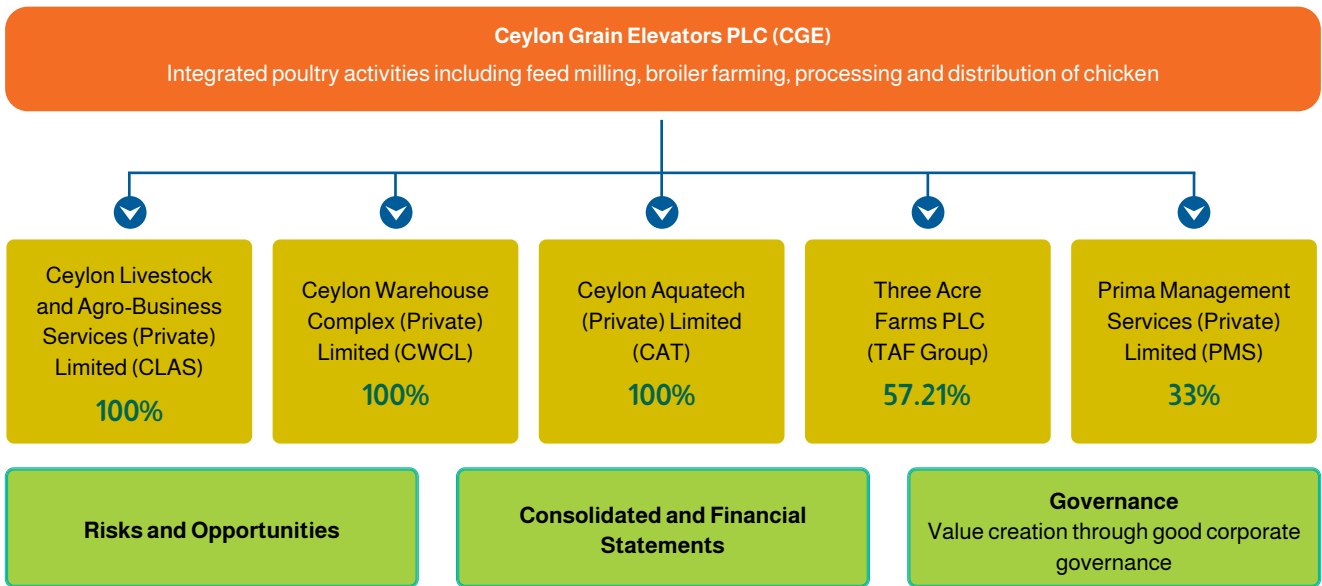
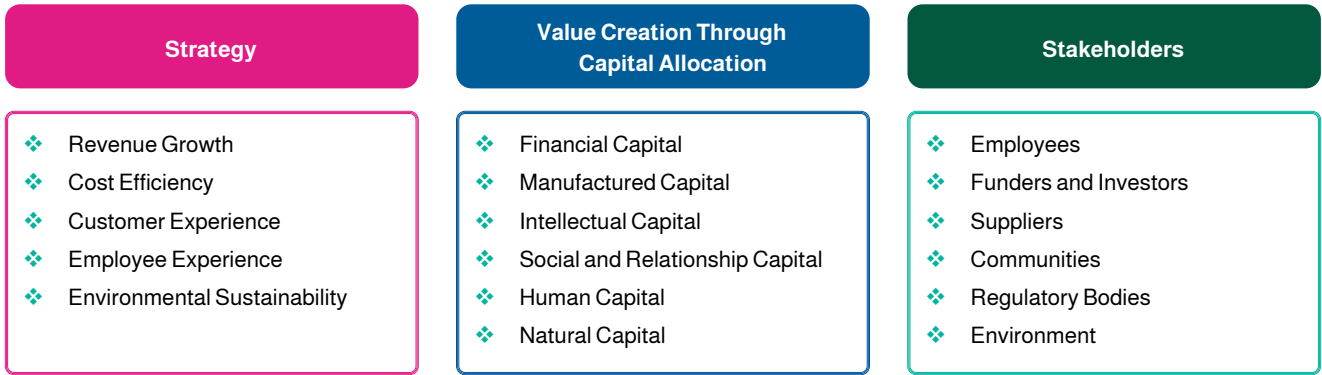
The overall boundary of this report covers the CGE Group’s operations across feed milling, chicken processing and breeder, broiler, to commercial farming.

Notable Improvements in the Integrated Annual Report FY 2024

- ❖ Greater clarity in the Value Creation Model defining business outputs and stakeholder outcomes along with links to SDGs.
- ❖ Adoption of the Double Materiality methodology to strengthen the Materiality determination process.
- ❖ Voluntary disclosures in line with GRI 13 Agriculture Aquaculture and Fishing Sectors 2022.
- ❖ Voluntary disclosure in line with SASB (Sustainability Accounting Standards Board) Meat Poultry and Dairy Standard.
- ❖ Inclusion of a dedicated section outlining the Group’s Approach to Sustainability to depict early adoption of SLFRS S1 and S2.
- ❖ Demonstrating greater transparency in resource allocation through the Six Capitals, including identifying risk impacts, value created and SDGs.
- ❖ Enhancement to the Risk Management Report with the inclusion of a dedicated section on Sustainability and Climate-Related Risk Report.
- ❖ Alignment with the new Governance rules issued by the CSE for listed entities.

The Guiding Principles and Content Elements









Materiality

The CGE Group has applied the double materiality methodology to identify and define the material topics that shape the report narrative. This approach considers both financial materiality how external factors impact the Group's performance, position and value creation and impact materiality, which assesses the Group's influence on the economy, environment and society.

The Materiality section on page 29 describes how Material Matters are identified, assessed and integrated in the Group's strategy in order to generate value to deliver positive outcomes for stakeholders.

About the Report

GRI 2-3

Transparency	Accountability	Governance	Sustainability
 <p>Integrated Report</p> <ul style="list-style-type: none"> ❖ IR Framework issued by the International Integrated Reporting Council. 	 <p>Financial Reporting</p> <ul style="list-style-type: none"> ❖ Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. ❖ Companies Act No. 7 of 2007. ❖ Listing Rules of the Colombo Stock Exchange. 	 <p>Corporate Governance</p> <ul style="list-style-type: none"> ❖ Code of Best Practice for Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka. ❖ Corporate Governance Requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE). 	 <p>Sustainability Reporting</p> <ul style="list-style-type: none"> ❖ GRI Universal Standards. ❖ GRI 13 Agriculture Aquaculture and Fishing Sectors 2022. ❖ SASB (Sustainability Accounting Standards Board) Meat Poultry and Dairy Standard. ❖ SLFRS S1 and S2 Guidelines. ❖ United Nations Sustainable Development Goals.

Assurance

GRI 2-5

The CGE Group has adopted the combined assurance approach where information obtained from both internal and external sources has been verified using the internal control framework, Board Committee assurance, compliance and internal audit reviews, as well as the services of independent external service providers supporting the accuracy and completeness of the disclosures contained within this report.

Messrs. KPMG Colombo Sri Lanka, Chartered Accountants have provided external assurances regarding the Financial Statements and other statutory financial disclosures of the Company and the Group.

Forward- Looking Statements

This report contains certain forward-looking statements with regard to the CGE Group's financial position, strategic objectives and growth prospects. Such

statements by their very nature, are often associated with risk and uncertainty as they relate to events that may or may not occur in the future. Therefore readers are cautioned that actual results or outcomes may differ materially from what was expressed or implied by forward-looking statements.

Disclaimer - The CGE Group considers all forward-looking statements contained herein to be valid as at the date of publication of this annual report and as such does not accept any obligation to revise or in any way update information expressed in such forward-looking statements.

Board Responsibility Statement

The Board of Directors of Ceylon Grain Elevators PLC take full responsibility for the integrity of this integrated annual report and assure all stakeholders that the report is an accurate representation of the performance and prospects of the Group for FY 2024.



Feedback and Queries

GRI 2-3

The Group welcomes feedback and queries regarding this report as part of the overall approach to improving the quality of content and disclosures in future reports. In this regard, readers are encouraged to direct their responses to:

Ceylon Grain Elevators PLC,
No.15, Rock House Lane,
Colombo 15, Sri Lanka.

Tel : +94 11 2522556 or 8 /
2523580 / 2526378 to 2526383

Fax : +94 11 2524163
info.cge@prima.com.lk.

Our Core Values

Our Vision

To achieve complete poultry integration synergies, ultimately gaining export market competitiveness.

Our Mission

To tap and harness business opportunities by expanding into various vertical integration projects. This will lead to increase in Agriculture, Aquaculture and Livestock production, thus encouraging national progress through nutritious protein-rich food to the people of this Nation.

Corporate Goals

In line with our Chairman’s directives and the Prima Group’s corporate philosophy, we will continue to grow steadily in our primary activities with the ultimate goal of reaching the status of an integrated feed milling business.

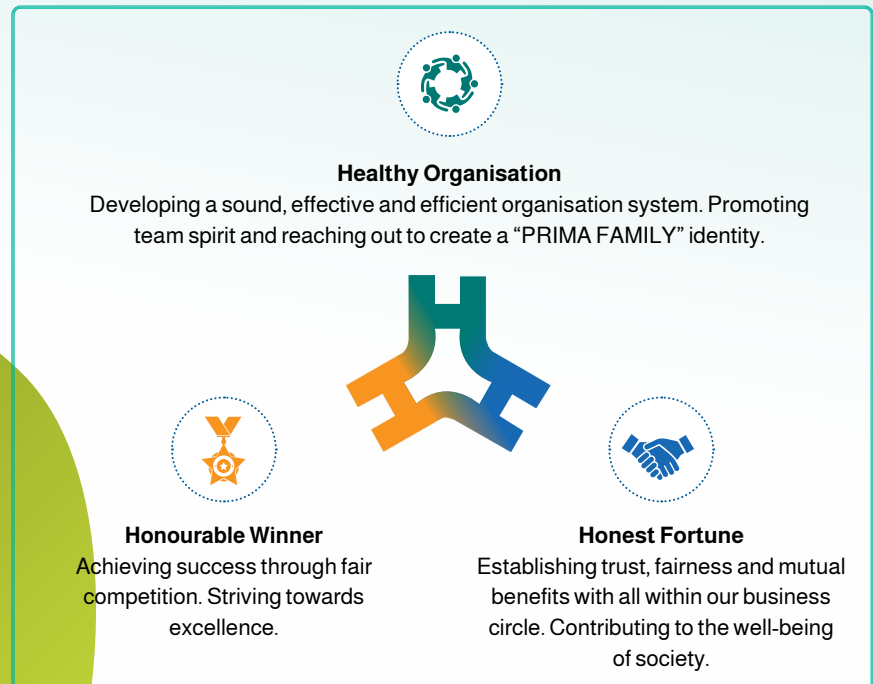
Our future expansion plans shall be within our management capability and financial resources.

To establish “PRIMA” and “FARMERS’ CHOICE” as a brand name synonymous with the very best in high quality products.

To establish high standards of good corporate governance, improve transparency and the standards of accountability to shareholders.

Corporate Philosophy

Our Corporate philosophy is centred upon the 3H principles of building a Healthy Organisation, being an Honourable Winner and making an Honest Fortune. This business philosophy is derived from our Immediate Holding Company, Prima Limited of Singapore.



Our History

GRI 2-1

The corporate journey of Ceylon Grain Elevators PLC (CGE) commenced way back in December 1982, when the Government of Sri Lanka and Prima Limited of Singapore inked an agreement beginning a partnership that has endured over four decades of yeoman service to the poultry industry in the country.

Today, CGE is the largest operator in the poultry industry of Sri Lanka, establishing six subsidiary companies operating not only in the field of poultry, but also offering products and services in diverse fields.

CGE and the companies under its umbrella manufacture and distribute a wide range of feeds under the “PRIMA” and “FARMERS’ CHOICE” brands. They also operate poultry and hatchery breeder farms, commercial poultry farms and also engage in the processing, packaging and retailing of poultry meat products, the import and

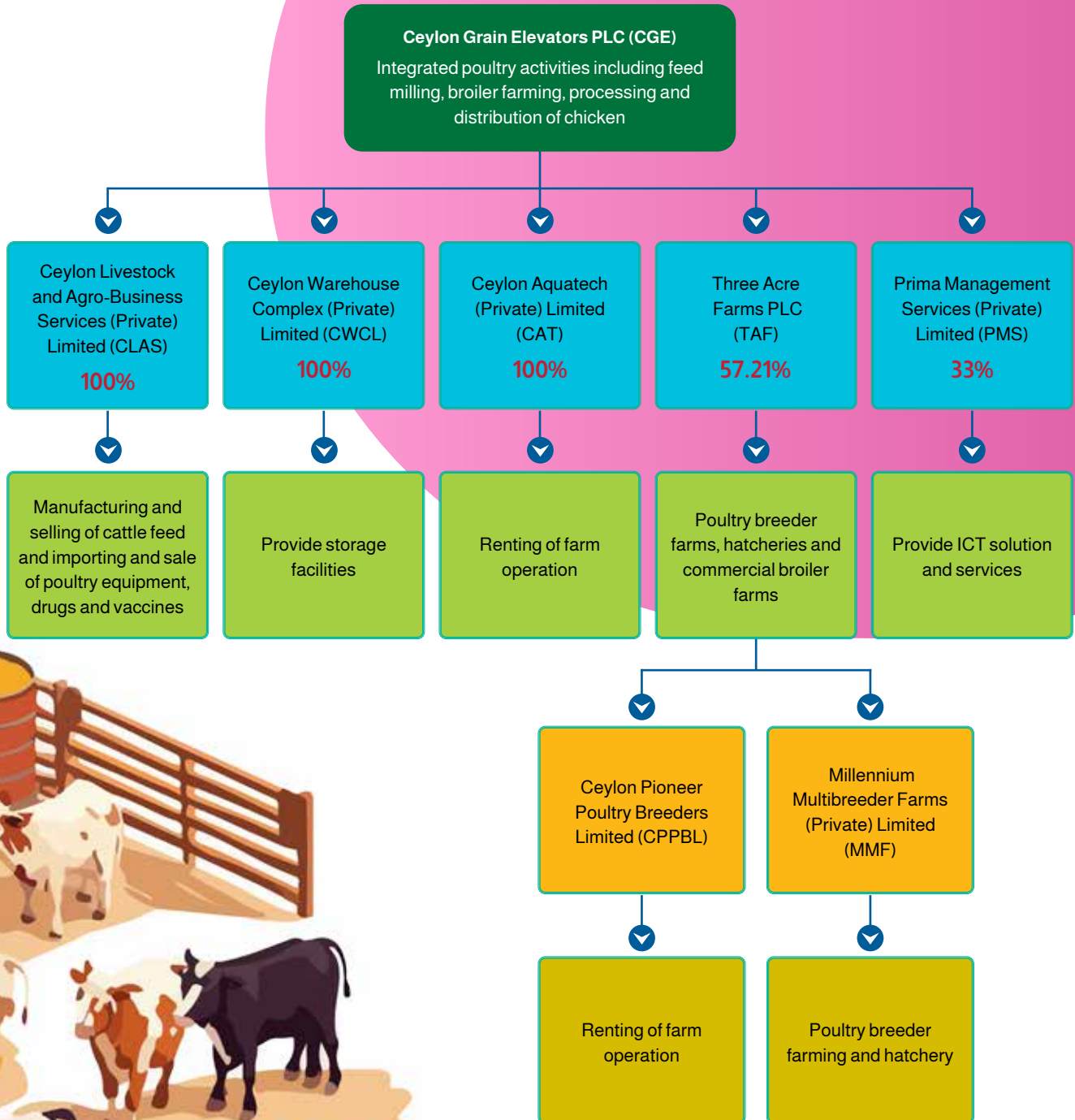
sale of poultry equipment, veterinary products, provide warehouse facilities, produce aqua feed and provide a state-of-the-art laboratory and consultancy service to customers and farmers throughout the Island.



Group Structure

GRI 2-2

The Financial Reporting as well as Sustainability Reporting of the Group for the year ended 31 December 2024 comprise the Company and its subsidiaries and the Group's interest in associate, as mentioned below.



About the Report

The Year at a Glance

Strategic Focus

Management Discussion and Analysis

Governance and Leadership

Financial Reports

Investor Highlights and Information

Historical Milestones

2007

- ❖ Commencement of Environment-Controlled House projects at Commercial Farms

2009

- ❖ Implementation of ERP System

2010

- ❖ ISO Quality Management System certification (ISO 9001: 2008)

2006

- ❖ Investment in Prima Management Services (Private) Limited, an Associate Company of CGE

- ❖ Addition of a new feed mill line

2013

2003

- ❖ Acquisition of Hijra Farms

1999

- ❖ Incorporation of Millennium Multibreeder Farms (Private) Limited, a wholly-owned subsidiary of TAF
- ❖ First commercial shrimp feed plant established in Sri Lanka. Launched "PRIMA SUPER SHRIMP FEEDS"
- ❖ Construction of New Silos - CWCL

1984

- ❖ The Company was listed on the Colombo Stock Exchange
- ❖ First invoiced sale of Animal Feed

1982

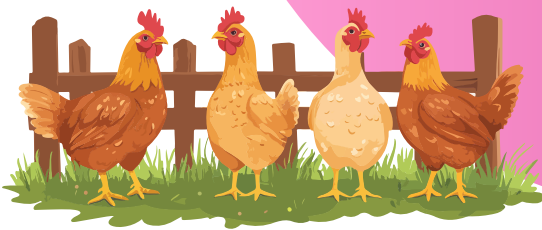
- ❖ Incorporation of Ceylon Grain Elevators

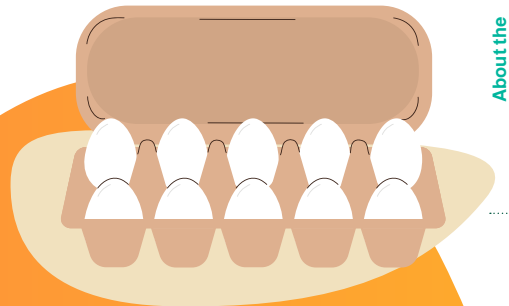
1987

- ❖ Breeder Farm Project at Kosgama commenced production of Commercial Day-Old Chicks

1991

- ❖ Investment in the equity of Ceylon Livestock and Agro-Business Services (Private) Limited which undertakes trading activities





2018

- ❖ Construction of state-of-the-art cold room in Poultry Processing Plant
- ❖ Freehold ownership of Ittapana land to increase the capacity of Breeder Farms

2019

- ❖ Installation of Corn Dryer
- ❖ Chicken Processing Plant at Seeduwa obtained BOI Status

2017

- ❖ Fully taking over the operation of poultry processing plant



- ❖ Acquisition of Bulathsinhala and Halwathura Farms

1995

- ❖ Ceylon Aquatech (Private) Limited was incorporated to venture further into integrated shrimp business

1994

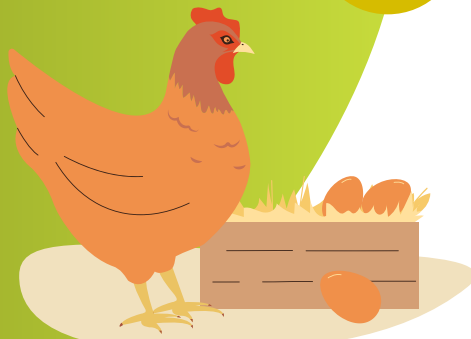
- ❖ Incorporation of Ceylon Warehouse Complex (Private) Limited (CWCL), a wholly-owned subsidiary of CGE
- ❖ Bonus issue of 1-for-2 share capitalising Rs. 150.0 Mn from share premium
- ❖ Rights issue of 15.0 Mn ordinary shares at a premium of Rs. 15/- per share to raise CGE's issued capital to Rs. 600.0 Mn

1996

- ❖ Agreement signed between SLPA and CWCL to reclaim land from the seabed at Mutwal, adjacent to CGE factory
- ❖ CGE Shares were introduced to the Central Depository System at the Colombo Stock Exchange
- ❖ Bonus issue of 1-for-3 share capitalising Rs. 50.0 Mn from capital reserves
- ❖ Rights issue of Rs.10.0 Mn ordinary shares for a premium of Rs. 35/- per share raising CGE's capital to Rs. 300.0 Mn
- ❖ Acquisition of Three Acre Farms Limited (TAF)

1993

- ❖ Incorporation of Ceylon Pioneer Poultry Breeders Limited, a wholly-owned subsidiary of TAF



1998

1992

Our Product Portfolio

GRI 2-1

The nutrition value along with competitive price is the main reason for the increased demand in chicken every year. Thus, we guaranteed the nutrition value of Prima Chicken as we are the pioneer in the integrated poultry business. With the increase in demand over the last few decades the consumer preferences have also evolved. In order to meet these customer expectations value-added poultry products have been introduced in frozen and chilled forms.

Augmented with five key attributes and available in a wide array of products to suit modern lifestyles, Prima Chicken provides goodness to everyone.



Feed

Recognised as a pioneer in the feed manufacturing sector, CGE specialises in producing a range of feed products to our customers. We provide a wide variety of feed ranging from poultry feed, cattle feed, horse feed and aqua feed.

Poultry feed, the highest volume contributor, consists of three sub-categories of feed consisting of broiler feed, layer feed and breeder feed. Broiler feed is the highest volume contributor. Over the years, we have focused on enhancing the cattle feed range to meet the dynamic needs of the market.

Chicken

Chicken is considered a source of vital protein and nutrition. The nutrition value of Prima Chicken has been guaranteed as we are the pioneer in the integrated poultry industry.



Day-Old Chicks

The 'Farmers' Choice' brand is synonymous with high quality and is recognised as the preferred brand among farm animals who are bred across the island. Broiler and layer chicks are provided under Prima quality chicks and have been recognised and well-accepted in diverse sectors.



Poultry Equipment, Drugs and Vaccines

CGE, with the objective of expanding its product portfolio, ventured into the supply of high quality poultry vaccines, medicines and equipment. To fill a market gap in the fast - developing poultry industry, the Company partnered with world leading poultry vaccines and manufacturers such as Elanco Animal Health, USA, and medicines from Better Pharm Co. Ltd, which is a reputed Southeast Asian brand. The Company has strengthened its product portfolio further with the distribution of specialised poultry equipment.



Warehousing Facility

The Company hires its warehouse and storage space to third parties. Our warehousing and silo facilities are built with the aim of preserving the quality of materials.



Laboratory Services

We possess a state-of-the-art laboratory and offer consultancy services to customers and farmers throughout the island in order to develop and build the poultry industry know-how of the country.



Board of Directors

Mr. Wickrema Senaka Weerasooria

Non-Executive Chairman

Mr. Wickrema Senaka Weerasooria was appointed as a Non-Executive Independent Director with effect from 15 January 2015, and was subsequently appointed as the Non-Executive Independent Chairman of the Board with effect from 25 February 2015. Commencing from 1 January 2025 his capacity of directorship has been changed as a Non-Executive Chairman.

Mr. Wickrema Senaka Weerasooria holds a Masters in Information Technology (University of Canberra, Australia), a Graduate Diploma in Commercial Law (Australian National University) (ANU) and a Bachelor of Science (ANU).

He is the Chief Executive of Genesiis Software (Private) Limited and FINCO Technologies (Private) Limited and the Chairman of WealthTrust Securities Limited.

Prior to his employment in Sri Lanka he was a Manager / Consultant at several Australian public sector agencies including the Department of Primary Industry, Department of Education and Department of Foreign Affairs and Trade.

Mr. Cheng Chih Kwong

Executive Director and Chief Executive Officer

Mr. Cheng Chih Kwong is the Chairman and Chief Executive Officer of Prima Limited Group of Companies. He was also Chairman and Chief Executive Officer of Ceylon Grain Elevators PLC and its subsidiaries since 1998 until he relinquished his Chairmanship position on 25 February 2015. He continues to be the Executive Director and Chief Executive Officer of the Company. He is a Certified Practising Accountant (CPA) – Australia and also holds a Diploma in Business Studies.

Mr. Bernard Cheng Koh Chuen

Non-Executive Director

Mr. Bernard Cheng Koh Chuen has been a Director of the Company with effect from 1 August 2012. He also serves as an Executive Director of Prima Limited.

He holds a Bachelor of Science in Business Administration and also an MBA from the University of Southern California.

Mr. Cheng Eng Loong

Non-Executive Director

Mr. Cheng Eng Loong has been a Director of the Company with effect from 1 August 2012.

He holds a Bachelor of Science Degree majoring in Biochemistry and Chemistry from the National University of Singapore.

Dr. Prathap Ramanujam

Non-Executive Independent Director

Dr. Prathap Ramanujam was appointed as a Non-Executive Independent Director of the Company with effect from 7 August 2018.

Dr. Prathap Ramanujam was until recently Chairman of Pan Asia Power PLC and has extensive experience in the public sector. During the last 14 years in the Public Sector, he was the Permanent Secretary to several Ministries and was responsible for the establishment of the Secretariat for Infrastructure Development and Investments (SIDI) which was instrumental in initiating the first mini hydro project as a Public Private sector project as far back as 1993.

Dr. Ramanujam has previously served on the Boards of several financial services institutions including the National Savings Bank, the State Mortgage and Investment Bank and Senkadagala Finance PLC during his career. He currently serves as a Director of Three Acre Farm PLC and Iconic Development (Private) Limited. He also served as a Director in Panasian Power PLC, Manelwela Hydro Power (Private) Limited, Panasian Investment (Private) Limited, Paddyapallela Hydropower (Private) Limited and associated companies. Dr. Ramanujam is currently Chairman of Senfin Asset Management (Private) Limited. He is also Senior Advisor to the Director General of International Water Management Institute (IWMI). Dr. Ramanujam serves as an independent civil society member of the Constitution Council appointed in January 2023.

Dr. Ramanujam has a First Class B.Sc. (Hons.) Degree from the University of Peradeniya, Sri Lanka, an Msc. Degree in Economics from the University of Bristol, UK and a PhD in Economics from the Australian National University, Canberra, Australia. He worked as a Post-Doctoral Fellow at the Faculty of Economics at the University of Glasgow UK.

He resigned from his Directorship for the Company with effect from 31 December 2024.

Mr. R. N. Asirwatham

Non-Executive Independent Director

Mr. Rajan Asirwatham was appointed as a Non-Executive Independent Director of the Company with effect from 8 May 2019.

Mr. Rajan Asirwatham, who is a distinguished accounting professional, was a Senior Partner and Country Head of KPMG from 2001 to 2008. Mr. Asirwatham is a fellow Member of the Institute of Chartered Accountants of Sri Lanka. He was also the Chairman of the Steering Committee for the Sustainable Tourism Project funded by the World Bank for

the Ministry of Tourism and was also a Member of the Presidential Commission on Taxation, appointed by His Excellency the President.

He has held a number of important positions in the public sector and with professional organisations. He presently holds the directorships of Browns Beach Hotels PLC, Dilmah Ceylon Tea Company PLC, Mercantile Merchant Bank Limited, Renuka Hotels (Private) Limited, Vallibel One PLC, Yaal Hotels (Private) Limited, Aitken Spence PLC, Aitken Spence Hotel Holdings PLC and Three Acre Farms PLC. Moreover, he holds the Board memberships of S. W. R. D. Bandaranaike Memorial Foundation and Lakshman Kadirgamar Institute of Strategic Studies.

He resigned from his Directorship for the Company with effect from 31 December 2024.

Mr. Damrong Valentino Yap Tiong Seng

Executive Director and Group General Manager

Mr. Valentino Yap joined Prima Group on 2 October 2023 as the Group General Manager heading the Sri Lanka business operation. He has more than 2 decades of Senior Management experience and has served in the capacities of Head of International, Chief Representative (International), Vice President (South East Asia), General Manager (Asia) and Head of Industry Cluster (Global) across different industry groups.

Mr. Yap has previous experience in Public Private Partnership (PPP) Projects, Head of Industry Cluster and Government procurement and also as Head of Global Power Zone in multinational public listed and government linked companies.

He holds an MBA (University of Birmingham, UK), being awarded with various professional certification in Advanced Robotics in Manufacturing (National University of Singapore),

Data Analytics (National University of Singapore), Human and Automated Managerial skills (National University of Singapore), Internet of Things (IoT) (Curtin University), Micro-Systems Packaging (Institute of Microelectronics), Agile innovation (ESSEC Business School), Government Procurement (Singapore Civil Service College), Media Management (Institute of Public Relations of Singapore) and has successfully completed Practical Thinking Skills (Hong Kong Polytechnic University).

He resigned from his Directorship and Group General Manager for the Company with effect from 3 June 2024.

Mr. Timothy Allan Brent Speldewinde

Non-Executive Independent Director

Mr. Timothy Speldewinde was appointed as a Non-Executive Independent Director of the Company with effect from 1 January 2025.

Mr. Timothy Speldewinde is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Chartered Institute of Management Accountants, UK.

He possesses wide experience in managing local as well as international facilities and has been an integral member of the MAS Group for over 25 years. He served as the CEO of Stretchline Holdings headquartered in Hong Kong, with manufacturing facilities in Sri Lanka and overseas.

He currently serves as an Independent Non-Executive Director of Hayleys PLC and Haycarb PLC where he also serves on the Board Sub Committees. He also serves as an Independent Non-Executive Director and Audit Committee Chairman of The Kingsbury PLC, Horana Plantations PLC and WealthTrust Securities Limited. Mr. Speldewinde is a consultant to the Board. He serves as an Independent Non-Executive Director of Hayley's Fabric's PLC and Dipped Products PLC.

Mr. Indrajit Asela Wickramasinghe

Non-Executive Independent Director

Mr. Indrajit A. Wickramasinghe was appointed as a Non-Executive Independent Director of the Company with effect from 1 January 2025.

Mr. Indrajit A. Wickramasinghe was the former Director / Chief Executive Officer of Union Bank for over nine years up to his retirement on 15 August 2024. He counts over 35 years of management experience having worked in both the financial services and FMCG sectors in local and multinational companies. He holds a MBA from the University of Sri Jayawardenepura, and is a Fellow of the Chartered Institute of Marketing UK. He has been exposed to Executive Education Programmes at the National University of Singapore, The Said Business School of the University of Oxford UK and INCEAD (France). He is a member of the Oxford Business Alumni, University of Oxford, UK.

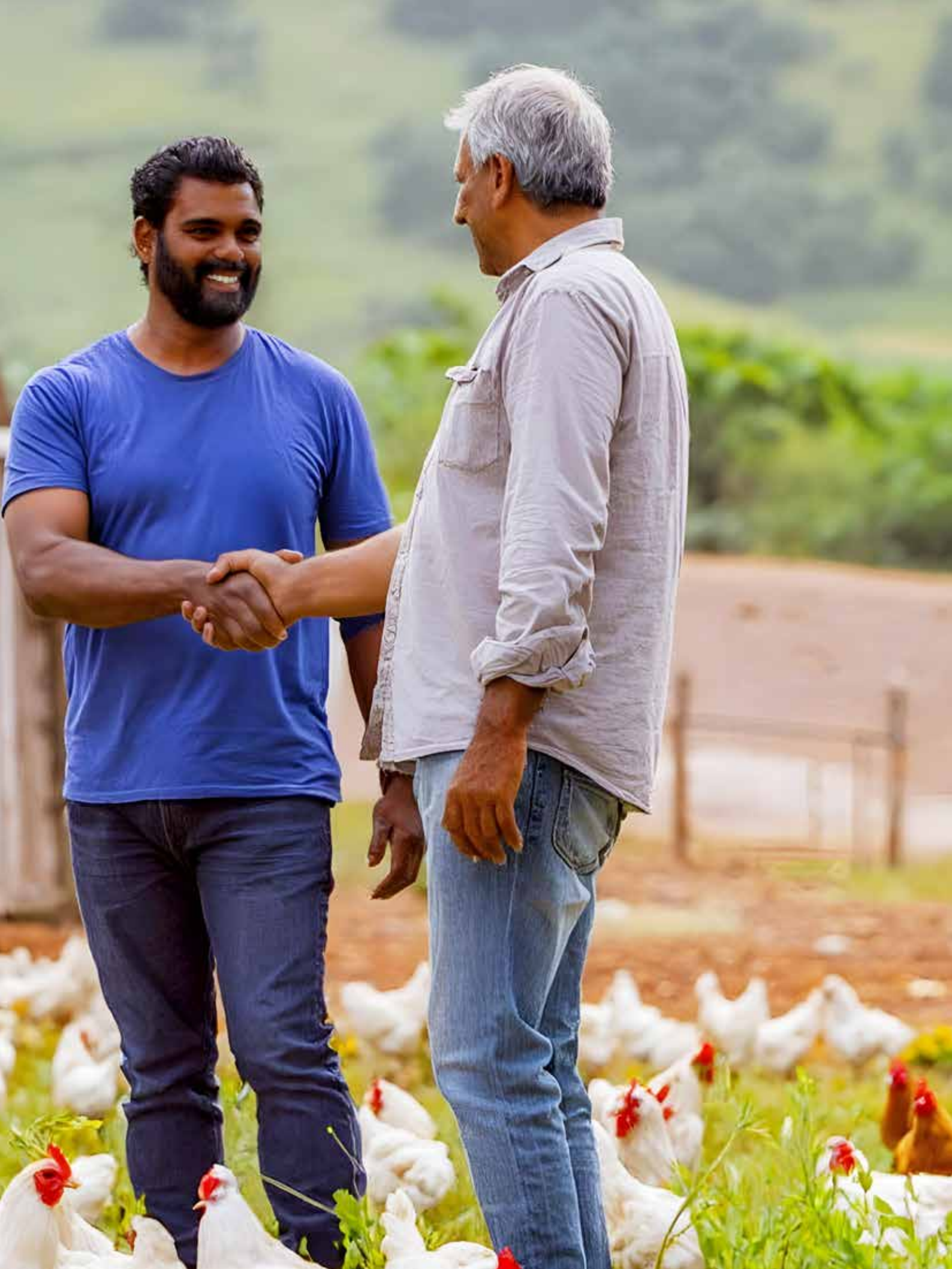
Prior to his appointment as Director / CEO of Union Bank, he served as the Chief Operating Officer of NDB Bank where he was responsible for all business areas including Retail Banking, Corporate Banking, SME Banking and Project Finance. Prior to joining the financial services sector, he was with the leading Multinational Company Reckitt and Colman where he held numerous senior management positions.

Mr. Wickramasinghe has also served on a number of boards as an Executive Director and Non-Executive Director. He was the Chairman of the Financial Ombudsman Sri Lanka (Guarantee) and a Director of the Credit Information Bureau of Sri Lanka.

He currently also serves on the boards of NDB Securities (Pvt) Ltd, Fintrex Finance Ltd and Overseas Realty Ceylon PLC. Mr. I. A. Wickramasinghe has been appointed to the Boards of AIA Insurance PLC, Three Acre Farms PLC and C. W. Mackie PLC, effective January 2025.

Envisioning
further
efficiency

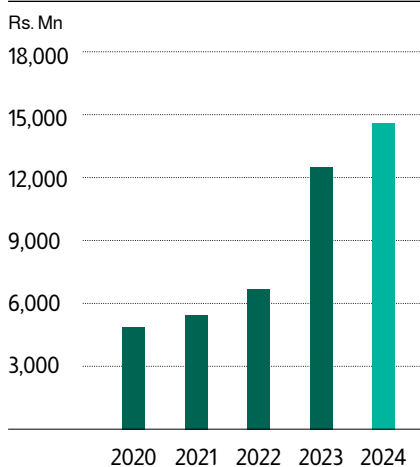




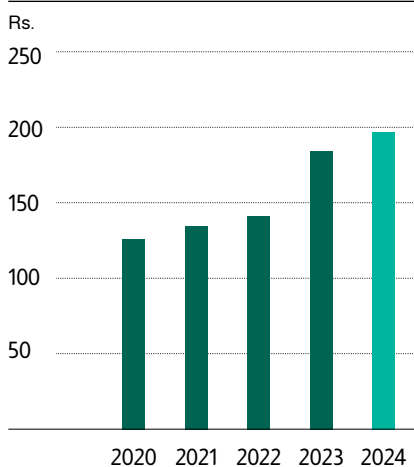
Financial Highlights

		Group		
		2024	2023	Change
Operating Results				
Revenue	Rs. Mn	23,993.3	19,594.9	22%
Profit for the year	Rs. Mn	3,144.9	4,047.9	-22%
Earnings per share (EPS)	Rs.	40.28	49.61	-19%
Return on shareholders' fund (ROE)	%	20.90	31.77	-34%
Financial Position Strength				
Total assets	Rs. Mn	23,105.3	18,908.0	22%
Total debts	Rs. Mn	-	-	0%
Shareholders' fund (equity)	Rs. Mn	15,583.4	14,513.7	7%
No. of shares in issues	Mn	60.0	60.0	0%
Net assets per share	Rs.	197.31	141.39	40%
Current ratio	No. of times	3.08	4.81	-36%

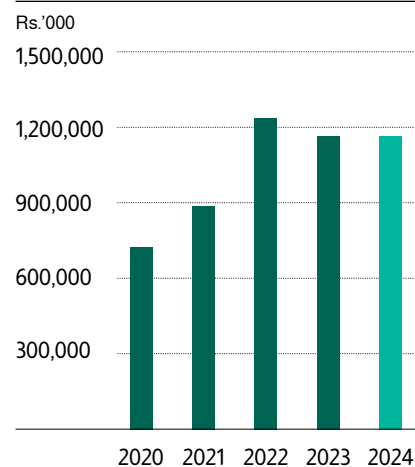
Value-Added



Net Assets Per Share



Net Cash Used in Investing Activities



Non-Financial Highlights



174,460
(179,432 - 2023)
decreased by 3%
Non Hazardous Waste (kg)



1.66 GJ
(1.47 GJ - 2023)
Non-renewable energy
consumption to generate one million
turnover



0.52tCo₂e
(0.69 tCo₂e - 2023)
decreased by 25%
Carbon emission to generate one
million turnover



18.94m³
(19.96m³ - 2023)
decreased by 5%
Water consumption to generate one
million turnover



94.5%
(93.52% - 2023)
Customer satisfaction Index (Feed)



Poultry Litter 100%
Converted to compost to be used as
organic fertiliser



ZERO
Incidents of Discrimination



ZERO
Fatalities



29%
Female employees as a percentage
of total employees



95.51%
(94.82% - 2023)
Customer satisfaction index
(Chicken)



81%
Employee Satisfaction
Index



ZERO
Whistle-blower cases



ZERO
Hazardous



8.2%
Staff attrition

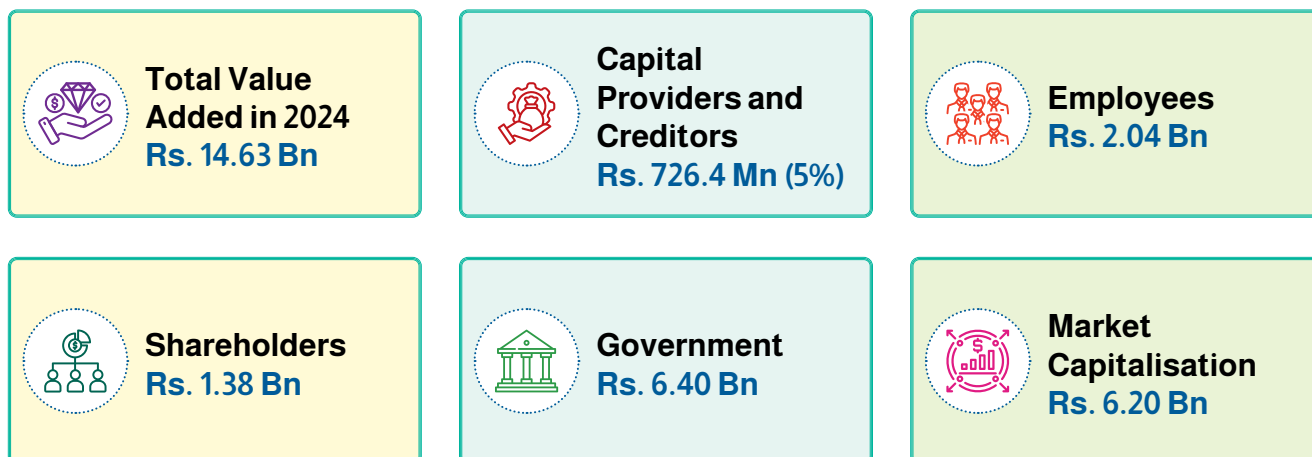


4,524
Total training programmes

Socio-Economic Impact



CGE is committed to creating lasting socio-economic value that extends beyond our core operations. Our contributions positively impact employees, the government, capital providers and shareholders, reinforcing our role as a key driver of sustainable growth. A significant portion of the value generated in 2024 was distributed among employees through wages and benefits, while a substantial share was contributed to government revenue through taxes. Additionally, returns to capital providers and creditors, along with dividends to shareholders, reflect our commitment to financial sustainability. Our strong market capitalisation further underscores investor confidence in our long-term growth and stability.



Awards and Accolades



It is truly inspiring to witness our continuous efforts in enhancing the transparency and quality of the Group's reporting suite being recognised on a prestigious platform. At the TAGS Awards 2024, the Ceylon Grain Elevators PLC Annual Report 2024 was honoured with the Bronze Award in the Food and Beverage sector, a testament to our commitment to excellence in corporate reporting. This recognition reinforces our dedication to upholding the highest standards of transparency, accountability and stakeholder communication.

Chairman’s Message

GRI 2-22

“During the year we successfully enhanced revenue by targeting new key customers through tenders and bidding processes. Moreover, we expanded revenue not only in poultry but also in animal and aqua feed, while achieving greater market coverage compared to the previous year. This was supported by continued commitment to maintaining high quality and adopting an effective pricing strategy.”

It gives me great pleasure to present the Annual Report and the Audited Financial Statements for the financial year ended 31 December 2024.

This year marks a notable milestone as we continue our journey of enhanced transparency and accountability. It is with great pride that I highlight this as our second consecutive Annual Report prepared in accordance with the Global Reporting Initiative (GRI) framework, reflecting our commitment to Environmental, Social, and Governance (ESG) principles. By adopting this internationally recognised framework, we aim to present a balanced and objective view of our sustainability efforts and the strategic integration of ESG practices into our business operations.

Resilience amidst transformation

The operating landscape in 2024 presented a complex interplay of challenges and opportunities. On a broader scale, the Sri Lankan economy continued to indicate signs of gradual stabilisation, supported by improvements across key sectors. The agriculture sector

demonstrated resilience, contributing approximately 8% to the economy as a share of national GDP, although impacted by unpredictable weather patterns that affected harvest and created supply constraints. The Sri Lankan Rupee recorded a notable appreciation of approximately 9.6% against the US Dollar in 2024 from Rs. 324/- in 2023 to Rs. 293/-. This currency appreciation provided some relief to import-related cost pressures, contributing positively to the overall operating environment. Meanwhile, the tourism sector recorded an increase in tourist arrivals, rising from 1.5 Mn to 2.0 Mn during the year, and foreign worker remittances also sustained a growth throughout the year. These positive trends contributed to strengthening consumer income and the country’s overall economic resilience.

Key Financial Highlights

The Group delivered a robust financial performance in FY 2024, with revenue expanding by 22% to Rs. 23,993 Mn, up from Rs. 19,595 Mn in 2023. Growth was driven primarily by the Milling and Farming segments, which contributed 84% Rs. 20,137 Mn of the total revenue.

During the year we successfully enhanced revenue by targeting new key customers through tenders and bidding processes. Moreover, we expanded revenue not only in poultry but also in animal and aqua feed, while achieving greater market coverage compared to the previous year. This was supported by continued commitment to maintaining high quality and adopting an effective pricing strategy. Furthermore, the continued contribution from Layer Day-Old-Chicks (DOCs) further strengthened the Group’s revenue. However, the excess supply in the chicken market, along with increased consumer price sensitivity, exerted considerable pressure on the Chicken and Broiler DOC segments.

The Group’s net profit declined by 22% due to the absorption of increased Value Added Tax (VAT) costs amounting to approximately Rs.742 Mn. In addition, the

removal of tax exemptions on agro-farming activities further impacted the Group’s profitability.

Dividend

The Board continued to uphold its commitment to give consistent returns to shareholders by declaring a dividend of Rs. 23.00 per share, marking a substantial increase from Rs. 18.00 per share in 2023. This outcome reflects the Board’s continued dedication to preserving shareholder value and meeting stakeholder expectations.

Share Performance

Amidst the resurgence of activity in Sri Lanka’s equity market the Company’s share price demonstrated resilient performance throughout the year fluctuating within a bandwidth of Rs. 27.50, reaching its highest market price of Rs. 195.00 and recording the lowest of Rs. 167.50 in 2024. The year concluded with a last traded price of Rs.189.50.

Commitment to the Sustainability through “Envisioning a Greener Tomorrow”

“Envisioning a Greener Tomorrow” defines the spirit of our journey towards a more sustainable future. During this year, we accelerated our ESG initiatives to focus on waste management, carbon footprint reduction, and responsible feed sourcing while underscoring our commitment to specific Sustainable Development Goals (SDGs).

We made significant strides in aligning our operations with the SLFRS S1 and S2 standards ahead of their mandatory deadline in 2025. Further, we adopted the Sustainability Accounting Standards Board (SASB) framework for the first time in 2024. This marks a significant milestone in our sustainability journey.

The Board established the Sustainability Committee and the Sustainability Management team assigned it the responsibility of integrating these standards into our operations. To facilitate the systematic implementation of these standards, we developed a comprehensive Sustainability Roadmap outlining the key steps and milestones for successful adoption. This was accompanied by a series of training and capacity building initiatives to enable internal teams to gain more clarity regarding the standards and understand the importance of timely implementation.

We continue to drive positive changes together, shaping a sustainable future through our theme Envisioning a Greener Tomorrow.

Empowering Communities through Sustainable Development

Our commitment to corporate social responsibility (CSR) is deeply rooted in our mission to foster sustainable development and empower the communities. We contributed to improving educational infrastructure and essential school supplies to the government primary school Vithanagama Vidyalaya in Ayagama under our flagship project “Empowering Tomorrow’s Children”. We also encouraged the growth and empowerment of the younger generation by sponsoring school sports events and New Year festivals, promoting teamwork and community spirit. Our commitment to preserving cultural heritage was demonstrated through our support for several religious and cultural events throughout the year. Additionally, we contributed to the well-being of local communities by supporting local farmers with food donations and enhancing rural accessibility through the construction of a new bus shelter in Rajalimanana Village and repairs to the access roads in Hijra A.

Changes to the Board

The Board underwent key changes in FY 2024. Mr. Damrong Valentino Yap Tiong Seng resigned from his role as Executive Director & Group General Manager on 3 June 2024. I would like to take this opportunity to extend my sincere appreciation to Mr. Yap Tiong Seng for his valuable contributions.

In line with the revised Listing Rules of the Colombo Stock Exchange, which state that directors over seventy years can no longer be considered independent after 31 December 2024, we bid farewell to Mr. R. N. Asirwatham and Dr. Prathap Ramanujam. The Board wishes to express its heartfelt gratitude for their significant contributions over the years.

As we transition into the future, we are pleased to welcome Mr. Timothy Allan Brent Speldewinde and Mr. Indrajit Asela Wickramasinghe, both appointed as Non-Executive Independent Directors with effect from 1 January 2025. Their wealth of experience and industry insights will undoubtedly strengthen the Board’s leadership and governance capabilities, ensuring the continued success of the Group.

Outlook and Prospects

Looking ahead, I remain optimistic that the Sri Lankan economy will strengthen its macroeconomic stability as the Government continues to implement necessary fiscal reforms, manage inflationary pressures, and progress with debt restructuring under the International Monetary Fund (IMF) programme.

We anticipate growing demand for poultry products, driven by the continued expansion of the tourism and hospitality industries, improved worker remittances, and proposed salary increases for government employees. Additionally, export market opportunities present

significant growth potential for the poultry industry with the expectation of positive support from the government. It is anticipated that the authorities will grant the permits to import maize in a timely manner to overcome the challenges that the industry is facing due to the shortage of key raw materials. In response to these evolving market conditions, we remain committed to strengthening our resilience and reinforcing its sustainability and climate risk management framework, ensuring long-term, sustainable growth for the future.

Appreciations

I would like to take this opportunity to express my heartfelt gratitude to the Group team. Their dedication, expertise, and commitment have been the key pillars underpinning our achievements to-date. I also extend my sincere appreciation to our business partners, whose unwavering collaboration has helped strengthen the Group’s market position and growth trajectory.

Before I conclude, a special note of thanks to my fellow Board members for their invaluable guidance and steadfast support. On behalf of the Board, I also wish to convey our deep appreciation to our shareholders, customers, suppliers for their continued trust and confidence. As we move forward, we remain committed to delivering long-term value and sustainable growth, and we look forward to your continued support on this journey.

Wickrema Senaka Weerasooria
Non-Executive Chairman

Chief Executive Officer's Review

“At CGE Group, we remain committed to enhancing transparency and accountability in sustainability reporting. In 2024, we strengthened our financial and non-financial disclosures in line with SLFRS S1 and S2 standards, which relate to sustainability-related disclosures, offering a comprehensive view of our ESG performance and risks.”

It is my pleasure to present you the Annual Report and the Audited Financial Statements of Ceylon Grain Elevators PLC's (CGE) for the year ended 31 December 2024.

I am pleased to report that CGE has made significant progress in delivering stakeholder value during the year under review. Amidst the challenges in the operating environment, we remained focused on strengthening our foundations and enhancing our position in the local poultry industry while aligning with this year's theme, "Envisioning a Greener Tomorrow". We placed greater emphasis on sustainable growth by directing our efforts towards creating long-term value.

Operating Environment

Sri Lanka's economy showed clear signs of recovery in 2024, achieving approximately 5% GDP growth following two years of contraction. Inflation remained within the target range of 4% - 6%, easing financial pressures on households and improving consumer affordability. The Sri Lankan Rupee also demonstrated stability, appreciating against the USD in contrast to the sharp depreciation of the previous year.

The agriculture sector contributed approximately 8% to the national GDP, with the poultry industry continuing its growth despite ongoing challenges. Per capita chicken availability increased from 10.6kg in 2023 to 11.3kg in 2024, but the resulting market surplus led to intensified competition, price reductions and compressed profit margins. Additionally, adverse weather conditions throughout the year further impacted consumer demand, adding to industry pressures.

The industry faced significant challenges due to the shortage of key raw materials, which remained a major constraint throughout the year. In particular, locally grown Maize production was insufficient to meet even 50% of the total requirements of feed producers. Furthermore, Maize imports were strictly regulated by the government through a permit system, posing a significant challenge to maintaining production capacity.

The per capita availability of eggs increased to 99 eggs per annum in 2024, up from 86 eggs per annum in 2023, reflecting a notable improvement in production levels driven by a strengthened market environment contributed to sustained demand for Layer Day-Old Chicks (DOCs) throughout the year.

Adapting to Challenges and Opportunities

In 2024, CGE navigated a complex operating environment marked by both challenges and opportunities. The Group achieved a 22% revenue growth, reaching Rs. 23,993.3 Mn, up from Rs. 19,594.9 Mn in the previous year. This growth was largely driven by higher sales volumes in the feed segment, where demand for high-quality compounded feed remained strong amid local raw material shortages. To sustain market demand, the Group implemented competitive pricing strategies.

While steady demand for Layer DOCs contributed positively to revenue, Broiler DOC sales declined due to lower volumes and reduced prices, impacted

by intensified competition and market oversupply. Similarly, the processed chicken segment faced significant pricing pressure in an oversupplied market, further compressing profit margins. In addition, the increase in Value-Added Tax (VAT) from 15% to 18% was absorbed by the Group to remain competitive, adding to the strain on revenue performance.

CGE remained committed to supporting the local farming community by sourcing domestically grown Maize for our operations. However, locally grown Maize often came at a higher cost but lower quality consistency than imported Maize. As a result, to maintain optimal nutritional standards in poultry feed, the Group had to incorporate alternative feed formulations to enhance product quality. This necessary adjustment, along with volume increase, contributed to an increase in the overall cost of sales to Rs. 19,850.7 Mn from Rs. 14,890.2 Mn in 2023.

Even with the decline in deposit rates, CGE interest income rose by 33% to Rs. 1,095.3 Mn, largely due to its proactive credit management and the efficient deployment of internally generated funds into mid-term deposits.

The Group's total assets increased by 22% to Rs. 23,105.3 Mn, reflecting a stronger financial position. The Group made major capital investments aimed at modernising its facilities, boosting production capacity in processing chicken, and to address rising demand in the long term. As part of this initiative, an investment of Rs. 270 Mn was made to retrofit the Ammonia Refrigeration System at the Chicken Processing Plant. This upgrade was vital for maintaining the quality of products and improving operational efficiency across essential cold chain processes.

Earnings Per Share (EPS) declined to Rs. 40.28 from Rs. 49.61 in 2023, primarily due to margin pressure and increased production costs. Despite this, the Net asset value per share improved to Rs. 197.31 from Rs. 184.67, underscoring the strengthened asset position in a competitive landscape.

The Group was committed to delivering value to its shareholders, as demonstrated by the dividend payment of Rs. 1,380.0 Mn during the year. This payout underscored the Group's strong financial position and its dedication to ensuring consistent returns.

People Development

At CGE Group, we recognise that our people are the driving force behind our success. In line with our commitment to developing a highly skilled workforce, we took significant steps to empower our employees during the year. This included identifying high-potential talent for critical roles and implementing a structured succession planning framework, complemented by leadership training and mentorship programmes. To further enhance industry expertise, we facilitated international training opportunities, providing employees with exposure to global best practices and the latest industry innovations. Additionally, we reinforced our commitment to diversity and inclusion through targeted recruitment and retention strategies, alongside awareness initiatives to foster an inclusive workplace culture.

Progress on SLFRS S1 and S2 Adoption

At CGE Group, we remain committed to enhancing transparency and accountability in sustainability reporting. In 2024, we strengthened our financial and non-financial disclosures in line with SLFRS S1 and S2 standards, which relate to sustainability-related disclosures, offering a comprehensive view of our ESG performance and risks. A Board Sustainability Committee and a dedicated Sustainability Management Team were established to oversee implementation across all business units.

The Sustainability Team has made notable progress in data collection, climate-related analysis, and the introduction of KPIs to track progress. Twelve new ESG-related policies were developed and updated to align with SLFRS S1, S2 and CSE

9.2 guidelines. These will be integrated into our Enterprise Risk Management framework to further reinforce our governance structure.

Awards and Accolades for 2024

It is indeed very encouraging to see our ongoing efforts to improve the transparency of the Group's reporting suite being recognised at the prestigious TAGS Awards 2024, where the Ceylon Grain Elevators PLC Annual Report 2024 was honoured with the Bronze Award in the Food and Beverage sector.

Future Outlook

Sri Lanka's economy is expected to experience a robust recovery in 2025, with GDP growth projected to surpass levels in 2024 given the ongoing economic reforms. A rebound in household income and increase in foreign remittances will tend to improved purchasing power, and fuel consumer spending and demand for goods and services. Furthermore, a reduction in utility costs, including electricity and fuel, is expected to ease financial pressures on businesses and households, further supporting economic growth.

In response to these positive signs, CGE Group also aims to strengthen its market position while addressing industry challenges. The Group plans to expand into value-added poultry products with rising consumer demand for convenience-driven food options.

Additionally, the continued growth in the tourism sector presents significant opportunities for expansion while further strengthening CGE's long-term prospects. To effectively leverage these opportunities, the Group will focus on diversifying its product offerings to cater to the evolving preferences of consumers across retail, hospitality and institutional sectors. At the same time, CGE will remain committed to enhancing productivity and operational efficiency while ensuring sustainable growth in an increasingly competitive market landscape.

Furthermore, the Group is embarking on a strategic investment plan to modernise its breeding and farming facilities, with an emphasis on expanding production capacity, improving cost efficiency, and fostering sustainable operations. As part of this effort, construction commenced on new Environmental Control (EC) houses at the Bulathsinhala farm with an anticipated investment of Rs. 250 Mn.

Amidst the current oversupply in the domestic chicken market, the Group is strategically exploring opportunities to expand into international markets by exporting excess production. However, the high cost of production remains a key challenge in achieving competitive pricing on a global scale. To address this, we are actively engaging with relevant government authorities to seek support in identifying and accessing potential export markets.

Acknowledgements

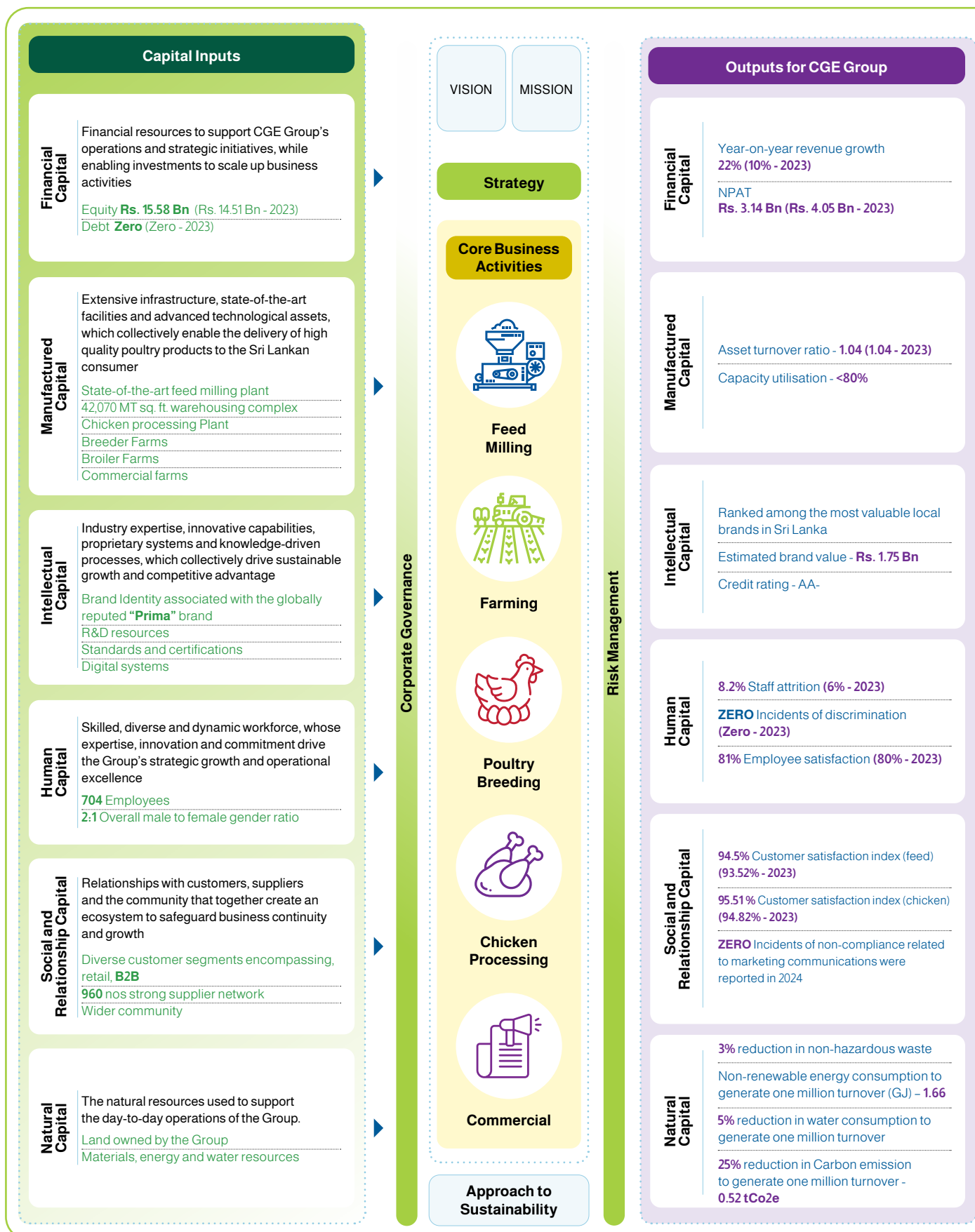
I would like to take this opportunity to extend my heartfelt gratitude to the Chairman and the Board of Directors of Ceylon Grain Elevators PLC for their visionary leadership and foresight, which have been instrumental in guiding the Group towards sustainable growth despite challenges. My sincere appreciation also goes to the management and staff, whose unwavering commitment continues to be the cornerstone of our operations. Thank you for your dedication and support, now and always.

In closing, I would like to express my deep thanks to our customers, shareholders, suppliers and the communities surrounding our operational sites for their enduring trust and confidence in the CGE Group. We look forward to your continued support as we strive for greater success in the years ahead.

Cheng Chih Kwong

Executive Director and Chief Executive Officer

Business Model





Stakeholder Engagement

GRI 2-6,2-16, 2-25, 2-29, 419-1

At CGE, we believe that the true purpose of any enterprise lies in creating lasting value for its stakeholders. As the largest poultry feed manufacturer in the country, this philosophy guides every step of our journey, From perfecting the composition of our feed mix to refining the processing and packaging of our chicken products.

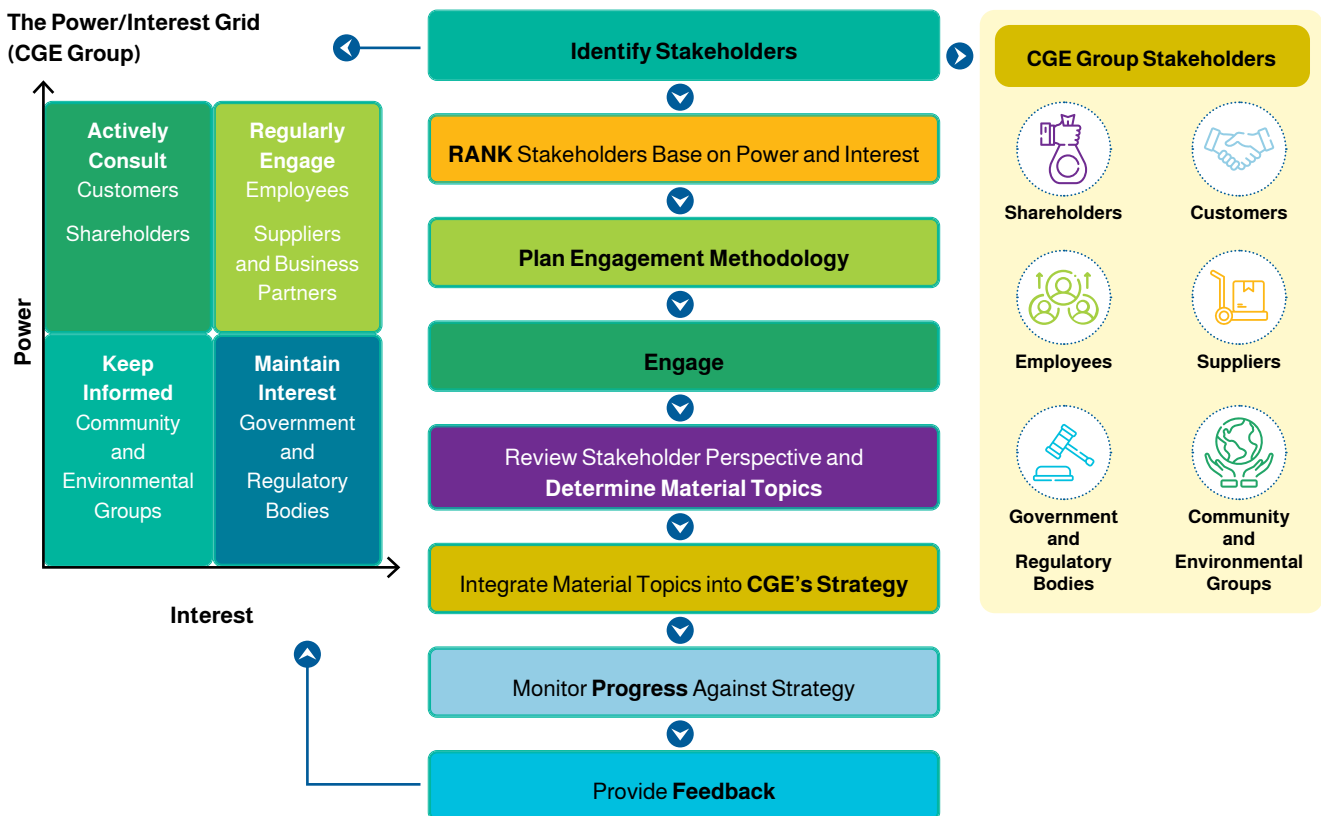
We believe our stakeholders are a rich source of insight, offering valuable perspectives that help us navigate industry trends, operational priorities, potential risks, and emerging opportunities. Their voices shape the way we do business, ensuring that our strategies remain relevant, responsible, and forward-thinking.

By recognising the unique relationships and concerns of our diverse stakeholder groups, we have developed strategies that reflect their expectations and needs. To foster meaningful engagement, we maintain open, accessible communication channels, enabling stakeholders to share their feedback and concerns seamlessly across our business segments. Further there were no incidents of non-compliance with laws and regulations on social and economic areas.

This ongoing dialogue is not just about listening, it's about acting with purpose. Understanding stakeholder insights allows us to proactively adapt, integrating sustainable and responsible business strategies that create long-term value for both our company and the communities we serve.

The CGE Group considers stakeholder engagement as an opportunity to promote two-way communication on the one hand to gain insights and feedback from key stakeholders, and on the other hand inform stakeholders about the Group's performance, progress and strategic plans over the short, medium and long-term.




For optimal results, the CGE Group has developed a highly streamlined eight-point approach to stakeholder engagement, ensuring that interactions contribute towards building trust and transparency and underscoring the Group's commitment to accountability and continuous improvement.






Engaging Stakeholders for Meaningful Insights

Stakeholder feedback serves as a key pillar in the determination of 'Materiality Topics'.

By actively listening to our stakeholders, we translate insights into strategic actions, seamlessly integrating them into our business model and operational practices, thus ensuring CGE remains responsive, resilient and aligned with evolving stakeholder priorities.

Stakeholder Group	Authorities in Charge of Engagement	Engagement Medium and Frequency of Engagement	Key Concerns Raised and What They Expect	Our Responses and Results for 2024	Quality of Relationship
 Shareholders	Board of Directors CEO Executive Management Team	<ul style="list-style-type: none"> ❖ Annual General Meeting (Annual) ❖ Investor forums and discussions ❖ Annual Report (Annual) ❖ Interim Financial Statements (Quarterly) ❖ CSE announcements (As needed) ❖ Press releases (As needed) ❖ Corporate website (Continuous) ❖ Extraordinary General meetings (As needed) 	<ul style="list-style-type: none"> ❖ Return on investment ❖ Dividends and capital gains ❖ Share price and liquidity ❖ Growth prospects ❖ Business continuity ❖ Governance and transparency ❖ Social and environmental impact 	<ul style="list-style-type: none"> ❖ DPS - Rs. 18.00 (Rs. 23.00 - 2023) ❖ EPS - Rs. 49.61 (Rs. 40.28 - 2023) ❖ Market Price per Share - Rs. 189.50 (Rs. 158.50 - 2023) ❖ Revenue Growth - 22% year on year (10% - 2023) ❖ Total Dividend Payment Rs. 1,380.0 Mn ❖ Strengthened Business Continuity Planning and DR Infrastructure Systems ❖ Introduction of the Animal Welfare Policy ❖ Implemented 12 sustainable governing policies Ref. Financial Capital on page 51 and Intellectual Capital on page 64 and Corporate Governance on page 106	Healthy
 Customer	CEO Sales Teams	<ul style="list-style-type: none"> ❖ Technical support and product awareness sessions (Continuous) ❖ Direct customer interaction (Continuous) ❖ Regular one-on-one engagements and site visits (As needed) ❖ Customer satisfaction surveys (As needed) ❖ Social media and corporate website (Continuous) ❖ Dealer convention (Annual) ❖ Regional Dealer meetings (Periodic) ❖ Specific audit reviews (Periodic) 	<ul style="list-style-type: none"> ❖ Product quality and safety ❖ Product pricing ❖ Product availability ❖ Product Innovations ❖ Credit Facilities ❖ Sustainable Supply Chain 	<ul style="list-style-type: none"> ❖ Working on the FSSC 22000 Standard for Food Safety ❖ Secured the ISO 17025, for the Group's Microbiology Laboratory ❖ Secured Credit Facilities and attractive discounts to dealers. ❖ An incentive for dealers who achieve the set targets. Ref. Social and Relationship Capital Report on page 69	Strong
 Employees	HRD Line Managers	<ul style="list-style-type: none"> ❖ Performance appraisals (Annual) ❖ Regular training sessions (As needed) ❖ Employee Council meetings (Monthly) ❖ Open-door policy (Continuous) ❖ Internal communication through memo, Internet and notice board (Continuous) ❖ Staff events (Annual) 	<ul style="list-style-type: none"> ❖ Attractive remuneration and reward schemes ❖ Opportunities for training and career development and progression ❖ Recognition and succession planning ❖ Safe and conducive workplace ❖ Job security ❖ Welfare facilities 	<ul style="list-style-type: none"> ❖ Rs. 2,041.9 Mn paid as monetary benefits to employees (Rs. 1,783.9 - 2023) ❖ 6.4 training hours per person (1.3 - 2023) ❖ 63 promotions ❖ ZERO fatalities ❖ Ensure financial security through market adjustments. ❖ Ensure better work-life balance through introducing family-friendly work policies. Ref. Human Capital Report on page 84	Strong

Stakeholder Engagement

Stakeholder Group	Authorities in Charge of Engagement	Engagement Medium and Frequency of Engagement	Key Concerns Raised and What They Expect	Our Responses and Results for 2024	Quality of Relationship
Suppliers 	Procurement Department	<ul style="list-style-type: none"> ❖ Relationship Management Initiatives (As needed) ❖ Supplier site visits (Continuous) ❖ Written communication and feedback (As needed) ❖ Supplier selection process (Periodic) ❖ Regular checks of their ethical standards (Periodic) ❖ Attending trade exhibitions and supplier conventions (Periodic) ❖ Supplier Surveys (As needed) 	<ul style="list-style-type: none"> ❖ Timely payments and ease of negotiating ❖ Constructive feedback ❖ Social and environmental conformity ❖ Opportunities for business growth ❖ Potential for long-term business relationships 	<ul style="list-style-type: none"> ❖ Timely payments on all dues ❖ Rs. 1,965,357 Mn paid to suppliers (Rs. 639,206 - 2023) ❖ 18 new supplier relationships <p>Ref. Social and Relationship Capital Report on page 69</p>	Healthy
Government and Regulatory Bodies 	Board of Directors Executive Management	<ul style="list-style-type: none"> ❖ Directives and circulars (Periodic) ❖ Face-to-face interactions (As needed) ❖ Regulatory filings (Annual) ❖ Corporate website (Continuous) 	<ul style="list-style-type: none"> ❖ Timely payment of regulatory dues and taxes ❖ Compliance with all regulatory requirements ❖ Social and environmental implications of the business ❖ Environmental Impact assessment 	<ul style="list-style-type: none"> ❖ Rs. 6,397.7 Mn paid as taxes (Rs. 4,261.9 Mn) ❖ ZERO reported incidents of non-compliance with labelling requirements ❖ ZERO incidents of non-compliance related to marketing communications ❖ Commenced computing the Group's carbon footprint ❖ Ensure full compliance with all regulatory requirements <p>Ref. Intellectual Capital Report on page 64 Natural Capital on page 96</p>	Strong
Community and Environmental Groups 	Sustainability Committee Sustainability Management Team	<ul style="list-style-type: none"> ❖ CSR activities (Periodic) ❖ Public events and sponsorships (Periodic) ❖ Corporate website (Continuous) ❖ Environment and other licenses (As needed) ❖ Social media (Continuous) 	<ul style="list-style-type: none"> ❖ Contribution to community development ❖ Empowerment through livelihood creation ❖ Social well-being ❖ Fair competition 	<ul style="list-style-type: none"> ❖ Engage with communities through CSR activities ❖ Waste circularity initiatives ❖ ZERO Legal actions for anti-competitive behaviour, antitrust, and monopoly practices ❖ The Company's 3H principle integrates our goals and strategies with the well-being of society and local communities Ref. Natural Capital on page 96 	Healthy

Materiality Topics

GRI 3-1, 3-2, 3-3

At CGE, our definition of materiality aligns with internationally accepted benchmarks, underscoring a structured and transparent approach to identifying and addressing key issues. Accordingly, we consider a topic to be material if it has the potential to substantively impact our ability to create and sustain value for our stakeholders over the short, medium and long term.

Materiality Assessment at CGE

CGE operates in an ever-evolving and dynamic business environment, where identifying and addressing key sustainability issues are critical to long-term success. To ensure that we effectively respond to emerging challenges and stakeholder expectations, we conduct a comprehensive annual materiality assessment. This process enables us to evaluate the most material issues impacting our business and stakeholders, allowing us to prioritise areas that require strategic attention.

A key aspect of this assessment is gathering insights from our operational teams through internal and external reviews. Our materiality determination process is also guided by voluntary global commitments, such as the Global Reporting Initiative (GRI) and the Sustainable Development Goals (SDGs) set by the United Nations as part of its 2030 sustainable development agenda.

In 2024, our materiality assessment process was further enhanced in line with GRI 13: Agriculture, Aquaculture and Fishing Sector Standards issued in 2022. Moreover, cognisant of the SLFRS S1 and S2 requirements set to come into effect in 2025, CGE's current year Materiality assessment was further refined with due consideration to the Sustainability Accounting Standards Board (SASB) - Meat, Poultry and dairy standard.

Considering these guidelines, CGE's Material Topics were classified under Environmental, Environmental, Social and Governance (ESG) with a view implementing a more structured approach

to managing the outcomes of our operations while proactively addressing sustainability challenges.

Adopting a Double Materiality Approach

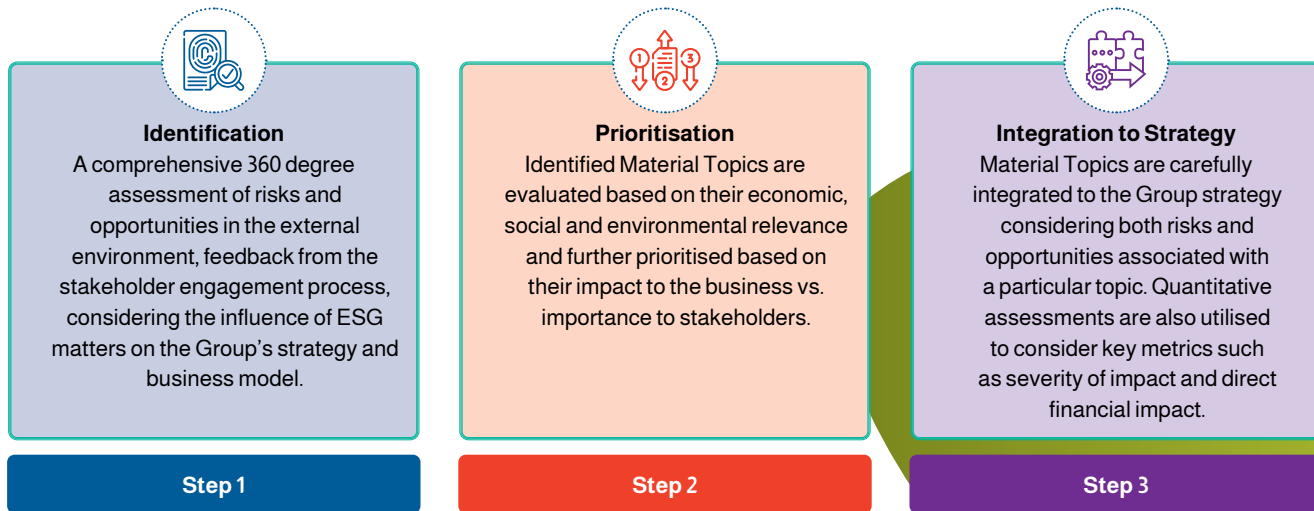
Adopting global best practices to understand the impact of Material ESG matters, the double materiality approach was applied to further scrutinise CGE's Material Topics from two critical perspectives:

1. The financial impact to the Group
2. The broader economic, social and environmental implications of our operations

This ensures a comprehensive evaluation of ESG factors, considering their effect on operational costs, regulatory compliance, investment and revenue growth, while also addressing social responsibility, environmental stewardship and stakeholder expectations. By integrating these dimensions, CGE aligns with global best practices, ensuring sustainability initiatives drive both financial resilience and positive societal impact.

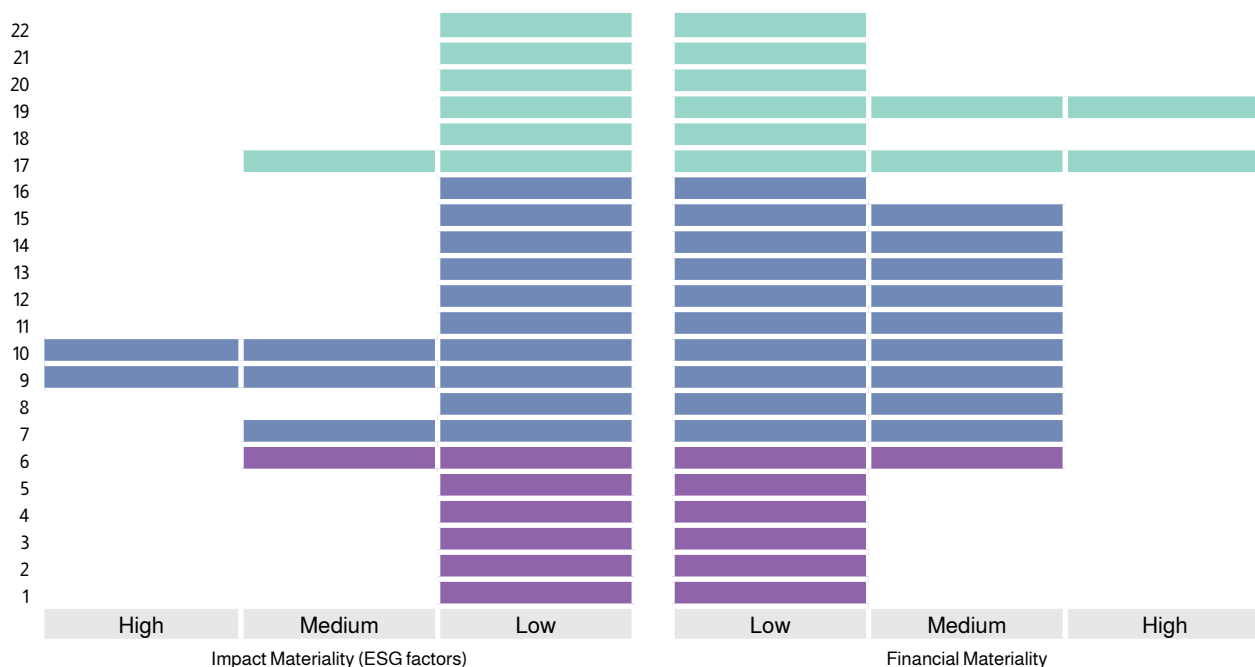
Materiality Determination Process

CGE's Materiality Determination process involving Three distinct steps






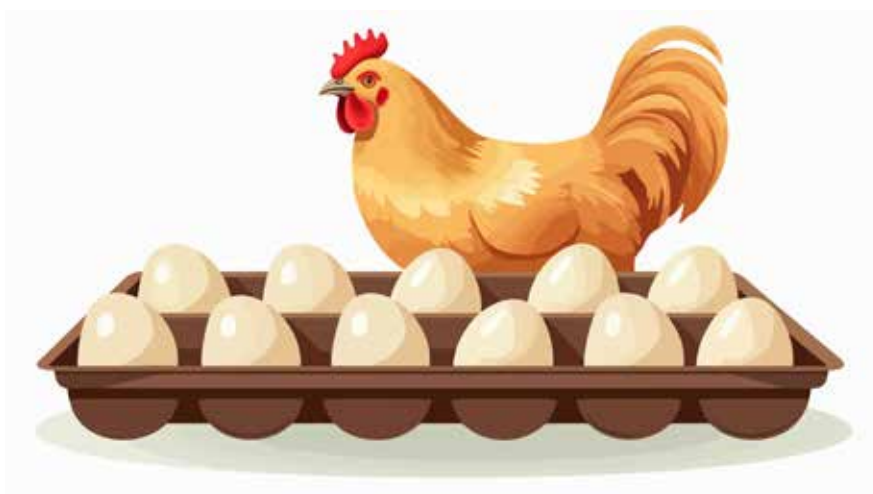
Materiality Topics

Outcome of the Double Materiality Filter


















Material Topic	Impact Materiality		Double Materiality	Risk No	GRI Relevance	Management Approach	SDGs		
	Risks	Opportunities							
Environment	1	Materials	Sourcing materials from unsustainable or unethical suppliers could lead to reputational and regulatory risks	Explore the use of reclaimed and recycled packaging materials	Low	R1	GRI 301	Increasing the proportion of sustainable materials Natural Capital - page 98	
	2	Energy	Rising energy costs due to market volatility	Reduce energy intensity	Low	R28, R29	GRI 302	Investing in renewable sources to reduce the dependence on non-renewable sources Natural Capital - page 99	
	3	Water and Effluents	Inefficient water management can result in resource depletion, pollution and reputational damage, especially if effluent discharge negatively impacts local ecosystems and communities	Adopting sustainable water management strategies can enhance operational efficiency and reduce costs	Low	R21	GRI 303 GRI Topic 13.7 (GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022)	Optimising water usage, implementing efficient treatment systems, ensuring regulatory compliance and integrating sustainable practices to minimise environmental impact and enhance long-term resource sustainability Natural Capital - page 100	

Material Topic	Impact Materiality			Double Materiality	Risk No	GRI Relevance	Management Approach	SDGs
	Risks	Opportunities						
4 Emissions	Increasing regulatory pressure to reduce greenhouse gas (GHG) emissions, with stricter environmental laws, carbon taxes and emissions reporting requirements, potentially leading to higher compliance costs	Adopting low-carbon solutions can enhance brand value, positioning CGE as an industry leader in sustainability	Low	R23	GRI 305	Implementing energy-efficient technologies, transitioning to renewable energy, ensuring regulatory compliance and continuously reducing its carbon footprint Natural Capital - page 99	  	
5 Waste	Reputational damage due to the harm caused by excessive waste generation and improper disposal	Adopting circular economy principles to minimise environmental impact while lowering material costs and improving operational efficiency	Low	R21	GRI 306 GRI Topic 13.8 (GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022)	Promoting recycling and resource recovery and integrating circular economy principles to reduce environmental impact and enhance operational efficiency Natural Capital - page 101		
6 Climate adaptation and resilience	Risk of operational disruptions due to the increasing frequency and severity of climate-related events, such as extreme weather, flooding and temperature fluctuations	Embed climate resilience into the business model and strategy	Moderate	R20	GRI Topic 13.2 (GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022)	Follow global developments to understand how best to integrate climate adaptation and resilience into the business Sustainability and Climate related Risk Report -page 156		



Materiality Topics


Material Topic	Impact Materiality			Double Materiality No	Risk No	GRI Relevance	Management Approach	SDGs
	Risks	Opportunities						
Social	7 Employment	Risk of labour unrest, high turnover rates, grievances and workplace accidents leading to business disruptions and reputational damage	Enhance the reputation as an employer of choice to attract and retain top talent	Moderate	R8, R9, R10, R11	GRI 401 GRI 402 GRI 403 GRI 404 GRI 405 GRI 406 GRI 407 GRI 408 GRI 409	Implement policies and procedures to manage labour / management relations, prioritising occupational health and safety, offering continuous training and development and championing diversity and equal opportunity Human Capital - page 84	    
	8 Labour / Management relations							
	9 Occupational Health and Safety							
	10 Training and Education							
	11 Diversity and Equal Opportunity							
	12 Customer Health and Safety							
13 Marketing and Labeling								
14 Food safety								
15 Animal health and welfare	Failure to comply with animal welfare standards or involvement in unethical practices could lead to regulatory fines, public backlash and loss of consumer trust	Promoting high animal welfare standards, CGE can enhance its reputation as a responsible and ethical company	Moderate	R16	GRI Topic 13.11 Animal health and welfare (GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022)	Animal Welfare Policy Intellectual Capital - page 65		
16 Indirect Economic Impacts	Reputational damage due to lack of adequate engagement with local communities	Invest in community capacity building	Low	R27	GRI 203	Strong community relations framework to identify and address needs of the wider community Social and Relationship Capital - page 80		

Material Topic	Impact Materiality			Double Materiality No	Risk	GRI Relevance	Management Approach	SDGs
	Risks	Opportunities						
Governance	17 Economic Performance	Adverse impact on consumer demand due to inflation, weather-related factors etc. Unpredictable increase in cost of imported raw material owing severe exchange rate volatility	Invest in technology and automation to derive cost efficiencies	High	R2, R3	GRI 201	Focus on revenue diversification, while reducing costs through the optimal use of existing assets and systematically increasing the level of automation within the production process Financial Capital-page 51 Manufactured Capital - page 62	 
	18 Market Presence	Rising minimum wages may lead to increased labour costs, potentially affecting profit margins	Enhance corporate reputation by offering higher than minimum wage requirements	Low	R9	GRI 202	Commitment to fair wages in line with minimum wage requirements Human Capital - page 88	 
	19 Procurement Practices	Breakdown of supply chain owing to the high dependency on imports	Develop a reliable local supplier network	High	R22	GRI 204	Cultivate a network of diverse supplier network, including reliable local suppliers Social and Relationship Capital - page 78	 
	20 Anti-corruption	Risk of legal penalties, fines and reputational damage if implicated in corrupt practices	Benchmark global best practices for integrity and transparency	Low	R16	GRI 205	ZERO tolerance of bribery and corruption in line with the ultimate parent - Prima Group Singapore Corporate Governance - page 108	
	21 Anti-competitive behaviour	Legal actions, heavy fines and significant reputational damage	Reinforce anti-competitive practices across the value chain	Low	R16	GRI 206	Prioritise transparency and healthy competition by adhering to the core values of the parent - Prima Singapore Social and Relationship Capital-page 76	
	22 Tax	Fines and reputational damage owing to non-compliance	Proactive monitoring of regulatory developments to drive early adoption	Low	R16	GRI 207	100% compliance with all applicable tax regulations Financial Capital - page 54	


Business Strategy and Resource Allocation

GRI 2-22




CGE's calculated approach to strategy development is grounded in a deep-dive SWOT analysis, enabling the Group to systematically align its internal strengths and weaknesses with external opportunities and threats. By mapping strengths to opportunities, CGE ensures strategic initiatives are built on a solid foundation, leveraging core competencies for growth. Simultaneously, recognising weaknesses against threats allows for proactive risk management and informed decision-making. This structured, data-driven approach enables the Group to understand key strategic priorities and implement necessary actions to ensure the Group remains dynamic, resilient and responsive to an evolving business landscape.

Leveraging Strengths to Capitalise on Opportunities	Strengths	Weaknesses	Understanding how Weaknesses can Expose the Group to threats
 <p>Opportunities</p> <ul style="list-style-type: none"> ○ Rising demand for processed chicken products attributed to the growth in tourism. ○ Higher prices of competitive protein alternatives driving up the demand for poultry. ○ New technological advancements in poultry production improving efficiency. ○ Increasing consumer preference for organic and antibiotic-free poultry products. ○ Expanding export potential for processed chicken products in international markets. 	<ul style="list-style-type: none"> ○ Well-established Prima brand with a strong dealer network. ○ Fully integrated operations ensuring supply chain control. ○ Sri Lanka's Largest in-house feed laboratory and state-of-the-art veterinary diagnostic lab. ○ Internal expertise in feed formulation, production technology and disease management. ○ Strong parent stock supply chain and network of contracted out-growers. ○ Skilled and experienced workforce. ○ Planned breeder expansion and ERP-driven cost analysis. ○ Effective waste management and by-product utilisation processes. ○ Strong brand reputation and customer trust in product quality. ○ Well-developed distribution and logistics network ensuring market reach. 	<ul style="list-style-type: none"> ○ Manual labour dependency. ○ High energy and labour costs. 	<p>Threats</p> <ul style="list-style-type: none"> ○ Import restrictions on raw materials. ○ Growing competition in the poultry industry. ○ Uncertain weather patterns affecting open-house production. ○ Housing developments near farms leading to environmental and operational issues. ○ Fluctuations in raw material prices affecting production costs ○ Labour shortages

Revenue Growth





Focus	Resource Allocation	Key Highlights	Focus for the Future
 <p>Revenue Diversification</p>	<ul style="list-style-type: none"> ○ Introduce value-added poultry products to capitalise on the growing demand in domestic and international markets. ○ Develop feed products for other livestock sectors to reduce reliance on poultry alone. 	<ul style="list-style-type: none"> ○ Successfully coordinated a bulk Maize vessel. ○ Secured the supply of newly upgraded dairy and aqua feed to leading institutions. <p>Ref: Social and Relationship Capital - page 73</p>	<ul style="list-style-type: none"> ○ Focus on overcoming export constraints by collaborating closely with suppliers and regulatory bodies to ensure compliance with international standards. ○ Expand into new markets for Day-Old chicks and processed chicken products, leveraging its expertise and high-quality production standards to tap into emerging demand and drive sustainable growth. ○ Identify potential markets to penetrate into the premium product segments through differentiated, high-value offerings.

Cost Efficiency

Focus	Resource Allocation	Key Highlights	Focus for the Future
 <p>Process Automation</p>	<ul style="list-style-type: none"> ○ Maintenance of data processing system. ○ Use of integrated production system. 	<ul style="list-style-type: none"> ○ Implemented an automated feed and water system. ○ Ref: Manufactured Capital - page 62 	<ul style="list-style-type: none"> ○ Focusing to develop advanced technologies.
 <p>Supply Chain Resilience</p>	<ul style="list-style-type: none"> ○ Increase local sourcing to minimise cost fluctuations associated with imports. 	<ul style="list-style-type: none"> ○ New suppliers on-boarded to the supplier database ○ 41 small scale farmers supported <p>Ref: Social and Relationship Capital - page 78</p>	<ul style="list-style-type: none"> ○ Developing strategic collaborations with logistics. ○ Increasing local supplier engagement. ○ Strengthening partnerships with small-scale farmers through capacity-building initiatives and financial support programmes.
 <p>Capacity Management</p>	<ul style="list-style-type: none"> ○ Invest in modernising hatchery machines and poultry houses to align with current industry standards. 	<ul style="list-style-type: none"> ○ Installed a temperature monitoring system for bottle coolers. <p>Ref: Manufactured Capital - page 62</p>	<ul style="list-style-type: none"> ○ Capacity expansion by construction of additional close houses.

Business Strategy and Resource Allocation


Customer Experience


Focus	Resource Allocation	Key Highlights	Focus for the Future
 <p>Quality Assurance</p>	<ul style="list-style-type: none"> ○ Supplying good quality poultry products at the lowest costs. ○ Best quality feed manufacturing for farms. ○ Standard quality control programme for feed products. 	<ul style="list-style-type: none"> ○ Implemented the Mock Recovery Procedure in the event of a product recall. ○ Obtained the ISO 17025 for CGE's Microbiology Laboratory. <p>Ref: Intellectual Capital - page 67 Ref: Social and Relationship Capital - page 77</p>	<ul style="list-style-type: none"> ○ Investments in R&D and modernisation of facilities.
 <p>Health and Safety</p>	<ul style="list-style-type: none"> ○ GMP, ISO Certified operations. ○ Continue expanding bird health monitoring and biosecurity programs for all farms and hatcheries. ○ Special border management techniques. ○ Consistent diagnostic procedures for diseases. 	<ul style="list-style-type: none"> ○ Implemented the Emergency Preparedness Procedure. ○ Introduction of the CGE Group Animal Welfare Policy. <p>Ref: Intellectual Capital - page 65 Ref: Social and Relationship Capital - page 77</p>	<ul style="list-style-type: none"> ○ Secure the FSSC 22000 certification by end 2025.
 <p>Innovation</p>	<ul style="list-style-type: none"> ○ Adapting to Evolving Consumer Preferences. ○ Integrated solutions. 	<ul style="list-style-type: none"> ○ Introduced New pack sizes based on Customer requirement. <p>Ref: Social and Relationship Capital - page 73</p>	<ul style="list-style-type: none"> ○ Explore alternative poultry products and leverage cutting-edge technology to enhance efficiency and quality.
 <p>Technical Support</p>	<ul style="list-style-type: none"> ○ Technical support programme for PS customers. 	<ul style="list-style-type: none"> ○ Connected with both B2B and B2C customers. <p>Ref: Social and Relationship Capital - page 74</p>	<ul style="list-style-type: none"> ○ Introduce customer education programmes and tracking tools to share real-time data product performances with customers.

Employee Experience

Focus	Resource Allocation	Key Highlights	Focus for the Future
 <p>Human Resources Development</p>	<ul style="list-style-type: none"> ○ Address high labour turnover by offering competitive wages, career development programs and improved working conditions. ○ Extend the training venue with advanced facilities to up-skill employees and foster engagement. 	<ul style="list-style-type: none"> ○ Distributed monetary benefits to employees. ○ 4,524 hours of training. ○ Safety improvement initiatives. <p>Ref: Human Capital - page 84</p>	<ul style="list-style-type: none"> ○ Implementation of a fully integrated Human Resource Information System (HRIS) in 2025 will empower the Group to significantly advance its Human Capital development activities.

Environmental Sustainability

Focus	Resource Allocation	Key Highlights	Focus for the Future
 <p>Environmental Sustainability</p>	<ul style="list-style-type: none"> ○ Standard environmental protection plans. ○ Extreme weather management practices. ○ Convert EC houses to enclosed structures. ○ Implement sustainable farming practices to mitigate risks from environmental policies and climate change. 	<ul style="list-style-type: none"> ○ Converting some of our open bird houses to Environmentally Controlled (EC) Houses . ○ Commenced computing the Carbon footprint of the Group covering Scope 1 and Scope 2 emissions. ○ Uses of Electrical forklift. ○ A pilot project to implement energy-saving techniques in line with under ISO 50001. <p>Ref: Natural Capital - page 99</p>	<ul style="list-style-type: none"> ○ Implementing a systematic procedure to calculate Scope 03 emission of Carbon footprint. ○ work-in-progress on baseline test. ○ Collecting five years data to determine the Metrics and targets for basic sustainability parameters such as water, energy, emission and waste.

A photograph of industrial workers in a factory setting. In the foreground, a worker's hands wearing blue nitrile gloves are clapping. In the background, a man with a beard and glasses, wearing a yellow hard hat and an orange safety vest over a blue shirt, is smiling and clapping. Another worker in a yellow hard hat is partially visible on the left. The background shows a blurred industrial environment with metal structures and other workers.

Envisioning
the results of
the power of
teamwork



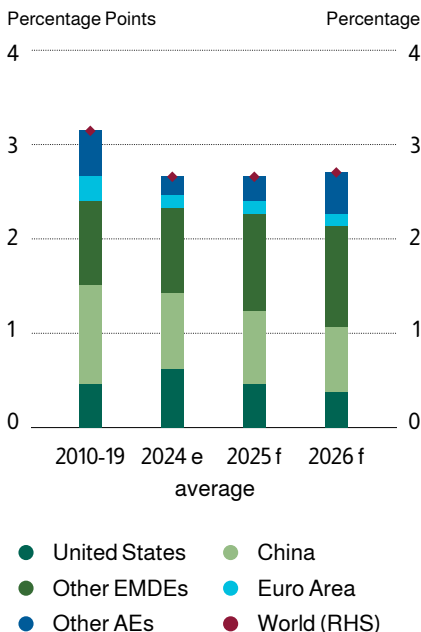
Operating Environment

Global Economic Context

The global economy is estimated to have grown by 2.7% in 2024 driven by monetary easing across major economies, recovering real incomes, strengthening domestic demand and a resurgence in global trade and industrial activity, particularly in the latter half of the year. Advanced economies expanded by approximately 1.7%, supported by steady growth in the United States and a moderate recovery in the Euro zone, while emerging markets and developing economies (excluding China) grew at an estimated 3.5% in 2024.

Meanwhile, despite ongoing geopolitical tensions, aggregate commodity prices softened, reflecting improved supply conditions for energy and food commodities. As a result, inflationary pressures also appeared to ease, globally. In many advanced economies, year-on-year inflation fell below target levels as fuel prices dropped and food prices stabilised. Similarly, in emerging markets and developing economies, inflation continued to decline, more or less reaching pre-pandemic levels by the end of the year.

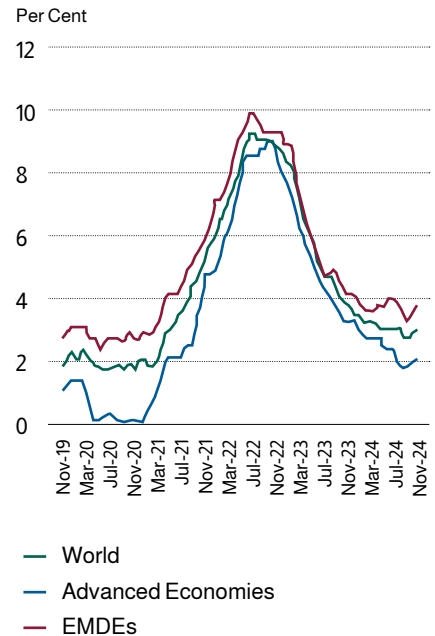
Contributions to Global Growth



Commodity Price Projections



Headline Consumer Price Inflation

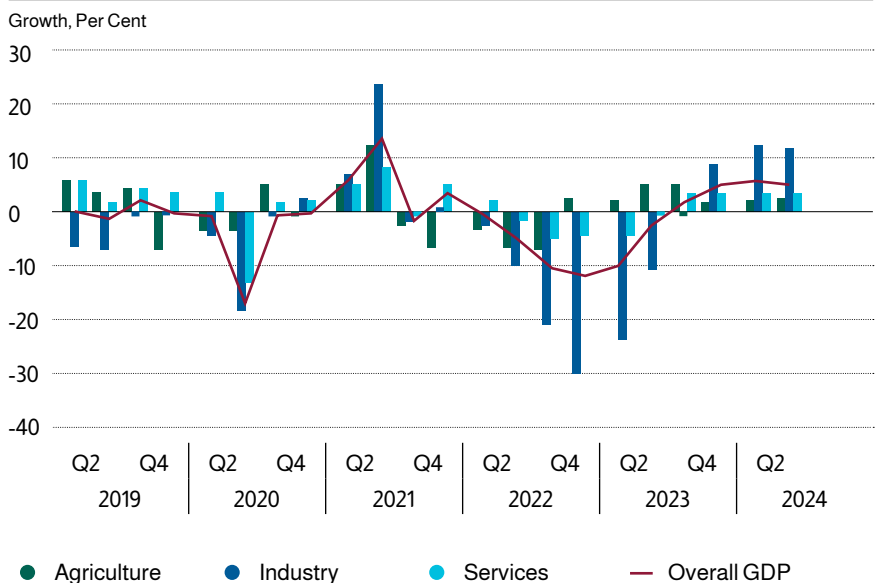


Source: Global Economic Prospects - January 2025 (World Bank Publication)

Overview of the Sri Lankan Economy

Sri Lanka's economic performance in 2024 demonstrated a strong recovery, building on the positive trajectory observed in the latter half of 2023. Supported by an accommodative monetary policy and a stable, low-inflation environment, the Sri Lankan economy rebounded strongly to record growth of 5.2% in the first two quarters of the year, as all key sectors experienced steady expansion. This momentum continued into the final quarter, as leading indicators in the industry and services sectors reflected sustained output growth. As a result, real GDP for 2024 have grown by approximately 5.0%.

Quarterly Real GDP

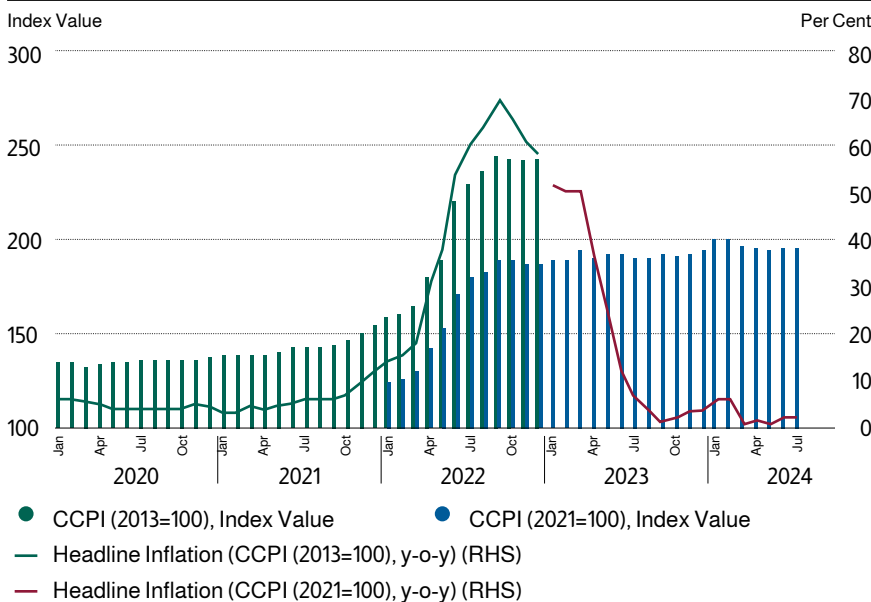


Quarterly Real GDP



Inflation declined steadily throughout the year. After a temporary surge in headline inflation early in the year due to the Value-Added Tax (VAT) increase and the removal of exemptions on several consumer items, inflation continued to moderate thereafter, falling below the 5% target due to factors such as unanticipated reductions in energy prices, a stronger currency and a decline in food prices. By September 2024, headline inflation had reached deflationary levels for the first time in nine years, while core inflation, which reflects underlying demand pressures, remained at low positive levels.

CCPI and Headline Inflation



Amidst a stable macroeconomic environment and subdued inflationary pressures, the Central Bank adopted an increasingly accommodative monetary policy stance in 2024. Policy rates were reduced on three occasions during the year, facilitating significant declines in market interest rates. This approach was aimed at further supporting economic activity by enhancing credit flows and improving financial conditions for businesses and consumers alike.

Source: Financial Stability Review 2024 (Central Bank of Sri Lanka)

Local Poultry Sector Performance

The agriculture sector accounted for approximately 8% of the national GDP, with the poultry industry maintaining its growth trajectory despite persistent challenges. Per capita chicken availability rose from 10.6 kg in 2023 to 11.3 kg in 2024, signaling improved production capabilities. However, the resulting market surplus intensified competition, drove down prices, and placed pressure on profit margins. These effects were compounded by adverse weather conditions, which dampened consumer demand and added to the strain on industry performance.

A critical challenge for the industry was the ongoing shortage of essential raw materials. Locally cultivated maize continued to fall short, meeting less than 50% of the feed industry's requirements. Compounding the issue, maize imports were tightly regulated under a government permit system, posing considerable difficulties in ensuring uninterrupted production capacity.

On a positive note, per capita egg availability increased from 86 eggs in 2023 to 99 eggs in 2024, highlighting a notable rise in production efficiency and output. This improvement was largely supported by a robust market for table eggs, which sustained healthy demand for Layer Day-Old Chicks (DOCs) throughout the year.

Outlook and Prospects

Sri Lanka's economic growth prospects from 2025 onwards are closely linked to the country's ability to manage inflation, implement fiscal consolidation, attract foreign investment and revive key sectors like tourism.

Controlling inflation, which is expected to rise slightly in 2025, will help stabilise the economy, maintain purchasing power and foster a positive investment climate.

Operating Environment

Fiscal reforms aimed at reducing the budget deficit and increasing revenue will improve financial stability and boost investor confidence. Moreover, structural reforms to ease business processes will further attract foreign investment, driving growth. Additionally, the recovery

of the tourism sector is set to contribute significantly to economic revival, bringing in foreign exchange and creating jobs.

The local poultry industry stands to benefit significantly from Sri Lanka's economic stability in the coming years. A controlled inflation environment will support

consumer purchasing power with rising income and better consumer confidence likely to drive increased consumption of poultry products.

Export potential remains another crucial factor in the future of Sri Lanka's poultry industry.

Potential Challenges and Opportunities in 2025 and Beyond and CGE Group Response



Challenges

1. **Rising Input Costs:** Global commodity price volatility and continued constraints on key raw material imports, particularly maize and soybean meal, are expected to exert upward pressure on feed production costs.
2. **Inflationary Pressures** – A potential fluctuation in inflation could affect production costs and consumer purchasing power.
3. **Supply Chain Vulnerabilities** – Due to the complex supply chain dynamics.
4. **Competitive Pressures** – Growing competition in the local and regional poultry industry.
5. **Climate Variability:** Unpredictable weather patterns and increasing climate-related disruptions pose risks to agricultural productivity and raw material availability, affecting feed formulation and livestock performance.



Opportunities

1. **Expanding Consumer Demand** – Economic stability and rising incomes are expected to drive increased poultry consumption.
2. **Export Market Growth** – The poultry industry is poised to benefit from the increasing demand for quality animal protein in regional and international markets.
3. **Product Diversification** – diversification of revenue streams to minimise risk.
4. **Invest in Automation** – to enhance operational efficiencies and improve product quality.
5. **Sustainability Initiatives** – Investing in renewable energy and process optimisation.



CGE Group Strategic Responses

1. CGE aims to strengthen its local sourcing strategy by fostering partnerships with domestic maize growers that assure both quality and supply continuity.
2. Investing in R&D to balance cost efficiency with high quality nutritional value in feed products.
3. Leveraging brand reputation to enter new regional markets.
4. Transitioning to automated processes for increased efficiency and hygiene.
5. Investing in renewable energy initiatives and infrastructure upgrades across operations to demonstrate sustainability leadership.

Review of Group Operations

Group Performance

During the year under review, CGE delivered a resilient and steady performance, maintaining a moderate yet sustainable level of profitability despite industry-wide challenges. The Group successfully navigated complex market conditions, achieving stable financial growth as key operational hurdles from the preceding year began to ease.

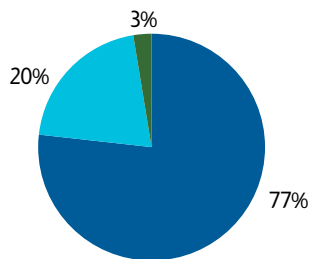
CGE's integrated poultry business is built on a diversified yet complementary model, comprising three core segments: Milling and Farming, Poultry Breeding and Commercial and Other Operations. These interconnected segments work in harmony, ensuring efficiency across the value chain.

The Milling and Farming segment plays a key role in CGE's operations. It specialises in the manufacture and sale of poultry and animal feed, as well as chicken processing. By maintaining stringent quality standards and leveraging advanced production techniques, this segment continues to support the Group's commitment to delivering high-quality nutrition and protein solutions to the market.

Revenue

	(Rs. Mn)	%
Milling and farming	23,042.6	77
Poultry breeding and commercial	6,197.9	20
Others	777.8	3

Revenue



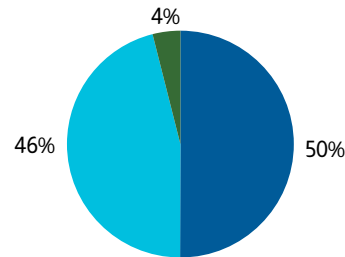
- Milling and farming
- Poultry breeding and commercial
- Others

*Revenue includes intercompany sales

Profit After Tax

	(Rs. Mn)	%
Milling and farming	1,850.3	50
Poultry breeding and commercial	1,701.3	46
Others	146.0	4

Profit After Tax

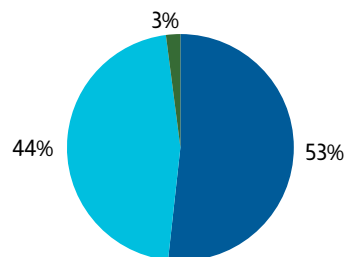


- Milling and farming
- Poultry breeding and commercial
- Others

Assets Base

	(Rs. Mn)	%
Milling and farming	12,474.6	53
Poultry breeding and commercial	10,269.0	44
Others	732.1	3

Assets Base



- Milling and farming
- Poultry breeding and commercial
- Others

Review of Group Operations

Milling and Farming



The FY 2024 presented some viable opportunities that enabled CGE's Feed Milling and Farming operation to deliver a strong performance for the current financial year, while simultaneously positioning itself for sustained growth in the current year and beyond.

Consistent feed quality and competitive pricing strategies alongside focused efforts to strengthen distribution networks, particularly in rural markets in the North and East, coupled with special training sessions to improve dealer expertise, all helped to bolster current year revenue attributed to the feed segment. Revenue diversification strategies and regular farmer education initiatives to drive product adoption in response to the growing demand for the latest drugs and vaccines for cattle breeding also contributed positively to overall revenue expansion in the current financial year.

Consequently, the Feed Milling and Farming operation reported revenue growth of 1.5% year on year, which translated into a solid 9.3% decrease in profitability over the previous year.

CGE's largest business segment, the Milling and Farming segment, remained the largest contributor to the Group's operations, accounting for 77% of Group Revenue, 53% to the Asset Base and 50% to overall Profitability in 2024. The availability of raw materials for feed milling played a crucial role in managing production costs, further supported by a favourable exchange rate and lower freight

costs. Amidst the scarcity of high-quality local Maize resulting in severe price pressures, CGE opted for imported Maize, which offered better cost-effectiveness and superior nutritional value, enhancing the overall quality of CGE's feed products.

The average selling prices of broiler, layer and cattle feed declined by 22%, 20% and 10%, respectively, compared to 2023 levels, reflecting the Group's commitment to remaining competitive in a dynamic market. Additionally, CGE diversified its revenue streams by offering Maize drying services to third parties, generating supplementary income.

The poultry segment faced pricing fluctuations, with the average selling price of dressed chicken decreasing by 15% and live birds by 14% in 2024 compared to the previous year. A market glut in mid-2024 led to increased chicken stock levels, which gradually declined by the year-end due to seasonal demand and a shortage of substitute protein products.

Performance Trends and Market Dynamics

The sector experienced notable revenue growth in the last quarter of the year, primarily driven by increased sales volumes in the feed segment. Rising demand for high-quality compounded feed, prompted by local raw material shortages that constrained self-mixing, played a key role in this growth. To better meet evolving customer needs, a new pack size was introduced for layer crumble

feed, in addition to the previous 50kg bags. This shift was specifically designed to address the challenges faced by farmers in rural areas, including transportation difficulties, affordability concerns and the need to minimise wastage, while also driving increased sales volumes.

Meanwhile, the chicken segment recorded a growth due to heightened demand for live birds attributed to the limited supply of alternative protein sources, particularly during the festive season in the year end. However, revenue from Broiler and Layer Day-Old Chicks (DOCs) declined due to lower selling prices in the market.

Despite an improvement in the feed segment profitability, overall Group profits declined in the first half of the year due to intensified price competition in the chicken and DOC markets, further exacerbated by an oversupply situation. However, demand for chicken rebounded towards the latter part of 2024, as inflationary pressures eased and economic recovery measures implemented since late 2023 began to take effect. Consequently, segment profitability showed an upward trend.

Navigating Market Challenges with Resilience

The economic turmoil of 2022 and 2023 led to severe supply chain disruptions and record high inflation, causing raw material shortages and escalating import costs due to currency depreciation. The weakened purchasing power of consumers forced many small and medium-scale poultry farmers out of business. However, as Sri Lanka's pioneering manufacturer of poultry feed and chicken, CGE leveraged its scale and vertically integrated business model to sustain operations despite these challenges.

The excess supply of chicken in 2023 and early 2024, driven by declining consumer demand, was strategically managed through CGE's extensive cold storage facilities. This competitive advantage allowed the Company to store surplus stock until market demand

recovered. Several factors contributed to the resurgence of consumer demand for chicken in 2024. The government's stabilisation measures, backed by continued support of the IMF, helped reduce inflation, strengthen the local currency and improve worker remittances, alleviating financial strain on consumers. Additionally, the rising cost of substitute protein sources, such as fish, made chicken a more affordable alternative. The tourism sector revival also played a role in driving demand through increased HoReCa (Hotel, Restaurant and Catering) consumption.

Notwithstanding challenges, the segment went ahead with pre-planned capacity building initiatives aimed at improving operational efficiency and building resilience. A collective total of Rs. 320.2 Mn was invested in FY 2024 towards renovations at the Seeduwa processing plant and upgrades to the distribution fleet.

Sustained Profitability amid Shifting Market Conditions

Despite certain favourable developments, including reductions in electricity and gas tariffs, CGE remained cautious in managing its cost structures, particularly in energy-intensive operations such as its freezer system. The Group continues to operate debt-free, relying solely on internally generated funds. However, as interest rates steadily declined in 2024 due to policy-driven adjustments, CGE's interest income was increased, registering a increase of 33% compared to the previous year.

Through its resilience, strategic foresight and adaptive business model, CGE successfully navigated a year of economic recovery, positioning itself for sustained growth in the evolving market landscape.







Review of Group Operations

CGE Feed mill and Farming – Value Creation Dashboard

Capital	KPIs	2024	2023
Financial	Revenue (Rs. Mn)	23,042.6	22,691.7
	Contribution to Group Revenue (%)	96	116
	Segment Profit (Rs. Mn)	1,850.3	2,040.2
Manufactured	Total Investment in Manufactured Capital (Rs. Mn)	200.2	379.7
	Capacity Utilisation	<80	<80
Human	Employee Engagement Score	4.45	4.19
	Training hours per employee	6.15	1.2
Social and Relationships	Customer Satisfaction Index (%)	94.5	94.85
	Farmer Training and Development Programs (No. of beneficiaries)	41	49
	Supplier partnerships	896	881
Intellectual	No. of Trade Mark registered	2	2
	Accredited quality certifications	Yes	Yes
Natural	Water consumption to generate one-million-rupee turnover (m3)	7.23	6.14
	Energy consumption to generate one-million-rupee turnover(GJ)	1.39	1.27
	Carbon footprint (MT CO ₂ e)	0.40	0.36

Contribution towards SDGs

SDG	CGE's Contribution
 <p>2 ZERO HUNGER</p> <p>Zero Hunger</p>	<ul style="list-style-type: none"> ❖ Ensuring food security by producing high-quality poultry feed that enhances livestock nutrition and productivity. ❖ Supporting small-scale farmers through access to quality feed and best farming practices.
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Decent Work and Economic Growth</p>	<ul style="list-style-type: none"> ❖ Providing employment opportunities in rural areas and ensuring fair wages and safe working conditions for farms and feed mill employees. ❖ Investing in training programs to enhance skills.
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Responsible Consumption and Production</p>	<ul style="list-style-type: none"> ❖ Optimising feed production to reduce waste and improve efficiency. ❖ Implementing sustainable sourcing of raw materials to minimise environmental impact.
 <p>13 CLIMATE ACTION</p> <p>Climate Action</p>	<ul style="list-style-type: none"> ❖ Reducing carbon footprint through energy-efficient feed production.

Looking Ahead

As CGE moves forward, the Group remains focused on strengthening competitive positioning, diversifying revenue streams and driving innovation across all operational segments. Future strategies will center on sustainable growth, efficiency improvements and technology-driven advancements, ensuring long-term resilience and profitability.

The Feed Milling and Farming segment will continue to focus on expanding market reach and enhancing product competitiveness. While self-mixing has become a cost-cutting measure for some farmers, CGE expects a return to compound feed in the medium to long term due to its higher nutritional value. The company will invest further in R&D to ensure cost optimisation without compromising quality, strengthening its price competitiveness against other producers.

Additionally, export expansion will be a key priority, leveraging CGE's brand reputation to enter new regional markets. The company is also exploring new product lines.

Additionally, the Group will adjust the height of catching truck cages, allowing for additional crate layers, thereby optimising transport efficiency and reducing trip costs.

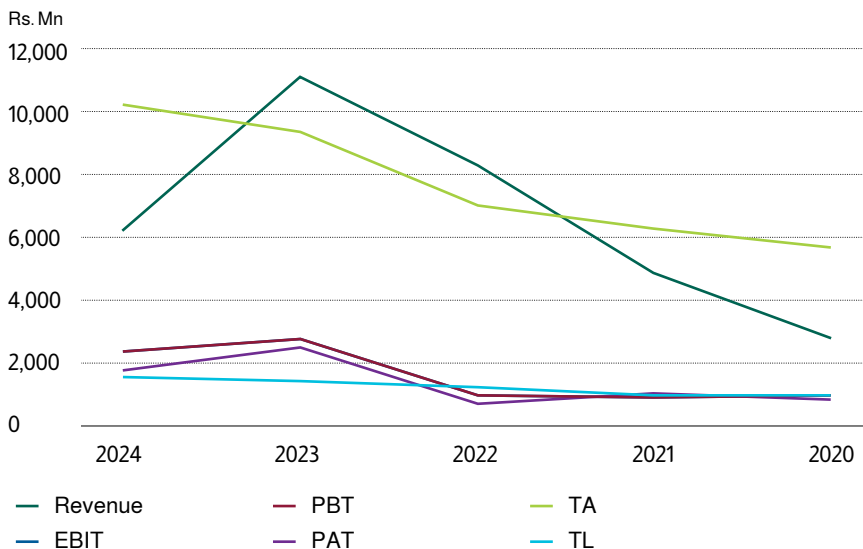
To strengthen its distribution network, CGE plans to introduce new lorries to its own fleet, improving the direct sales channels for chicken products and enhancing the Company's ability to meet customer demand efficiently.

Additionally, the Group is launching a bulk pack option for pre-cut chicken parts, offering a cost-effective alternative to fresh market offerings. This initiative will cater to price-sensitive customers while enabling retailers to create budget packs by weight, bridging the gap between affordability and convenience.

Poultry Breeding and Commercial



Performance Summary



Review of Group Operations

The second largest contributor to the Group's Revenue and Profitability, the Poultry Breeding and Commercial segment, consists of breeding, hatchery and the sale of Broiler and Layer Day-Old Chicks (DOCs) and commercial farming.

In the year under review, the segment's contribution to CGE Group's Revenue, PAT and Assets were 20%, 46% and 44%, respectively.

It was a tough year for CGE's Poultry Breeding and Commercial operation with several core operations experiencing some notable setbacks. In particular, the Broiler Day-Old Chicks (DOCs) as well as

the commercial farming segment, all came under considerable stress owing to the oversupply of chicken meat in the market which was the result of a severe demand contraction attributed to adverse weather conditions throughout much of the year. With oversupply conditions triggering intense market competition, the segment was compelled to make strategic pricing adjustments to preserve market share, a move that caused severe margin pressure. The situation further exacerbated amidst supply side pressures including material shortages and the upward revision in government taxes, collectively adding a further strain on the bottom line.

On a positive note, a robust demand was observed for Layer DOCs, driven by consumer demand for table eggs as an affordable, protein-rich alternative.

Nonetheless, lower-than-expected volumes in the Broiler DOC operation and commercial farming weighed down on the segments' overall performance for the year. At Rs. 6,197.9 Mn, revenue for the year ending 31 December 2024 reflects a 44% decline compared to Rs. 11,120.8 Mn in the previous year. The dual impact of reduced revenue and heightened operational pressures saw the segments' profits declining by Rs. 802.5 Mn in FY 2024, down by 32% from the Rs. 2,503.8 Mn tabled in the previous financial year.

Poultry Breeding and Commercial - Value Creation Dashboard

Capital	KPIs	2024	2023
Financial	Revenue (Rs. Mn)	6,197.9	11,120.8
	Contribution to Group Revenue (%)	26%	57%
	Segment Profit (Rs. Mn)	1,701.3	2,503.8
Manufactured	Total Investment in Manufactured Capital (Rs. Mn)	28.8	60.4
	Capacity Utilization	<80	<80
Human	Employee Engagement Score	96	86
	Training hours per employee	5.8	1.5
Social and Relationships	Supplier partnerships	324	573
	Community Engagement Initiatives (Number of projects)	11	7
Intellectual	No. of Trade Mark registered	2	2
	Accredited quality certifications	Yes	Yes
Natural	Water consumption to generate one-million-rupee turnover (m3)	46.45	22.63
	Energy consumption to generate one-million-rupee turnover(GJ)	1.24	0.54
	Carbon footprint (tCo2e)	0.50	0.48

Contribution towards SDGs

SDG	CGE's Contribution
 <p>Good Health and Well-being</p>	<ul style="list-style-type: none"> Ensuring food safety and quality standards in poultry processing to provide nutritious and safe protein to consumers. avoiding antibiotic use and adopting best practices in animal welfare.
 <p>Decent Work and Economic Growth</p>	<ul style="list-style-type: none"> Providing stable employment and fair wages for workers in our farms. Investing in worker health and safety programs to maintain high industry standards.
 <p>Industry, Innovation and Infrastructure</p>	<ul style="list-style-type: none"> Adopting modern processing technologies to enhance efficiency and sustainability in operations. Investing in automation and digital tracking for supply chain transparency.
 <p>Responsible Consumption and Production</p>	<ul style="list-style-type: none"> Minimising waste generation by optimising processing efficiency and promoting by-product utilisation. Implementing circular economy practices to reduce food waste.
 <p>Climate Action</p>	<ul style="list-style-type: none"> Reducing energy and water consumption in our farms by implementing resource-efficient farming technologies.

Contribution towards SDGs

Looking Ahead

The Poultry Breeding and Commercial segment will prioritise business resilience, ensuring operations remain robust against external disruptions such as supply chain uncertainties and fluctuating input costs. A core aspect of this initiative is the integration of sustainable practices, focusing on waste management, energy efficiency and the transition to renewable energy sources.

A key investment for the upcoming year is the construction of four Environmentally Controlled (EC) Houses at the Bulathsinhala farm. These Houses will enable greater resource efficiency and productivity, reducing operational costs while automating feeding, feed storage and transportation.

Other Revenue Streams: Warehousing, Equipment and Poultry Healthcare

Diversified Revenue Streams Beyond Core Operations



The “Other Revenue Streams” segment encompasses revenue generated from various ancillary activities. This includes income from renting warehouse and silo spaces, as well as the supply of specialised equipment, drugs and vaccines essential to the poultry industry. These additional revenue streams contribute to the Group’s overall financial stability while supporting the broader poultry ecosystem.

Key indicators	2024 Rs.Mn	2023 Rs.Mn	Change %
Revenue	777.8	266.5	192
EBIT	224.9	104.7	115
PBT	217.1	82.9	162
PAT	146.0	61.7	137

Financially, the Other Revenue Stream cluster demonstrated strong performance in 2024, showing substantial improvement compared to the previous year. Revenue for 2024 reached Rs. 777.8 Mn, a significant increase from Rs. 266.5 Mn recorded in the same period of 2023, marking a 192% growth. This surge was primarily attributed to the increased demand for specialised equipment, veterinary products and the expansion of the cattle feed segment. Profit for the period also rose to Rs. 146.0 Mn, compared to Rs. 61.7 Mn in 2023, reflecting a 137% increase.

The operating environment in 2024 presented both opportunities and challenges for this segment. On the positive side, the demand for specialised poultry and livestock farming equipment, veterinary drugs and vaccines continued to grow, reflecting the steady expansion of farming activities across the sector. Additionally, the cattle feed segment showed notable growth, driven by successful tender acquisitions that enabled CGE to increase its market share in this area.

Review of Group Operations





However, despite these opportunities, the segment faced several challenges throughout the year. Fluctuations in the exchange rate impacted procurement costs, making it difficult to estimate expenses accurately. Supply chain disruptions, including global shipping delays and raw material shortages, required proactive inventory management and the identification of alternative supply sources to ensure uninterrupted operations. Furthermore, the warehouse facilities were underutilised due to the limited availability of imported goods, which affected rental revenues and overall efficiency.

To navigate these challenges and capitalise on emerging opportunities, CGE adopted a strategic approach focused on operational efficiency and supply chain resilience. The warehouse and silo rental operations were streamlined to facilitate bulk purchasing of raw materials. CGE's warehousing and silo facilities are designed to preserve the quality of raw materials that ensure the quality of feed enabling secure storage of raw materials for both the Group and third parties.

Additionally, partnerships with suppliers of specialised equipment, drugs and vaccines were strengthened to ensure a stable and consistent supply, minimising the risks associated with market fluctuations and logistical constraints.



Contribution towards SDGs

SDG	CGE's Contribution
 <p>Decent Work and Economic Growth</p>	<ul style="list-style-type: none"> ❖ Creating job opportunities in supporting sectors such as logistics, distribution and retail. ❖ Promoting a diverse and inclusive work environment.
 <p>Industry, Innovation and Infrastructure</p>	<ul style="list-style-type: none"> ❖ Developing modern facilities with sustainable construction practices. ❖ Investing in research and innovation for business expansion and sustainability initiatives.
 <p>Responsible Consumption and Production</p>	<ul style="list-style-type: none"> ❖ Enhancing supply chain sustainability by promoting ethical sourcing, waste reduction, and eco-friendly packaging.
 <p>Climate Action</p>	<ul style="list-style-type: none"> ❖ Implementing ESG frameworks to monitor and reduce greenhouse gas emissions across all business operations.

Looking Ahead

We will focus on operational efficiency, supply chain resilience and sustainable business practices. The company will continue to optimise warehouse utilisation strategies and strengthen supplier networks to ensure a stable and uninterrupted supply of essential poultry and livestock farming products.

Additionally, investments in technology will enhance service delivery, allowing CGE to improve its logistics and inventory management capabilities. Future prospects include leveraging automation and digitalisation to drive further efficiencies in this segment.

At the same time, CGE will continue to embed sustainability across all operations, investing in renewable energy initiatives, process automation and infrastructure upgrades to create long-term value. By adopting innovative solutions, strengthening its market presence and improving operational efficiencies, CGE is well-positioned to achieve sustained growth and industry leadership in the years ahead.

Financial Capital



At the heart of CGE's success lies our financial capital. Financial Capital serves as a dynamic force that powers the CGE Group's ambitions and the lifeblood of our vision, enabling us to create value for our stakeholders and leave a lasting impact on the world around us.

Strengths

Strong operational integration across business segments enhances efficiency and contributes to financial resilience

Weaknesses

Declining revenue and rising input costs due to inflation pressures and currency volatility

Opportunities

Strategic focus on growth, sustainability and cost efficiency to improve profitability

Threats

Supply chain disruptions, fuel price fluctuations and regulatory changes impacting costs

Management Approach

CGE prioritises financial discipline by optimising resource allocation and strategically managing risks and investments. This balanced approach enables the Group to adapt to market fluctuations while ensuring long-term financial stability and sustained value creation for stakeholders

Key Actions for FY 2024

Rs. 200.2 Mn in capital expenditure

Rs. 1,233.4 Mn tax expense

Rs. 10,820.5 Mn retained earnings

Rs. 1,380.0 Mn Total dividend payment

Value Created

Outputs for CGE

Year-on-year Revenue Growth - 22% (10% - 2023)

NPAT - **Rs. 3.14 Bn** (Rs. 4.05 Bn - 2023)

Stakeholder Outcomes

Earnings per share (EPS) - **Rs. 40.28** (Rs. 49.61 - 2023)

Dividend per share - **Rs. 23.00** (Rs. 18.00 - 2023)

Dividend Payout Ratio (%) - **57.10** (52.94 - 2023)

Taxes Paid - **Rs. 6.39 Bn** (Rs. 4.26 Bn - 2023)

Impact on Other Capitals

Intellectual Capital

Consistent dividend payouts and strong investment returns enhance investor confidence in CGE's long-term financial stability and growth potential

Human Capital

Improved monetary benefits, including salary increments, performance bonuses and allowances to safeguard the financial wellbeing of the workforce

Financial Capital

Strengthening Financial Capital in FY 2024

The CGE Group's Financial Capital comprises a mix of financial contributions from shareholders and internal funds generated from operations and accumulated. Over the past few years, this internally generated fund has remained the main source of funding for CGE as well as for distributing satisfying returns to the stakeholders.

In 2024, we transformed challenges into opportunities, using our financial strength to build resilience, drive efficiency and invest in future-ready initiatives. From empowering our people to enhancing our operations, every decision reflects our commitment to growth with purpose.

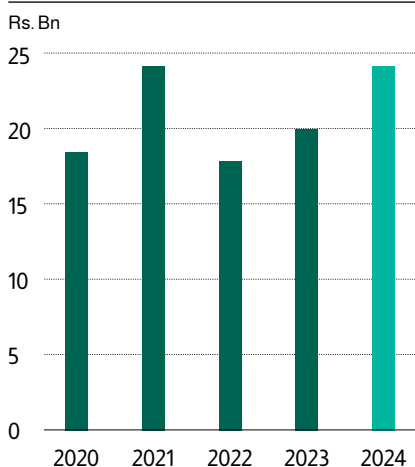
We demonstrated remarkable resilience against the uncertain business environment to deliver an outstanding performance, marked comprehensive income and our performance was accomplished through agility and quick adaptation to changing conditions and responding proactively and decisively. The management team played an important role in these efforts, enabling excellent financial planning, risk management and working capital management in a dynamic corporate environment.

In a testament to CGE's financial resilience, the Group distributed a substantial dividend, far exceeding the previous year's payout. This accomplishment underscores the strength of our financial strategy, the resilience of our operations and our dedication to maintaining a balance between growth, sustainability and shareholder returns.

Revenue

CGE achieved total revenue of Rs. 23.99 Bn in the current year, reflecting a 22% increase from 2023, a testament to our commitment to consistent quality products that prioritise customer preferences, notwithstanding numerous challenges on both the supply and demand fronts.

Group Revenue



The significant revenue growth was driven by increased sales in the feed segment and Layer Day-Old Chicks (DOCs), supported by our unwavering commitment to delivering consistent feed quality and maintaining competitive pricing. Additionally, the expansion of the cattle and aqua feed segments played a vital role in this achievement, with growing market demand and successful participation in government tenders boosting sales further.

However, challenges remained. Reduced demand for chicken and Broiler DOCs arose from an oversupply of chicken meat in the market, compounded by unfavourable weather conditions. The competitive market environment necessitated pricing adjustments for chicken and Broiler DOCs to retain market share. Moreover, government taxes and material shortages, coupled with inflated input costs, continued to place pressure on profitability.

Despite these adversities, the Group's strategic focus on operational excellence, market expansion and value-driven innovation enabled us to adapt effectively and achieve outstanding revenue growth. This achievement underscores CGE's resilience and ability to deliver sustainable value even in the face of industry-wide challenges.

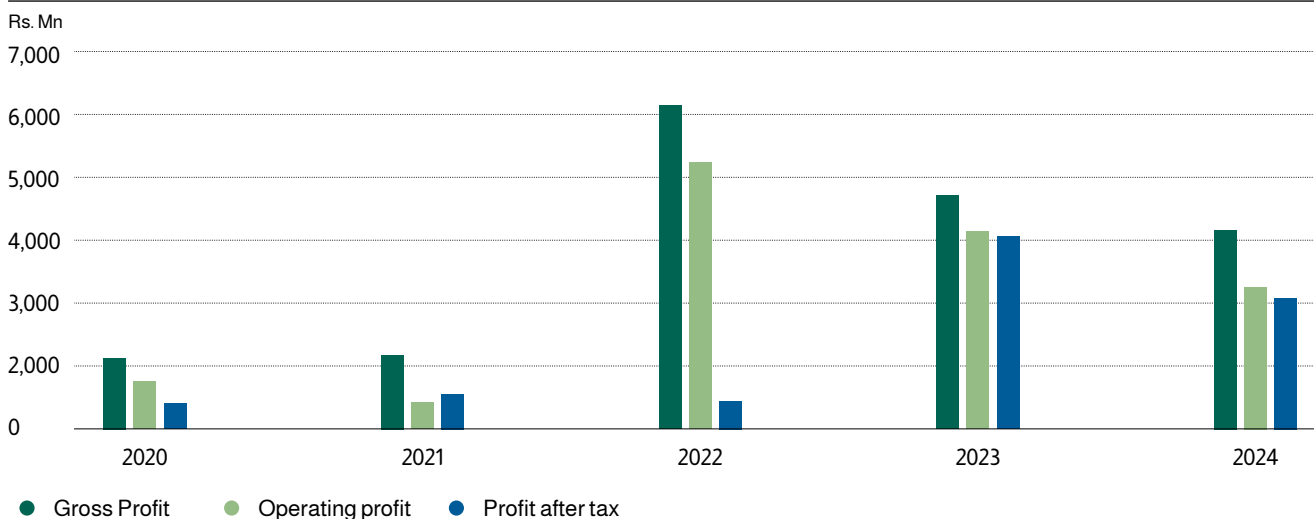
Group Gross Profit

In 2024, the Group recorded a gross profit of Rs. 4.14 Bn, denoting a 12% decrease from the previous year's performance. This decline was primarily attributed to higher input costs, as materials procured during the period were priced at an inflated USD exchange rate. These cost pressures were further exacerbated by significant increases in utility and fuel prices, along with high tax rates, all of which intensified margin pressures across operations.

Recognising the need for immediate action, the Group adopted several strategic measures to mitigate the impact of these challenges. Price negotiations with suppliers were prioritised, leveraging longstanding partnerships and economies of scale to secure more favourable terms. Additionally, the Group accelerated efforts to identify and develop viable local alternatives to imported materials, reducing dependency on foreign supply chains and insulating operations from currency volatility.

These proactive sourcing strategies, combined with a disciplined focus on cost management and operational efficiency, were instrumental in partially offsetting the adverse effects of external pressures. While the gross profit reflects a negative change for the period, the measures implemented during the year have laid the groundwork for improved cost structures and resilience in the future.

Gross Profit



Operating Expenses

The Group's operating expenses experienced a notable increase during the year, impacting overall profitability. Selling and distribution expenses surged by 31%, reaching Rs. 306.5 Mn from Rs. 234.2 Mn in the previous year. This rise was primarily driven by higher fuel and logistics costs, alongside the strategic expansion of distribution networks to meet shifting market demands. Additionally, volatile market conditions posed further challenges in optimising distribution operations. Administrative expenses grew by 14% to Rs. 621.0 Mn, compared to Rs. 543.6 Mn in 2023. This increase was influenced by rising staff costs, inflationary pressures and investments in critical areas such as technology enhancements, process improvements and regulatory compliance. To mitigate these challenges, the management implemented proactive cost-control measures and introduced cost-saving initiatives. These included minimising non-operational energy consumption, optimising the distribution network to eliminate inefficiencies and enhancing operational processes across the Group. While these measures helped alleviate some cost pressures, the increase in operating expenses highlights the Group's unwavering focus on sustaining business continuity and resilience amidst a complex economic landscape.

Meanwhile, other operating income decreased by 16% compared to 2023, reflecting a decline in fair value gain on biological assets.

A culmination of these factors saw operating profit decline by 18% to Rs. 3,387.4 Mn, compared to Rs. 4,131.2 Mn in the previous year.

Looking forward, the Group will strive to minimise margin pressures through a firm commitment to operational efficiency alongside the integration of ESG principles and the planned rollout of the digital transformation roadmap to further optimise resource utilisation and drive efficiencies over the medium to long-term.

Year	Gross profit (Rs. '000)	Operating profit (Rs. '000)	Profit after tax (Rs. '000)
2020	2,102,634	1,515,776	1,270,874
2021	2,203,838	1,461,114	1,707,690
2022	6,094,681	5,258,022	1,017,015
2023	4,704,705	4,131,207	4,047,872
2024	4,142,589	3,387,353	3,144,932

In tandem with the decline in operating profit, the Group reported a net profit of Rs. 3.14 Bn for the period under review, reflecting a significant decrease compared to Rs. 4.05 Bn recorded in the previous year.

Interest income increased by 33% to Rs. 1.10 Bn, compared to Rs. 824.1 Mn in the prior year, due to higher average deposits. However, net finance costs reflected an unfavourable shift, moving to a loss of Rs. 112.5 Mn from a net gain of Rs. 55.2 Mn in 2023, primarily due to the absence of the unrealised notional exchange gain on lease liabilities reported in the prior year.

Financial Capital

Despite these challenges, the Group remained profitable, surpassing internal expectations. Our ability to sustain profitability during such a volatile period underscores the agility and resilience of our business model and the strength of our strategic vision.

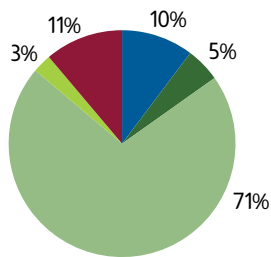
Taxation

GRI 207-1, 207 -2

The Group's taxation expense for the period under review increased by 26% to Rs. 1.23 Bn, compared to Rs. 978.8 Mn in the previous year. This significant rise is primarily attributable to the taxation status of the TAF segment. While TAF's profits were exempt from income tax in the previous year, the Company became subject to the standard 30% tax rate in the current period, leading to a substantial rise in the Group's overall tax expense. This increase underscores the evolving tax environment and its impact on profitability, further highlighting the importance of adaptive strategies in sustaining long-term growth.

Investments

Actual 2024 (Rs. Mn)



- Farms Operations
- Feed Mill and Warehousing
- Chicken Processing Plant
- IT-upgrade
- Motor Vehicle

CGE takes immense pride in its commitment to transparency and sound governance in all its investment endeavours. The Group ensures that every investment is backed by the necessary approvals based on rigorous scrutiny, underscoring the commitment to ethical guidelines and responsible decision-making.

Over the past years, CGE has successfully financed new investments through a balanced approach of internally generated funds and prudent debt management. This strategy has allowed the Group to consistently grow its operations without requiring additional equity contributions from shareholders. Despite ongoing investments, CGE has maintained an attractive dividend payout policy, demonstrating its dedication to delivering value to its shareholders while fostering long-term growth.

The Group's robust financial position reflects a healthy funding profile and manageable debt coverage levels, and provides a solid foundation to pursue strategic objectives. Recognising the importance of maximising business opportunities, CGE continues to prioritise maintaining and enhancing its current assets to boost productivity and efficiency.

In 2024, the Group allocated nearly Rs. 200.0 Mn toward capital expenditures, focusing on productivity enhancements and infrastructure development to strengthen its competitive position. Given the prevailing macroeconomic conditions and the nature of its business, CGE has adopted a prudent approach by refraining from aggressive expansion plans. Instead, the Group remains firmly committed to optimising its operations and improving infrastructure to sustain growth and remain resilient in the face of challenges.

Commitment to Robust Financial Internal Control

CGE places strong emphasis on maintaining a robust system of internal controls to safeguard its financial integrity and ensure the accuracy and reliability of financial reporting. These controls are designed to mitigate risks, promote operational efficiency and provide stakeholders with confidence in the Company's financial operations.

A fundamental aspect of CGE's internal control structure is the segregation of duties. This practice ensures that no single individual has complete control over a financial transaction from initiation to completion, reducing the risk of errors or fraudulent activities. The Company maintains a disciplined approach to recording financial transactions, ensuring transparency and traceability for auditing purposes.

Effective internal control policies and procedures are in place for all business operations to ensure that management's and employees' actions, whether deliberate or not, do not impair the Group's financial capital. The Group internal audit department and the finance department implement thorough control procedures, which are reported to the Group's audit committee every quarter.

Financial Position Performance Financial Stability Assets Base

The solid financial position, steadily strengthened over CGE's 40 years, remains the cornerstone of the CGE Group's financial resilience and stability. Despite challenges during the year, total assets grew to Rs. 23.11 Bn as at 31 December 2024 from Rs. 18.91 Bn at the end of the previous financial year, highlighting CGE's ability to adapt to challenges while maintaining a strong asset foundation that supports future growth in line with Sri Lanka's projected economic recovery.

Non-Current Assets

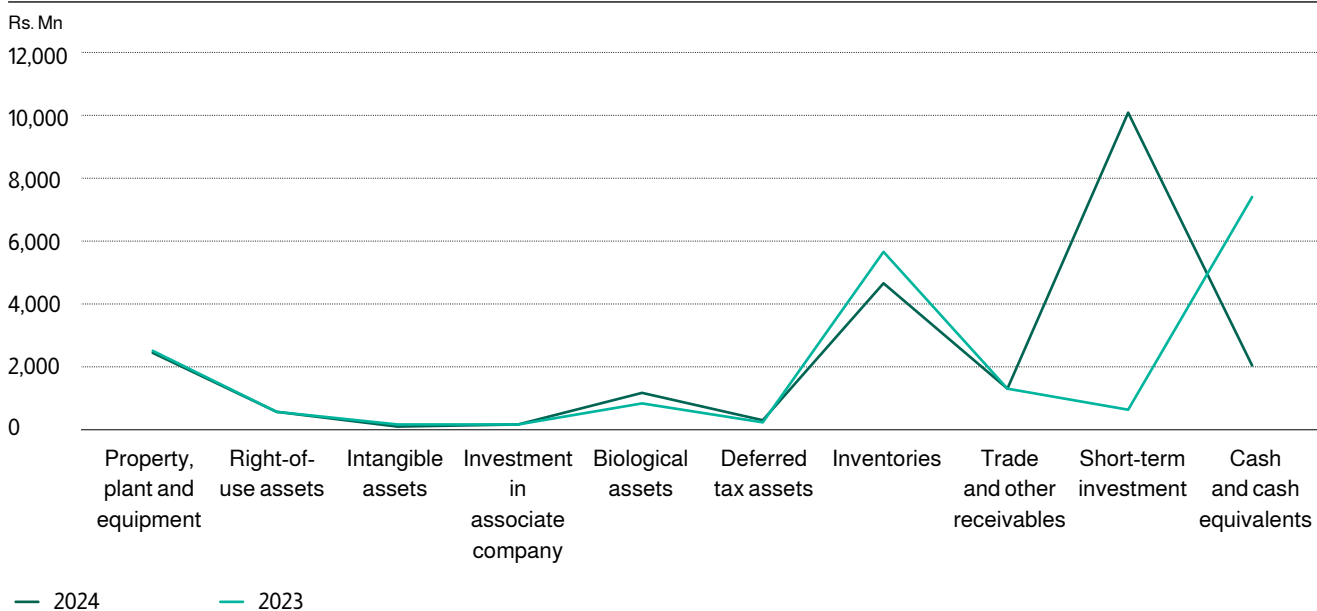
Biological Assets increased by Rs. 299.3 Mn (45%) to Rs. 962.6 Mn, driven by increase in cost and fair value. Right-of-Use Assets declined by Rs. 26.1 Mn to Rs. 469.0 Mn, reflecting amortisation for the year. Intangible Assets decreased significantly by Rs. 16.3 Mn (35%) to Rs. 30.3 Mn, representing investments in proprietary systems and technology to enhance operational efficiencies. Deferred tax assets grew by Rs. 46.1 Mn (32%) to Rs. 191.4 Mn, reflecting deferred tax benefits arising from temporary differences.

Current Assets

Despite operational challenges, the Group maintained healthy liquidity levels, with cash and cash equivalents at Rs. 1.95 Bn, while short-term Investment increased significantly, demonstrating CGE’s proactive approach to capital allocation and infrastructure enhancement to secure long-term returns.

CGE’s ability to maintain a strong liquidity position and formidable asset base has been pivotal in sustaining our leadership in the integrated poultry sector, despite an intensely competitive market. The consistent growth of the asset base reflects the Group’s strategic focus on capital investment, infrastructure development and efficient asset management. This unwavering commitment positions CGE for steady growth, operational efficiency and readiness to capitalise on emerging opportunities in the recovering economy.

Assets Base 2024 vs 2023



Financial Capital

Equity

CGE's total equity comprises stated capital, retained earnings and non-controlling interest. Total equity registered a substantial increase in the current financial year, expanding from Rs. 14.51 Bn to Rs. 15.58 Bn, signalling CGE's efficient utilisation of resources, prudent reinvestment strategies and commitment to sound financial practices.

Our Stated capital remained stable at Rs. 1.02 Bn, reflecting the Group's ability to sustain operations and growth without requiring additional capital. Retained earnings increased by Rs. 758.5 Mn, growing from Rs. 10.06 Bn to Rs. 10.82 Bn, driven by CGE's strong profitability and disciplined resource allocation. Non-controlling interest rose by Rs. 311.2 Mn, from Rs. 3.43 Bn to Rs. 3.74 Bn, signifying enhanced value for minority shareholders in subsidiary operations.

The stability in stated capital demonstrates the Company's strong internal capacity to fund its operations and growth initiatives, while the increase in retained earnings highlights CGE's profitability and capacity to retain value within the business.

Consistent growth in equity provides a solid foundation for future expansion and reinforces CGE's standing as an industry leader in the integrated poultry sector. Moreover by maintaining a strong equity position, CGE is well-prepared to navigate challenges, seize opportunities and deliver sustainable returns to its stakeholders.

Liquidity

CGE's liquidity position remains strong, reflecting the Group's commitment to maintaining financial flexibility and operational efficiency. As of 31 December 2024, current assets increased to Rs. 18.88 Bn, compared to the previous year, signifying a 27% growth. This increase highlights the Group's effective management of short-term resources to support its operational and strategic objectives.

The current ratio stands at 3.08 in 2024, compared to 4.81 in 2023. While this reflects a moderate decrease in liquidity coverage due to the strategic use of cash and short-term resources, it remains well above industry benchmarks, indicating a healthy ability to meet short-term obligations. CGE's solid liquidity position, combined with its strong asset base and prudent financial management, provides the Group with the resilience to navigate challenges and capitalise on opportunities and ensures the Group remains well-positioned to sustain operations and pursue growth initiatives, even in a dynamic market environment.

Cash Flow

The Group treasury plays a critical role in managing and optimising cash flows, ensuring efficient allocation of funds and maintaining financial stability. Through meticulous oversight, continuous monitoring and strategic measures, the Group treasury has successfully balanced liquidity needs with financial risk management.

Net cash generated from operating activities amounted to Rs. 7.11 Bn (2023: Rs. 8.55 Bn). The decline was primarily due to reduced profit before tax and changes in working capital. Net cash used in investing activities amounted to Rs. 1.17 Bn. These investments reflect the Group's strategic focus on infrastructure enhancement and operational expansion, despite a reduction in capital outflows compared to the previous year. Net cash used in financing activities was Rs. 11.39 Bn, largely driven by Short-term investments of Rs. 9.26 Bn, signalling a prudent approach to capital allocation and risk management and the Dividend payments, emphasising the Group's commitment to providing returns to shareholders.

The Group experienced a net cash outflow of Rs. 5.45 Bn in 2024, compared to an inflow of Rs. 6.25 Bn in 2023. Despite the decline, the Group's strong cash management practices and strategic investments ensure financial stability and operational resilience.

Shareholder Returns

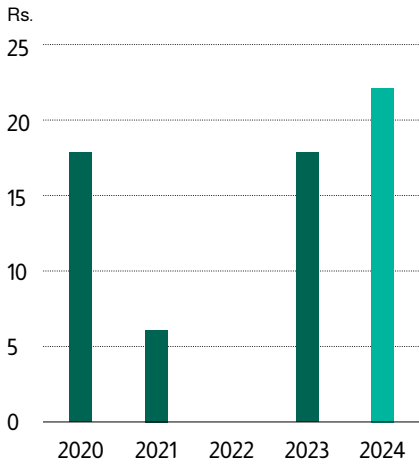
Dividend

CGE has a proud legacy of delivering consistent and substantial returns to its shareholders through a combination of healthy dividends. Even in the face of unprecedented economic challenges in Sri Lanka, CGE demonstrated resilience and remained profitable during the year.

Recognising the ongoing economic uncertainty and the potential for further slowdown, the Board of Directors adopted a strategic and balanced approach to dividends. For the financial year 2024, a dividend of Rs. 23.00 per share was declared, reflecting the Board's commitment to maintaining shareholder value while safeguarding the Company's long-term stability and growth potential.

The following table highlights CGE's dividends per share over the past five years:

Dividends Per Share



The Board's strategic rationale for moderating the dividend payout in 2024 is centred on safeguarding CGE's long-term financial stability and growth prospects. By protecting profitability, the Group ensures that there are financial buffers to support core operations and navigate the uncertainties of a challenging economic environment, going forward. Strengthening the financial position through retained earnings not only fortifies the financial position but also enhances CGE's resilience to external shocks. This approach aligns with the Group's commitment to sustainable growth, allowing it to reinvest in critical areas and remain agile in capitalising on future opportunities. Ultimately, this strategy reinforces CGE's ability to deliver consistent and enhanced shareholder value when economic conditions improve.

Net Asset value and Market Price of the share

CGE's Net Asset Value (NAV) per Share experienced a significant increase, rising to Rs. 197.31 in 2024 from Rs. 184.67 in 2023, reflecting the Group's commitment to maintaining a robust financial position and ability to generate value for shareholders despite external economic challenges.

The share structure remained unchanged during the year. This consistency in structure ensures shareholders continue to benefit proportionately from CGE's growth and profitability.

The performance of the CGE share also showed notable improvement in 2024 compared to the previous year. This upward trend can be attributed to increased investor confidence as the country progressed toward economic recovery and growth during the year. The Group's resilience and ongoing strategic initiatives to reinforce its position as a leader in the integrated poultry industry also contributed towards enhancing investor trust in the CGE share in 2024.

Creating Value for Shareholders

CGE is dedicated to creating sustainable, long-term value for shareholders by prioritising forward-looking strategies, ESG risk mitigation and sustainable growth over short-term gains. The commitment to environmental stewardship and social responsibility is reflected in efforts to minimise its ecological footprint and invest in workforce and community well-being. Further, the Group maintains profitability through innovation, modernisation and digital transformation while adhering to strong governance practices.

Through integrated sustainability and risk management frameworks, CGE addresses Sustainability-Related Risks and Opportunities (SRROs), aligning its financial management with double materiality principles and the SLFRS S1 and S2 standards for reporting of sustainability and climate-related disclosures.

Tackling Climate Challenges and Their Financial Implications

CGE proactively addresses the financial implications of climate change by identifying and analysing specific physical and transition risks. These include challenges such as extreme weather events and potential carbon pricing regulations. These risks are integrated into our risk register and assessed using internal scenario analyses to evaluate their potential financial impact on the Group. To effectively manage these risks, CGE employs a range of strategies such as Risk Mitigation Measures and Sustainable Investment Decisions.


In alignment with our commitment to transparency and shareholder value, CGE is working to expeditiously adopt the Sri Lanka Financial Reporting Standards (SLFRS) S1 and S2. These standards will enable the Group to proactively identify, address and disclose material information relevant to its operations. CGE believes that improving the objectivity, consistency and comparability of its disclosures will provide shareholders with a more holistic view of the Group's performance, opportunities and future resilience, underscoring CGE's commitment to sustainable business practices and its dedication to long-term growth in an increasingly climate-conscious economy.

Financial Capital

Financial impact of addressing sustainability and climate-related risks and opportunities.

Impact Topic	Sustainability and Climate-Related Risk and Opportunity	Commitments, Governance and Strategy	Financial Impact of Strategy and Mitigation Activities (LKR Mn.)
ESG Best Practices Implementation. Transition to a Sustainable entity.	Risks to reputation, stakeholder trust and long-term sustainability due to non-compliance with global ESG standards.	Commitment to aligning operations with international ESG frameworks (e.g., GRI, UN SDGs and SBTs). Developing robust ESG governance structures.	○ ESG Implementation: - 1.0 Mn.
Physical Risks of Climate Change : Risks to operations due to natural disasters and severe weather induced by climate change.	Building climate resilience through adaptation to changing climates and severe weather patterns.	Business continuity plans and securing relevant insurance coverage.	○ Insurance premiums for natural perils: 8.8 Mn. ○ Maintenance of fire protection systems and firefighting equipment: 1.3 Mn.
Carbon Emissions and Transition Risks : Risks arising during the transition to low-carbon operations.	Transitioning to a low-carbon business model through Phasing out non-renewable energy sources.	Investments in renewable energy projects. Energy-efficient equipment installations.	○ Investment in GHG Emission Analysis: 0.1 Mn.
Energy Usage: Increased energy consumption and costs	Improving energy efficiency through investments and responsible procurement practices.	Implementation of energy-saving technologies. Installation of energy-efficient equipment like LED lights.	○ Energy-Saving initiatives: 1.2 Mn. ○ LED lights replacement cost: 3.0 Mn.
Water Usage and Effluent Discharge : Risks of poor-quality effluent discharge	Enhancing effluent treatment and Continuous monitoring and tracking of discharge parameters.	Upgrading effluent treatment plants. Staff training on monitoring and risk audits.	○ Licence and Effluent discharge: 34.2 Mn
Waste Management : Environmental pollution and regulatory fines from improper waste disposal	Minimising waste generation and ensuring proper segregation.	Waste reduction and segregation programs.	○ Annual payments to authorised waste disposal party: 2.2 Mn.

Impact Topic	Sustainability and Climate-Related Risk and Opportunity	Commitments, Governance and Strategy	Financial Impact of Strategy and Mitigation Activities (LKR Mn.)
Occupational Health and Safety : Employee injuries and illnesses leading to productivity loss and legal costs.	Fostering a safe workplace , staff training and providing PPEs.	Employee safety training programs. Regular inspections and incident reporting. Internal Safety audits.	<ul style="list-style-type: none"> ○ Employee safety training: 0.7 Mn. ○ PPE investments: 1.6 Mn.
Staff Training and Retention : High turnover leading to loss of expertise.	Attracting and retaining talent through job rotation, progression planning and specialised training.	Competitive compensation and benefits. Skills development programs Positive work environment and employee engagement initiatives.	<ul style="list-style-type: none"> ○ Staff training and mentorship: 0.5 Mn. ○ Professional memberships and affiliations: 0.5 Mn.
Business Ethics and Governance : Vulnerabilities to corruption, discrimination and data security breaches.	Implementing ethical standards, anti-corruption policies and robust governance practices.	Adopting 12 policies and active committees. Data security infrastructure (e.g., firewalls, encryption).	<ul style="list-style-type: none"> ○ Policy Implementation: 0.3 Mn. ○ Annual firewall and encryption subscription: 2.9 Mn.



Risks and Responses Relating to Financial Capital

During the year, CGE faced multiple challenges in managing its Financial capital.

For further details, refer to Enterprise Risk Management page 137.



Way Forward

Looking ahead, we remain committed to creating sustainable value for our stakeholders through prudent financial management, strategic investments and leveraging growth opportunities. Our focus will be on driving efficiency, optimising capital allocation and ensuring resilience in a dynamic economic environment. We will continue to integrate sustainability into our financial strategies, enhancing our ability to manage risks and capitalise on emerging opportunities. By fostering innovation, maintaining strong governance and aligning with global ESG best practices, we aim to deliver consistent and sustainable financial performance.

Manufactured Capital



CGE's Manufactured Capital comprises the physical infrastructure (property, plant, equipment - PPE and vehicles) and the backend IT systems that together form the foundation for the production, storage and distribution of the Group's core products

Strengths

Fully fledged physical infrastructure to support integrated operations in the poultry value chain

Weaknesses

No Significant Weaknesses

Opportunities

Pursue external partnerships to access the technical knowledge to carry out in-house machinery upgrades

Threats

High Cost of upgraded Technology

MANAGEMENT APPROACH

CGE employs a multi-faceted strategy to enhance Manufactured Capital by investing in reliable, high-performing infrastructure that is both robust and resilient, alongside preventive maintenance to preserve functionality and extend the lifespan of assets. These efforts are further supported by the adoption of manufacturing best practices and investment technology, collectively aimed at boosting the performance efficiency of physical assets.

Key Actions for FY 2024

Rs. 270.0 Mn incurred on retrofitting the ammonia Plant at the processing plant

Rs. 50.2 Mn invested to acquire catching trucks

Rs. 74.0 Mn incurred in maintenance and upkeep

Rs. 11.2 Mn invested on IT system upgrades

Value Created

Outputs for CGE

Asset Turnover Ratio - 1.04 (1.04 - 2023)

Capacity Utilisation - <80%

Stakeholder Outcomes

Assurance of high quality and safe products

Guarantee of food security through uninterrupted availability of products

Impact on Other Capitals

Financial Capital

Improved financial performance and profitability

Increased return on investment due to operational efficiencies

Human Capital

Safer and more efficient work environments

Social and Relationship Capital

Guarantee of safe and best-quality products

Assurance of uninterrupted product availability



Investing in PPE

Being one of few fully integrated players in the local poultry value chain, CGE's robust physical infrastructure comprising property, plant, and equipment (PPE), forms the bedrock of the Group's operations. The state-of-the-art feed mills, poultry farms, hatcheries, and chicken processing facilities, all equipped with state-of-the-art equipment for feed production, processing, and storage, are vital for supporting the Group's core main business activities.


CGE Group PPE also includes the physical infrastructure of its subsidiary - Three Acre Farms (TAF), which consists of hatcheries, breeders, Broiler and Commercial operations all consisting of state-of-the-art plant and equipment that contribute towards further enhancing CGE's status as a fully integrated player in Sri Lanka's poultry value chain.

Another key component of Group PPE is CGE's Motor vehicle fleet which consists of a range of vehicles from light commercial vehicles used for local transport to Catching trucks, Freezer Trucks, Chick trucks, bulk trucks and feed trucks that facilitate regional deliveries.

Considering the scope and scale of operations and the dynamic environment in which the Group operates, Capital Expenditure (CAPEX) is planned ahead to ensure all new investments are aligned with the Group's strategic objectives. Departmental CAPEX requirements are prepared annually and reviewed by the management, considering budgets and ROI targets, followed by the formal approval process, ensuring alignment with strategic goals and with larger projects requiring Board approval.

The procurement of machinery and equipment is through a formal tendering process which helps to maintain transparency and fair pricing. Moreover, given the high degree of technical specificity involved, equipment vendors are subject to a rigorous screening

process, with priority given to original equipment manufacturers that meet globally recognised quality certifications, such as ISO 9001 for Quality Management Systems, and adhere to internationally recognised frameworks for environmental management such as ISO 14001.

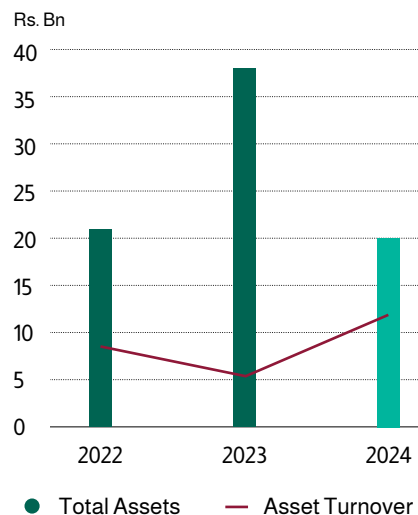


No. of Own buildings – 624



Total Area of freehold land – 327 Acres

Total Assets



New Investments (Rs. Mn)	Consolidated Value of Property, Plant and Equipment (Rs. Mn)		
	31 December 2024	31 December 2023	31 December 2022
Buildings	18.1	159.6	17.3
Leasehold buildings and improvements	45.1	14.6	0.6
Plant and machinery, electrical and farm equipment	304.1	72.0	29.1
Furniture, fittings and office equipment	20.2	18.9	20.2
Motor vehicles	50.2	67.8	Nil
Capital work-in-progress	(237.5)	46.8	141.8
Total	200.2	379.7	209

Manufactured Capital

Key Initiatives 2024

- Retrofitting of Ammonia Refrigeration system in Chicken Processing Plant.
- Implemented the automated feed and water system at our farms.
- A temperature monitoring system was installed in bottle coolers across our farms.
- Increase company owned live bird trucks in transporting birds to Chicken processing and thereby reduced the cost.
- Facilitated to carry out the beak treatment of the Day-Old Chicks.
- Commencement of construction of Close Houses - Ongoing project.

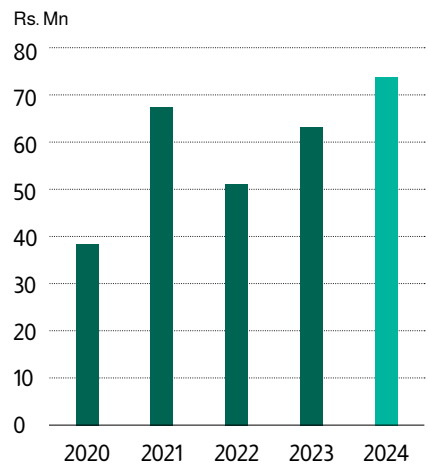
Asset Maintenance and Upkeep

CGE undertakes comprehensive maintenance and upkeep to ensure machinery and equipment function at optimal levels. Maintenance activities are structured under three key pillars. Preventive Maintenance involving routine servicing, inspections and repairs to enhance performance, reduce downtime and lower long-term maintenance costs. A key covenant of the Group's preventive maintenance programme is the use of Original Equipment Manufacturer (OEM) spare parts and strict adherence to OEM recommended servicing guidelines. As part of the preventive maintenance programme, CGE's vehicle fleet also undergoes scheduled servicing and repairs to minimise breakdowns and extend vehicle lifespan.

Condition-Based Maintenance is carried out for selected operations across the Group, where advanced monitoring technologies, such as vibration analysis, are used to conduct targeted interventions to maintain peak performance. Corrective Maintenance addresses unexpected malfunctions through prompt repairs to minimise disruptions to production schedules and maintain operational continuity.

Group-wide maintenance activities are undertaken by highly trained technical teams, while repairs are overseen by the Group Engineering Department. These teams receive regular training, including specialised sessions conducted by CGE's ultimate Parent Company, Prima, to ensure their skills remain current and effective.

Plant and Machinery Maintenance Expenses - CGE Group



Achieving Operational Excellence

Recognising that operational excellence is directly linked to optimal functioning of assets, CGE strives to achieve 360-degree operational excellence. To that end, all Group facilities operate in adherence with, strict regulatory requirements, including local fire safety and disaster management regulations. Moreover, fire safety systems at farms are continuously monitored and upgraded, while advanced lighting and surge protection systems have been installed to safeguard livestock effectively.

These efforts are reinforced by CGE's adoption to global standards and certifications, including ISO 9001 (Quality Management System), ISO 22000 (Food Safety Management), HACCP and Good Manufacturing Practices (GMP), underscoring the Group's commitment to driving operational excellence as a source of optimising asset value. Additionally, CGE employs advanced biosecurity measures on par with global best practices to protect against disease and contamination, while fully automated climate control systems regulate temperature, humidity and ventilation, preserving product quality and poultry health while prioritising animal welfare.

Leveraging Technology Systems

Well aware that technology systems create a platform for sustained improvement of asset performance, the CGE Group has over the years systematically invested in IT infrastructure to support all core operations encompassing feed milling, chicken processing and farming activities. Today, the Group's ERP system integrates various business functions such as finance, supply chain management, production planning and inventory control and facilitates seamless data flow and real-time reporting to drive operational efficiency and improve decision-making.

Additional investments in IT tools and applications for production monitoring, quality control and traceability assist in maintaining compliance with food safety and environmental standards.

In FY 2024, a sum of Rs. 11.2 Mn was incurred to boost Group-wide IT systems. Notable developments included calibrating the server storage systems and network equipment to reduce downtime and increase data processing capacity. The ERP system was also upgraded with the introduction of new features and data enhancements to improve report quality and seamless integration of business processes.



Risks and Responses Relating to Manufactured Capital

During the year, CGE faced multiple challenges in managing its Manufactured capital.

Further details, refer to Enterprise Risk Management page 143 and Sustainability and Climate Risk Report page 157.



Way Forward

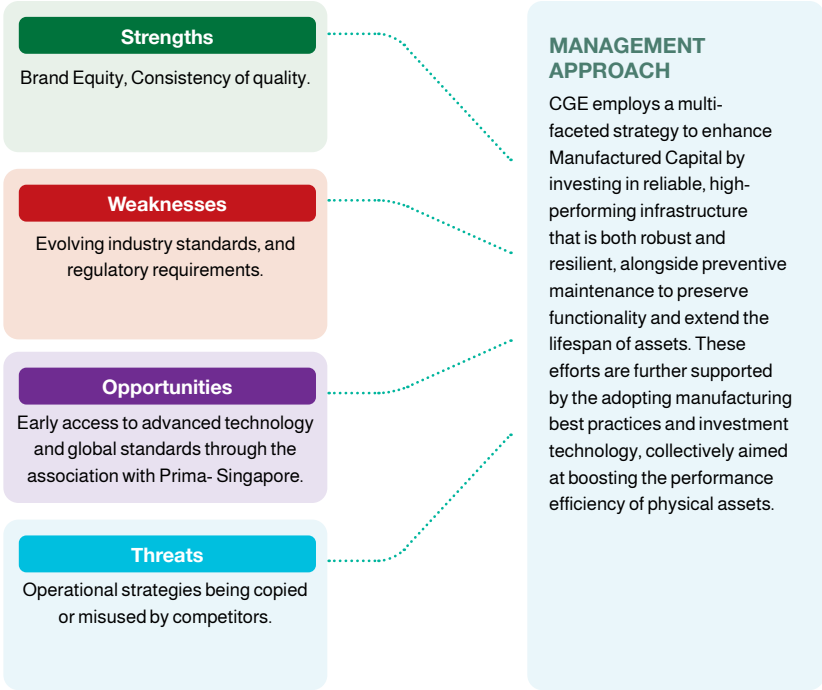
With CGE considering an expansion in its production capacity in the future to meet growing market demand, the integration of automation into farm operations will be a key lever towards enhancing asset efficiency, increasing productivity and minimising downtime. To facilitate this, the Group plans to invest in end-to-end automation facilities to improve productivity and enhance costs efficiency.

In the longer term, the Group will also explore investments in energy-efficient equipment as well as renewable energy solutions, to ensure the Group's Manufactured Capital remains resilient and competitive in a rapidly evolving market.

Intellectual Capital



CGE'S Intellectual Capital encompasses the Group's intangible assets, including its reputation and the unique attributes such as CGE's systems, processes and distinctive approaches to thinking and working.



Key Actions for FY 2024

- | | | | |
|---|--|---|---|
| Introduction of the policy on anti-bribery and corruption | Introduction of the policy on whistleblowing | Strengthened the sales force automation | Focus on strengthening BCP and DR systems |
|---|--|---|---|

Value Created

Outputs for CGE Ranked among the most valuable local brands in Sri Lanka <hr/> Estimated brand value - Rs. 1.75 Bn <hr/> Credit rating AA-	Stakeholder Outcomes Improved feed quality and performance to support human health <hr/> Value additions for the benefit of farmers using CGE Products
--	---

Impact on Other Capitals

Financial Capital	Stronger competitive advantage and market position leading to improved profitability and long term financial stability
Manufactured Capital	Opportunities for learning and knowledge enhancement
Human Capital	
Social and Relationship Capital	Guarantee of uninterrupted availability of products in the market



Brand Identity

Ceylon Grain Elevators PLC (CGE) has carved out a distinct identity as an important contributor to Sri Lanka's food security and economic development for the past 40+ years. As one of the only few fully integrated poultry producers in the Country, CGE serves the nation through the provision of consistent high-quality, nutritious and affordable poultry products under "Prima" poultry brand.

CGE's reputation is significantly enhanced by its association with the Singapore-based Prima Group, one of Asia's leading conglomerates. In the regional FMCG space the strong brand equity of the Prima Group positively reflects on CGE in multiple ways. Being part of such a renowned conglomerate helps to strengthen CGE's financial credibility, operational excellence and adherence to global best practices in line with the Prima Group's reputation for delivering superior products. Moreover, the Prima Group's industry expertise and cutting-edge technology enables CGE to access advanced systems and innovative practices to stay ahead of the market.

Today, CGE's "Prima" poultry is recognised as a hallmark of excellence and in 2024 was ranked 41 among the most valuable local brands in Sri Lanka with an estimated brand value of Rs. 1.75 Bn and a rating of AA-.

Ethics and Values

CGE's business ethics are anchored to the corporate philosophy of the parent entity - Prima Limited - Singapore, which revolves around the 3H principles of building a "Healthy Organisation", being an "Honourable Winner" and making an "Honest Fortune".

These principles resonate across all aspects of CGE's operations and drive the commitment to do business the right way.

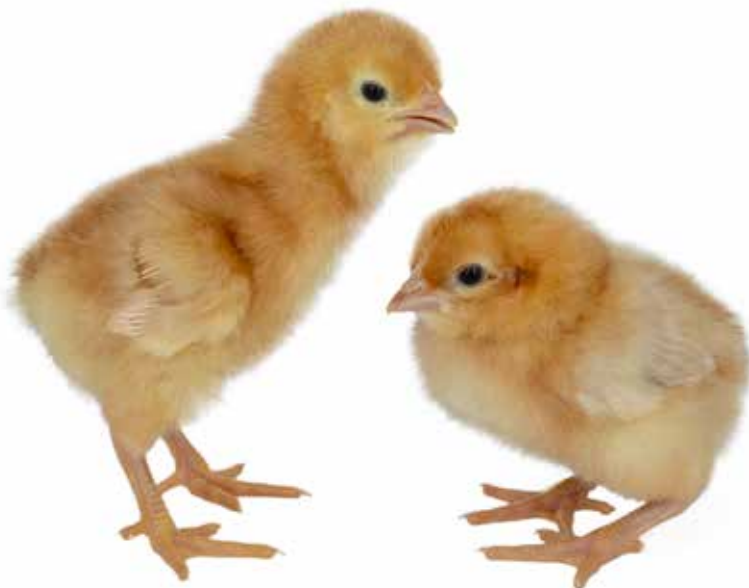
GRI 13.11 Animal Health and Welfare (Sector Topic Disclosures)

CGE Group Animal Welfare Policy

CGE is committed to the ethical treatment and wellbeing of animals. This Animal Welfare Policy outlines our dedication to promoting responsible and compassionate care for animals in all aspects of our operations.

This policy applies to all employees, contractors and partners associated with our organisation. It covers our interactions with animals in research, testing, production, transportation and any other activities involving animals. We ensure that all animals under our care are treated with respect, kindness and compassion. Any uses of animals are conducted in a manner that minimises stress and discomfort. Further, we comply with all applicable local, national and international laws and regulations governing the treatment of animals. We obtain and maintain all necessary permits and approvals for activities involving animals. For example, we provide animals with appropriate housing, nutrition, veterinary care and environmental enrichment to ensure their well-being. Our facilities designed to promote natural behaviours and allow for adequate space. Animal transportation is in a manner that ensures their safety and minimises stress. Adequate provisions for food, water and rest will be made during transportation. We adopt sustainable practices that reduce the environmental impact of our activities and promote the well-being of both domestic and wild animals.

An Animal Welfare Committee is established to oversee and review the implementation of this policy. The committee includes representatives from relevant departments, veterinary professionals and external experts. Employees involved in activities with animals receive appropriate appropriate training to ensure they are aware of and adhere to this policy.



Intellectual Capital

While ensuring 100% regulatory compliance across all aspects of the business is the first step, CGE's approach to ethics extends well beyond mere compliance to embrace excellence in conduct.

A comprehensive ethics framework provides foundational guidance and underscores that ethical behaviour is not merely a requirement but a defining characteristic of the CGE Group. The ethics framework which comprises a Code of Conduct along with policies on Occupational Health and Safety, Food Safety, Quality Management, Environment and Animal Welfare, along with the newly launched Anti-Bribery and Corruption, Whistleblowing policies, all aim at empower employees to adopt appropriate behaviours in their internal activities and interactions with external stakeholders on behalf of the Group. To reinforce this focus, all employees undergo regular training on ethical practices, ensuring consistent understanding and application of these principles. Additionally, the internal audit team conducts routine due diligence activities to evaluate the efficacy of the ethics framework and ensure Group-wide adherence.

Knowledge-based Assets

The knowledge, skills and innovative spirit of CGE's teams are critical success factors for all Group businesses. A solid, Group-wide knowledge base comprising diverse talents including highly skilled professionals and industry experts drive the Group's operational excellence and strategic growth to ensure CGE remains at the forefront of the local poultry industry.

Each year, the Group invests significant resources in learning and development initiatives to enhance the capabilities of its teams. This includes formal training programs, mentorship opportunities and exposure to global best practices.



GRI 2-28

Memberships and affiliations with the following entities also add further value to the Group's knowledge enhancement initiatives:

- ❖ World Poultry Science Association
- ❖ Lanka Poultry Producers Forum
- ❖ All Island Poultry Association
- ❖ Sri Lanka Veterinary Association

Research and Development (R&D) Capability

As a leading player in Sri Lanka's poultry value chain, CGE recognises the benefits R&D provides in terms of driving continuous improvement to meet the demands of a dynamic market, address emerging challenges and cater to changing consumer preferences.

For this reason, the Group has established a dedicated R&D team comprising highly trained food scientists, technicians and industry specialists who work collaboratively to focus on upgrading and developing new feed / premix formulations, improving feed-related nutrition and enhancing quality and performance of feeds. The knowledge and expertise of the Prima Group-Singapore also contribute towards further augmenting CGE's R&D capabilities.

R&D focus for 2024

Improving feed-related nutrition

Commenced Experimental Trials to:

- ❖ Study the different approaches to reduce feed cost.
- ❖ Improve the possibility of using more locally available, alternative raw materials.
- ❖ To reduce production cost and increase output.
- ❖ Study new methods to improve feed quality and performance to support human health in
- ❖ Study new methods to improve eco-friendliness.

Enhancing quality and performance of feeds

Commenced Experimental Trials to:

- ❖ Introduce value additions to benefit farmers who use CGE's products.

Standards and Certifications

Striving to benchmark the standards of excellence maintained by its ultimate parent Prima-Singapore, CGE also works with equal rigour to achieve excellence measured by global standards and certifications. To that end, several certifications have been obtained for the Group's operation for processing frozen and chilled whole chicken, frozen and chilled chicken parts and mechanically deboned meat. These include ISO 9001 (Quality Management Standard) ISO 22000 (Food Safety Standard) HACCP (Hazard Analysis and Critical Control Points) certification, GMP (Good Management Practices) certification and the HALAL certification.

In 2024, CGE secured the ISO 17025, an international standard that establishes requirements for testing and calibration laboratories. The standard was obtained for CGE's Microbiology Laboratory which performs Microbiological tests for chicken products produced by the Group.



Strategic Partnerships

Guided by the belief that meaningful collaborations foster shared value, CGE actively forges strategic partnerships with local and global entities to engage in initiatives that align with the Prima Group's corporate philosophy to build a "Healthy Organisation", being an "Honourable Winner" and making an "Honest Fortune". To that end, CGE has tied up with Elanco Animal Health (USA) to source the latest poultry vaccines and Better Pharma Co. Ltd to gain access to specialised poultry breeding equipment. Similarly, the tie up with Happy Waste System (HMS) enabled CGE to access imported raw materials, feed additives, spare parts and other significant imports and also benefit from technical support provided by HMS.

Digital Tools

CGE's investment in digital tools reflect its commitment to innovation, efficiency and enhanced service delivery. As part of its digital transformation journey, the Group has over the past few years increased its investment in digital tools to enhance efficiency by streamlining workflows and optimising resource allocation via data-driven decision-making.

A key digital tool is the the Prima Integrated Control (PIC) System to automate feed mill operations. PIC is designed to automate feed mill operations. This advanced system underscores CGE's dedication to innovation and operational excellence in feed manufacturing.

Another important digital tool is CGE's Outgrower System, which presents a structured approach to managing contract farming operations. This system reinforces CGE's commitment to operational excellence, supporting both outgrowers and the sustainability of our supply chain.

Moreover, Sales Force Automation (SFA), a dynamic software system, has revolutionised sales operations by automating routine processes, enabling real-time data access and enhancing sales team productivity. With SFA, the Group has achieved greater accuracy in sales forecasting, improved route optimisation and strengthened customer relationship management. Moreover, the system's data-driven insights empower sales teams to make informed decisions, while its seamless integration with other digital tools ensures efficiency across the value chain.

BCP and DR Systems

CGE has a robust BCP framework that ensures continuity of operations during disruptions. Key components of the BCP include Risk Assessment, Business Impact Analysis, Recovery strategies, contingency planning and Communication plans for implementation, Testing and Training, all designed to maintain critical operations and protect employee safety.

Intellectual Capital

In 2024, the scope of BCP was further enhanced with procedures for the following areas reviewed and updated, taking into account evolving externalities.

- ❖ Alternative Sourcing
- ❖ Inventory Management
- ❖ Storage Optimisation and Sales Prioritisation
- ❖ Agreements with alternative dealers
- ❖ Sustainability aspects, particularly manufactured waste
- ❖ Biosecurity and Animal welfare

During the year under review, several simulations were conducted to evaluate the effectiveness of the Business Continuity Plan (BCP) protocols. Operational teams participated in scenarios requiring production descaling to address low-demand periods and reallocating resources to minimise waste. Another simulation focused on managing excess inventory, testing procedures for storage, reallocation and the efficient sale of surplus DOCs and chicken across different markets.

CGE's Disaster Recovery (DR) architecture is designed to ensure robust security and seamless data management across the entire Group. Managed entirely under the purview of CGE's parent on par with global standards, the DR systems guarantees the protection of critical information and minimises downtime and rapid recovery in the event of unforeseen disruptions.

With the expertise of Prima-Singapore, CGE's DR architecture was further strengthened with the introduction of two formally documented procedures -

- 1) Emergency Preparedness Procedure for management of possible potential emergency situations and accidents that can impact food safety and
- 2) Mock Recovery Procedure to facilitate adequate traceability of raw material, packing material and finished product, in the event of a product recall.

Key Pillars of CGE's Disaster Recovery Architecture

Disaster Recovery

Site: A secondary location that can be activated to restore business operations in the event the primary site is inaccessible.



Data Backup:

Regularly data backup and secure storage off-site or on the cloud.

Testing: Regular testing of disaster recovery procedures to ensure effectiveness and identify potential issues.



Recovery Procedures:

Detailed steps to restore data, software and IT systems after a failure.



Risks and Responses Relating to Intellectual Capital

During the year, CGE faced multiple challenges in managing its Intellectual capital.

Further details, refer to Enterprise Risk Management pages 141,142 and 143 and Sustainability and Climate Risk Report page 158.



Way Forward

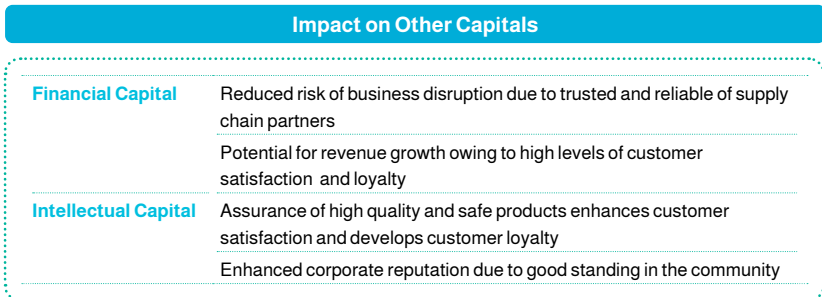
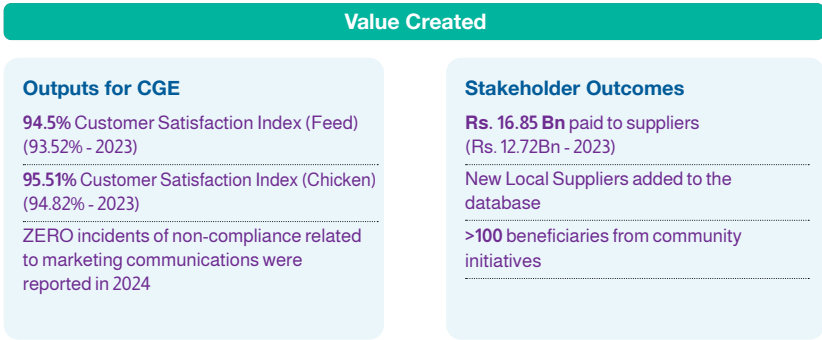
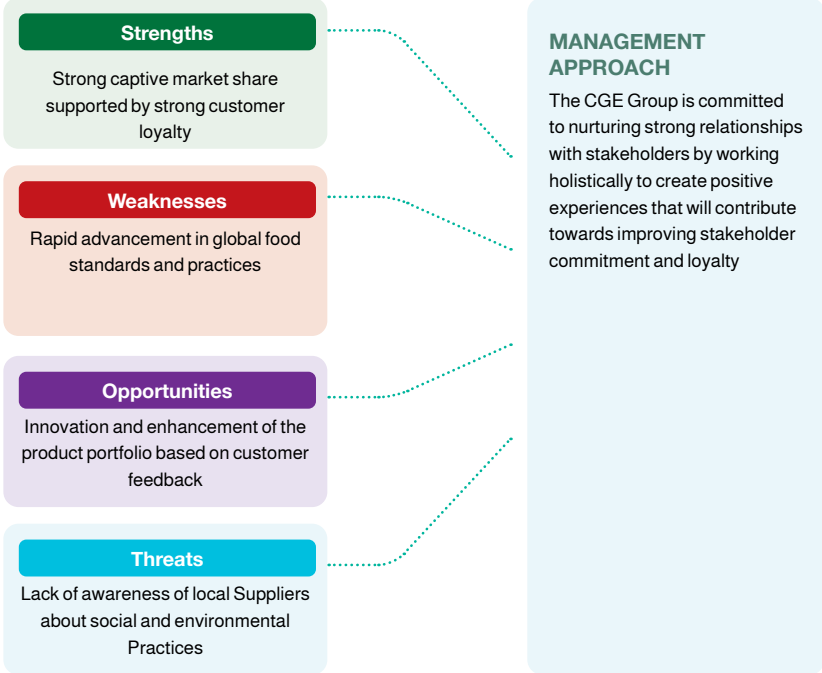
Going forward, CGE will continue exploring advancements in feed formulation, breeding practices and disease management to ensure operational excellence. Innovation to develop value-added poultry products to align with evolving market demands will also be a priority. To that end, it will be imperative to further strengthen knowledge and expertise of teams through HR development programs coupled with mentorship initiatives to transfer critical knowledge from senior experts to emerging talent within the company.

At the same time, the Group will focus on expanding the use of digital tools to enhance decision-making, streamline operations and improve resource allocation. In 2025, CGE is set to undertake advanced systems for precision farming and predictive analytics to enhance productivity and operational efficiency with targeting to develop digital marketing strategies to strengthen customer engagement and brand loyalty.

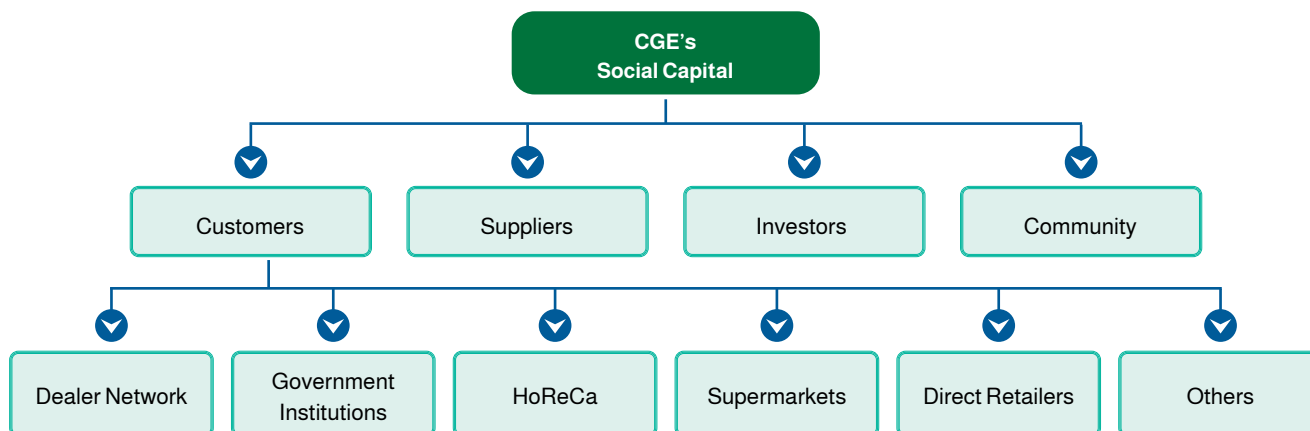
Social and Relationship Capital



Social and Relationship Capital represents the strength and quality of relationships between the CGE Group and its stakeholders, encompassing customers, suppliers and the broader community.



Social and Relationship Capital



At CGE, our customers and suppliers are at the heart of our operations, forming the foundation of our Social Capital. We are committed to fostering strong, value-driven relationships through meaningful engagement, ensuring customer satisfaction, efficient supply chains and empowered communities.

Our approach is rooted in win-win value creation, built on trust, respect and long-term partnerships. As an integrated solutions provider, we manage an end-to-end supply chain, reinforcing the sustainability of our stakeholder relationships.

Following the economic crisis of 2022, Sri Lanka faced continued uncertainties, resource scarcities and a rising cost of living in 2023. In 2024, Despite these challenges, CGE achieved its profits to date, a testament to the strength and resilience of the relationships we have cultivated over the years.



Customer Satisfaction Index - Feed
 2024 - **94.50%**
 2023 - **93.52%**



Customer Satisfaction Index - Chicken
 2024 - **95.51%**
 2023 - **94.82%**

Our Unique Selling Proposition and Resilient Strategies that Sustained Profitability and Social Capital in 2024

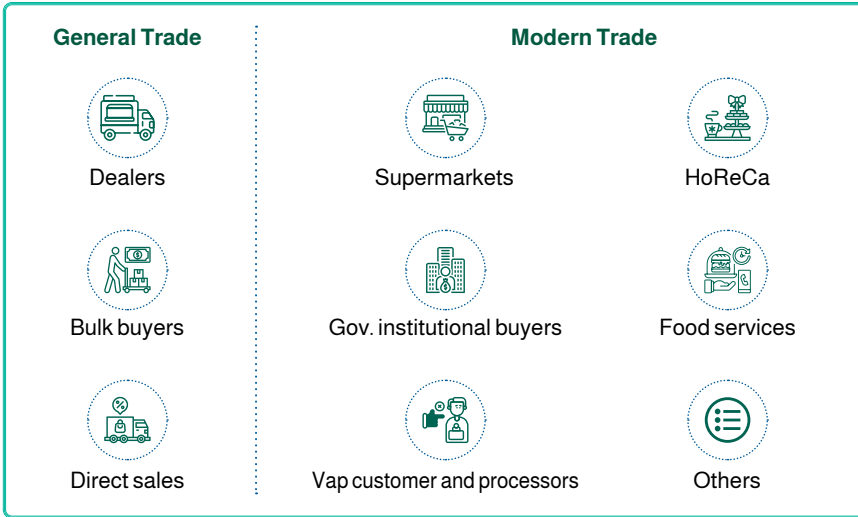
In 2024, CGE remained steadfast in its commitment to sustainability, resilience and shared value creation. Our strategic responses not only ensured business continuity but also reinforced our relationships with key stakeholders, including suppliers, customers and local communities.

- ❖ **Leveraging Large Freezer Capacities:** Our advanced cold storage facilities enabled us to maintain stockpiles of chicken meat at optimal temperatures.
- ❖ **Implementing Cost-Saving Initiatives:** We introduced multiple cost optimisation strategies to enhance operational efficiency, mitigate rising expenses and maintain competitive pricing without compromising quality.
- ❖ **Providing Flexible Payment Solutions:** Understanding the liquidity challenges faced by our customers, we introduced flexible payment terms, allowing them to sustain their businesses while maintaining steady demand for our products.
- ❖ **Strengthening Support for Local SMEs:** We reinforced partnerships with our network of local small and medium scale enterprises (SMEs), ensuring a stable and resilient supply chain while contributing to local economic growth.
- ❖ **These strategic responses underscored our ability to adapt, innovate and maintain strong social capital, ensuring that CGE remained a trusted and reliable partner despite external challenges.**

Our Diverse Customer Segments

At CGE, our customer base is strategically segmented to cater to distinct market needs, ensuring seamless access to our high-quality products.

- ❖ **General Trade Segment** - Includes dealers and government institutions to whom we directly supply our products, ensuring widespread availability and market penetration.
- ❖ **Modern Trade Segment** - Comprises supermarkets, hotels, restaurants and cafeterias (HoReCa), catering to the evolving consumer demand for premium-quality poultry products.
- ❖ **Feed Milling and Farming Segment** - Serves dealers and farmers who rely on our expertise and superior products, including Feed and Day-Old Chicks (DOCs), to support their livestock and poultry operations.



- ❖ Animal Feed – A complete range, including poultry, cattle and aqua feed, formulated to enhance animal health and productivity.
- ❖ Day-Old Chicks (DOCs) – Superior-quality chicks to support the poultry farming sector.
- ❖ Poultry Equipment, Drugs and Vaccines – Essential farm supplies to ensure optimal poultry health and farm efficiency.
- ❖ Laboratory Services – Advanced testing and diagnostic services for poultry health and feed quality assurance.
- ❖ Warehousing Facilities – Efficient storage solutions to maintain product integrity and ensure supply chain reliability.

Comprehensive Product Portfolio

We offer a diverse range of products designed to meet the demands of the poultry, livestock and aquaculture industries:

- ❖ Chicken–High-quality, fresh and hygienically processed poultry products under the Prima brand.
- ❖ 40+ Products including, Whole Chicken Range, Chicken Parts, Customised Products, Diverse Group.



Social and Relationship Capital

The Prima Promise: Our Value Proposition

Our Prima range of products stands out in the market by delivering:

- ❖ Quality – Stringent quality control measures to maintain superior standards.
- ❖ Freshness – Ensuring farm-to-table freshness with carefully controlled logistics.
- ❖ Hygiene – Adhering to the highest food safety and hygiene standards.
- ❖ Competitive Pricing – Balancing affordability with premium quality to provide the best value for money.
- ❖ On-Time Deliveries – Ensuring that our products reach customers promptly, maintaining trust and reliability.
- ❖ Responsiveness – We prioritise prompt and effective communication with our customers, addressing their concerns, feedback and requirements with agility. Our dedicated customer support teams ensure seamless interactions, fostering long-term relationships.
- ❖ Integrated Supply Chain – A seamless, end-to-end system that guarantees efficiency and consistency.
- ❖ Delivering Value-Added Products – Our commitment to excellence extends beyond basic product offerings. We focus on value addition, introducing enhanced and customised solutions that align with customer demands while maintaining our high-quality standards.
- ❖ Innovative and Sustainable Packaging – Enhancing the customer experience while prioritising eco-friendly solutions.
- ❖ Knowledge Sharing and Industry Expertise – We go beyond product supply by equipping our customers with the knowledge they need to optimise their operations. Through training programs, technical assistance and expert consultations, we empower farmers, dealers and businesses with the latest industry insights and best practices.

Product Stewardship

CGE's responsibility towards product stewardship is pivoted on 100% compliance with regulatory requirements alongside the highest quality standards consistent with the benchmarks established by the Group's parent, Prima-Singapore.

As dictated by the CGE Group Food Safety and Quality Policy, the Group remains fully compliant with the Sri Lankan Food Act No. 26 of 1980, which governs food safety, hygiene and handling procedures across all food processing operations.

Beyond compliance, validations by global certifications such as the ISO 9001 Quality Management Standards, the ISO 22000 Food Safety Management Standard, HACCP, GMP FSSC 22000 and Halal, provide collective assurance regarding quality, safety and sustainability.



As per CGE's established internal quality procedures, 100% of products are subject to quality testing, further underscoring the Group's unwavering commitment to delivering safe, high-quality products that aim to build trust among consumers and stakeholders.

Regular compliance audits by our internal audit teams along with external audits conducted by certification bodies, together create a platform for continuous improvement of internal quality and safety systems.

Delivering Product Diversity to Meet Every Customer's Needs

CGE takes pride in offering a diverse range of high-quality poultry products tailored to meet the unique preferences and requirements of our customers. From whole chicken to cut pieces with or without skin, as well as budget-friendly packs, our product portfolio ensures that every customer segment, whether households, food service providers, or institutional buyers has access to the right choice for their needs.

Our commitment to innovation is driven by a dedicated, full-time Research and Development (R&D) team, continuously working to introduce new product variations and enhance the quality, taste and convenience of our existing offerings. By staying ahead of evolving consumer preferences, we reinforce our position as a trusted, customer-focused brand, delivering excellence in every product we offer.



Bulk Maize Vessel Import

Successfully coordinated a bulk maize vessel, optimizing supply chain efficiency while reducing procurement delays and cost overruns.

Dealer Engagement And Market Approach

Conducted a comprehensive review of dealer accounts and addressed the Zonal Dealer Meeting to deliver targeted training and address critical market challenges. Strategic efforts to expand sales in rural areas resulted in a 13% growth in active dealer participation.

VIV Asia And Revenue Growth

Incentives for Dealers who achieved targets.

Key Activities in 2024



Feed

- ❖ Re-introduced “Calf Starter Feed” while upgrading “Milk Plus Feed” to dairy feed sector which ensures high yield on purely imported breeds.
- ❖ Supplied dairy feed to a national institution based on short-term demand and initiated the supply of layer feed range to private sector , successfully secured through the tender process. Secured the supply of newly upgraded dairy and aqua feed to leading institutions .



Chicken

- ❖ Secured supply contracts through competitive tenders for institutional clients.
- ❖ Successfully became the exclusive supplier for a specialized product requirement by a national-level organisation.
- ❖ Maintained sales volumes in the hospitality and food service sector despite price challenges.
- ❖ Applied customised pricing and tailored production strategies to remain competitive amid market pressures.

Adapting to Evolving Consumer Preferences: A Market-Driven Approach

The poultry industry is highly dynamic, with consumer preferences constantly shifting in response to global food trends, health consciousness and economic conditions. Today’s consumers are increasingly seeking organic, nutrient-rich, non-genetically modified and premium-quality food options. At the same time, economic challenges in Sri Lanka have driven a growing demand for affordable yet high-quality poultry products that cater to budget-conscious customers.

At CGE, we rely on market intelligence, trend analysis and customer engagement to understand and anticipate shifts in consumer behaviour in order to tailor our offerings accordingly.

By continuously analysing market trends and gathering consumer insights, we ensure that CGE remains at the forefront of industry advancements, while our ability to identify and swiftly adapt to emerging opportunities positions CGE as a trusted partner for both businesses and end consumers and further reinforces our reputation as a forward-thinking, customer-centric organisation.

Social and Relationship Capital

As part of our commitment to meeting diverse customer needs, we have successfully introduced customised premix feed packs, a specialised solution designed to cater to the unique nutritional requirements of different poultry farming operations.

Enhancing Value Beyond Products: Our Commitment to Customers

Integrated Solutions for Farmers

Farmers who purchase our premium feed also gain exclusive access to essential veterinary products, including vaccines and other healthcare solutions, ensuring the health and quality of the poultry they raise. Our state-of-the-art laboratory services further support farmers by offering diagnostic expertise in the event of disease outbreaks and cutting-edge R&D insights, reinforcing CGE's role as a trusted, full-service solutions provider in the poultry industry.

Empowering Customers through Knowledge Sharing

With over 40 years of industry expertise, CGE leverages its extensive experience and global insights to support farmers, dealers and business partners in adopting best practices. Expert consultations, laboratory services, advisory support and other capacity building activities aim to provide stakeholders with practical knowledge and guidance to build resilient and sustainable poultry businesses.

CGE recently conducted training programs for small-scale poultry and cattle farmers in rural areas in collaboration with area Government Veterinary Surgeons. The sessions focused on best farming practices, disease prevention and sustainable livestock management. CGE aims to strengthen local agriculture, promote sustainable farming and support rural economic growth.

Training programs for farmers at Pussellawa



Meeting with Farmers at Akurassa



Pocket meeting at Deniyaya



Uninterrupted Product Availability

Ensuring that our products are readily available and easily accessible is a cornerstone of our customer experience strategy. Our extensive distribution network spans across dealers, retailers, supermarkets and the HoReCa sector, ensuring that our high-quality products reach consumers efficiently and consistently.

Engaging Customers and Strengthening Partnerships

Customer engagement is integral to our business success. We actively connect with both B2B and B2C customers through dealer conventions, marketing communications, product demonstrations and exclusive HoReCa events. These initiatives strengthen relationships, provide valuable insights and enable us to adapt to evolving customer needs.

Supporting Customers Through Economic Challenges

In the face of economic uncertainties, CGE remained committed to social sustainability, recognising the financial constraints faced by customers. To ensure uninterrupted supply and support business continuity, we introduced flexible payment options, allowing customers to sustain operations without disruption.

By prioritising customer success, industry advancement and sustainable partnerships, CGE continues to set the benchmark in poultry excellence, innovation and value creation.



Social and Relationship Capital



GRI 417-1

Responsible Marketing and Labelling

Reflecting CGE’s zero tolerance approach towards non-compliance of regulatory requirements, the Group ensures full compliance with all mandated product labelling requirements including the accurate declaration of ingredients, nutritional information, expiration dates etc. The Sri Lankan Food Act No. 26 of 1980 serves as the primary legislative mandate outlining labelling requirements applicable to the CGE Group’s businesses.

GRI 2-27, 206-1, 417-2, 417-3

ZERO Legal actions for anti-competitive behaviour, antitrust and monopoly practices reported in 2024.

ZERO reported incidents of non-compliance with labelling requirements in 2024.

ZERO incidents of non-compliance related to marketing communications were reported in 2024.

GRI 13.10 Food Safety (Sector Topic Disclosures)

Food Safety Policy

We believe that success depends on the supply of high quality products that exceeds customer and consumer expectations by ensuring the food safety of all products that the company manufactures.

We expect to achieve our goals by:

- ❖ Producing safe products to our consumers.
- ❖ Implementing effective Good Hygienic Practices in all areas of production.
- ❖ Committed to continual Improvement of FSMS.
- ❖ Controlling likelihood of occurrence of food safety hazards in our products.
- ❖ Compliance with both local and international food-related statutory and regulatory requirements.
- ❖ Communicating with all employees regarding the system by continuous training and via displays in production areas.
- ❖ Establishment of better traceability procedure.

Meanwhile CGE’s approach to marketing communications emphasises clear, honest and accurate messaging that reflects the quality and benefits of our products while adhering to all regulatory and ethical guidelines. By aligning with industry best practices, our marketing communications are designed to educate and engage audiences, foster trust and build lasting relationships. Additionally, we leverage innovative channels and strategies to ensure our communications are impactful, culturally relevant and resonate with our diverse customer base.

Moreover, guided by Prima Singapore’s approach to prioritise transparency and healthy competition, CGE also strives to contribute to a fair and dynamic market environment that supports mutual growth and value creation for all stakeholders. In keeping with these principles, the CGE Group strictly refrains from engaging in anti-competitive behaviour and monopolistic practices.

Customer Feedback and Complaint Handling

GRI 2-26

The CGE Group welcomes customer feedback and complaints, viewing them as valuable mechanisms for identifying gaps in service and product satisfaction. The Group often reaches out directly to customers to obtain post-sales feedback reviews, particularly with key customers. We also engage directly with customers during trade events and regional forums with a view to capturing real-time insights to better understand customer needs. Additionally, sales data and market trends are analysed to track shifts in purchasing behaviour to develop and modify products to meet customer demand and preempt emerging trends.

Meanwhile, the Group’s structured approach to handling complaints includes a dedicated system to log, track and address complaints efficiently, with special escalation procedures to facilitate timely resolution of more complex issues.

Customer Responsiveness: Elevating Satisfaction and Loyalty

We recognise that customer feedback is not just a reflection of our performance but a driving force behind our continuous improvement and long-term success. We actively listen to our customers, valuing their insights on product quality and suggestions for enhancement, ensuring that our offerings align with their evolving needs.

Our commitment to responsiveness is embedded within our corporate culture. Well-trained staff are equipped to gather, analyse and act on customer feedback efficiently, enabling us to provide timely solutions and sustain our competitive edge. Customer input is not merely collected. It is integrated into strategic discussions at management meetings, shaping our business plans and operational improvements.

One of the key tools we leverage to stay responsive is Customer Surveys, which allow us to gauge satisfaction levels and identify areas for enhancement. In 2024, CGE’s Customer Satisfaction Index surpassed 90%, a testament to our commitment to:

- ❖ Fostering open communication
- ❖ Acting on customer feedback
- ❖ Continuously refining our products and services

These would strengthen relationships and enhance our brand’s reputation. Our unwavering focus on customer satisfaction not only sustains profitability but also reinforces our commitment to excellence in every aspect of our business.

Channels for Complaints

- ❖ General Numbers.
- ❖ Email dedicated to Sales.
- ❖ Direct Contact: at any of the branches or with the sales representatives.



Recording the Complaint

Each complaint is logged and assigned to a relevant department based on the nature of the issue (e.g., product quality, delivery, or customer service).



Investigation Process

- ❖ The complaint is forwarded to the QA department based on the product or customer involved.
- ❖ A root cause analysis is conducted to identify and address the issue effectively.
- ❖ The relevant team is required to ensure the investigation is completed within 5 business days.



Resolution and Feedback

Once the issue is resolved, customers are notified with an action plan.



Escalation Mechanism

Customers who are unsatisfied with the resolution can escalate the matter to higher management via email.



Continuous Improvement

Insights from complaint data are integrated into our Quality Assurance process, ensuring our products and services continue to meet customer expectations.

Social and Relationship Capital

GRI 416-1,416-2

GRI 13.10 Food Safety (Sector Topic Disclosures)

Commitment to Customers Health and Safety through Wholesome and Hygienic Products

At CGE, food safety is not just a requirement, it is a core value embedded across our entire operation. As part of our commitment to excellence, we are actively working towards obtaining the FSSC 22000 certification in 2025, further solidifying our dedication to world-class food safety standards.

Uncompromising Standards in Food Safety

We implement stringent hygiene protocols to eliminate contamination risks at every stage of our production process. Our comprehensive controls include:

- Allergen management to prevent cross-contamination
- Stringent sanitation protocols at all operational levels

With ISO 22000 certification already in place, CGE has cultivated a strong food safety culture, ensuring that every employee values and prioritises safety, from farm to table.

Protecting the Integrity of the Food Supply Chain

We adhere to the highest ethical and quality standards, ensuring that every product reaching our customers is pure, natural and free from any artificial enhancements. This means:

- No artificial growth substances
- No antibiotics
- 100% organically raised chicken

Additionally, we strictly follow Halal standards, with our processes overseen by experienced personnel accredited by the Halal Accreditation Council, ensuring adherence to global best practices.

Customer Data Privacy and Protection

GRI 418-1

We recognise that customer trust extends beyond product quality. It also includes protecting personal and business information. CGE has implemented robust data security protocols to ensure confidentiality and compliance with international privacy standards.

- ❖ Strict internal policies to safeguard customer data
- ❖ Continuous staff training on confidentiality measures
- ❖ Zero reported breaches of customer information in 2024

By upholding the highest standards in food safety, ethical production and customer privacy, CGE continues to set benchmarks in quality, integrity and trust in the poultry industry.

SUPPLIER

GRI 2-6, 204-1

GRI 13.23 Supply chain traceability (Sector Topic Disclosures)

Supply Chain Management

Suppliers are vital to the continuity and success of the CGE Group's business operations as they serve as key partners in delivering products and services to end consumers. Notably, no significant changes to the Group's supply chain were reported during the current financial year, reflecting efficacy of the current procurement strategies.

CGE adopts a centralised approach to procurement, enabling greater control over sourcing activities and ensuring the effective management of supply chains. The centralised approach is supported by a set of comprehensive procedures

to ensure the Group works with the right supply chain partners.

As per the established procedures, all overseas suppliers are on-boarded subject to a thorough background check, starting with a review of the supplier's credentials, including reputation, creditworthiness assessment, delivery record, etc. Step two involves sample testing, where product samples are requested for evaluation against CGE's stringent quality standards. If the sample meets our specifications, price negotiations are commenced and upon successful conclusion we move forward with a formal contract agreement. Suppliers of machinery spare parts are required to provide additional certifications from internationally recognised independent certification bodies.

Local suppliers on the other hand are onboarded to the CGE Group supplier data base. The supplier database is updated every years and serves as an opportunity to evaluate the performance of existing suppliers and facilitate new supplier registrations. As a practice, newspaper advertisements are placed inviting new suppliers for registration under specific categories like construction contractors, raw materials and packaging materials, etc. All applicants are strictly evaluated through a similar procedure followed for overseas suppliers, with successful applicants added to the Group supplier database. The current screening practices for local suppliers do not cover social screening as most of our local purchases are from small-scale suppliers and traders.

Meanwhile, high-value contracts undergo a structured tender process, where an independent committee or the tender board assesses suppliers based on predefined criteria. In the interest of maintaining a level playing field, all suppliers are evaluated under the following criteria:

- ❖ Quality standards and certifications
- ❖ Regulatory compliance and licences
- ❖ Delivery efficiency and track record
- ❖ Ethical business practices and overall reputation

Supplier Relations

With the high reliance on global suppliers highlighting the importance of maintaining robust and reliable supply chain relationships, CGE's Central Procurement team undertakes various initiatives to strengthen relations with supplier networks on an ongoing basis.

Although a formal code of conduct has not yet been implemented, the CGE Group seeks to drive supplier relations through strategic engagement, fostering collaboration and sharing sustainability practices among supply chain partners.

To that end, we conduct pre-shipment sample testing for every new consignment from overseas suppliers, while all shipments undergo stringent quality

checks prior to being unloaded at our warehouse. Additionally, all shipments are required to be accompanied with phytosanitary, health, non-GMO and fumigation clearance certificates.

Sustaining the Local Economy Through Responsible Sourcing

GRI 204-01

CGE is committed to strengthening the local economy by fostering sustainable partnerships with our suppliers. Our initiatives include:

- ❖ Supporting Small-Scale Farmers – We provide a guaranteed buyback at fair market prices, ensuring stability and financial security for local farmers.
- ❖ Prioritising Local Sourcing – A significant portion of our raw materials for feed milling is procured from local suppliers, reducing import dependency and boosting domestic agriculture.

Strengthening Supplier Relationships Amid Economic Challenges

Our procurement process is guided by transparency, fairness and accountability. High-value contracts undergo a structured tender process, where evaluations are conducted by an independent committee or tender board. Suppliers are assessed based on predefined criteria, including:

- ❖ Quality standards and certifications
- ❖ Regulatory compliance and licences
- ❖ Delivery efficiency and track record
- ❖ Ethical business practices and overall reputation

Adding Value to Our Suppliers

Beyond transactional relationships, we believe in empowering our suppliers through additional support mechanisms, including:

- ❖ Silo Rentals – Farmers can rent silos to store raw materials like Maize and dhal husk, reducing post-harvest losses.

- ❖ Technical Advisory Services – Expert guidance on milling techniques to optimise efficiency and yield.
- ❖ Corn Dryer Facility – Enhancing the quality and shelf-life of harvested Maize.

Upholding the Highest Standards of Ethics and Transparency

Our procurement approach is anchored in two key principles:

- ❖ Fair and Equitable Procurement – Ensuring all suppliers are evaluated under the same criteria, fostering a level playing field.
- ❖ Continuous Engagement – Strengthening relationships through open communication and long-term collaboration.

Empowering Business Partners through Shared Value

CGE's success in pioneering Sri Lanka's poultry industry for over four decades is built on the strong foundation of our business partners. Their expertise and contributions have been instrumental in maintaining high-quality standards and driving industry innovation.

- ❖ Timely Supplier Settlements – Adhering to agreed credit periods and fair payment practices.
- ❖ Creating Self-Employment Opportunities – Supporting poultry farmers with sustainable business models.

Our unique business model integrates a dual role for many stakeholders—customers who purchase our feed products also become competitors for our poultry offerings, creating a dynamic and interdependent ecosystem.

Social and Relationship Capital

Building Sustainable Supplier Relationships

We are committed to fostering resilient and ethical supplier partnerships through:

- ❖ Comprehensive Due Diligence – Regular audits and ISO-compliant reviews.
- ❖ Procurement Best Practices – Adherence to industry-leading processes for ethical sourcing.
- ❖ Ongoing Supplier Engagement – Strengthening ties with existing and potential suppliers.
- ❖ Integrated Manufacturing Support – Providing suppliers with added benefits through our value chain.
- ❖ Proactive Issue Resolution – Swiftly identifying and addressing procurement challenges to enhance efficiency.

One of our longest-standing supplier relationships, with HMS, has thrived for over 40 years, underscoring our commitment to sustainable, long-term partnerships.

Supplier Due Diligence and Procurement Best Practices

GRI 204-1

Aligned with our ESG framework and core values, we uphold the highest standards of integrity in supplier engagements. Our non-discriminatory procurement approach ensures that all new suppliers are evaluated using the CGE Supplier Evaluation Checklist, designed to align with global best practices and industry benchmarks.

Key screening criterias include:

- ❖ Quality, Pricing and Delivery Standards – Ensuring competitiveness and reliability.
- ❖ Environmental and Social Responsibility – Mandating compliance with sustainability protocols.

By embedding ethical sourcing and sustainable supplier relationships into our operations, CGE continues to create long-term value while contributing to the resilience of Sri Lanka’s agricultural and poultry sectors.

COMMUNITY

GRI 413-1, 413-2

Community Relations

As a responsible corporate steward, CGE maintains a holistic approach to building community relations leveraging the positive contributions the business makes to local communities. Through its core operations feed milling, chicken processing and farming, the Group generates meaningful benefits, including the creation of employment opportunities, stimulation of local economic growth and the provision of high-quality, protein-rich poultry products at competitive prices to enhance community nutrition, collectively establishing a foundation of trust and mutual benefit between CGE and the communities it serves.

Equally importantly, the Group takes proactive measures to mitigate potential adverse impacts to the community caused by its business activities. This involves regular monitoring of emissions, waste disposal, water quality, noise levels and disease control alongside advanced systems, such as water recycling in compliance with environmental laws and regulations.

CGE also promotes open communication with community stakeholders to ensure community concerns are heard, addressed and resolved in a timely and transparent manner.

Beyond this, CGE’s corporate social responsibility (CSR) initiatives, focusing on education, healthcare and infrastructure development, aim to foster goodwill and improve the quality of life for local communities in areas surrounding the Group’s operational sites.

Community Development Projects

GRI 203-1, 203-2

In 2024, several new Group-level projects were launched, including a rural school improvement initiative that provided educational resources to schools at rural areas and healthcare outreach programs focused on preventive health education for Employees and the wider community.

Community Project Implementation Procedure

Identification

Potential projects are identified via stakeholder feedback.



Approval

Project proposals are reviewed and approved by the Top management based on alignment with the Group’s sustainability objectives.



Resourcing and Execution

Allocates financial and human resources for implementation of projects.

Empowering Communities Through Sustainable Development

At CGE, our corporate social responsibility (CSR) initiatives go beyond business operations to enrich the lives of the communities we serve. Through donations, sponsorships and targeted projects, we continue to support education, culture, sports and social welfare, fostering long-term positive change.

Supporting Education: Empowering tomorrow's Children

"Empowering Tomorrow's Children" is a flagship CSR initiative by the CGE Sports and Recreational Club, dedicated to transforming the educational landscape for underprivileged children in rural communities. By improving infrastructure in disadvantaged government primary schools like Vithanagama Vidyalaya in Ayagama, providing essential school supplies and supporting renovations, this initiative creates a more conducive learning environment. Beyond material assistance, CGE fosters a culture of mentorship and volunteerism, encouraging employees to engage with and uplift young learners. Through this project, CGE reaffirms its unwavering commitment to nurturing the next generation, ensuring that every child has the resources and opportunities needed to succeed in their education.



Encouraging Sports and Youth Development

CGE recognises the power of sports in fostering discipline, teamwork and leadership among youth. We actively contribute to school sporting events, ensuring that students have access to the resources they need to participate and excel.

- ❖ Donation for Sports Meet – Bulathsinhala National School: Supporting young athletes with financial and material assistance for their sporting events.
- ❖ Donation for New Year Festival – Kosgama and Sigithi Avurudu Ulela – Bulathsinhala : Encouraging cultural and recreational events that bring communities together and promote social well-being.



Donation to New Year Function, Rajali Manana Village

Cultural and Religious Contributions: Preserving Traditions

CGE firmly believes in supporting religious and cultural events that unite communities and celebrate heritage. Our contributions have helped sustain important religious and charitable traditions across different faiths.

- ❖ Poson Dansela (Beruwala and Sri Lanka Port Authority): Providing food and refreshments to devotees as part of the Poson celebrations.
- ❖ Rice and Dhal for Esala Dansala – Bulathsinhala: Assisting in large-scale community meals to support the spirit of giving and togetherness.
- ❖ Sri Muthumari Amman Kovil – Floor Tiles Donation – Bulathsinhala: Supporting the maintenance and development of religious institutions.

Social and Relationship Capital



Beyond education and culture, CGE extends its CSR efforts to social welfare and public service support.

- ❖ Essentials for Bulathsinhala Police: Contributing to essential services by assisting local authorities in their operational needs.
- ❖ Continued Support for Local Farmers and Small Businesses: Through various community initiatives, CGE provides opportunities for sustainable livelihoods.
- ❖ Food donation to community.



- ❖ Materials donated to facilitate water for villagers



Building Stronger Communities: Infrastructure and Road Development Initiatives

CGE remains committed to uplifting rural communities by supporting critical infrastructure and road development projects that enhance accessibility and improve the quality of life for residents. As part of our ongoing community development efforts, we have undertaken several construction and road repair projects in key locations.

- ❖ New Bus Shelter for Rajali Manana Village – Bulathsinhala
Recognising the need for safe and convenient public transport facilities, CGE contributed towards the construction of a new bus shelter in Rajali Manana Village, Bulathsinhala.



- ❖ Access Road Repairs – Hijra A
Accessibility is vital for rural communities and CGE played a pivotal role in repairing the access road in Hijra A (Pinhena-Ambepitiya Road).

- ❖ Temple Infrastructure Support – Hijra B
In support of local places of worship and community spaces, CGE provided metal for renovation work at Pinhena Temple.



A Lasting Commitment to Social Responsibility

CGE is dedicated to making a tangible difference in the lives of people across Sri Lanka. Through structured and meaningful CSR projects, we continue to uplift education, promote youth development, preserve cultural traditions and support community welfare.

Memberships, Associations and Affiliations

GRI 2-28

Memberships and affiliations play a crucial role in mitigating risks by strengthening industry advocacy, enhancing regulatory influence and promoting best business practices. As Sri Lanka’s pioneer feed manufacturer, CGE actively engages with key associations, ensuring that emerging challenges are addressed through collective action. By participating in influential industry bodies such as the World Poultry Science Association, Lanka Poultry Producers Forum, All Island Poultry Association and Sri Lanka Veterinary Association, CGE contributes to policy advocacy and regulatory discussions, helping to shape a stable and supportive operating environment.

The involvement of senior managers in these associations further reinforces CGE’s ability to navigate industry risks. Through collaboration with stakeholders, the company plays a proactive role in addressing critical issues such as market fluctuations, regulatory changes and supply chain disruptions. These affiliations not only help safeguard the interests of the poultry sector but also enable CGE to stay ahead of industry developments, ensuring resilience and long-term sustainability.



Risks and Responses Relating to Social Capital

During the year, CGE faced multiple challenges in managing its Social capital.

Further details, refer to Enterprise Risk Management pages 141,142 and Sustainability and Climate Risk Report page 157.



Way Forward

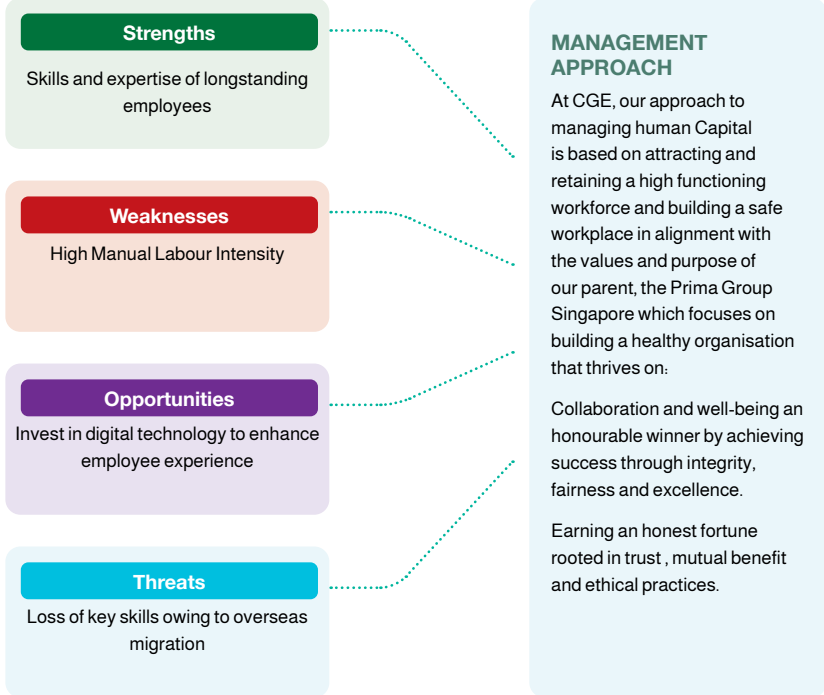
Going forward, we will aim to strengthen customer loyalty by investing in technology and training that will allow us to better understand and respond to customer preferences. Similarly we will also focus is on improving sustainability across the supply chain, ensuring greater compliance with international standards and enhancing supplier partnerships through transparent, long-term relationships.

From a community perspective, we will aim to expand both the educational support programmes and health outreach campaigns to focus on enhancing access to quality education, improving health awareness and care for a large spectrum of the community.

Human Capital



CGE relies heavily on its Human Capital for daily operations with each of our 704 employees regarded as a valued team member playing a crucial role in driving the Group's strategic objectives



Key Actions for FY 2024

Rs. 0.6 Mn invested in training	Significant revamp of Group-wide Safety Systems	33 Safety training programmes	workforce optimisation
---------------------------------	---	-------------------------------	------------------------

Value Created

<p>Outputs for CGE</p> <p>8.2% Staff attrition (6% - 2023)</p> <hr/> <p>ZERO Incidents of discrimination (Zero - 2023)</p> <hr/> <p>81% employee Satisfaction (80% - 2023)</p>	<p>Stakeholder Outcomes</p> <p>6.4 Average training hours per employee (1.28 - 2023)</p> <hr/> <p>ZERO major injuries (Zero - 2023)</p> <hr/> <p>63 promotions</p>
---	---

Impact on Other Capitals

Intellectual Capital	Satisfied and motivated employees strengthen employee loyalty to the organisation
Financial Capital	Improved revenue and cost savings resulting from a highly productive workforce
Social and Relationship Capital	Employment opportunities for local communities



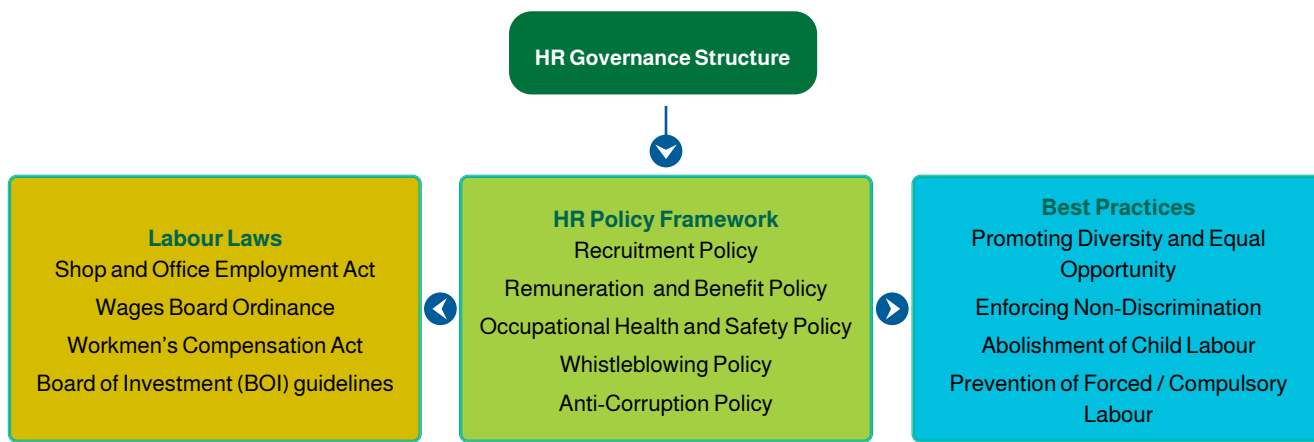
HR Governance

GRI 2-23, 2-24, 2-28

HR Governance at CGE is centralised under the Group HR Function, led by the Head of HR. Among the key responsibilities of the HR function is ensuring full compliance with all applicable labour laws.

Apart from compliance, the Group HR function is responsible for ensuring CGE’s Human Capital Processes align with global best practices including the standards set out in the ILO Convention and the United Nations Global Compact for labour and human rights.

Group HR undertakes to formulate and implement comprehensive policies that ensure compliance with labour laws and encapsulate global best practices for ethical employment and a positive workplace culture. Further, as the key custodian of all HR policy frameworks, the Group HR function is tasked with reviewing and updating all policies to reflect any changes in labour laws and developments in global best practices.



GRI 2-7

Aspect	Employment	CGE		TAF	
		Group	Company	Group	Company
Total Workforce					
By employment type	Permanent	639	409	225	220
	Contract	65	49	14	14
By gender	Male	501	373	121	120
	Female	203	85	118	114
By designation	Full-time	704	458	239	234
	Part-time				
	Senior Managers and above	20	20	0	0
By service years (Executive staff)	Managers and Assistant Managers	48	43	5	5
	Senior Executives and Executives	72	61	11	11
	Non-Executives	564	334	223	218
By service years (Executive staff)	0-5	34	33	1	1
	6-10	28	20	8	8
	11-15	26	22	4	4
	16-20	26	25	1	1
	21-25	16	15	1	1
	25 <	10	9	1	1

Human Capital

		CGE		TAF	
		Group	Company	Group	Company
By service years (Non-Executive staff)	0-5	191	116	75	75
	6-10	231	136	90	90
	11-15	66	43	21	21
	16-20	34	13	21	18
	21-25	14	12	2	0
	25 <	28	14	14	14
	By age (Executive)	<21	0	0	0
	21-25	0	0	0	0
	26-35	32	25	7	7
	36-45	43	39	4	4
	46-55	51	46	5	5
	56-60	13	13	0	0
	>60	1	1	0	0
By age (Non-Executive)	<21	0	0	0	0
	21-25	30	16	14	14
	26-35	174	97	73	73
	36-45	152	103	47	46
	46-55	176	97	78	74
	56-60	32	21	11	11
	>60	0	0	0	0
New hires					
	Male	31	20	11	11
	Female	8	4	4	4
Return to work and retention rate after parental leave					
		100%	100%	75%	75%
Employee Turnover					
	Male	7.1%	8.5%	4.1%	4.2%
	Female	1.1%	0.6%	2.1%	2.1%
Aspect : Labour/Management Relations				2.1%	2.1%
% of employees covered by collective bargaining agreements					
		N/A	N/A	N/A	N/A
Minimum notice period(s) regarding operational changes					
		N/A	N/A	N/A	N/A

Attracting and Retaining A High Functioning Workforce

GRI 202-2, 408-1

GRI 13.15 Non-discrimination and equal opportunity (Sector Topic Disclosures)

Fair and Equitable Recruitment and Selection

Recruitments are based primarily on the Board-approved annual manpower plan and undertaken in line with the guidelines set out under the CGE Group Recruitment Policy, which mandates fair and equitable recruitment and selection, reflective of the commitments of our parent, Prima Group Singapore.

CGE is an equal opportunity employer, where recruitment and selections are strictly merit-based where due consideration is given to finding the most suitable candidate, both in terms of academic and professional credentials as well as the individual's ability to align with Group values.

We also work proactively to abolish child Labour and conduct special due diligence to verify if all new recruits fulfill the minimum age requirements stipulated by law. This ensures our operations are not at risk for Child labour.

All new hires are issued a formal written Contract of Employment encapsulating the standard terms and conditions of service including designation, hours of work, salary, probationary period, leave etc.

All employees of CGE, including 99% of senior management, are hired locally from Sri Lanka.

Gender diversity is actively promoted by the Group via setting of norms and at point of recruitment to development and rewards. The Company follows a zero-tolerance policy against discrimination of any type or any form. We also strive to apply for marketing practices that empower women. We are humbly proud that the ratio of male to female is at 29%.

GRI 401-1

	Male	Female	Total
New Hires – By Gender	31	8	39
	Age Group	Employees	Total
New Hires – By Age	18-30 years	20	20
	31-55 years	10	10
	Above 56 years	9	9
	Male	Female	Total
Employee Turnover – By Gender	5.06%	1.10%	6.7%
	Age Group	Employees	Total
Employee Turnover – By Age	18-30 years	3.86%	3.86%
	31-55 years	2.71%	2.71%
	Above 56 years	0.13%	0.13%

Diversity and Inclusion

GRI 405-1, 405-2

Based on the belief that a diverse workforce brings unique perspectives and talents to the team, CGE aims to cultivate an environment where differences are celebrated and collaboration is highly valued. The CGE Group expresses its commitment to diversity and inclusion through robust policies and practices designed to create an equitable and supportive workplace where employees from all backgrounds are treated equally.

CGE's equity principles ensure that no pay gap exists between men and women, with a 1:1 ratio applied in determination of the salaries paid to men and women in similar roles. All employees also have equal opportunities for personal and professional growth, enabling every individual to thrive at every stage of their employment journey.

Human Capital

Human Rights

GRI 2-30, 406-1, 407-1, 409-1

The Group's approach to human rights is influenced by the principles of its ultimate parent - Prima Group Singapore, mandating non-discriminatory treatment of all team members, regardless of age, gender, ethnicity, religion, marital status, or any other characteristic protected by law. Across the CGE Group, managers are held to the highest standards of fairness in their interactions and expected to create a workplace where every individual feels valued, empowered and supported to contribute their best. No incidents of discrimination were reported in the year under review.

As part of its commitment to human rights, CGE respects the employees right to freedom of association and collective bargaining. However, strong employee relations built over the past four decades have prevented the need for a collective bargaining agreement.

Our approach to human rights includes a strict policy against forced or compulsory labour, underscoring the principle that employees choose to work with us and are free to leave, subject to the terms outlined in their employment contracts. This ensures that all operations within the CGE Group are free from risks of forced labour, reinforcing our commitment to ethical employment practices.

Orientation and Induction

GRI 2-8

All new recruits at CGE Group are required to participate in a formal orientation programme designed to facilitate the seamless transition into their job roles and organisational culture. This comprehensive 01 or 02 days programme is designed for new employees to learn about their roles and responsibilities and to disseminate information about Group policies, culture, values and any other essential information. The orientation

programme concludes with employees being formally introduced to their respective teams.

As per the CGE Group policy, it is mandatory for all new recruits under permanent cadre to be placed on probation. The probationary period for new recruits is determined by their employment type: One year for executives and above in the Permanent Cadre (PC) and six months for non-executives in the PC or those on a two-year Fixed Term Contract (FTC2). No probationary period applies to ancillary employees, namely those on a one-year Fixed Term Contract (FTC1) or those transitioning from FTC1 to PC after at least one year of service, unless otherwise stipulated by management. Upon completing the probationary period, the respective department or supervisor will recommend issuing either a confirmation letter or an extension of probation, as deemed appropriate.

Competitive Remuneration and Benefits

GRI 2-19, 2-20, 2-27, 202-1

CGE Group is committed to providing competitive remuneration and benefits to attract, retain and motivate top talent. Our remuneration framework is based on the principles of equity and fairness designed to recognise and reward performance across all levels of the organisation.

Accordingly, staff and Executive salary structures are market competitive, emphasising our commitment to merit-based compensation, while the minimum wage standards stipulated by the Wages Board Ordinance serve as the foundation for determining wage structures for site workers. The current wages offered to workers by the CGE Group significantly exceed the regulatory minimum of pay per month.

Employee leave entitlements and retirement benefits are in line with the Shop and Office Employees Act of 1954, the EPF Act, ETF Act and the Payment of Gratuity Act of Sri Lanka. In compliance with these regulations, CGE contributes 12% of an employee's basic salary to the Employees Provident Fund and an additional 3% to the Employees Trust Fund. Furthermore, the company makes annual contributions to a Gratuity Fund for employees with over five years of service. Beyond monetary benefits, CGE also provides employees with a wide range of non-monetary benefits, further reinforcing our commitment to their well-being and satisfaction.

GRI 401-2

Benefits Provided to Permanent Employees

- ❖ Death donation fund
- ❖ Health insurance
- ❖ Free medical consultations from a visiting Doctor
- ❖ Festival Advance
- ❖ Food pack in April and December
- ❖ Increments/Bonus (Based on Company performance)
- ❖ Annual Trip/Get together
- ❖ CGE Sports and Recreation Club (CSRC)
- ❖ Free Lunch/Tea

Employee Recognition

Employees who meet performance criteria and also excel receive a variety of appreciations. In addition, the annual long service awards is one of the highlights of our HR calendar. It is a celebration of the longstanding relationships with our employees and recognises the contribution and loyalty of those who have served for more than five years. During the year, 166 individuals were recognised for their long service.



Long service awards at CGE Staff get-together

Parental Leave

GRI 401-3

In compliance with the Shop and Office Employees Act of 1954, female employees are entitled to 84 days paid maternity leave post-delivery as well as two hours nursing time for a period of one year after returning to work.

	FY 2024	FY 2023
Total number of employees that were entitled to parental leave	08	05
Total number of employees that took parental leave	08	05
Total number of employees that returned to work in the reporting period after parental leave ended	07	05
Total number of employees that returned to work after parental leave ended and were still employed 12 months after their return to work	06	05
Return to work and retention rates of employees that took parental leave	75%	100%

Performance Management

As a manufacturing organisation, CGE places a strong emphasis on performance management for the purpose of aligning individual, team and business segment goals with the Group's strategic objectives, thus ensuring every employee contributes meaningfully to the Group's success.

To facilitate this, Key Performance Indicators (KPIs) are established across all levels and supported by regular performance reviews and feedback sessions to evaluate progress, identify areas for improvement and recognise achievements. Managers and supervisors are trained to provide constructive feedback and foster a culture of continuous improvement. In addition, the formal annual appraisal to measure employees' overall performance against set targets provides an opportunity for employees to engage with their supervisors to determine areas for improvement, identify training gaps, etc.

The results of the annual performance appraisal serves as the basis for annual increments, bonuses, promotions, etc.

Training and Development

GRI 404-2, 404-3

At CGE, we see training and development as a key tool in cultivating a capable, motivated and future-ready team that is well-equipped to drive the Group's success in an ever-evolving business landscape.

Unit heads are tasked with fulfilling these training requirements encompassing technical and soft skills training. Technical training typically takes the form of on-the-job training coupled with knowledge sharing sessions and external training workshops, as needed.

Employees Receiving Performance Evaluations in FY 2024

GRI 404-3

Executives		Non-Executives	
M	F	M	F
100%	100%	100%	100%

Human Capital



Training Hours for FY 2024

GRI 404-1

Executives		Non-Executives	
M	F	M	F
1,405	578	2,153	388

Area / Training topic	CGE	TAF	Total
Employee Orientation	176	24	200
Job Specific/Technical Skills Development	666	35	701
Health, Safety, Environmental and Loss prevention	1,693	1,068	2,761
Cross Functional Awareness	548	167	715
Other Trainings	0	147	147
	3,083	1,441	4,524

Building A Safe Workplace

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

Occupational Health and Safety (OHS)

OHS is a top priority for CGE. The Board-approved OHS policy establishes a holistic approach to minimise risks and ensure a safe and secure environment for employees, third-party contractors, visitors and all individuals present at any of the Group's operations at any given time. Key provisions of the policy include:

- ❖ Ensuring that all plants and equipment are maintained to the highest safety standards
- ❖ Investigating and recording incidents to drive continuous improvements of safety systems to minimise the risk of recurrence of similar accidents in the future
- ❖ Safety education and training, ensuring that all employees are competent in their tasks and have the information required to perform safely
- ❖ An open-door policy to encourage employees to report on matters related to health and safety

GRI 13.19 Occupational Health And Safety (Sector Topic Disclosures)

Occupational Health And Safety Policy

Employees are assets of our company. We are committed to:

- ❖ Provide sufficient control of the health and safety risks arising from our work activities including all farm operations, feed mill operations and chicken processing plant operations.
- ❖ Maintain an open door policy with employees on matters affecting their health and safety.
- ❖ Provide and maintain safe plants and equipment.
- ❖ Ensure safe handling and use of substances.
- ❖ Provide information, instruction and supervision for employees.
- ❖ Ensure all employees are competent to do their tasks and to give them adequate training.
- ❖ Prevent accidents and cases of work-related ill health.
- ❖ Maintain safe and healthy working conditions.
- ❖ Monitor all health and safety activities, investigate all accidents, record all details and determine for accident free environment.
- ❖ Continuously improve our standards of safety so as to ensure the well-being of our employees and the community around us.



The Group OHS team holds the primary responsibility for implementing the Group-wide OHS policy. To this end, the Group OHS team is charged with conducting appropriate due diligence activities, including routine safety visits and risk assessments for hazard identification. These findings are discussed at the Group OHS team monthly meetings to determine appropriate corrective action to enhance the Group's safety systems, on an ongoing basis.

Meanwhile, safety compliance audits conducted periodically by the Group Compliance team provide independent assurance regarding the efficacy of the Company's safety systems.

As per the established procedures, it is mandatory for all safety breaches to be formally documented, while employees who sustain work-related injuries (both minor and major injuries) are required to immediately inform the management via the incident reporting procedure, in order to be eligible for the workmen's compensation insurance cover. All reported incidents are investigated immediately by the Group OHS team and reported to the management on a monthly basis.

CGE Group Incident Reporting and Investigation Procedure

GRI 2-25



Human Capital

Measures undertaken in FY 2024 by the Group OHS team to identify and minimise potential safety hazards

- ❖ Evacuation Plans were revised for all sites, including the feed mill, breeder farms, broiler farms and Seeduwa processing plant, setting out clear guidelines for action to be taken in the event of an emergency such as a fire, natural disaster.
- ❖ A Fire Extinguisher Checklist was updated setting out guidelines for the inspection of expiration dates, pressure levels and the availability of extinguishers in strategic areas. This helps to eliminate delays in emergency response and reduces fire-related risks.
- ❖ Health, Safety and Environment (HSE) and Loss Prevention meetings were held monthly at several locations to evaluate OHS policies, analyse risks and adopt preventive measures to facilitate continuous improvement of safety systems.
- ❖ Upgraded the facility of a dedicated medical room at the Colombo location as part of a rapid response measure to provide prompt medical help for any injuries or health issues that arise on-site.
- ❖ Strengthened regular inspections of Group vehicles to ensure they are safe and compliant with road safety regulations.
- ❖ Annual Safety and Security Audits were conducted to assess the robustness of the on-site OHS practices, identify areas for improvement and ensure compliance with industry standards.
- ❖ Work-at-height protocols were strengthened through training to reduce the risk of falling coupled with safety training on the proper use of Personal Protective Equipment (PPE) essential to ensure worker safety during these high-risk operations.
- ❖ Commissioning of two fully trained Emergency Response Teams (ERT) to handle any situations throughout the Group's facilities. Both are professionally trained teams equipped to deal with fires and other emergency circumstances as well as handle evacuations and perform rescues if needed.
- ❖ Annual Full Evacuation Drill at CGE Colombo with the participation of the entire on-site workforce. This drill tested the effectiveness of the evacuation plans, ensuring that employees are familiar with emergency procedures and know how to react quickly and safely during a real event.
- ❖ Special inspection of fire extinguishers at Broiler and Breeder farms to verify the adequacy of fire-fighting resources readily at these locations.
- ❖ Conducted Annual comprehensive Safety Inspections and Safety Risk Assessments based on the requirement of the International Ship and Port facility security code (ISPS) at the Group's warehouses, silos and laboratories, focusing on identifying potential hazards and implementing controls to minimise risks.

Training Programs	Number of Training Sessions Held	
	External	Internal
Safety Awareness Training	02	05
ERT Training	-	14
Security Awareness Training	-	02
Basic First aid Training (Life Support)	01	02
Fire Control and Prevention	01	02
Chemical Safety Training	-	08
Total	04	33

Employee Relations

GRI 2-26

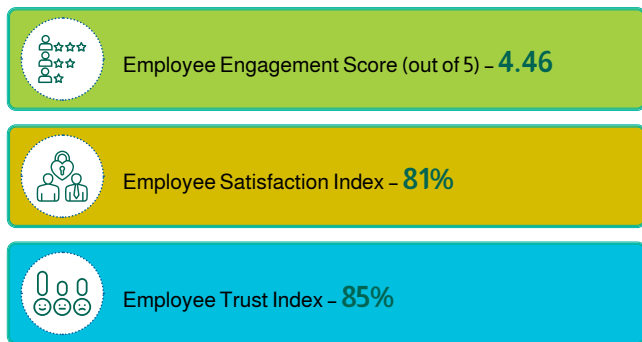
Our approach to employee relations is based on fostering a culture of mutual respect, trust and encouraging open communication between employees and Group management. Managers across the Group are expected to use routine meetings and briefings as an opportunity to strengthen relationships with their respective teams. This is further supported by the Group's open door policy that allows all employees to reach out to top management.

At the ground level, the Employee Council (EC), composed of representatives nominated from various departments, drives formal interactions between employees and management. The primary role of the EC is to present employee concerns directly to management during quarterly council meetings. These meetings also provide an opportunity for management to communicate any operational changes directly to employees. Employees are typically provided with an advance notice of two weeks regarding the implementation of any operational changes.

A formal grievance procedure is in place to address any unresolved concerns that may not have been satisfactorily resolved through discussion forums. No concerns were reported through the grievance process during the current financial year.

Regular employee surveys are considered a key component of the CGE Group's employee relations framework as they provide a direct channel for employees to communicate their opinions, concerns and suggestions in a structured and anonymous manner, in turn helping to gather feedback on various aspects such as workplace satisfaction, leadership effectiveness and organisational policies. These surveys also allow CGE to assess the impact of initiatives, track employee engagement levels and measure the effectiveness of changes or interventions made over time.

Results of the Employee Surveys FY 2024



Employee Engagement

We believe in fostering a strong sense of camaraderie and teamwork through various employee engagement and corporate social responsibility (CSR) initiatives. Throughout the year, the company organised several events that brought employees together while also contributing to the broader community.

Women's Day Celebrations

Recognising the invaluable contributions of women in the workplace, CGE celebrated International Women's Day with special activities and initiatives aimed at appreciating and empowering female employees.



Human Capital

Annual Cricket Tournament

Sports have always played a vital role in strengthening team spirit. The annual cricket tournament, a much-anticipated event, brought together employees from different departments to engage in friendly competition and showcase their teamwork and sportsmanship.



Blood Donation and Eye Camp Programme

In a commitment to social responsibility, CGE organised a blood donation drive, encouraging employees to contribute to a life-saving cause. The initiative saw active participation, reinforcing the company's dedication to giving back to the community.



CSR Activities - Poson Dansala

As part of its CSR efforts, CGE Sports and Recreations Club (CSRC) organised a Dansala during Poson, offering refreshments to devotees and the local community. This initiative reflected CGE's commitment to upholding cultural traditions and fostering goodwill.

Through these events, CGE continues to nurture a positive workplace culture while strengthening its engagement with the community, aligning with its core values of collaboration, inclusivity and social responsibility.



CGE Get- Together

The CGE Annual Get-together is a highly anticipated event that brings together employees from all divisions to celebrate achievements, foster camaraderie and strengthen workplace relationships. This event serves as an opportunity for employees to unwind, connect and build team spirit outside the usual work environment.



Risks and Responses Relating to Human Capital

During the year, CGE faced multiple challenges in managing its Human capital.

Further details, refer to Enterprise Risk Management pages 139, 140.



Way Forward

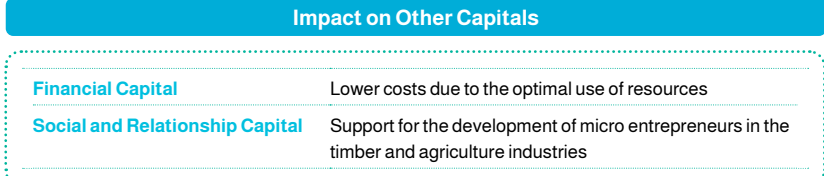
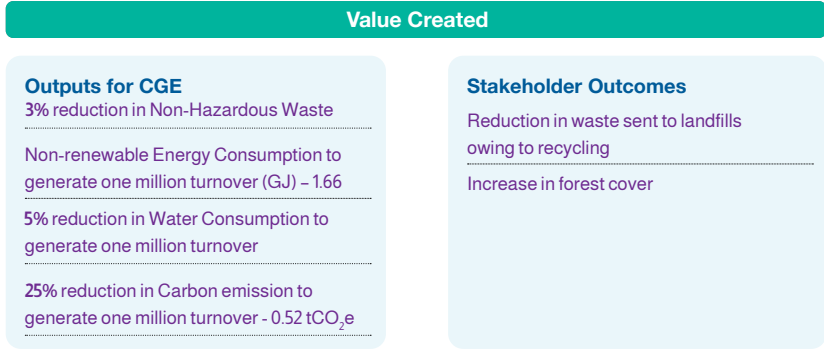
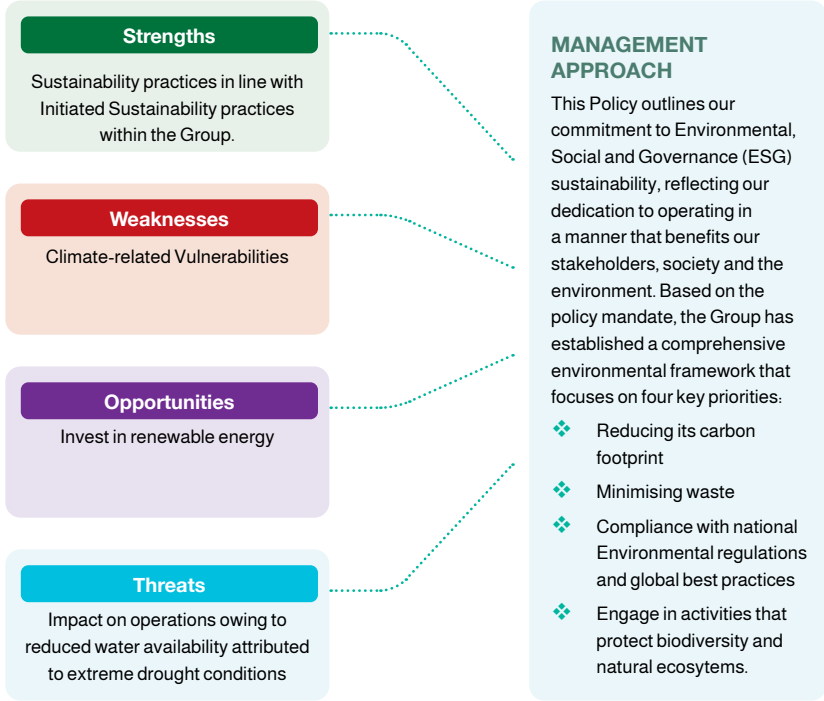
The planned implementation of a fully integrated Human Resource Information System (HRIS) in 2025 will empower the Group to significantly advance its Human Capital development activities, going forward. This strategic initiative is aimed at transforming the HR function, enabling seamless integration of core HR processes such as recruitment, payroll, performance management, training and employee engagement.

The new HRIS will also serve as a centralised platform for real-time data access and analytics, empowering managers and employees with greater visibility into key metrics and facilitating data-driven decision-making to facilitate the deployment of targeted solutions.

Natural Capital



Natural Capital comprises the outputs derived from natural resources such as energy and water used in CGE's daily operations, including manufacturing processes.



Environmental Framework

A comprehensive Environmental Framework supports the CGE Group's efforts to embed environmental considerations into the day-to-day operations. At an operational level, each unit is responsible for implementing the Group's Environmental Framework as well as for data verification, inter-departmental coordination and reporting findings. A dedicated Sustainability Management Team provides guidance to departments in implementing environmental initiatives. The Sustainability Management Team is further responsible for monitoring and tracking group-wide environmental performance against established KPIs and presenting findings to the Sustainability Committee.

Group Owned Natural Capital

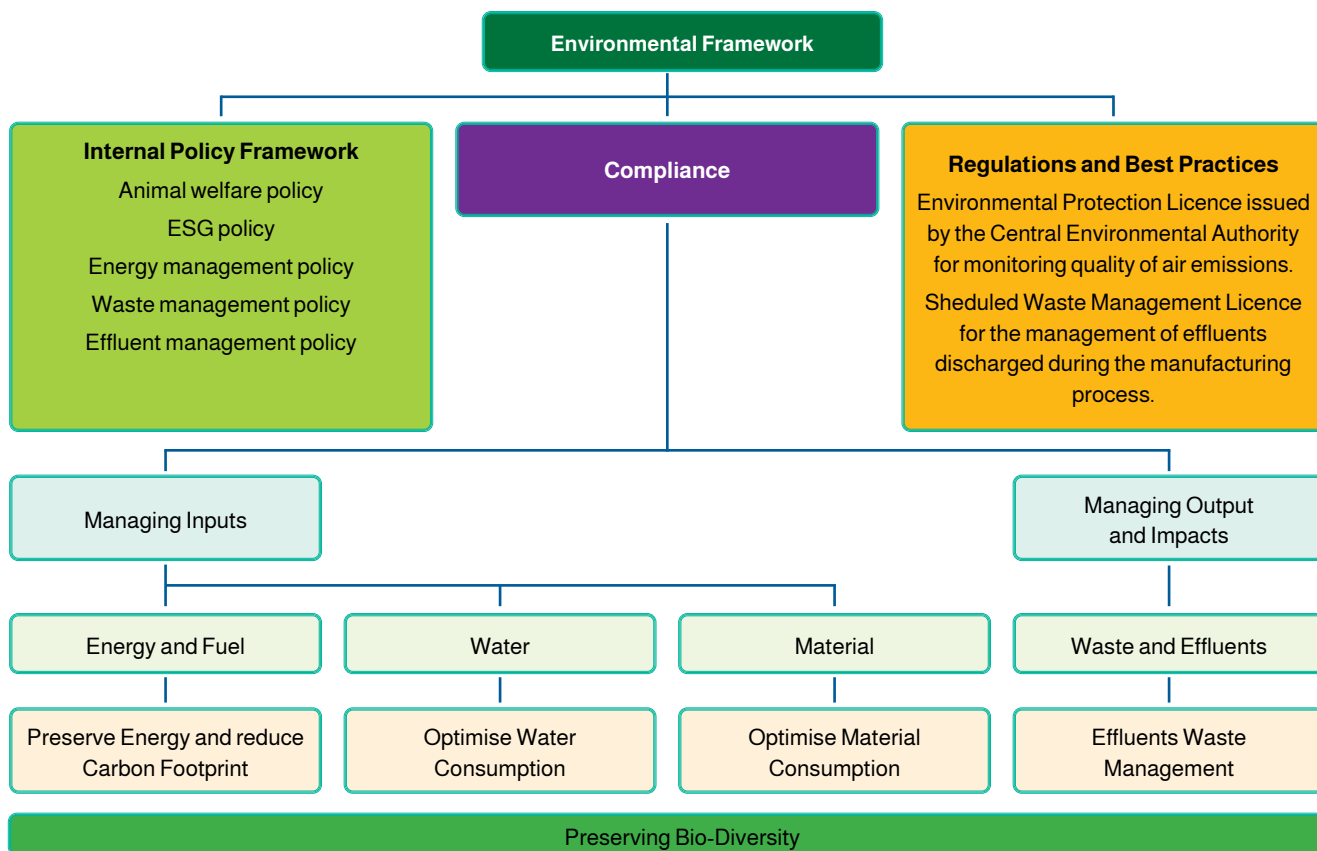
Name of the Company	Location	Land extent
Ceylon Grain Elevators PLC	Attanagalla farm, Attanagalla	12 A - 2 R - 15.7 P
Three Acre Farms PLC	Meegoda farm, Meegoda	24 A - 0 R - 3.17 P
	Kosgama farm, Aluthambalama, Kosgama	20 A - 3 R - 27.05 P
	Halwathura farm, Halwathura	54 A - 0 R - 3.76 P
	Bulathsinhala farm, Agaloya, Bulathsinhala	60 A - 3 R - 27.00 P
	Hijra farm - A, Pagoda, Beruwala	41 A - 3 R - 13.42 P
	Hijra farm - B, Beruwala	8 A - 3 R - 3.71 P
	Makuluwatta farm, Waga	12 A - 2 R - 18.90 P
	Ittapana farm, Mahagoda, Ittapana	31 A - 1 R - 28.10 P
Ceylon Pioneer Poultry Breeders Limited	Nillambe farm, Office Junction, Galaha	33 A - 0 R - 28.82 P
	Aswatta farm, Kosgama	5 A - 3 R - 18.19 P
	Wewelpanawa farm, Wewelpanawa	27 A - 3 R - 20.47 P
Ceylon Aquatech (Private) Limited	Chilaw Farm	54 A - 1 R - 36.18 P

GRI 307-1

In 2024, the Board appointed a Sustainability Committee for the purpose of formulating CGE's environmental agenda. As part of its duties, the Committee is assigned to review and evaluate environmental performance on a quarterly basis to ensure alignment with strategic goals. The Sustainability Management Team also undertakes to oversee the implementation of a comprehensive Environmental Management System (EMS) that sets out the Group's environmental objectives and establishes the policies and procedures to drive resource efficiency, comply with environmental laws and regulations and minimise any negative impacts resulting from CGE's business operations. Given the resource intensity of the Group's operations, the EMS plays a vital role in CGE's management systems and structures.



Natural Capital



Materials

GRI 301-1, 301-2, 301-3

As a leading poultry producer, CGE relies on a variety of key input materials across its value chain, including ingredients for poultry feed production, such as Maize, Soybean, along with packaging materials used for feed and processed chicken products.

Additionally, CGE's subsidiary, Three Acre Farms PLC, uses wood shavings and paddy husk for Farm operation purposes. Chlorine and disinfectants are also utilised extensively for washing and cleaning processes at TAF.

Materials used across across the CGE Group value	2024	2023
Minerals (Kg)	670,696	359,503
Wood Shavings	697,992	492,768
Paddy Husks	1,272,856	704,400
Disinfectant	2,713	2,875
Percentage of Recycled input materials	>90	>90


Energy and Emissions

GRI 302-1, 302-3, 305-1, 305-2

CGE's approach to energy management is formalised through the Group Energy Management Policy, which serves as the benchmark for reducing energy consumption, lowering greenhouse gas emissions and optimising resource utilisation across all operations encompassing feed mill, chicken processing plant, breeder and broiler farms as well as the Group's administrative offices.

Key principles of the Group's energy management approach include:

- ❖ Investing in energy-efficient machinery such as of Capacity banks at feed mill and processing plant.
- ❖ Standard Operating Procedures for maintenance of equipment to minimise energy loss. The Group Engineering Department and Facility Head are responsible for adhering to the energy management guidelines and implementing actions accordingly.
- ❖ Monitoring systems to scrutinise and control these energy intensive processes to monitor consumption and ensure the efficacy of energy-saving initiatives. Energy consumption is tracked by the Engineering department using the system installed at key points across all facilities, with monthly reviews submitted to Senior management.



Non-renewable Energy consumption (GJ) to generate one million turnover
2024 - 1.66 (1.47 -2023)

CGE's emission management approach goes hand in hand with initiatives to improve Group-wide energy efficiency. To derive a systematic reduction in emission intensity, the Group has established a formally documented procedure to monitor both Scope 1 and Scope 2 emissions. Emission monitoring is carried out by the Sustainability Management Team. Moreover, STACK emission tests are conducted annually by independent organisations such as ITI and NAITA to ensure that notable air emissions such as Nitrogen Oxide and Sulfur Oxide are within the levels stipulated by the Central Environmental Authority.

Energy and Emission Management - Key highlights FY 2024

- ❖ Converting open bird houses to Environmentally Controlled (EC) Houses which contribute to energy savings.
- ❖ Upgrading to energy-efficient lighting, equipment and machinery across facilities to lower energy consumption.
- ❖ Commenced computing the Carbon footprint of the Group covering Scope 1 and Scope 2 emissions.
- ❖ Installed diesel floaters and GPS tracking devices to the distribution fleet to ensure route optimisation to generate fuel savings.
- ❖ Replaced diesel powered forklifts with electric unit to reduce emissions at plants and also prevent sound pollution.

Marking a significant step towards understanding and managing emissions, the Group in 2023 initiated its first-ever carbon footprint calculation in line with the internationally recognised carbon accounting standards - such as the Greenhouse Gas Protocol and the ISO 14064 guidelines to measure Scope 1 and Scope 2 emissions attributed to the Group. For CGE, Scope 1 emissions are attributed to the fuel consumed by boilers, generators and company-owned vehicles, while Scope 2 Emissions consist of electricity used in processing plants, administrative offices and other facilities. The results of the 2024 assessment will be used as the baseline for all future emission monitoring efforts.

CGE Group Emission Matrix

	2024	2023
Scope 1	4,947.56	7,908.11
Scope 2	7,474.24	5,547.25
Total tCo2e equivalent	12,421.80	13,455.36
Carbon emission to generate one million turnover tCo2e	0.52	0.69

Natural Capital

Water and Effluents

GRI 303-1, 303-2, 303-3, 303-4, 303-5

Water plays a crucial role across CGE Group operations. The Group's water footprint is attributed mainly to requirements in the feed milling (boiling and cooking), chicken processing, farm operation, employee sanitation, cooling systems and open-house cleaning operations, among others. Water requirements are met through a combination of municipal supplies and, where permitted, from individual sources.

Given the heavy dependence on water for day-to-day operations, the CGE Group maintains a structured approach, underpinned by the Group Water Management Policy to minimise consumption by promoting water-saving initiatives, such as recycling water in non-critical processes.

GRI 13.7 Water and Effluents (Sector Topic Disclosures)

Effluents generated as a consequence of CGE's operations are wastewater from cleaning processes, low concentrations of disinfectants and washed water. A comprehensive Effluent Management Policy, developed in line with global best practices, directs the Group's Management of effluents in compliance with regulatory requirements. Accordingly, at the Seeduwa chicken processing plant, a dedicated effluent treatment facility ensures that wastewater is treated to meet stipulated regulatory standards prior to discharge. Similarly, Three Acre Farms has installed in-house water treatment facilities across its farms to treat waste water and effluents, ensuring that water quality complies with the Central Environmental Authority's (CEA) permitted limits and poses no toxicity risks to the environment or life.

The Group Quality Assurance team is the main body in charged with overseeing the implementation of the Effluent Management Policy. The Quality Assurance team is also required to identify potential contamination risks and ecological impacts of discharges and initiate appropriate action through chemical neutralisation, pH adjustment etc.

As part of their duties, the Quality Assurance team undertakes to fulfil the Group's reporting obligations to environmental authorities, including ensuring monthly testing is carried out by independent third party specialists to provide independent assurance regarding quality of effluent discharges.

CGE Group Water Matrix

	2024	2023
CGE Total water usage (m3)	454,413	391,175
Total usage to generate one million turnover	18.94	19.96

No significant spills attributed to the CGE Group operations were reported in FY 2024.

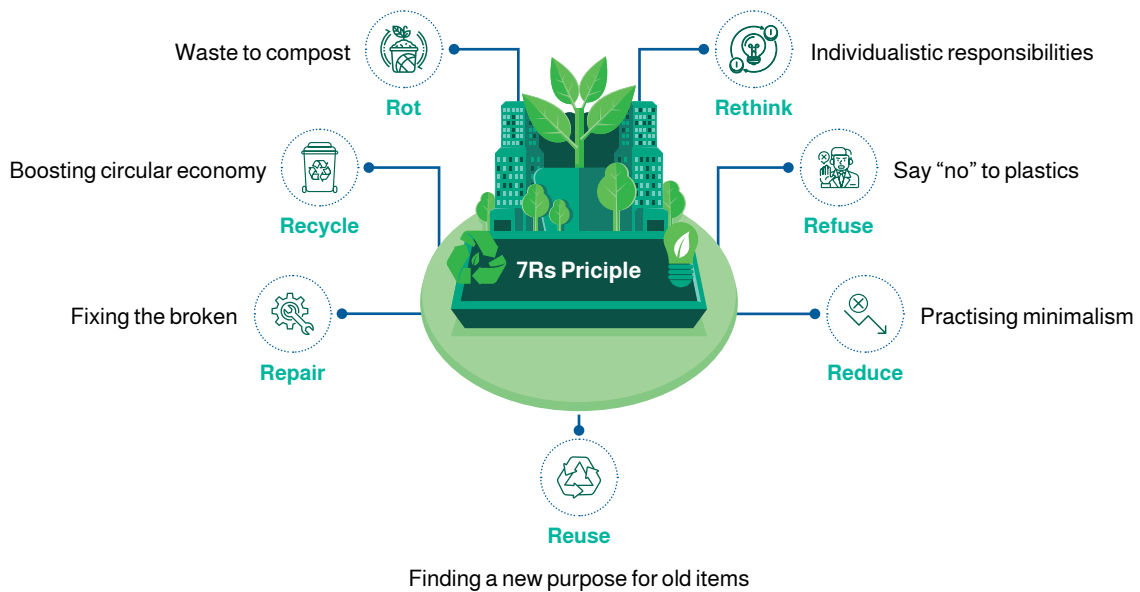


Waste Management

GRI 306-1, 306-2

CGE Group’s systematic approach to waste management is based on strict adherence to regulatory standards and global best practices. A detailed waste mapping system to identify the points at which waste is generated enables waste segregation at the source with segregated waste is despatched to the dedicated scrap yard, for further dissemination based on its profile as recyclable and non-recyclable categories.

This approach enables the Group to assess the financial impact of waste and implement effective cost-saving measures reinforcing the 7R solid waste management approach—“Rethink, Refuse, Reduce, Reuse, Repair, Recycle and Rot”—ensuring that its waste management practices align with global best practices for environmental stewardship.



These efforts are complemented by tracking systems to monitor waste generation and disposal and provide real-time data-driven insights into the associated costs to help set recycling targets. Moreover, to ensure effective execution of waste management practices, staff members are trained on waste procedures, fostering a culture of awareness and accountability.

Waste Segregation and Recycling Initiatives

- ❖ Invested in a dedicated scrap yard to facilitate efficient waste segregation, ensuring proper disposal and recycling of materials.
- ❖ Poultry litter is repurposed as organic fertiliser across the Group’s farms, contributing to sustainable agriculture and soil enrichment.
- ❖ Meat processing waste is recycled through a rendering plant that uses advanced refining techniques such as boiling, steaming and pelletising to convert waste into valuable by-products.
- ❖ Specialised recycling methods to resell materials such as glass and plastics, promoting a circular economy approach.
- ❖ Recycling targets are aligned with cost-efficiency strategies.
- ❖ All electronic waste (e-waste) is responsibly disposed of through licensed recyclers certified by the Central Environmental Authority (CEA).

Natural Capital

Commitment to Minimise Resource Utilisation

- ❖ Use of non-harmful by-products, such as compost and organic fertilisers to reduce the dependency on synthetic alternatives.
- ❖ Implemented technological solutions, including an agricultural produce drier, to reduce moisture levels and extend the shelf life of essential raw materials.
- ❖ Investment in Sales Force Automation (SFA) technology to streamline operations and reduce paper consumption.
- ❖ Outgrower System improves efficiency, payments are transferred electronically, by reducing paperwork and administrative delays.

GRI 13.8 Waste and Food Loss (Sector Topic Disclosures)

CGE Group efforts to minimise harm to the Environment

Utilisation of Agricultural By-Products:

CGE incorporates a diverse range of agricultural by-products into its feed formulations, optimising the use of raw materials while minimising waste generation, thereby contributing to the circular economy while supporting local agricultural industries to create value through underutilised resources.

Commitment to Non-GMO Feed Ingredients:

CGE's non-GMO policy ensures all feed ingredients are natural, safe and ethically sourced to maintain livestock health and reinforce product safety.

Investing in Research and Development (R&D) for Feed Innovation:

CGE is actively investing in R&D to develop low-impact feed ingredients where the focus is on formulating sustainable feed solutions that not only improve animal health and productivity but also contribute to broader environmental goals by reducing land and water use.

Sustainable Sourcing:

Prioritise sourcing grains and other feed materials from environmentally responsible suppliers. In this regard, the CGE Group has committed to using only certified sustainable soy that does not contribute to deforestation or ecosystem degradation.

Eliminating Polythene Waste in Feed Storage:

To reduce plastic waste and enhance operational efficiency, CGE employs bulk loaders that directly unload feed ingredients into silos, eliminating the need for polythene bags in storage and handling, thereby minimising packaging waste and reducing environmental impact.

Sustainable and Reusable Packaging Solutions:

CGE embraces environmentally friendly, reusable packaging materials to reduce the reliance on single-use plastics in line with global sustainability best practices.

Commitment to Food Safety and Environmental Standards:

FSSC 22000 Certification Journey – In line with the Group's ongoing endeavour to improve food safety and quality assurance, CGE is working towards achieving FSSC 22000 certification in 2025. This internationally recognised food safety management system ensures adherence to rigorous global standards for feed production and handling.

As part of the certification process, the Group is required to monitor air quality at its factory premises to preserve the production environment as well as promote the health and well-being of employees.

Commitment to Food Waste Reduction and Responsible Disposal

CGE is committed to reducing food waste as part of its broader sustainability initiatives. To ensure effective waste management, food waste generated from both day and night shifts is systematically measured on a daily basis. Based on these insights, targeted measures have been implemented to minimise waste at its source. Any unavoidable food waste is responsibly managed through a structured disposal process, where it is handed over to Central Environmental Authority (CEA) authorised waste collectors. This waste is then repurposed for formulating swine feed, contributing to a circular economy approach. CGE incurs an annual expenditure of approximately Rs. 2.2 Mn towards these efforts.

CGE Group Waste Matrix - FY 2024

Waste Type		Kg's	Disposal Methodology
Non-Hazardous Waste	Waste from meat processing	4,549,500	Recycled through a rendering plant, using a high - quality refining procedure which involves boiling, steaming and pelletising
	Packaging Waste	Zero	Resold
	Food Waste	174,460	Responsibly managed through CEA Authorised waste collectors
	Poultry Litter	242,533	100% converted to compost to be used as organic fertilisers
Hazardous Waste		Zero	

GRI 13.5 Soil health (Sector Topic Disclosures)

Commitment to Sustainable Land Management and Habitat Conservation

As a large poultry producer, the CGE Group is firmly committed to sustainable land management and continues towards ensuring its operations do not generate a significant adverse impact on the surrounding ecosystems and natural habitats. To that end, we practise chemical-free methods of soil conservation and nutrient management and invest in increasing the green cover by planting trees along the boundary walls, which also serve as a shelterbelt to reduce heat and soil erosion and enhance the water retention capacity of soil. Further, we ensure that our farming practices do not disrupt local wildlife habitats.

Environmental Awareness

The Group conducts workshops, webinars and conferences to educate employees on its sustainability goals and best practices to empower teams to incorporate sustainability into their daily operations in line with the Group's broader environmental objectives.

To reinforce accountability, sustainability Key Performance Indicators (KPIs) are monitored with employees who make significant contributions towards achieving environmental and sustainability targets, recognised and rewarded.



Risks and Responses Relating to Natural Capital

During the year, CGE faced multiple challenges in managing its Natural Capital.

Further details, refer to Enterprise Risk Management page 142 and Sustainability and Climate Risk Report page 156.



Way Forward

Going forward, the CGE Group plans to further intensify its efforts to improve energy efficiency and reduce emissions. Key actions in this regard will include investments in rooftop solar decks at selected facilities, including the new Bulathsinhala EC houses, and upgrading to energy-saving equipment such as LED lighting. Similarly, water management will remain a key priority. The Group also plans to invest in technologies and practices that reduce water consumption in poultry processing and feed milling operations, creating both environmental and cost-saving benefits.

Furthermore, CGE aims to integrate capital-related decision-making into broader business decision-making processes, including risk assessments and investment planning. Additionally, the Group will invest in R&D to develop more sustainable feed formulations, focusing on low-impact feed ingredients and improving the nutritional value of feeds. To support the effective implementation of these initiatives and drive focused action, CGE is expected to collaborate with the National Cleaner Production Centre (NCPC) for comprehensive audits of energy, water and waste.

Envisioning the growth of sustainability





Corporate Governance Review

1. Corporate Governance

Ceylon Grain Elevators PLC (CGE) upholds corporate governance to be the fundamental system of rules, practices and processes that direct and manage the business and dealings of the Group in order to achieve strategic objectives while balancing the interest of the Group's stakeholders by delivering long term value. Accordingly, the Group remains committed to maintaining the highest standards of ethical practices ensuring compliance with all statutory and regulatory requirements. This has ensured business accountability while safeguarding the business through prudent risk management strategies.

The CGE Group Board of Directors hold the overall responsibility for good governance, transparency, stewardship and accountability towards stakeholders and has put in place a governance framework consisting of a governance structure and a process to implement its policies and monitor effectiveness. The framework encapsulates all applicable regulatory benchmarks and global best practices and is further supported by an assurance mechanism.

2. Our Approach

This report explains the compliance with relevant mandatory provisions of the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange (CSE), the Securities and Exchange Commission (SEC) and the voluntary adoption of best practices as set out by the Code of Best Practice on Corporate Governance (2023) issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission (SEC).

Further reinforcing its commitment to good governance, the CGE Group commenced working towards complying with the revised Section 9 of the CSE Listing Rules on Corporate Governance in keeping with the target timelines. In this regard, all compliance requirements for the financial year 2024 were complied with in full, without exception.

Similarly, to comply with the revised Corporate Governance Listing Rules issued by the Colombo Stock Exchange effective on 01 October 2023, several Board changes were effected in 2024 along with adjustments in management practices, reporting standards and policies. The Board of Directors and specific Board Sub-Committees play a pivotal role in nurturing and sustaining stakeholder trust and hence comply with these mandatory and voluntary regulatory governance requirements in a consistent and timely manner and achieve compliance through the adoption of a control and monitoring framework by adherence to specific provisions of both internal and external benchmarks.

Moreover, to meet the growing need for comprehensive sustainability reporting, the International Sustainability Standards Board (ISSB) have introduced two key standards, namely IFRS S1 and IFRS S2, on 26 June 2023. IFRS S1 sets out the General Requirements for Sustainability-Related Financial Disclosures, while IFRS S2 focuses on Climate-Related Disclosures, collectively aimed at prioritising sustainability reporting on par with financial reporting. In response, CA Sri Lanka, the country's main accounting authority, has adapted these global standards to suit local requirements, by releasing SLFRS S1 and SLFRS S2. These localised standards will come into effect on 01 January 2025, ensuring that Sri Lankan companies align with international best practices in sustainability reporting.

To ensure compliance with the sustainability standards outlined in SLFRS S1 and SLFRS S2, the CGE Group Board took a significant step by establishing a dedicated Sustainability Committee in February 2024 with the primary objective of overseeing the integration of sustainability practices across the organisation.

In parallel, a Sustainability Management Team was also appointed to support the Committee in its efforts. The Sustainability Management is responsible for the practical implementation of sustainability initiatives and for closely monitoring the Group's progress in this regard. Together, the Sustainability Committee and the Sustainability Management Team are tasked with overseeing and guiding the Group's adherence to sustainable practices to facilitate compliance with SLFRS S1 and S2 disclosures in line with the set timelines.

Throughout the current year, the Sustainability Committee made good headway in identifying sustainability-related risks and opportunities (SRROs) through the CGE Group's Risk Management framework. This process began by identifying the material impacts of the Group's operations on the external environment and society.

By embedding sustainability considerations into the Group's risk assessments and decision-making processes, CGE aims to not only mitigate potential sustainability-related risks but also capitalise on opportunities that drive long-term value creation. This strategic alignment ensures that business operations are both sustainable and resilient towards emerging sustainability risks, reinforcing stakeholder trust and enhancing the competitive edge in the marketplace.

Key Highlights

- ❖ The CGE Group secured the 62nd position in the Transparency in Corporate Reporting (TRAC) Assessment conducted by Transparency International Sri Lanka (TISL), with a commendable score of 56% for transparency in corporate reporting. The score was derived following stringent evaluation of the Group's corporate disclosures across six critical metrics, namely combating and preventing corruption, reporting on anti-corruption programs, organisational transparency, country-by-country reporting, domestic financial reporting, reporting on gender and non-discrimination and reporting on procurement related to government contracts and tenders. Based on the score of 56%, CGE was placed among the top 125 companies listed on the Colombo Stock Exchange (CSE), highlighting its ongoing commitment to corporate governance and ethical business practices.
- ❖ This ranking stands as a testament to the progress made to-date. The CGE Group remains firmly committed to further enhancing its corporate governance practices, driving continuous improvement in transparency and contributing to a fair business environment.
- ❖ The CGE Group powered with the Sustainability Committee and Sustainability Management Team to strengthen the overall process on Environmental, Social and Governance aspects (ESG) with the purpose of enhancing Group practices as a requirement of SLFRS S1 and S2 with regards to the Sustainability and Climate Change and the Best Practices recommended by CSE guidelines – Version 3.

A summary of compliances to regulatory standards are shown in the table below.

Benchmarks	Specific Details	Adherence
Companies Act No. 7 of 2007	Mandatory Provisions	Fully Complied. Disclosures are stated on page 117.
Listing Rules of the CSE	Disclosure Requirements for Listed Companies in the CSE including Corporate Governance Mandatory Requirements	Complied. Disclosures are stated on pages 118 to 123.
The Code of Best Practices on Corporate Governance jointly issued by SEC and CA Sri Lanka (2023)	The Code of Best Practices on Corporate Governance	Complied. Disclosures are stated on pages 124 to 125.
Inland Revenue Act	Mandatory Provisions	Fully Complied.
Stakeholder Engagement	The report provides information to all stakeholders regarding most material areas identified through stakeholder engagement	Fully Complied.
Articles of Association	The requirement stated in the Articles of Association of the Group	Complied.
The Code of Conduct	Compliance requirements are applicable to all employees	All employees sign a declaration stating they will follow the Code of Conduct.

3. Policy in to Practice

GRI 2-23

To ensure full compliance with Section 9.2.1 of the Colombo Stock Exchange (CSE) regulations, CGE has implemented 12 comprehensive policies aimed at enhancing Corporate Governance and strengthening its organisational framework. These policies cover key areas that are critical for maintaining transparency, accountability and ethical conduct within the Group. The policies are as follows:

1. **Policy on Matters Relating to the Board of Directors** – Outlining the structure, roles and responsibilities of the Board.
2. **Policy on Board Committees** – Defining the purpose and functions of various committees to support the Board's operations.
3. **Policy on Corporate Governance, Nominations and Re-Election** – Establishing guidelines for the nomination, election and re-election of directors in line with best governance practices.
4. **Policy on Remuneration** – Ensuring fair and transparent remuneration structures for directors and senior management.
5. **Policy on Internal Code of Business Conduct and Ethics for Directors and Employees** – Promoting ethical business conduct, including guidelines for trading in the Group's listed securities.
6. **Policy on Risk Management and Internal Controls** – Addressing the identification, evaluation and mitigation of risks and ensuring robust internal control systems are in place.
7. **Policy on Relations with Shareholders and Investors** – Fostering transparent and proactive engagement with shareholders and investors to enhance trust and corporate value.
8. **Policy on Environmental, Social and Governance (ESG) Sustainability** – Integrating ESG principles into the Group's operations to promote long-term sustainability and corporate responsibility.
9. **Policy on Control and Management of Group Assets and Shareholder Investments** – Ensuring efficient use and safeguarding of Group assets and shareholder interests.
10. **Policy on Corporate Disclosures** – Establishing clear and transparent communication of financial and non-financial information in compliance with regulatory requirements.
11. **Policy on Whistleblowing** – Providing a safe and confidential platform for employees and other stakeholders to report unethical practices without fear of retaliation.
12. **Policy on Anti-Bribery and Corruption** – Committing to the prevention of bribery and corruption within the Group's operations.

(The CGE Group is currently working on making all relevant policies available in the public domain).

By adopting these 12 policies, CGE not only aligns itself with the revised CSE regulations but also strengthens its governance framework to ensure accountability, enhance stakeholder confidence and foster sustainable growth. This has been further strengthened with establishing strong Internal Governance Structure.

3.1 Internal Governance Structure

GRI 2-13, 2-16

CGE's internal governance structure describes how the Board of Directors enforces good governance across the Group. As the main governing body within the organisation, the CGE Group Board of Directors remains the ultimate authority responsible for overseeing Corporate Governance practices of the Group. As per the established structure, Board sub-committees are entrusted with certain functions by the Board. In further consolidating the independence of Corporate Governance practices at CGE, the governance structure specifies that the CEO and individual functional managers are accountable and responsible for the day-to-day business operations including the functioning of the business units of the Group. The responsibilities and accountability for each function and the business units, which are agreed upon in advance, ensure a constant and continuous flow of operations.

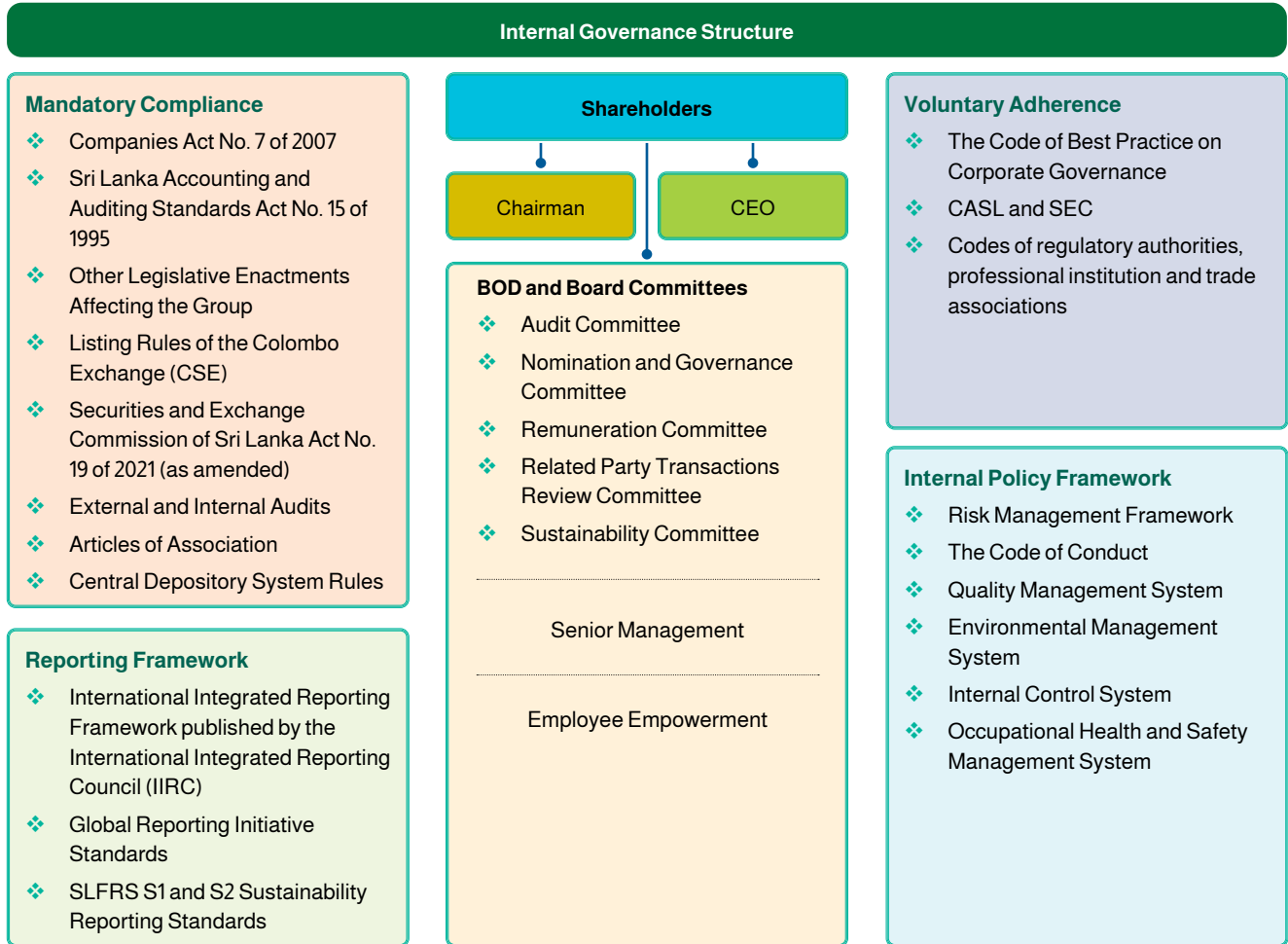
The internal governance structure consists of following;

- ❖ The Board of Directors
- ❖ Board Committees
- ❖ Group General Manager
- ❖ General Manager
- ❖ Senior Management

The internal governance processes and systems initiated by the Group's business plan supplement these positions and committees ensuring the proper implementation and execution of the Group's Corporate Governance framework.

Internal Governance Structure

GRI 2-9



3.1.1 Key External Benchmarks

- ❖ Companies Act No. 7 of 2007
- ❖ Listing Rules of the Colombo Stock Exchange
- ❖ Code of Best Practice on Corporate Governance issued jointly by the SEC and CA Sri Lanka (2023)
- ❖ Inland Revenue Acts
- ❖ External Audits

3.1.2 Key Internal Benchmarks

- ❖ Articles of Association
- ❖ The Code of Conduct
- ❖ Terms of Reference of Board Sub-committees
- ❖ ISO and Quality Management Framework and Standards
- ❖ Risk Management Framework
- ❖ Internal Audits
- ❖ Recruitment, Selection and Career Development Policies
- ❖ Rewards and Recognition Policy
- ❖ Policy on Conflict Resolution and Grievance Handling
- ❖ Employee Declaration Policy

3.1.1.1 External and Internal Audits

The external audit function provides an independent opinion to shareholders on the truth and fairness of the Financial Statements and whether they have been properly prepared in conformity with the Companies Act No. 7 of 2007.

3.1.2.1 The Code of Business Conduct

The Board carries out its functions in accordance with the well-structured Code of Business Conduct (Code) that supports the adoption of standards for sustainability, accountability and transparency across business operations. This Code has been

Corporate Governance Review

developed by taking into consideration internal and external standards and is further aided by an assurance mechanism that ensures proper and continuous adoption and adherence to good governance practices.

CGE's Code of Business Conduct is based on four key principles given below:

- ❖ Trust, professionalism and integrity in all partnerships and transactions;
- ❖ Continuous professional development along with the Group and individual compliance with all rules and regulations;
- ❖ Ethical conduct of business in keeping with international industry standards; and in
- ❖ Always acting in the best interests of the Group ensuring transparency in all matters.

The Code is applicable to all employees including Directors and Key Management Personnel, with all such persons required to sign a declaration at the time of recruitment, acknowledging their understanding and commitment to abide by the provisions of the Code.

3.1.2.2 Internal Audits and Internal Controls

The Group's internal audit function also provides an assurance that CGE's risk management, governance and internal control procedures are operating efficiently in compliance with internal and external benchmarks.

Moreover, Internal controls of CGE include financial, operational, risk management and regulatory compliance controls, collectively designed to protect the assets of the Group against unauthorised use or disposal and is further supported by a structured documentation procedure. The Board of Directors including the Audit Committee are responsible for the Group's system of internal controls and for reviewing its effectiveness. The Audit Committee, on behalf of the Board, carries out regular reviews to verify the efficacy of internal control processes and the effectiveness of risk management. The Audit Committee

reports to the Board during regular Board meetings enabling the Board to take final responsibility for the oversight of the internal controls of the Group.

4. The Board of Directors

GRI 2-12

4.1 Board Responsibilities

The Board provides leadership in achieving business objectives, value creation and risk management and sets the tone from the top for nurturing a culture of transparency and integrity in carrying out the Group's business functions. The Statement of Directors' Responsibility in relation to financial reporting is given on page 175 and in Note 36 - Directors' Responsibility on page 237. Directors have no interest in the Group other than those disclosed in the Financial Statements in Note 33.1 - Key Management Personnel on page 232 and the Report of the Board of Directors on the State of Affairs of the Group on pages 172 to 174.

In addition, the Group internal audit division and the Board of Directors have made a declaration in the Related Party Transactions Review Committee on pages 131 to 132 in accordance with section 9.14.8.(4) of the Listing Rules issued by the CSE on their responsibility towards Financial Statements. As the apex governing body within the organisation, the CGE Group Board remains the ultimate authority responsible for the following:

- ❖ Providing direction and guidance to the Group in the formulation of medium and long-term strategies which are aimed at promoting sustainable long-term success of the Group;
- ❖ Providing guidance on the formulation and implementation of a sustainable business strategy;
- ❖ Conducting business functions efficiently and profitably to create shareholder value;
- ❖ Meeting regularly to establish and maintain the Group's direction and position;
- ❖ Ensuring effective systems to secure the integrity of information, internal controls and risk management;

- ❖ Providing guidance and direction to ensure the Group has adequate resources and existing resources are effectively utilised;
- ❖ Ensuring that the Executive Directors and Key Management Personnel have the expertise, knowledge and resources needed to successfully implement the strategy;
- ❖ Ensuring appropriate succession plans for Key Management Personnel;
- ❖ Reviewing the Group's operating and financial performance and evaluating progress against plans and budgets to ensure the Group accomplishes its goals;
- ❖ Ensuring that the Annual Report is published at the conclusion of the financial year and that Quarterly Financial Statements are released on timely;
- ❖ Ensuring compliance with laws, regulations, governance and ethical standards;
- ❖ Monitoring systems and Group's procedures to ensure that internal controls are effectively planned and implemented;
- ❖ Ensuring all stakeholder interests are considered in corporate decision-making;
- ❖ Reviewing and approving budgets and major transactions including acquisitions, disposals, capital expenditures and investments;
- ❖ Fulfilling any other function that is vital to the growth and success of the business;
- ❖ Recommending appointment / removal of external auditors; and
- ❖ Promoting corporate citizenship.

The Board seeks out professional advice in carrying its functions. On matters that need specialist expertise such as litigation, the Board has access to Group's Panel of Lawyers. The Board is also allowed to obtain independent professional advice, as appropriate, with the cost of such services borne by the Group.

4.2 Board's Principal Roles and Functions

Providing Strategic Direction

The Board of Directors holds the collective responsibility for establishing the Group's strategic direction, corporate policies, overall strategic objectives and corporate plans and communicating the same to Senior Management. Further, the Board is also responsible for laying out a schedule of issues and directions which could only be approved by the Board as monitoring controls.

In addition, the Boards holds the authority to grant approval required on all matters relevant to Group strategy, annual budget, business plans, management information, reporting of Financial Statements, dividend payments, investments and business acquisitions. Further, the Board is responsible for continually reviewing and monitoring the Group's performance against set objectives, thus directing the Senior Management on specific action points.

Communication with Shareholders

GRI 2-12

At CGE, communication with our shareholders is a vital element of Corporate Governance as it ensures transparency and adequate dissemination of information amongst the shareholders. The Board holds the responsibility for reporting statutory and other relevant information to shareholders in a regular, timely and accurate manner, in line with the Group's commitment to transparency. To facilitate this, the Board has laid down a set of specific policies to ensure accurate records of accounts are maintained to enable the preparation of Financial Statements to represent a balanced view of the Group. Moreover, the Board has also adopted measures to report statutory and other relevant information and to make full disclosures of all major transactions to shareholders in a timely and accurate manner. Accordingly, quarterly and annual results are prepared and presented, in accordance with the Sri Lanka Financial

Reporting Standards, the Companies Act No. 7 of 2007, the Colombo Stock Exchange (CSE) and the Securities and Exchange Commission (SEC) regulations.

Further, all shareholders are invited and encouraged to be present and actively participate and vote at the Annual General Meeting (AGM), which serves as an opportunity for shareholders to get clarifications and information regarding the performance of the Group.

Extraordinary General Meetings are held as needed to discuss shareholder views and inform them about the Group's activities, including matters of investment and divestment.

Overseeing Risk Management

The CGE Group Board is entrusted with the crucial responsibility of overseeing the Group-wide risk management measures covering financial, operational and sustainability-related risks and opportunities (SRROs). In fulfilling its oversight duties, the Board regularly reviews the risk management process, underscoring the commitment to ensure alignment with regulatory requirements and global best practices.

Compliance

GRI 2-27

The Board of Directors is responsible for ensuring that the Groups' operations remain fully compliant with all applicable laws, directives and standards stipulated by various regulatory bodies in the country. The Board stays abreast of the latest regulatory developments and guides the Senior Management regarding proactive adoption of these new changes.

Appointments to Board Sub-Committees

The appointment of members to various Board sub-committees is entrusted to the Board. The Board appoints members to the Audit, Remuneration, Nominations and Governance and Related Party Transactions Review Committees along with Directors and Key Senior

Management personnel. Each of these committees acts within its own set of Terms of References, which have been approved by the Board. An expanded review of each such committee's functions is described further in this report on pages 126 to 132.

4.3 Board Composition

The CGE Group has a well-balanced Board consisting of a mix of Executive and Non-Executive Directors, ensuring that no individual or group of individuals dominates the decision-making within the Board of Directors. The skills and expertise of both Executive and Non-Executive Directors' is a key consideration when contemplating the Board composition. The CGE Group Board as at 31 December 2024 consisted of six (6) members, including one (1) Executive Director, two (2) Non-Executive Directors and three (3) Non-Executive Independent Directors. This composition complies with the Listing Rules of the Colombo Stock Exchange, which requires that a minimum of two members or one-third of the Board (whichever is higher), be Non-Executive Independent Directors. The names of the Directors and their detailed profiles are disclosed from pages 12 to 13 of the Annual Report.

4.4 Board Evaluations and the Appraisal of the Chief Executive Officer

GRI 2-18

The performance of the Board, sub-committees' performance and the Chief Executive Officer are evaluated annually, to ensure that their responsibilities are properly carried out. During the year under review, an appraisal was made with regard to the Board composition and it was concluded that the knowledge and expertise of current Board members are appropriate for the size, scale and complexity of the CGE Group.

A brief profile of individual members of the Board of Directors is on pages 12 to 13.

Corporate Governance Review

4.5 Board Skills

In deciding on the balance of the Board, a vital element is the maintenance of Board diversity. The Group selects directors to the Board, based on their level of business experience and their sense of integrity along with judgement. Besides, the Board has ensured availability, within its ranks, those with financial acumen and knowledge to offer guidance on matters of finance. Currently the CGE Board has (1) Certified Practising Accountant, who is a fellow member of the Institute of Chartered Accountants and is well-equipped to offer guidance on financial matters. The said director is also the Chair of the Audit Committee.

CGE is cognisant of the necessity to maintain the right mix of skills and expertise within the Board and assumes timely review of the Board composition to ensure that its skills are matched with the current and future requirements of the Group. The current Board, therefore, consists of IT professionals, financial professionals, legal professionals, marketing professionals and banking professionals who possess the required knowledge and expertise to support collective decision-making and facilitate effective discharge of Board responsibilities. The option for Directors to retire by rotation also serves as a key tool in preserving expertise within the Group.

4.5.1 Access to Independent Professional Advice

To fulfil their responsibilities, strengthen decision-making and preserve the independence of the Board, individual directors are encouraged to obtain independent professional advice at the Group's expense. This process is commonly managed by the General Manager of the Group.

4.5.2 Continuous Training and Development

GRI 2-17

The Group is dedicated to empowering all employees including the Board of Directors, to enhance their skills, knowledge and expertise. 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. Additional follow-up meetings are arranged for the Directors to obtain required knowledge if they wish to gain a greater understanding of a subject.

Meanwhile, all new Directors are given the opportunity to familiarise with and obtain an in-depth understanding of the Group's business, its strategies, risks and processes, at their discretion. Directors also benefit from regular training including training provided by principals, external and in-house training. Training needs are reviewed on a regular basis to facilitate timely intervention that helps to enhance directors' capacity.

4.6 Board Secretary

S S P Corporate Services Pvt Limited serves as the Board Secretaries to the CGE Group. It is the duty of the Board Secretary to assist the Board in adhering to good corporate governance practices. In this capacity, the Board Secretary is charged with providing the word with timely and accurate information about Group operations, board procedures, changes in applicable laws and regulations, as well as guidance on matters of interest. The Board Secretary is also responsible for maintaining Board minutes and other records and making such information available to members of the Board at any time when they are required or requested.

4.7 Changes to the Board

4.7.1. Board Tenure

Executive Directors are appointed and recommended for re-election subject to the recommended Group retirement age. Non-Executive Directors are appointed and recommended for re-election subject to the age limits as per the statutory provisions at the time of their re-appointment.

4.7.2 Re-election / Re-appointment

Annually, 1/3 of the Board of directors retire by rotation and remain eligible to present themselves for re-election at the immediate next AGM. Directors who retire are those who have served longest since their appointment or immediate past re-election. Moreover, any new Director who has been appointed to the Board during the year is also required to stand for re-election at the next Annual General Meeting (AGM).

The process of re-electing directors gives the shareholders the opportunity to review the composition of the Board. The names of the Directors eligible for re-election are provided to the shareholders in advance to enable them to make an informed decision concerning their election.

Names of retiring Directors eligible for re-election at the upcoming Annual General Meeting are given in the Notice of the Annual General Meeting as shown on page 244.

4.8 Timely Supply of Information

All members of the Board are updated and supplied with timely, accurate and comprehensive information to enable them to successfully perform their duties.

Quarterly performance reports are given to Directors, along with any additional reports or documentation considered relevant. The Chairman is responsible for ensuring that all Directors are well informed on matters that come up during meetings, thus enabling individual directors to engage in healthy debate to support objective decision-making.

Accordingly, Directors have access to:

- ❖ Board minutes, reports and agendas which are circulated before Board meetings providing sufficient time period to review and call for any additional information and clarification;

- ❖ Clarification on any matter contained in the Board minutes;
- ❖ The advice of experts and professionals if and when required;
- ❖ Advice and services provided by the Group Secretaries; and
- ❖ Information wherever necessary to carry out duties and responsibilities more effectively and efficiently and information updates from management on topical matters, formulation of new regulations and best practices as relevant to the Group's business.

4.9 Role of Chairman of the Board and the CEO

4.9.1 The Chairman of the Board

GRI 2-12

The Non-Executive Independent Chairman of the CGE Group Board is Mr. Wickrema Senaka Weerasooria. As the Board Chair, he leads each Board meeting and is responsible for ensuring

the Board functions are effectively discharged by all members of the Board. The Chairman provides oversight for the Board composition, ensuring there is an appropriate balance of power between Executive and Non-Executive Directors as well as fostering a positive relationship between Executive and Non- Executive Directors. Further, it is the duty of the Chairman to inform directors of their duties and responsibilities.

4.9.2 The Chief Executive Officer (CEO)

The CEO of the Group operates under the delegated author of the Board in overseeing the Group's business activities including implementation of business strategies approved by the Board. There is a clear division of responsibilities between the Chairman and the CEO, consistent with best practices, ensuring that no one individual has unfettered power over decision-making which confirms the balance of power and authority.

3. Board Meetings

The Chairman summons Board meetings at regular intervals or as and when necessary. The Chairman also facilitates the effective contribution of all Board members to discuss routine and non-routine matters. Board meetings are planned ahead by the Chairman in collaboration with the Board Secretaries, where the meeting agenda is established and sufficient time allocated for discussion of each agenda item. The Board Secretaries are required to prepare the Board pack containing the agenda and any other relevant information, which is then circulated to board members at least seven days prior to the meeting, giving directors adequate time to prepare for the meeting.

The Board met four (4) times over the past year to evaluate the overall strategic development of the Group.

Composition of the Board and Board Committees and Attendance at Meetings for 2024.

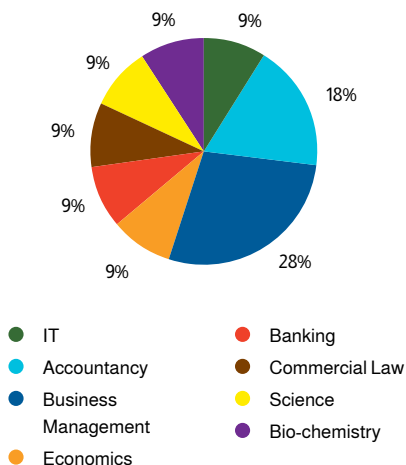
Name of the Director	Expertise Field	Age	Date of Joining	Company	Capacity	No. of Shares Held	Board			Board Committees			
							Position	No. of Meetings Held	No. of Meetings Attended	Audit Committee	Nomination Committee	Remuneration Committee	Related Party Transactions Review Committee
Mr. Wickrema Senaka Weerasooria	IT, Commercial Law and Science	60	15 Feb 2015	CGE	Non-Executive Independent Chairman (As at 31.12.2024)	2,800	Chairman	4	4	Member	Chairman ceased w.e.f. 01.04.2024 remains as member	Chairman ceased w.e.f. 01.04.2024 remains as member	Chairman ceased w.e.f. 01.04.2024 remains as member
Mr. Cheng Chih Kwong	Accountancy and Business Management	76	Since 1998	CGE	Executive Director and Chief Executive Officer	397	Member	4	4	-	Member ceased w.e.f. 17.12.2024	-	-
Mr. Damrong Valentino Yap Tiong Seng (from 15.11.2023 to 03.06.2024)	Business management, Robotics Manufacturing, Data Analytics, HRM, Microelectronics, Procurement, Media Management	63	2 Oct 2023	CGE	Executive Director and Group General Manager	-	Member	4	2	-	-	-	Member Resigned 03.06.2024
Mr. Bernard Cheng Koh Chuen	Business Administration	81	1 Aug 2012	CGE	Non-Executive Director	-	Member	4	3	-	-	-	-
Dr. Prathap Ramanujam	Expert in Public sector and in Business, economics	76	7 Aug 2018	CGE	Non-Executive Independent Director	-	Member	4	4	Member	Appointed Chairman w.e.f. 01.04.2024	Appointed Chairman w.e.f. 01.04.2024	Member
Mr. R. N. Asinwatham	Distinguished Accounting Professional	82	8 May 2019	CGE	Non-Executive Independent Director	-	Member	4	4	Chairman	Member	Member	Appointed Chairman w.e.f. 01.04.2024
Mr. Cheng Eng Loong	Science and Biochemistry	54	1 Aug 2012	CGE	Non-Executive Director	-	Member	4	3	-	-	-	-
Mr. Timothy Allan Brent Speldewinde	Accounting	64	1 Jan 2025	CGE	Non-Executive Independent Director	-	Appointed Member w.e.f. 01.01.2025	-	-	-	-	-	-
Mr. Indrajit Asela Wickramasinghe	Banking, Business Management	58	1 Jan 2025	CGE	Non-Executive Independent Director	-	Appointed Member w.e.f. 01.01.2025	-	-	-	-	-	-

Corporate Governance Review

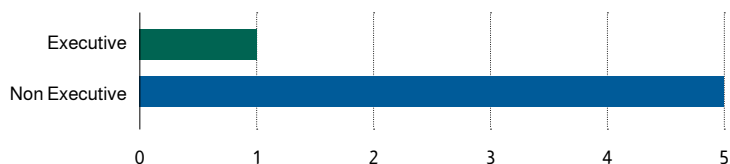
GRI 2-11

Board Composition as at 31 December 2024

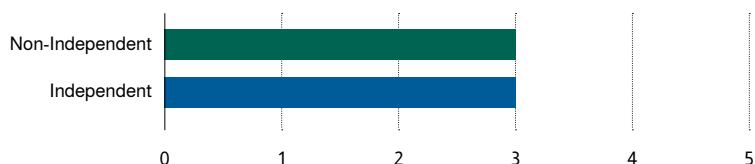
Diversity of Expertise



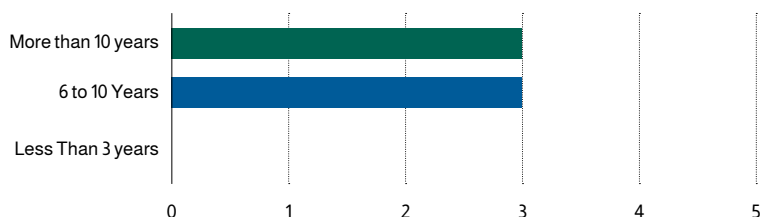
Capacity



Independency



Tenure of the Directors



4.9.3 Board Minutes

Board minutes contain a detailed account of the Board proceedings during meetings, including follow-up actions agreed by various Board members. The Group Secretaries prepare the Board minutes which are circulated to Directors within 14 days following the meeting, subject to the approval of the Chairman.

4.9.4 Board Committees

Certain functions of the Board have been assigned to the Board Committees in order to monitor, review and enhance the accountability in several areas which require in-depth skills and knowledge. The Board has the final decision-making rights and responsibilities over these sub-committees, thus upholding the good governance practices of the Group. The five Board sub-committees that have been established are as follows:

- I. Remuneration Committee
- II. Audit Committee
- III. Nomination and Governance Committee
- IV. Related Party Transactions Review Committee
- V. Sustainability Committee

Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration policy for the Executive Directors and Senior Managers. This committee comprises three (3) Non-Executive Independent Directors. Members of the Remuneration Committee are appointed by the Board. The detailed report by the Remuneration Committee appears on page 129.

Audit Committee

The Audit Committee assists the Board in discharging its responsibility for the financial reporting process. This Committee consists of three (3) Non-Executive Independent Directors. Members of the Audit Committee are appointed by the Board. The detailed report by the Audit Committee appears on pages 126 to 128.

Nomination and Governance Committee

The Nomination and Governance Committee is responsible for maintaining the Board composition necessary to meet business requirements. The Committee is further tasked with adopting a formal and transparent procedure to facilitate all new appointments to the Board, in compliance with regulatory requirements. The Nomination and Governance Committee consists of three (3) Non-Executive Independent Directors. Members of the Nomination and Governance Committee are appointed by the Board. The report by the Nomination and Governance Committee appears on page 130.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee was formed to assist the Board the effective management and oversight of related party transactions of the Group. The Related Party Transaction Review Committee consists of three (3)

Non-Executive Independent Directors. Members of the Related Party Transaction Review Committee are appointed by the Board. The report by the Related Party Transaction Review Committee appears on page 131.

In accordance with the Terms of Reference as set out by the Board, the above sub-committees carry out their duties and responsibilities. The proceedings of their meetings are regularly communicated to the Board.

Sustainability Committee

The Sustainability Committee is responsible for the implementation of sustainability initiatives within CGE Group. Members of the Sustainability Committee are appointed by the Board. This Committee consists of Three (3) Non-Executive Directors and Independent Non-Executive Director is the chairman of the Committee. The report by the Sustainability Committee appears on page 146.

5. Shareholder / Investor Relationship

Stakeholder relations are a vital component of CGE's corporate governance mechanism.

The primary means of communication between the Group and its stakeholders is via the Annual and Quarterly Financial Reports and the Annual General Meeting (AGM).

5.1 Release of Information to the Public and CSE

All material and price-sensitive information is communicated to the CSE in a timely and accurate manner to minimise the information gap among shareholders / investors and the Group.

5.2 Annual General Meetings (AGM)

Effective relationships with shareholders are maintained through the AGM which provides all shareholders the opportunity to vote and raise specific queries regarding the Group's operations.

5.3 Serious Loss of Capital

In the unlikely event of the Group's net assets value falls below half of the stated capital, all the shareholders would be duly notified at an Extraordinary General Meeting (EGM) in terms of Section 220 of the Companies Act No. 7 of 2007.

6. Best Practices

CGE's governance practices are based on the Group's core beliefs of corporate sustainability through good governance practices. In addition to being fully compliant with the regulatory requirements relating to good governance, the CGE Group Board strongly believes that best practices reaffirms the commitment to sustainable growth and shareholder satisfaction.

6.1 Regulatory Framework

CGE practises Corporate Governance through a well-structured regulatory framework that consists of statutes, regulations, codes, internal and external governance systems and controls and certification mechanisms on page 109.

6.2 Compliance and Adherence

Compliance with mandatory and voluntary regulatory governance requirements are established via an effective monitoring mechanism to support timely review of the governance structure and assessment of the level of adherence to specific provisions by the Board of Directors and specific sub-committees. The level of compliance is stated in the table appearing on page 107.

Corporate Governance Review

7. Internet of Things and Cyber-Security

7.1 Board Responsibility

The Board frequently monitors developments in the IT field and conducts discussions on how such developments can be utilised to enhance the efficiency and the effectiveness of the Group operations. To that end, the Board as invested in advanced network facilities including ERP and business intelligence systems.

Moreover, the Board investigates Cyber-security risks that may affect the business. The Board has assigned a General Manager / Country IT Head to oversee cyber-security and Risk Management. The General Manager / Country IT Head is a qualified IT professional and possesses the required expertise to ensure Cyber-security. He is accountable for the development of the IT Budget and IT Risk Management policies to be presented for Board approval, while designing and implementing IT General and Application controls to ensure the security of confidential information.

7.2 Effectiveness of the Cyber-Security Risk Management System

The Board ensures the effectiveness of cyber-security Risk Management through periodic review and assurance.

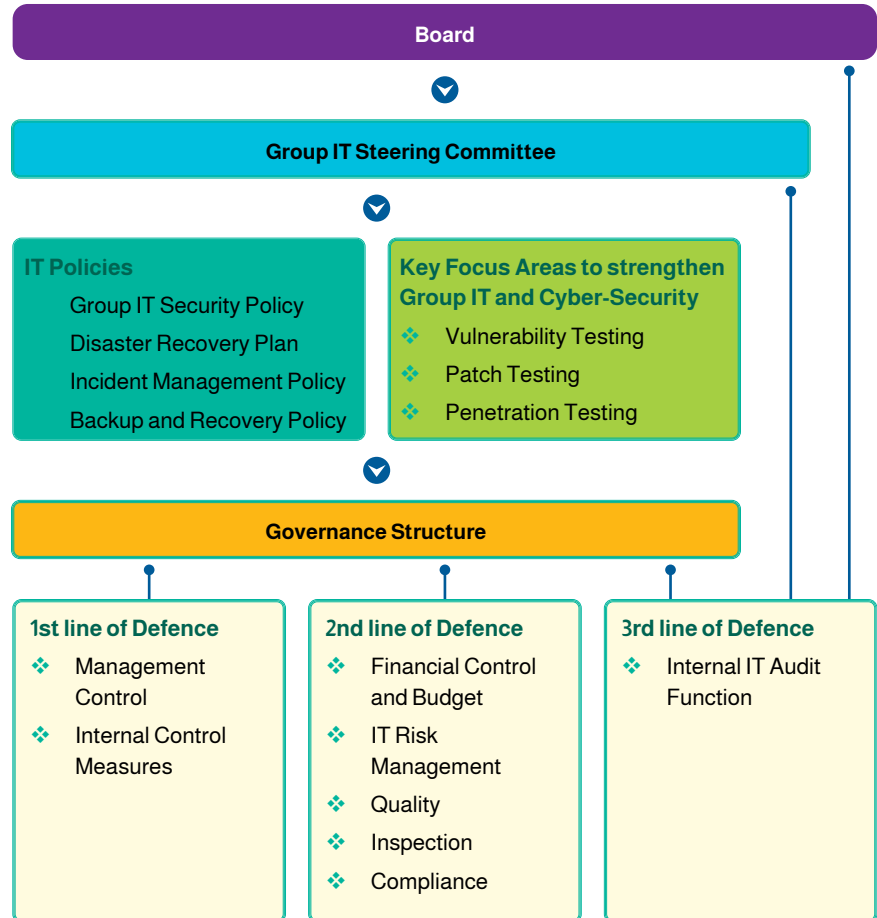
- ❖ For further information on cyber-security risk identification, please refer to the Enterprise Risk Management Review on page 141.

7.3 Group IT Steering Committee

The Group IT Steering Committee is responsible for ensuring the governance framework via implementing IT best practices within the Group and minimising the IT operational risk. The Committee is further overseeing the large investments in ICT and the emerging technologies for upgrading the existing technology within the Group and optimising the IT performance.

7.4 IT Governance Structure

The Group IT maintains strong governance structure as in below inclusive of 3 lines of defence model governance, policies and procedures within Group of Companies.



8.Environment, Social and Governance (ESG)

8.1 Provision of Information to Investors

The Group has included the Environmental, Social and Governance (ESG) factors in its business models and provided sufficient information in the Annual Report. Refer to pages 154 to 163 for Consolidated Statement of ESG Performance and Sustainability and Climate related Risk Report.

8.2.The Environment

The Group adopts an integrated approach that mitigates environmental threats and improves best practices in the Group's engagements to fulfill its obligation towards the environment. Such best practices include pollution prevention, sustainable use of resources, protection of the environment and bio-diversity and restoration of natural resources.

8.3 Social Factors

The Group adopts an integrated approach to build a strong relationship with the community and strives towards sustainable development.

8.4 Governance

The Group established a governance structure to support its ability to create value and manage risks on all pertinent aspects of ESG. As part of its commitment to long-term value creation, the Board actively monitors and directs the identification, evaluation and management of Sustainability-Related Risks and Opportunities (SRROs) including Climate-Related Risks and Opportunities (CRROs) such as physical risks, from extreme weather events and transition risks related to evolving regulatory frameworks.

In alignment with global sustainability standards, the Board ensures that the Group's risk management processes are designed to embed SRROs and CRROs into the overall business strategy in order to mitigate potential negative impacts while capitalising on sustainability opportunities for growth and innovation. The Group's comprehensive risk management framework identifies clear responsibilities across business segments for managing SRROs and CRROs. These segments operate within defined policies, ensuring focus on product safety, financial stability, health and safety, environmental protection, human resource management, operational efficiency, purchasing and engineering. The integration of SRROs and CRROs into these areas enables the Group to align its risk management efforts with global best practices to contribute to sustainable development.

The Board's involvement extends to regular assessments of SRROs and CRROs in order to facilitate continuous improvement of control systems and on-going policy recommendations, to adapt to evolving challenges and improve risk mitigation controls. This proactive approach ensures that the Group not only complies with regulatory requirements but also positions itself as a resilient organisation, prepared to navigate both existing and emerging sustainability risks.

9. Disclosures

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

9.1 Disclosures Required by the Companies Act No. 7 of 2007

Section Reference	Requirement	Annual Report Reference
168 (1) (a)	The nature of the business of the Group and the Group together with any change there of during the accounting period	Page 172
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Pages 180 to 237
168 (1) (c)	Auditor's Report on Financial Statements of the Group and the Company	Pages 176 to 179
168 (1) (d)	Accounting policies and any changes therein	Pages 184 to 196
168 (1) (e)	Particulars of the entries made in the interest register during the accounting period	Page 172
168 (1) (f)	Remuneration and other benefits paid to Directors of the Group during the accounting period	Page 232
168 (1) (g)	Corporate donations made by the Group during the accounting period	Page 172
168 (1) (h)	Information on the Directorate of the Group and its subsidiaries during and at the end of the accounting period	Pages 12 to 13
168 (1) (i)	Amounts paid / payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Page 200
168 (1) (j)	Auditor's relationship or any interest in the Group and its subsidiaries	Page 173
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board	Pages 174 to 175

Corporate Governance Review

9.2 Disclosures Required by Section 9 of the Listing Rules of the Colombo Stock Exchange

Rule No.	Subject	Requirement	Compliance status	Remarks
Disclosures Regarding Board of Directors				
9.2.1	Policies	Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website.	Compliant (The CGE Group is currently working on making all relevant policies available in the public domain.)	Corporate Governance Review - Page 108
9.3.3	Chairperson of the Board of Directors	Chairperson of the Board of Directors cannot be the chairperson of 1) Nominations and Governance Committee, 2) Remuneration Committee, 3) Audit Committee, 4) Related Party Transaction Review Committee.	Compliant	Mr. Wickrama Senaka Weerasooria, Chairman, does not hold chairmanship in any committee
9.6.1	Chairperson and CEO duality	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual unless otherwise a SID is appointed by such Entity.	Compliant	Mr. W. Senaka Weerasooria, Chairman, is a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual.
9.7.2	Fitness of Directors and CEO	Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules	Compliant	Declaration as per the listing rules related to fit and proper assessment criteria has been obtained and ensured that the said criteria are met by all the Directors.
9.8.1	Minimum Directors	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors	Compliant	Corporate Governance Review - Page 111
9.8.2(a)	Independent Directors	The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Group at any given time, whichever is higher.	Compliant	Corporate Governance Review - Page 111

Rule No.	Subject	Requirement	Compliance status	Remarks
9.8.3(ix)	Independence criteria	Revision to Independence Criteria as prescribed in this rule.	Compliant on 01.01.2025 (CSE Circulated Date)	Mr. W. Senaka Weerasooria ceased from being an Independent Non-Executive Director with effect from 31 December 2024 and positioned as Non-Executive Director with effect from 01 January 2025. In addition, Mr. I. A. Wickramasinghe and Mr. T. A. B. Speldewinde are appointed as the new Independent Non-Executive Directors with effect from 1st January 2025 to replace Mr. R. N. Asirwatham and Dr. P. Ramanujam.
9.8.5 (a)	Independent Directors	Each Non-Executive Director should submit a declaration of independence / non-independence in the prescribed format annually.	Compliant	Non-Executive Directors have submitted declarations during the year 2024.
9.10.2 (i-iii)	New appointment of Directors	A brief resume of the newly appointed Directors should be provided to the Colombo Stock Exchange for dissemination to the public.	Compliant	Board of Directors - Pages 12 to 13
9.10.4(a-i)	The disclosures related to Directors	A brief resume of each Director should be included in the Annual Report including the area of his / her expertise.	Compliant	Board of Directors - Pages 12 to 13
Disclosures Regarding the Nomination and Governance Committee				
9.11.1	Nomination and Governance Committee	Listed Entities shall have a Nominations and Governance Committee.	Compliant	Nomination and Governance Committee Report - Page 130
9.11.4	Composition of Nomination and Governance Committee	The members of the Nominations and Governance Committee shall comprise a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity and not comprise Executive Directors of the Listed Entity.	Compliant	Nomination and Governance Committee Report - Page 130
9.11.5	Functions of the Nomination and Governance Committee	<ul style="list-style-type: none"> i. Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Listed Entity. ii. Consider and recommend the re-appointment/re-election of current Directors. iii. Establish and maintain formal and transparent procedure/criteria to evaluate, select and appoint/re-appoint Directors of the Listed Entity. iv. Develop succession plan for Board of Directors and Key Management Personnel of the Listed Entity. 	Compliant	Nomination and Governance Committee Report - Page 130

Corporate Governance Review

Rule No.	Subject	Requirement	Compliance status	Remarks
		v. Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.		
9.11.6	Disclosure in Annual Report	a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members); b) the date of appointment to the Committee; c) whether a documented policy and processes are in place when nominating Directors; d) whether all directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years; e) a disclosure on Board diversity in the range of experience, skills, age and gender as an essential factor for effective Board performance.	Compliant	Corporate Governance Review-Page 113
Disclosures Regarding the Remuneration Committee				
9.12.2	Remuneration Committee	A Listed Company shall have a Remuneration Committee.	Compliant	Remuneration Committee Report - Page 129
9.12.6(1)(a)	Composition of Remuneration Committee	The members of the Remuneration Committee shall comprise a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.	Compliant	Remuneration Committee Report - Page 129
9.12.7 (2)	Functions of the Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors.	Compliant	Remuneration Committee Report - Page 129
9.12.8	Disclosure in Annual Report	a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members; b) A statement regarding the remuneration policy; c) The aggregate remuneration of the Executive and Non-Executive Directors.	Compliant	Remuneration Committee Report - Page 129 Report of the Board of Directors on the State of Affairs of the Company-Page 172
Disclosures Regarding the Audit Committee				
9.13.1	Audit Committee	A Listed Company shall have an Audit Committee.	Compliant	Audit Committee Report - Pages 126 to 128
9.13.3 (1) and 9.13.3 (7)	Composition of the Audit Committee	The Committee shall comprise Non-Executive Directors, the majority of whom shall be independent. The Chairman of the Committee should be a Member of a recognised professional accounting body.	Compliant	Audit Committee Report - Pages 126 to 128

Rule No.	Subject	Requirement	Compliance status	Remarks
9.13.4(1)	Functions of the Audit Committee	a. Oversee the Entity's compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.	Compliant	Audit Committee Report - Pages 126 to 128
		b. Review the quarterly results and year-end Financial Statements with special reference to major accounting policy changes, significant management judgements, conflict of interest situation and external auditor resignation and re-appointment.	Compliant	Audit Committee Report - Pages 126 to 128
		c. To make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	Compliant	Audit Committee Report - Pages 126 to 128
		d. Obtain and review the assurance received from CEO and FC on the financial records which have been properly maintained and given a true and fair view of the Company's operations and finances.	Compliant	Audit Committee Report - Pages 126 to 128
		e. Review processes to ensure the adequacy of CGE's internal controls and risk management procedures, risk policies to meet the requirements of the Sri Lanka Auditing Standards and to prevent the leakage of material information to unauthorised persons.	Compliant	Audit Committee Report - Pages 126 to 128
		f. Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements.	Compliant	Audit Committee Report - Pages 126 to 128
9.13.5	Disclosure in Annual Report relating to the Audit Committee	Names of Directors comprising the Audit Committee.	Compliant	Audit Committee Report - Pages 126 to 128
		The Audit Committee shall make a determination of the independence of the Auditor and disclose the basis for such determination.	Compliant	Audit Committee Report - Pages 126 to 128
		The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions.	Compliant	Audit Committee Report - Pages 126 to 128

Corporate Governance Review

Rule No.	Subject	Requirement	Compliance status	Remarks
Disclosures Regarding Related Party Transactions Review Committee				
9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity.	Compliant	Related Party Transactions Review Committee Report - Pages 131 to 132
9.14.3	Functions of the Related Party Transactions Review Committee (RPTRC)	<ol style="list-style-type: none"> 1) Review the Related Party Transactions as set out. 2) Ensure interests of shareholders as a whole are taken into account by a Listed Entity when entering into Related Party Transactions and to prevent Directors, CEOs or Substantial Shareholders taking advantage of their positions. 3) Ensure the objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality. 4) Establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Entity's operations. 	Compliant	Related Party Transactions Review Committee Report - Pages 131 to 132
9.14.4	General Requirements	<ol style="list-style-type: none"> 1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. 2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and, where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person. 3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. 	Compliant	Related Party Transactions Review Committee Report - Pages 131 to 132
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Subject to the exemptions given in terms of Rule 9.14.10, the Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.	Compliant	Related Party Transactions Review Committee Report - Pages 131 to 132

Rule No.	Subject	Requirement	Compliance status	Remarks
Disclosures Required by Section 9.14.7 of the Listing Rules of the CSE				
9.14.7 (1)	Immediate disclosure	(a) of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements; or (b) of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements.	Related Party Transactions Note in the Financial Statements	Page 236
9.14.8 (1)	Disclosure in the Annual Report	In the case of non-recurrent Related Party Transactions, if the aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the equity or 5% of the Total Assets whichever is lower, of the Listed Entity according to the latest Audited Financial Statements.	Related Party Transactions Note in the Financial Statements	Page 236
9.14.8 (2)	Disclosure in the Annual Report	In the case of recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the Gross revenue / income as per the latest Audited Financial Statements.	Related Party Transactions Note in the Financial Statements	Pages 234 to 236
9.14.8 (3)	Disclosure in the Annual Report	Annual Report shall contain a report compiled by the RPTR Committee including the following: <ul style="list-style-type: none"> ❖ Names of the Directors who are in the Committee; ❖ Statement about related party transactions reviewed during the financial year; ❖ Policies and procedures adopted by the RPTRC. 	Related Party Transactions Review	Pages 131 to 132
9.14.8 (4)	Disclosure in the Annual Report	A declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions or a negative statement in the event the Entity has not entered into any Related Party Transactions.	Report of the Board of Directors on the State of Affairs of the Group	Pages 172 to 174

Corporate Governance Review

3. Disclosures Required by the Code of Best Practice on Corporate Governance Jointly Issued by SEC and CA Sri Lanka 2017 (Amended 2023)

Rule No.	Subject	Compliance Status	Reference
A	Directors		
A.1	The Board	Yes	Corporate Governance Review - Section 4
A.2	Chairman and Chief Executive Officer	Yes	No one individual has unfettered powers of decision-making.
A.3	Chairman's Role	Yes	Corporate Governance Review - Section 4.9.1
A.4	Financial Acumen	Yes	Corporate Governance Review
A.5	Board Balance	Yes	Corporate Governance Review - Section 4.3
A.6	Supply of Information	Yes	Corporate Governance Review - Section 4.8
A.7	Appointments to the Board	Yes	Corporate Governance Review - Section 4.2 Nomination and Governance Committee Report, Board of Directors - Pages 12 to 13
A.8	Re-election	Yes	Corporate Governance Review - Section 4.7.2
A.9	Appraisal of Board Performance	Yes	Corporate Governance Review - Section 4.4
A.10	Disclosure of Information in respect of Directors	Yes	Board of Directors - Pages 12 to 13
A.11	Appraisal of Chief Executive Officer	Yes	Corporate Governance Review - Section 4.4
B	Directors' Remuneration		
B.1	Remuneration Procedure	Yes	Remuneration Committee Report - Page 129
B.2	The level and makeup of Remuneration	Yes	Remuneration Committee Report - Page 129
B.3	Disclosure of Remuneration	Yes	Report of the Board of Directors on the State of Affairs of the Company - Page 172
C	Relations with Shareholders		
C.1	Constructive use of the AGM and conduct of general meetings	Yes	Corporate Governance Review - Section 5
C.2	Communication with shareholders	Yes	Corporate Governance Review - Section 5
C.3	Major and material transactions	Yes	Notes to the Financial Statements

Rule No.	Subject	Compliance Status	Reference
D	Accountability and Audit		
D.1	Financial and Business Reporting (The Annual Report)	Yes	Report of the Board of Directors on the State of Affairs of the Group, Statement of the Directors' Responsibility, Independent Auditor's Report, Management Discussion and Analysis, Notes to the Financial Statements relating to Related Party Transactions.
D.2	Risk Management and Internal Control	Yes	Risk Management Review, Corporate Governance Review - Section 3.1.2.2
D.3	Audit Committee	Yes	Audit Committee Report - Pages 126 to 128
D.4	Risk Committee	Yes	Enterprise Risk Management Review - Pages 133 to 143
D.5	Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee Report - Pages 131 to 132
D.6	Code of Business Conduct and Ethics	Yes	Corporate Governance Review - Section 3.1.2.1
D.7	Corporate Governance Disclosures	Yes	Corporate Governance Review
E	Institutional Investors		
E.1	Shareholder Voting	Yes	Corporate Governance Review - Section 5, Institutional Investors are encouraged to provide feedback on the governance arrangements.
E.2	Evaluation of Governance Disclosures	Yes	Corporate Governance Review
F	Other Investors		
F.1	Investing / Divesting Decisions	Yes	The extensive nature of the information given in the Annual Report assists the shareholders in carrying out adequate analysis when making their decisions.
F.2	Shareholder Voting	Yes	Proxy Form
G	Internet of Things and Cyber-Security	Yes	Corporate Governance Review - Section 7
H	Environmental, Social and Governance (ESG)	Yes	Corporate Governance Review - Section 8
I	Special Considerations for Listed Entities	Yes	Corporate Governance Review - Section 9.2

4. Disclosures Specified by section 7.6 of the Listing Rules of the Colombo Stock Exchange

- Disclosures specified by Section 7.6 of the Listing Rules of the Colombo Stock Exchange are contained in this Annual Report.
- There is no evidence of the book value being substantially different from the market value of land and other fixed assets of the Group or its subsidiaries

Audit Committee Report

The Audit Committee acts as a sub-committee to the Main Board in overseeing the financial and related functions, including providing additional assurance on the reliability of the Financial Statements through a process of independent and objective review. The Audit Committee is also responsible for ensuring the quality of financial reporting and related communications to the shareholders and the public.

Composition of the Committee

The Committee comprises three (3) Non-Executive Independent Directors as at 31 December 2024 complying with Listing Rule No 9.13.3 of the Colombo Stock Exchange.

Committee Members

Mr. R. N. Asirwatham

Chairman

Non-Executive Independent Director
(Resigned w.e.f. 31.12.2024)

Mr. T. A. B. Speldewinde

Chairman

Non-Executive Independent Director
(Appointed w.e.f. 01.01.2025)

Mr. Wickrema Senaka Weerasooria

Member

Non-Executive Independent Chairman
(As at 31.12.2024)

Dr. Prathap Ramanujam

Member

Non-Executive Independent Director
(Resigned w.e.f. 31.12.2024)

Mr. I. A. Wickramasinghe

Member

Non-Executive Independent Director
(Appointed w.e.f. 01.01.2025)

Mr. Dharshana De Silva

Secretary to the Committee

Assistant Group General Manager / Acting
GIA

Regular attendance by Invitation

Mr. Damrong Valentino Yap Tiong Seng

Member

Executive Director and Group General
Manager
(Resigned w.e.f. 03.06.2024)

Mr. Sanjeewa Perera

General Manager

Mr. Akram Ansar

Financial Controller

Financial Acumen of the Committee

The Chairman and other Members of the Audit Committee possess the necessary financial acumen to review, understand and interpret financial and other related information, identify any deviation or non-compliance with the reporting requirements, as well as to determine any misuse of the Company assets. The Chairman of the Audit Committee, Mr. R. N. Asirwatham is a fellow member of the Institute of Chartered Accountants of Sri Lanka (CASL). The profile of each committee member are given on pages 12 to 13.

Functions of the Committee

The Audit Committee reports directly to the Board.

The functions of the Committee are to assist the Board in the following:

1. Preparation, fair presentation and adequate disclosures in the financial statements of the Group, in accordance with the Sri Lanka Accounting Standards (LKAS/SLFRS);
2. Ensure compliance with financial reporting requirements and information requirements of the Companies Act, SEC Act and other relevant financial reporting requirements;

3. Reviewing quarterly results and year-end financial statements with special reference to major accounting policy changes, significant management judgements, conflict of interest situations, external auditor resignations and re-appointments;
4. Obtain and review the assurance received from Chief Executive Officer (CEO) and Financial Controller (FC) to ensure financial records have been properly maintained and present a true and fair view of the Group's operations and finances.
5. Reviewing processes to ensure the adequacy of CGE's internal controls and risk management procedures to meet the requirements of the Sri Lanka Auditing Standards and to prevent any leakage of material information to unauthorised persons;
6. Assessing the Group's ability to continue as a going - concern in the foreseeable future;
7. Evaluating the adequacy, performance and objectivity of the Group's internal audit function;
8. Ensuring independence, performance and objectivity of the Group's external audit function and making recommendation on appointment, re-appointment, removal and remuneration of external auditors;
9. Establishing procedures to identify, monitor and manage significant business and financial risks whilst updating the business continuity plan for corrective action to ensure mitigation of specific risks;
10. Reviewing the risk policies adopted by the Group on an annual basis.
11. Developing and implementing a policy on the engagement of the external auditor regarding the supply of non audit services;
12. Assistance in performing special investigations and any other related assignments.

Meetings

The Audit Committee met four (4) times during the year. Members' attendance to the meetings held during the year ended 31 December 2024 are given below;

Members	Attended / Eligible to Attend
Mr. R. N. Asirwatham	4/4
Mr. Wickrema Senaka Weerasooria	4/4
Dr. Prathap Ramanujam	4/4

Activities in 2024

1. Financial reporting

The Audit Committee reviewed the Group's quarterly reports and their explanatory notes for any deviation in collaboration with the Management, before presenting to the Board prior to publication. In this connection, the Committee partnered with the Board to ensure that the financial and non-financial information that shall be reported to the stakeholders presents a fair assessment of the position of the Group. Further, the Committee reviewed the Audited Financial Report for the year ended 31 December 2024 including Independent Auditor's Report thereon and recommended it to the Board for circulation.

Salient Features of the Review are as follows;

- ❖ The evaluation of the appropriateness of Accounting Standards and the Policies adopted by the Group, in the preparation and presentation of Financial Statements with due consideration of its completeness and consistency.
- ❖ Compliance with the relevant reporting standards, laws and regulations.
- ❖ Assessing the adequacy and validity of the estimations and judgements made by the Management on significant and complex accounting transactions and regulatory pronouncements for the purpose of understanding their impact on the Financial Statements.

- ❖ Assessing the Group's ability to continue as a going-concern in the foreseeable future.
- ❖ Discussion of Key Audit Matters pertaining to the preparation of Financial Statements and evaluation to the extent of internal and external auditors' involvement.
- ❖ Assessing the follow-up actions taken by the Management to enhance fair presentation of Financial Reports.
- ❖ Reviewing the assurance received from Chief Executive Officer and Financial Controller that financial records have been properly maintained and present a true and fair view of the operations of the Group.

2. Internal Controls and Risk Management

The Audit Committee is responsible for reviewing the adequacy and effectiveness of internal controls and risk management procedures adopted by the Group. Accordingly, risk-mitigating strategies are recommended and implemented by the Committee based on related findings in order to overcome internal and external threats from the environment.

The Committee also reports on regulatory matters that may have a significant impact on the Financial Statements, such as non-compliance with the relevant ethical guidelines and misappropriation of assets. Furthermore, the Committee reviews the Groups' Whistle Blowing Policy and discusses with the Management necessary changes and improvements

to safeguard investments of the Shareholders and meet expectations of other stakeholders.

Under the guidance of the Audit Committee, implementation of the Group-wide Enterprise Risk Management Process commenced in the current financial year. The Committee also supervised the work of the Sustainability Management Team and the Finance Division to update operational risks identified in its Risk Registers, with the inclusion of Sustainability-Related Risks and Opportunities (SRROs) in alignment with the SLFRS S1 and S2 reporting requirements.

3. Internal Audit

The Audit Committee is responsible for evaluating the effectiveness of the internal audit function and provides appropriate recommendations for improvement. Internal auditors have direct access to the Audit Committee and submit their reports to the Committee on a quarterly basis. The Committee discusses audit reports presented by the internal audit department alongside the audit findings in order to formulate suitable action plans. The adequacy of the scope and appropriateness of the judgements made by the internal auditors are also discussed.

4. External Audit

The Audit Committee reviews the independence, performance and objectivity of the external auditors and is further responsible for:

- ❖ Making recommendations to the Board regarding the appointment, re-appointment and removal of the external auditors at the Annual General Meeting;
- ❖ Approving the remuneration and terms of the external auditor's engagement;
- ❖ Discussion and review of the external audit's scope and plan including the coordination with internal audit prior to the commencement of external audit;

Audit Committee Report

- ❖ Discussion with the external auditors and management on the key audit findings and their recommendations and ensure that the management has taken appropriate actions to satisfactorily resolve highlighted issues;
- ❖ Discussion of the Group's Annual Financial Statements in the context of current developments in respect of compliance and reporting requirements due to changes in the Accounting Standards, Auditing Standards and Inland Revenue Act etc;
- ❖ Reviewing non-audit services provided by the external auditors, evaluating the impact on objectivity, independence and disclosures basis for such determinations.

Compliance and Other Responsibilities

The Committee is responsible for reporting to the Board regarding Committee activities on a regular basis, including matters relating to compliance with applicable laws and regulations. Accordingly, the committee:

- ❖ Reviews the effectiveness of the system of monitoring and compliance with the applicable laws and regulations by the Group;
- ❖ Obtains regular updates regarding compliances from the Management;
- ❖ Addresses any non-compliance identified by the management and internal and external auditors with actions taken to rectify such matters;
- ❖ Monitors and evaluates letters received from regulatory institutions and oversees follow-up actions taken by the Management.

Evaluation of the Functions of the Committee

The Board evaluates the functions of the Audit Committee throughout the year. The Board has concluded that the Audit Committee has accomplished its responsibilities to the complete satisfaction of the Board and seeks the continued support of the Committee in the future towards achieving the expectations of the stakeholders.

T. A. B. Speldewinde

Chairman, Audit Committee

Remuneration Committee Report

The Remuneration Committee is a Sub-Committee appointed by the Board to oversee the remuneration of individual Directors of the Board in line with the Group Remuneration Policy. The Committee has acted within the parameters set out in its Terms of Reference to avoid potential conflicts of interest and ensure that the members are free from any business, personal or other relationships that may interfere with the exercise of independent and unbiased judgement. Hence, no Director is involved in deciding his own remuneration.

Composition of the Committee

The Committee comprises three (3) Non-Executive Independent Directors as required by rule 9.12.6 of the 'Listing Rules of the Colombo Stock Exchange' whose profiles are given on pages 12 to 13.

Committee Members

Dr. Prathap Ramanujam

Chairman

Non-Executive Independent Director
(Resigned w.e.f. 31.12.2024)

Mr. I. A. Wickramasinghe

Chairman

Non-Executive Independent Director
(Appointed w.e.f. 01.01.2025)

Mr. Wickrema Senaka Weerasooria

Member

Non-Executive Independent Chairman
(As at 31.12.2024)

Mr. R. N. Asirwatham

Member

Non-Executive Independent Director
(Resigned w.e.f. 31.12.2024)

Mr. T. A. B. Speldewinde

Member

Non-Executive Independent Director
(Appointed w.e.f. 01.01.2025)

SSP Corporate Services (Pvt) Ltd

Secretary to the Committee

Regular attendance by Invitation

Mr. Damrong Valentino Yap Tiong Seng

Member

Executive Director and Group General Manager
(Resigned w.e.f. 03.06.2024)

Mr. Sunil Leeniyagoda

Group Treasurer

Mr. Sanjeewa Perera

General Manager

Meetings

The Remuneration Committee met one (1) time during the year.

Attendance of members at meetings held during the year ended 31 December 2024 are given below:

Members	Attended / Eligible to Attend
Dr. Prathap Ramanujam	1/1
Mr. Wickrema Senaka Weerasooria	1/1
Mr. R. N. Asirwatham	1/1

Remuneration Policy

GRI 2-19

The Remuneration Policy is designed to attract and retain highly qualified, innovative and experienced personnel to the Board by rewarding them appropriately on par with industry standards. These compensation packages provide compensation appropriate for the Group and are proportionate to the level of expertise and contribution of each Director in relation to business performance and stakeholder returns.

Disclosure

The total sum that was paid as Directors Remunerations in the year under review is set out in Note 33.1 to the Financial Statements.

I.A. Wickramasinghe

Chairman, Remuneration Committee

Nomination and Governance Committee Report

GRI 2-10

The Nomination and Governance Committee is entrusted with the responsibility of reviewing the composition of the Board including facilitating a formal and transparent procedure for all new appointments.

Composition of the Committee

The Committee, as of the end of 2024, consisted of three (3) Non-Executive Independent Directors whose profiles are given on pages 12 to 13.

Committee Members

Dr. Prathap Ramanujam

Chairman

Non-Executive Independent Director
(Resigned w.e.f. 31.12.2024)

Mr. I. A. Wickramasinghe

Chairman

Non-Executive Independent Director
(Appointed w.e.f. 01.01.2025)

Mr. Cheng Chih Kwong

Member

Executive Director and Chief Executive Officer
(Ceased w.e.f. 17.12.2024)

Mr. Wickrema Senaka Weerasooria

Member

Non-Executive Independent Chairman
(As at 31.12.2024)

Mr. R. N. Asirwatham

Member

Non-Executive Independent Director
(Resigned w.e.f. 31.12.2024)

Mr. T. A. B. Speldewinde

Member

Non-Executive Independent Director
(Appointed w.e.f. 01.01.2025)

SSP Corporate Services (Pvt) Ltd

Secretary to the Committee

Regular attendance by Invitation

Mr. Damrong Valentino Yap Tiong Seng

Member

Executive Director and Group General Manager
(Resigned w.e.f. 03.06.2024)

Mr. Sanjeewa Perera

General Manager

Meetings

The Nomination and Governance Committee has not been met during 2024.

Terms of Reference

The Nomination and Governance Committee operates as per the Board-approved Terms of Reference, defining its purpose and setting out duties and responsibilities.

The Committee has acted within the parameters set by its Terms of Reference including the following:

- ❖ Assessing the need for re-election of current directors considering the applicable laws or their re-appointment at the end of the specified term;
- ❖ Reviewing the structure, size, composition and competencies of the Board;
- ❖ Establishing and maintaining a suitable process for the periodic evaluation of the performance of the Board of Directors;
- ❖ Evaluation of the independence of the Non-Executive Directors and the performance of the Board;
- ❖ Developing a succession plan for the Board of Directors and Key Management Personnel of the Company;
- ❖ Ensuring that no member of the Nomination and Governance Committee is involved in deciding his / her own appointment;
- ❖ Reviewing and recommending to the Board any changes to the overall Corporate Governance Framework of the Company, to keep in line with the 'Listing Rules of the Colombo Stock Exchange', other applicable regulatory requirements and industry / international best practices.
- ❖ Recommending to the Board on any other matters pertaining to the Board of Directors.

I.A. Wickramasinghe

Chairman, Nomination and Governance Committee

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee (RPTRC) was established by the Board of Directors (BOD) with the view to overseeing the Group's Related Party Transactions (RPTs). The Committee also functions on behalf of the Board, to ensure that the Group's complies with the 'Listing Rules of the Colombo Stock Exchange' and with the 'Code of Best Practices on Related Party Transactions ("the Code") issued by the Securities and Exchange Commission of Sri Lanka. The RPTRC have also adopted the best practices as recommended by the Institute of Chartered Accountants of Sri Lanka.

Composition of the Committee

The Committee comprises three (3) Non-Executive Independent Directors, whose profiles are given on pages 12 to 13 in compliance with Listing Rule No. 9.14.2 of the Colombo Stock Exchange.

Committee Members

Mr. R. N. Asirwatham

Chairman

Non-Executive Independent Director
(Resigned w.e.f. 31.12.2024)

Mr. T. A. B. Speldewinde

Chairman

Non-Executive Independent Director
(Appointed w.e.f. 01.01.2025)

Mr. Wickrema Senaka Weerasooria

Member

Non-Executive Independent Chairman
(As at 31.12.2024)

Dr. Prathap Ramanujam

Member

Non-Executive Independent Director
(Resigned w.e.f. 31.12.2024)

Mr. Damrong Valentino Yap Tiong Seng

Member

Executive Director and Group General Manager
(Resigned w.e.f. 03.06.2024)

Mr. Dharshana De Silva

Secretary to the Committee

Assistant Group General Manager / Acting GIA

Regular Attendance by Invitation

Mr. Sanjeewa Perera

General Manager

Mr. Akram Ansar

Financial Controller

Meetings

The RPTRC met four (4) times during the year. Members' attendance to the meetings held during the year ended 31 December 2024 are given below:

Members	Attended / Eligible to Attend
Mr. Wickrema Senaka Weerasooria	4/4
Dr. Prathap Ramanujam	4/4
Mr. R. N. Asirwatham	4/4
Mr. Damrong Valentino Yap Tiong Seng (Resigned w.e.f. 03.06.2024)	/4

Policies and Procedures

The members of the Board of Directors of the Company have been identified as Key Management Personnel (KMP) in sustaining transparency and good governance. In conformity with the Related Party Transactions Policy, declarations were obtained from each KMP for the purpose of recognising any RPTs compliance with the disclosure requirements.

Responsibilities

The RPTRC is charged with reviewing, in advance, all proposed transactions in accordance with the procedures laid down by Section 9.14 of the 'Listing Rules of the Colombo Stock Exchange. Other responsibilities of the Committee remains unchanged.

Functions of the Committee

The key function of the Committee is to act on behalf of the Board to ensure that all related party transactions of the Company and its Listed Subsidiaries are in accordance with the Code of Best Practices.

The key functions of the RPTRC are as follows;

- ❖ Adoption of policies and procedures to ensure 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 to its minority shareholders;
- ❖ Reviewing and overseeing of existing policies and procedures concerning related party transactions;
- ❖ Reviewing in advance, all proposed related party transactions of the Company, except those which are explicitly exempted by the Code of Best Practices;
- ❖ Determining whether related part transactions that are to be entered into, by the Company require the approval of the Board or Shareholders of the Company;

Related Party Transactions Review Committee Report

- ❖ Establishing procedures and processes for identification, clarification and reporting of recurrent and non-recurrent related party transactions, on an end-to-end basis across the Company's operation and to obtain required approvals from the Board or Shareholders of the Company;
- ❖ Ensuring that no Director / Substantial Shareholder of the Company, participates in any discussion on proposed related party transactions for which he or she is a related party, unless such Director/Substantial Shareholder is requested to do so by the Committee, for the express purpose of providing information to the RPTRC;
- ❖ If a potential conflict is identified in regard a particular related party transaction the RPTRC may recommend the creation of a special committee (including an independent consultant, if necessary) to review and approve the proposed transaction;
- ❖ Meeting with the Management, Internal Auditors / External Auditors as and when necessary to carry out the assigned duties;
- ❖ Reviewing the transfer of resources, services or obligations between related parties regardless of whether a price is charged;
- ❖ Reviewing the economic and commercial substance of both recurrent / non-recurrent related party transactions with precedence over the legal form and technicality;
- ❖ Sharing information with the Audit Committee as and when necessary and appropriate, to permit the Audit Committee to carry out its statutory, regulatory and other responsibilities with regard related part transactions

- ❖ Ensuring immediate market disclosures along with appropriate disclosures in the Annual Report as required by 'the Code' are made in a timely and detailed manner;
- ❖ Updating the Board on related party transactions of the Group on a quarterly basis;

Activities in 2024

- ❖ Disclosures in relation to posting of quarter confirmations and proposed transaction confirmations, were obtained and such disclosures were reviewed by the RPTRC at quarterly Committee meetings;
- ❖ The threshold for the determination of related party transactions which require either shareholders' approval or immediate market disclosures, along with the criteria for the determination of Key Management Personnel (KMP) were reviewed;

GRI 2-15

- ❖ The Committee also ensured that its members did not have any conflicts of interest regarding the proposed related part transactions

The RPTRC convenes quarterly. The minutes of all meetings are properly documented and communicated to the Board of Directors.

Declaration

A declaration by the Board of Directors as an affirmative statement of compliance with the rules set out in the CSE Listing Rules 9.14.8(4) pertaining to RPTs is given on page 172 of this Annual Report.

T. A. B. Speldewinde

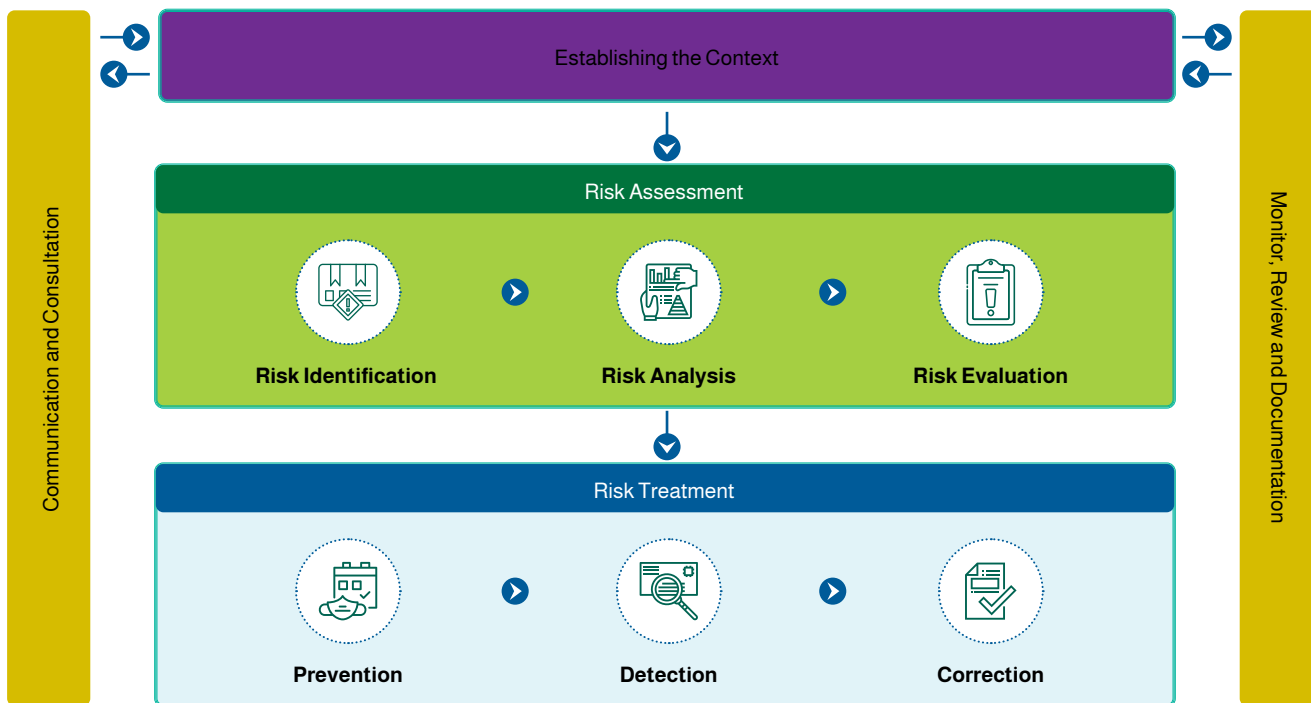
Chairman, Related Party Transactions Review Committee

Enterprise Risk Management Review

Ceylon Grain Elevators PLC recognises that robust risk management is a cornerstone for achieving the Company’s strategic objectives and ensuring long-term sustainability. In this regard, the Company has embraced Enterprise Risk Management (ERM) as an integral and ongoing process embedded across all levels of the organisation. By identifying events that could impact the Group’s operations, ERM ensures that CGE is well-positioned to mitigate risks and capitalise on emerging opportunities, playing a dual role not only supporting the formulation of the Company’s strategy but also providing a systematic framework to manage uncertainties effectively. Moreover, ERM provides a structured approach that delivers a reasonable level of assurance regarding the achievement of both financial and non-financial strategic objectives. This alignment ensures that CGE can maintain operational excellence, adapt to a dynamic risk landscape and create value for all stakeholders while fostering resilience in a competitive market environment.

Enterprise Risk Management (ERM) Framework

CGE, being a business that operates in the poultry industry, is exposed to a multitude of risks and uncertainties in its day-to-day operations. Hence, the Management has developed a Enterprise Risk Management (ERM) Framework to assist in identifying all potential risks related to the environment, business operations and products. The ERM framework is the cornerstone of CGE’s strategic approach, ensuring resilience and adaptability in an evolving business environment.



The ERM’s structured approach which includes well-defined policies, procedures, processes and systems to evaluate, identify, prevent, rectify and report risks and issues, enable the Group to identify potential risks, evaluate and map them and assesses their impact. Mitigation strategies are then developed based on a thorough review and continuous monitoring process to ensure effective risk alleviation and control.

Enterprise Risk Management Review

Risk Awareness Culture at CGE

CGE places a strong risk management culture throughout the organisation by seamlessly integrating risk awareness to empower employees to play an active role in managing risks. The risk awareness culture at CGE operates through a combination of top-down and bottom-up initiatives. The Board of Directors leads the top-down approach by setting the strategic direction and establishing oversight, ensuring that risk management remains a key priority at the highest level. Simultaneously, employees at the operational levels, including farms and plants, drive the bottom-up approach by actively identifying and escalating potential risks, contributing to a more responsive and adaptive risk management framework.

Regular discussions are conducted to address specific risks and explore appropriate response strategies. Employees are encouraged to escalate newly identified risks to upper management, fostering a culture of accountability and collaboration. Additionally, the organisation ensures the consistent dissemination of Enterprise Risk Management (ERM) policies, procedures and standards. Targeted workshops and training sessions are also conducted to enhance risk awareness and develop employee capabilities in managing risks effectively. Risk-focused induction programmes are organised for new recruits to familiarise them with the Group's risk management philosophy and processes.

Risk Governance



The Board

The Board carries the overall responsibility for risk management, ensuring risk management is embedded in all processes and activities of the business besides nurturing a knowledge-based risk culture where the Audit Committee, senior management and the employees will be appropriately directed to develop relevant strategies, risk management policies and procedures as well as internal controls by examining the risk profile of the Company to determine the Risk Appetite of the entity.

Audit Committee

The Audit Committee evaluates the effectiveness of the risk management process and internal controls, including the systems established to identify, assess and monitor the overall exposure to risks, thus ensuring that these identified risks are within the Risk Appetite of the Group. Moreover, the Committee provides advance notice to the Board on emerging risk issues and substantial changes to the risk profile of the Company.

Senior Management

Senior Management is entrusted with the responsibility of communicating the risk management policies and procedures to employees across the organisation as well as guiding them on the same. In this capacity, the Senior Management evaluates the processes and events, uncertainties and changes in the environment that may endanger the entity to situations that could seriously reduce future earnings, impair its asset value, or create legal, regulatory or reputational risks. They also assess options available to eliminate or mitigate risks and implement risk management strategies within the Group. Senior Management is also responsible for monitoring and reporting potential risks and their impact on the business to the Board.

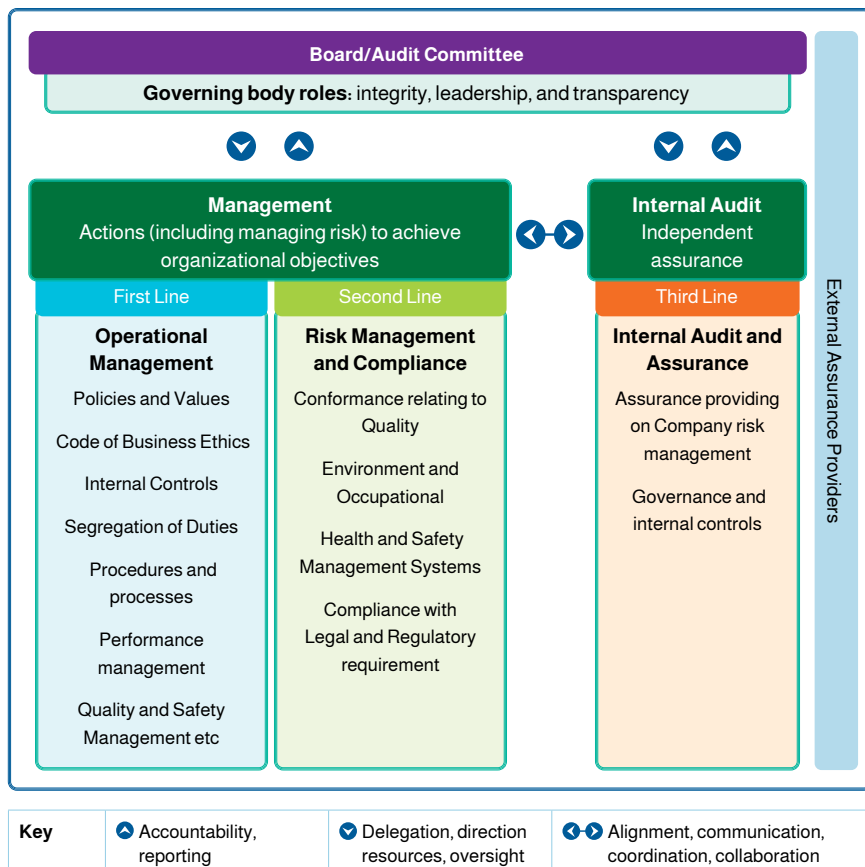
Employees

Employees play a crucial role in risk management. They are informed on a timely basis by way of formal documents including policies, procedures and training for identifying and detecting the conditions and events that may result in adverse implications to the organisation. Employees are vested with the responsibility to report on the failure of existing risk controls and ineffective work conditions and to cooperate with the Management in achieving risk management objectives.

Three Lines of Defence

We believe that the proactive and effective identification, evaluation and management of risks are crucial components of a robust risk management process. These practices play a vital role in supporting the Group's sustainable value creation by ensuring the continuity of operations and the achievement of its financial, operational and social objectives.

To further enhance risk oversight, the Board employs a structured approach through the three-lines-of-defence model. This framework assigns specific responsibilities and oversight across various levels of the organisation, enabling a systematic and comprehensive method for identifying, managing and mitigating risks effectively.



First Line of Defence – Operational Management:

Operational management serves as the first line of defence, taking responsibility for identifying and managing risks in daily business activities. Business units are accountable for establishing controls within their areas and directly mitigating risks associated with their operations. This line of defence ensures that risks are understood, managed proactively and reported accurately.

Second Line of Defence – Risk Management and Compliance Functions:

The second line of defence consists of specialised risk management and compliance teams that oversee and monitor the effectiveness of the first line’s risk controls. This layer provides guidance, establishes risk policies and ensures compliance with regulatory requirements. They also perform independent risk assessments and support operational units in managing complex or emerging risks.

Third Line of Defence – Internal Audit and Assurance:

The Internal audit function represents the third line of defence, offering independent assurance on the effectiveness of CGE’s risk management, governance and internal controls. Internal auditors assess the performance of both the first and second lines, identify gaps and recommend improvements. They report directly to the board or audit

committee, ensuring unbiased oversight of the entire risk management framework

Risk Appetite

Risk appetite refers to the level and types of risks the Group is prepared to undertake in pursuit of its business objectives. To this end, the Board has established a well-defined approach to prioritise risks based on their potential impact on the business.

Through this approach, the Group aims to achieve the following benefits:

- ❖ Foster a shared understanding of risks across the organisation to enable effective risk management.
- ❖ Enhance competitiveness by improving risk awareness and management.
- ❖ Optimise internal resource management, contributing to cost reduction.
- ❖ Provide valuable insights to the Board to support informed decision-making.
- ❖ Create an environment that supports sustainable, long-term growth.

Risk Evaluation

The Group evaluates each risk by assessing its probability of occurrence and potential business impact. The probability is determined based on past experience, prevailing industry conditions, and existing risk mitigation mechanisms. A rating scale of 1-5 is used, with 1 representing risks that are rare to occur and 5 representing risks that are almost certain to occur. Similarly, the impact of each risk is evaluated by estimating the potential damage and its effect on business operations, with a rating scale of 1-5 ranging from insufficient to extreme impact.

Once the likelihood and impact are assessed, the risks are plotted on a matrix to identify the required actions. A ranking of Insignificant, Low, Medium, High, or Ultra High is assigned based on the combined risk factor derived from the probability and impact assessments. This approach ensures a structured and effective evaluation process for managing risks.

Enterprise Risk Management Review



At CGE, Enterprise Risk Management (ERM) is a cornerstone of our strategic approach, ensuring resilience and adaptability in an evolving business environment. By systematically identifying, assessing and addressing risks, we align our risk management practices with our corporate objectives to safeguard sustainable growth and value creation.

To comprehensively assess the external factors influencing CGE's business, a PESTEL Analysis is carried out to evaluate risks across six critical dimensions: Political, Economic, Social, Technological, Environmental and Legal. Each category highlights specific challenges and opportunities, ensuring that our mitigation strategies are both proactive and robust.

The following table provides a detailed overview of the identified risks and corresponding mitigation strategies, categorised under the PESTEL framework.

Key Risks	Impacted Capital	Impact to CGE (Risk and Opportunity)	Risk Mitigation Strategy	Risk Rating
Political Risks				
R1) Sourcing of raw materials and government policy changes	Financial Capital	Disruptions in supply chains and policy shifts could lead to higher costs and potential delays in production, affecting overall profitability and operational efficiency.	<p>The sourcing of raw materials is a critical aspect of our operations, ensuring the uninterrupted production of high-quality products that meet market expectations. To achieve this, we prioritise securing raw materials at the right time, in the right quantity, and at the expected standard of quality.</p> <p>Our strategy includes maintaining multiple sources for raw materials, both locally and internationally, to mitigate risks associated with supply chain disruptions and ensure consistent availability. Additionally, we invest in continuous research and development to identify and adopt alternative raw materials that align with our quality standards and operational needs.</p> <p>We recognise the importance of adhering to regulatory requirements, particularly in obtaining import permits from the Government promptly. To navigate the frequent changes in government policies, we conduct periodic evaluations and adapt to new regulations and guidelines to remain compliant.</p> <p>Where necessary, we seek independent professional advice to enhance our decision-making processes and ensure our sourcing strategies are robust, sustainable and aligned with industry best practices. This proactive approach allows us to meet our operational goals effectively while maintaining our commitment to quality and sustainability.</p>	Medium
Economic Risks				
R2) Exchange rate fluctuations	Financial Capital	Fluctuating exchange rates may increase the cost of imported materials and equipment, impacting the cost structure and profit margins.	<p>Timely monitoring of international transactions is essential to address exchange rate volatility effectively. By leveraging an efficient treasury function, the Company evaluates the need for forward exchange contracts to hedge against unfavourable currency movements.</p> <p>To further reduce reliance on foreign currencies, the Company actively explores and sources local substitute materials where feasible. This strategy would not only reduce forex exposure but also strengthen the resilience of the supply chain.</p> <p>Building and maintaining strong relationships with banks and suppliers is another critical element of our strategy. These partnerships provide CGE with access to favourable terms, financial support and insights into market trends, enabling better management of exchange rate risks.</p> <p>Maintaining positive cash and cash equivalent balances is a vital safeguard against currency fluctuations. Adequate liquidity ensures the Company is well-positioned to meet its obligations and absorb unforeseen currency-related challenges.</p>	Medium

Enterprise Risk Management Review

Key Risks	Impacted Capital	Impact to CGE (Risk and Opportunity)	Risk Mitigation Strategy	Risk Rating
			Continuous monitoring of emerging macroeconomic developments allows CGE to anticipate market trends and adapt its strategies accordingly. By staying informed about global economic conditions and central bank policies, we ensure that our approach to managing exchange rate risks remains both proactive and robust.	
R3) Interest rate fluctuations	Financial Capital	Rising interest rates could increase borrowing costs, affecting the CGE's financial position and limiting its ability to invest in growth opportunities.	<p>Our strategy includes maintaining optimal investments, carefully balanced to minimise exposure to interest rate volatility while maximising returns. By diversifying our investment portfolio, we ensure that our financial performance remains steady, even in changing economic conditions.</p> <p>Continuous monitoring of emerging macroeconomic developments is another key aspect of our approach. This allows us to stay informed about market trends, central bank policies and global economic shifts, enabling timely and informed decision-making.</p> <p>Effective cash flow management is integral to navigating interest rate fluctuations. By ensuring adequate liquidity and aligning cash inflows with operational requirements, we safeguard the Company's financial health and ability to meet its obligations.</p> <p>Through these proactive measures, we aim to reduce the impact of interest rate fluctuations, protect shareholder value and support sustainable financial growth</p>	Medium
R4) Credit risk arises from credit exposure to customers on unsecured debts	Financial Capital	An increase in bad debts or delayed payments from customers could strain cash flow and negatively impact financial stability.	<p>CGE ensures timely assessment of customer creditworthiness and requires appropriate collateral to mitigate potential risks. We closely monitor outstanding debts and actively work to ensure that all payments are settled on time, maintaining healthy cash flow.</p> <p>To further manage credit risk, we establish credit controls that define the value and terms of credit offered to customers. Additionally, we ensure that proper documentation is maintained for all credit transactions, promoting transparency and accountability in our financial operations.</p>	Medium
R5) Availability of sufficient funds to settle dues	Financial Capital	Insufficient liquidity could result in delayed payments, impacting the relationship with suppliers and creditors and damaging its reputation.	CGE ensures the availability of an OD facility with the bank, allowing for access to funds at short notice when needed. Additionally, we focus on optimising our pricing strategy to enhance competitiveness and maximise profitability, ensuring financial stability and growth.	Low

Key Risks	Impacted Capital	Impact to CGE (Risk and Opportunity)	Risk Mitigation Strategy	Risk Rating
R6) Price Volatility	Financial Capital	Unanticipated price changes in operational input and company products could lead to unpredictable production costs, squeezing profit margins and increasing financial uncertainty.	CGE engages in continuous market surveillance, staying informed on market trends and fluctuations. We also maintain sufficient storage capacity to manage inventory effectively, ensuring we can respond to market changes. Additionally, we optimise production planning to align with market demands and minimise the effects of price fluctuations on operations.	High
R7) Threat of substitutes	Financial Capital	The emergence of substitute products could reduce demand for the CGE's offerings, leading to a loss of market share and revenue.	Actively invest in promotional activities would enhance brand visibility and customer loyalty. Additionally, we focus on product development, continuous innovation to stay competitive and meet evolving customer preferences.	Medium
Social Risks				
R8) Recruiting and retaining skilled employees	Human Capital	Difficulty in attracting and retaining skilled employees could result in a shortage of expertise, slowing down production and innovation.	<p>CGE maintains and regularly updates a Competency Matrix and skill pool. This tool helps to identify the existing capabilities, gaps and opportunities of employee for ensuring that the right talent is available to meet business needs.</p> <p>A comprehensive and up-to-date succession plan is also in place to ensure business continuity by identifying and nurturing internal talent for future leadership roles. This proactive approach safeguards the Company against potential business disruptions while promoting career growth for employees.</p> <p>Adopting HR best practices is central to Company human resource strategy. By implementing industry-leading approaches to recruitment, onboarding, training and employee engagement, we foster a supportive and dynamic workplace culture that attracts and retains top talent.</p> <p>We also conduct periodic reviews of remuneration levels, making adjustments as needed to remain competitiveness in the market. This ensures Company compensation packages reflect industry standards and align with employee expectations, addressing the changing economic and demographic dynamics effectively.</p>	Medium

Enterprise Risk Management Review

Key Risks	Impacted Capital	Impact to CGE (Risk and Opportunity)	Risk Mitigation Strategy	Risk Rating
R9) Sourcing of Skilled Labour	Human Capital	Scarcity of skilled labour could result in operational delays, lower product quality and reduced competitiveness.	To ensure a steady supply of skilled labour, CGE actively engages with multiple labour suppliers and establishes formal agreements to secure reliable and qualified talent. This approach enables us to meet operational demands efficiently while maintaining high standards of expertise across all areas of the business.	Medium
R10) Low productivity and employee engagement	Human Capital	Low productivity and low employee morale can lead to inefficiencies, higher operational costs and lower the overall business performance.	<p>An open-door policy is maintained to encourage employees to voice their grievances and share feedback directly with the management. This transparent communication channel helps to build trust, resolve issues promptly and create a workplace environment where employees feel valued and heard.</p> <p>We also prioritise livelihood development programs and training initiatives to enhance employee skills and improve the quality of life. These programs are designed to empower employees, increase their job satisfaction and enable them to contribute more effectively to CGE's goals. By investing in their personal and professional growth, we ensure a motivated and skilled workforce.</p> <p>Regular employee council meetings are conducted to provide a platform for employees to discuss their concerns, share ideas and collaborate on solutions. These meetings foster a sense of community and mutual respect, strengthen the connection between employees and the organisation.</p>	Low
R11) Employee Health and Safety	Human Capital	Failure to ensure a safe working environment can lead to accidents, legal consequences and damage to the Company's reputation.	<p>In compliance with government regulations, the CGE has issued comprehensive health and safety guidelines to ensure a safe working environment. We provide Personal Protection Equipment (PPE) and disinfectants to both employees and visitors, prioritising their well-being on the premises.</p> <p>To maintain high standards of hygiene, we follow strict good hygiene practices, which include extensive cleaning regimes and the installation of hand-sanitising stations throughout the facility.</p> <p>Additionally, the Company has established a dedicated Health and Safety Committee to oversee and continually enhance safety protocols. This ongoing commitment ensures that we maintain a safe and healthy work environment for all, with a focus on continuous improvement in health and safety practices.</p>	Medium

Key Risks	Impacted Capital	Impact to CGE (Risk and Opportunity)	Risk Mitigation Strategy	Risk Rating
R12) Loss of Customers	Social and Relationship Capital	Losing of customer base would significantly impact on the revenue of the Company and that would damage the reputation as well.	<p>As a regular practice, Company is conducting Customer Satisfaction Surveys and take initiatives to improve customers' trust and confidence.</p> <p>Further to above, Company is targeting key customers by applying competitive market based pricing strategy.</p> <p>In order to enhance the customer base, it is essential to evaluate the reason for customer complaints. This has been rectified by establishing a Complaint Management System (CMS) and by attending timely to customer complaints.</p> <p>Additionally, for the purpose of reaching a wider customer base and for building brand recognition, Company is conducting customer awareness programs and following effective brand marketing initiatives.</p>	High
Technological Risks				
R13) Risk of technological obsolescence	Intellectual Capital	Outdated or ineffective technology can lead to inefficiencies, increased operational costs and reduced competitiveness in the market.	<p>We make regular investments in new technology to stay at the forefront of industry innovations. By embracing cutting-edge solutions, we enhance operational efficiency, improve product quality and maintain our competitive edge.</p> <p>Ensure upgrading the existing systems, processes and machinery to align with current technological standards. This proactive approach minimises downtime, optimises performance of the Company.</p>	Low
R14) Cyber-Security and IT system failures	Intellectual Capital	Data breaches or IT system failures could disrupt operations, lead to the loss of sensitive information and damage the Company's reputation.	<p>We enforce stringent controls over IT infrastructure, including access control mechanisms, firewalls and unique user IDs to prevent unauthorised access and enhance system security. Regular data backups are performed to ensure critical information is securely stored and retrievable in the event of a system failure.</p> <p>Continuous training programs are conducted for employees to raise awareness about information security best practices.</p> <p>Developed and maintain a comprehensive disaster recovery plan, ensuring a swift and coordinated response to system disruptions. This plan minimises downtime and mitigates the impact on operations.</p> <p>Timely upgrading of preventive software, including antivirus and security patches, to stay ahead of emerging cyber-security risks.</p>	Low

Enterprise Risk Management Review

Key Risks	Impacted Capital	Impact to CGE (Risk and Opportunity)	Risk Mitigation Strategy	Risk Rating
Environmental Risks				
R15) Negative impact on the environment due to operations	Natural Capital	Environmental damage caused by operations could result in legal penalties, loss of customer trust and negative publicity, affecting the Company's long-term sustainability.	<p>We ensure that environmental factors are carefully considered in all decision-making processes and adopt sustainable practices across the operations.</p> <p>We prioritise obtaining all necessary approvals for business operations, ensuring compliance with environmental regulations and standards. Additionally, we continuously assess our carbon footprint and restructure processes where necessary to minimise its impact on the environment.</p> <p>Promoting energy-saving initiatives is also a key part of our strategy to reduce resource consumption and enhance operational efficiency, contributing to the overall sustainability of the business.</p>	Low
Legal Risks				
R16) Compliance with regulatory changes	Social and Relationship Capital	Non-compliance with changing regulations could lead to legal penalties, damage to the Company's reputation and potential disruption to operations.	<p>A proactive approach is adopted to regularly update and review the list of applicable regulations to reflect any amendments, new legislation, or changes in industry practices.</p> <p>CGE establishes a clear system for tracking regulatory updates and integrates them into its internal policies and procedures. This system would support for adapting continuous on evolving legal landscape.</p>	Low
R 17) Product quality and safety standards	Intellectual Capital	Failure to meet product quality and safety standards could result in recalls, legal liabilities, loss of customer trust and damaging the brand's reputation.	<p>CGE places a strong emphasis on regularly monitoring and updating processes. This approach allows us to identify areas for improvement and ensure that our practices remain aligned with industry standards and evolving best practices.</p> <p>Continuous quality checks are implemented at every stage of production to maintain consistency and meet rigorous quality standards. These checks are reinforced by establishing quality checkpoints at critical production stages, ensuring that any potential issues are detected and addressed promptly.</p> <p>CGE maintains buffer stocks of raw materials, ensuring a steady supply for uninterrupted production while mitigating any potential disruptions in the supply chain.</p> <p>We regularly conduct tests on the input of raw materials, experimental farm tests to evaluate their quality and suitability before being used in production. This guarantees that only the highest-quality materials are used in production.</p> <p>CGE offers continuous training programs to enhance staff knowledge and skills. This ongoing development ensures that employees are equipped with the latest industry insights and techniques to contribute to the overall quality improvement process.</p>	Medium

Key Risks	Impacted Capital	Impact to CGE (Risk and Opportunity)	Risk Mitigation Strategy	Risk Rating
R18) Business probity risk-A potential increase of fraudulent activity due to the pressures surrounding the economic crisis	Intellectual Capital	Increased fraudulent activities could lead to financial losses, legal consequences and reputational damage in devastating stakeholder confidence in the Company.	CGE remains committed to continuous monitoring of its operations, identifying any potential vulnerability that could lead for fraud or misconduct. In addition, CGE prioritises implementing process improvements to strengthen internal controls and safeguard against fraudulent activity. By enhancing oversight mechanisms, ensuring transparency and fostering a culture of accountability, we aim to reduce the likelihood of such risks and uphold the highest standards of ethical business conduct.	Medium
R19)Damage to physical assets due to the act of strike, riot and civil commotion	Manufactured Capital	Acts of strikes, riots ad civil commotion would impact on damages to the Company's physical assets and this can be ultimately create legal disputes which involve financial damages as well as unnecessary interference to the company operations.	By obtaining insurance coverage coverage for damages arising from strikes, riots and civil commotion, the severity of the damages can be moderated.	Low

Envisioning
the strategy
for the future





Approach to Sustainability and Commitment to SDGs

Overview

Sustainability is a core pillar of CGE's long-term strategy, driving value creation while addressing environmental, social and governance (ESG) challenges. A comprehensive approach underpins CGE's efforts to integrate environmental, social and economic sustainability across its operations of feed milling, chicken processing, breeder and commercial farming. Underpinned by these structured and proactive approaches, CGE strives to reinforce its reputation as the responsible and forward-thinking Industry Leader.

Governance

The Board of Directors plays a fundamental role in setting the Group's sustainability ambitions. To achieve this, the Board has appointed a Sustainability Committee comprising of three members, comprising experts in sustainability, environmental management and corporate governance.

Sustainability Committee

The Sustainability Committee was established by the Board of Directors in February 2024 to oversee the Group sustainability initiatives, integrating Environmental, Social and Governance (ESG) considerations into CGE operations. In this regard, the Committee is tasked with identifying sustainability-related risks and opportunities in compliance with the latest regulatory requirements outlined by the SLFRS S1 and S2 standards.

The Committee is further required to collaborate with the Board and the Corporate Management, to develop and execute sustainability strategies in line with corporate objectives and stakeholder expectation.

Composition of the Committee

The Sustainability Committee consisted of three (3) Non-Executive Independent Directors, who bring a wealth of experience and diverse expertise to the table for the financial year 2024. Their extensive background in governance, risk management and sustainability practices are crucial in guiding Group ESG initiatives. The detailed profiles of the Committee Members are stated on pages 12 to 13 of this report.

Committee Members

Mr. R. N. Asirwatham

Chairman

*Non-Executive Independent Director
(Resigned w.e.f. 31.12.2024)*

Mr. I. A. Wickramasinghe

Chairman

*Non-Executive Independent Director
(Appointed w.e.f. 01.01.2025)*

Mr. Wickrema Senaka Weerasooria

Member

*Non-Executive Independent Chairman
(As at 31.12.2024)*

*Re-designated the capacity as Non-Executive Chairman
(w.e.f. 01.01.2025)*

Dr. Prathap Ramanujam

Member

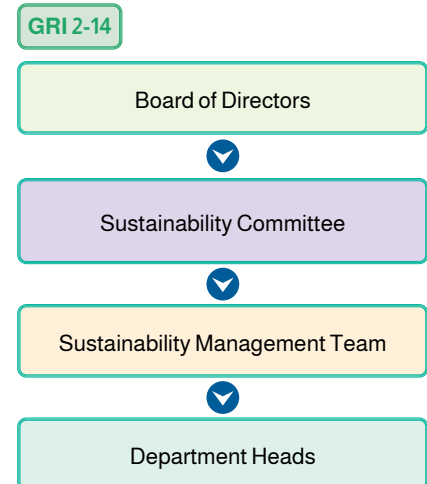
*Non-Executive Independent Director
(Resigned w.e.f. 31.12.2024)*

Mr. T. A. B. Speldewinde

Member

*Non-Executive Independent Director
(Appointed w.e.f. 01.01.2025)*

Sustainability Governance Structure



Responsibility

The Board is responsible for establishing the Group's ESG vision, while the Sustainability Committee is tasked with developing strategies, setting targets and setting out plans to achieve the board's ESG vision. To that end, the Sustainability Committee is responsible for :

1. Appointing the Sustainability Management Team;
2. Ensuring the adequacy of records and estimates that are relevant to the preparation of Sustainability Reports;
3. Reviewing the Group's internal control procedures to facilitate the ESG reporting process;
4. Reviewing the accuracy of ESG information disclosed in Annual Report;
5. Ensuring compliance with SLFRS S1 and S2 reporting requirements on ESG.

The Sustainability Committee met twice during the year.

Sustainability Management Team

The Sustainability Committee has appointed a dedicated Sustainability Management Team with the primary purpose of implementing and overseeing the Group's sustainability initiatives. This team, comprises representatives of key departments such as Production, Engineering, HR, Safety and Security, Commercial and Broiler Farms, Chicken Processing Plant, QA and Technical, Supply Chain, Sales, Finance and Logistics, has been allocated tasks to integrate ESG principles into the Group's operations in compliance with applicable sustainability standards as well as identifying opportunities to enhance the Group's sustainability practices by the supervision of manager-compliance.

Other key responsibilities assigned to the Sustainability Management Team include:

- ❖ Ensuring continuous improvement of the Group's sustainability practices
- ❖ Identifying appropriate Sustainable Development Goals (SDG) that the

Group can contribute in maximum capacity

- ❖ Conducting ESG training and capacity building for employees and carrying out post-training assessments to determine the effectiveness of training
- ❖ Establishing reliable, comparable ESG Metrics to support the decision-making
- ❖ Reporting on progress of sustainability initiatives to the Sustainability Committee

The Sustainability Management Team meets every quarter to review progress.

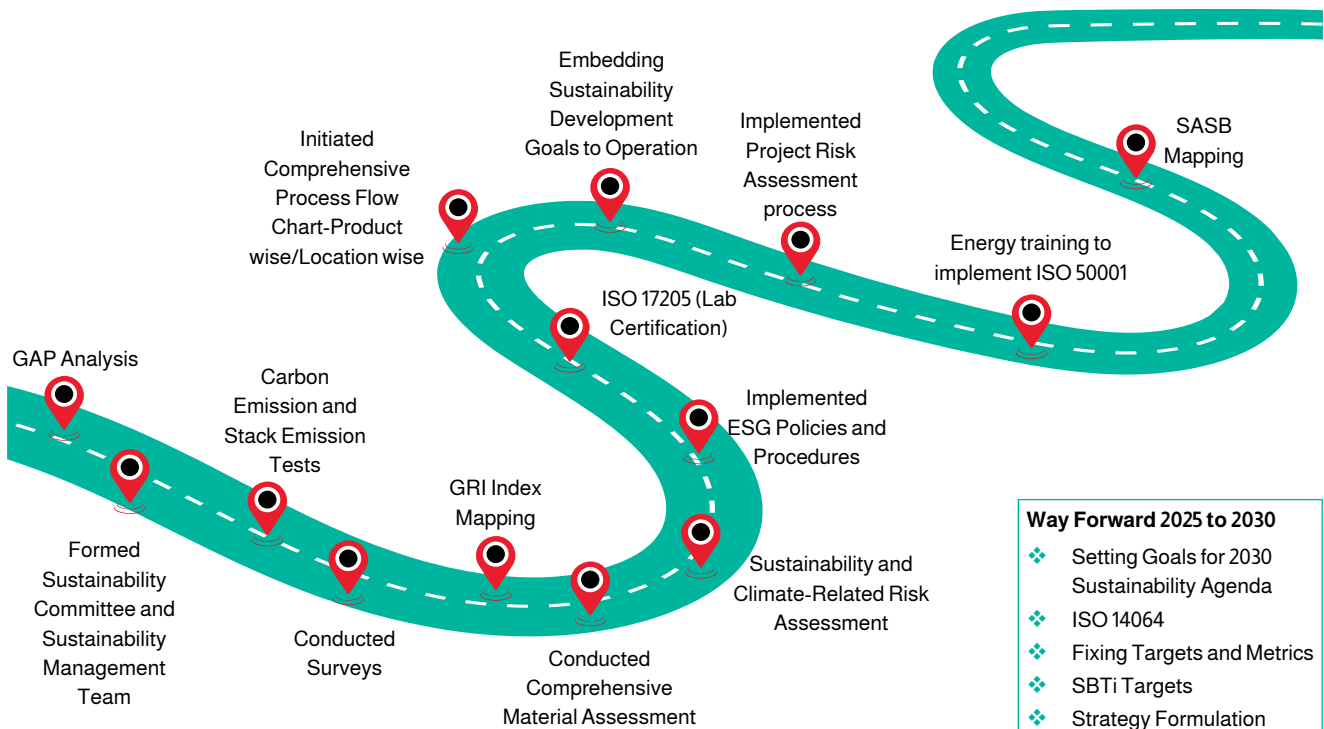
Strategy

New Policy on Environmental, Social and Governance (ESG) and Sustainability was formulated in line with section 9.2 of the CSE listing rules on corporate governance. This policy sets the foundation for a sustainable future, guiding actions to mitigate environmental risks while seizing opportunities that benefit both CGE and the broader community.

Policy on Environmental, Social and Governance (ESG) Sustainability

The Policy outlines Company commitment to Environmental, Social and Governance (ESG) sustainability, reflecting our dedication to operating in a manner that benefits stakeholders, society and the environment. We recognise that integrating ESG principles into the business practices is essential for long-term success, risk management and creating value for all stakeholders by aligning with global standards. It encompasses all aspects of the Company operations, including environmental impact, social responsibility and governance practices. The Policy provides a framework for managing Sustainability and Climate-related risks and opportunities, ensuring that the Company practices and makes decisions reflecting Company commitment to sustainability and ethical conduct.

CGE Sustainability Journey 2023 and 2024



Approach to Sustainability and Commitment to SDGs

CGE initiated its sustainability journey by conducting a GAP analysis to identify ESG-related operational gaps and areas for improvement. Meetings were held with all department heads to discuss ESG-related operational factors. A comprehensive checklist was prepared, covering ESG metrics and parameters. The collected data was then analysed against established ESG benchmarks to create an action plan for sustainability implementation.

To ensure governance and execution of sustainability initiatives, CGE appointed a Sustainability Committee and Sustainability Management Team to develop operational processes for critical sustainability topics including water, energy, waste and material. Special focus was given to Breeder Farms, Broiler Farms, the Processing Plant and the Feed Mill. An initial session was conducted to introduce productivity indicators aligning with ESG objectives, alongside an approach to cost calculation for the economic value of waste.

In parallel, detailed carbon footprint assessment has been conducted across the Company operations to measure and mitigate emissions. Carbon emission tests were carried out at the CGE Head Office, Seeduwa and all farms by collecting data on fuel usage and carbon-related activities. Experts in carbon footprint calculations were engaged by the Company to analyse Scope 1 and Scope 2. Furthermore, The Stack Emission tests confirmed that operations do not emit harmful NO₂ gases, ensuring compliance with environmental standards.

A structured data collection process was introduced to monitor resource consumption and waste generation across CGE's facilities. The process included tracking various resource and waste types, including hazardous and non-hazardous waste, water, electricity, fuel, petrol, furnace oil, Food waste and LP gas. Based on the collected data, waste reduction strategies were implemented to improve resource efficiency.

CGE implemented an employee and stakeholder engagement strategy to assess sustainability awareness and collect insights. Survey processes were designed and distributed to evaluate employee satisfaction, engagement and trust levels. Three sample-based surveys were conducted covering all departments within CGE and TAF. The results of these surveys were guided to ESG initiatives and improve decision-making. Further to that, Company is conducting customer satisfaction survey, covering all type of customers based on product wise. This would serve to identify the expectation of customers and rectify the highlighted Customers' Concerns.

The CGE Group sustainability reporting was aligned to the Global Reporting Initiative (GRI) framework, where key material ESG topics relevant to CGE's operations were identified and sustainability activities mapped to GRI disclosure requirements. These indicators were integrated into annual sustainability reports to enhance transparency and build stakeholder confidence.

A comprehensive materiality assessment was undertaken, aligning with the Global Reporting Initiative (GRI) Standards to ensure transparency, accountability and alignment with international best practices. A materiality assessment is a process that CGE undergoes to identify what are the ESG topics/issues material or important to the Company. The main idea of creating a materiality assessment is to identify the factors that are being impacted the CGE's operations developing a materiality matrix.

Sustainability and climate-related risks and opportunities were incorporated into CGE's enterprise risk management framework. Risk assessments were conducted to evaluate financial, operational and environmental risks. Physical and transitional climate risks, including water use, energy consumption and waste disposal, were assessed. Mitigation strategies were developed to enhance resilience against sustainability risks.

CGE developed and implemented comprehensive ESG policies to institutionalise sustainability into business. These policies focused on energy management, waste and water reduction. Monitoring and compliance mechanisms were established to ensure adherence to the policies. Additionally, ESG awareness training was conducted for employees to align their roles with sustainability objectives.



CGE's laboratory infrastructure was enhanced to meet ISO 17205 standards for accurate environmental testing. Laboratory procedures were improved to ensure precise emissions and environmental analysis. Training was provided to laboratory staff on best practices for environmental assessments and ISO 17205 certification was obtained to reinforce regulatory compliance and scientific integrity.

To optimise sustainability efforts, process flow diagrams were developed to map ESG strategies across different products and locations. Detailed process flow diagrams were created to visualise ESG integration at each process steps by focusing on resources utilization of each step and waste streams.

Sustainability practices were standardised across operations and inefficiencies were identified to improve decision-making and drive continuous improvement.

CGE's sustainability approach was aligned with the United Nations Sustainable Development Goals (SDGs). Sustainability targets such as climate action, responsible consumption and clean energy were integrated into business operations as initial attempt to incorporate SDGs into business. Sustainability performance indicators were developed to track progress against SDG objectives.

Sustainability risks were incorporated into the project risk assessment process to ensure long-term resilience. ESG risk factors including environmental and social impacts, were evaluated before project approvals in a way of Project Assessment Form. Risk mitigation strategies were implemented to minimise ESG-related disruptions and to moderate the adverse effects to the environment and social factors. Further Sustainability Targets were integrated into project decision-making processes.





As another attempt of sustainability approach, CGE entered into a MOU with the National Institute to enhance energy efficiency. As part of the process, Group employees received training on the implementation of the ISO 50001 Energy Management System. Energy-saving initiatives were developed across operations and monitoring systems were strengthened to ensure compliance with energy efficiency standards.

To improve transparency of business sustainability approach, CGE adopted Sustainability Accounting Standards Board (SASB) framework as another reporting standard. Industry-relevant SASB metrics were identified and mapped to ESG performance indicators of the Company. ESG disclosures were aligned with SASB requirements to enhance investor confidence as well as to meet global sustainability reporting expectations.

Alignment of CGE's Business Practices with the UN Sustainable Development Goals (SDGs)







CGE recognises the importance of integrating the United Nations Sustainable Development Goals (SDGs) into Company business strategy to drive meaningful environmental, social and economic parameters. As part of our commitment to sustainability, we have mapped our current practices against relevant SDGs, ensuring that our operations contribute to global sustainability efforts while creating long-term value for our stakeholders.

The following table presents a structured overview of how CGE's existing initiatives align with specific SDG targets. From responsible resource management and sustainable production practices to employee well-being and community engagement, this alignment underscores our dedication to fostering a resilient and responsible business. By embedding these goals into our operations, we strive to enhance our sustainability performance, mitigate risks and create a positive impact on the environment and society.

SDG Goals	Relevant GRI Index	Existing Company Practices
 No Poverty	GRI 202, GRI 203, GRI 207	<ul style="list-style-type: none"> ❖ Providing employment opportunities for local communities ❖ Sourcing raw materials from local suppliers ❖ Supporting outgrower farms for rearing DOCs ❖ Contribute for the nations wealth via paying corporate taxes ❖ Adhering to minimum wage rate approved by government
 Zero Hunger	GRI 413	<ul style="list-style-type: none"> ❖ Cultivating coconut and banana trees within commercial farms ❖ Operating dedicated outgrower farms to meet chicken meet production needs ❖ Providing DOCs, eggs and chicken to support community nutrition (Protein rich products)

Approach to Sustainability and Commitment to SDGs

SDG Goals	Relevant GRI Index	Existing Company Practices
 Good Health and Well-being	GRI 403, GRI 305, GRI 306	<ul style="list-style-type: none"> ❖ Medical Insurance Policy ❖ Maintaining a healthy work environment ❖ No use of Genetically Modified Organism (GMO) in chicken production ❖ Not generating Hazardous waste ❖ Low carbon emission level ❖ Zero fatalities
 Quality Education	GRI 404	<ul style="list-style-type: none"> ❖ Supporting Rural Areas School Children on their Education by our CSR project “ Empowering Tomorrow’s Children” ❖ Training programs and vocational education through training schools
 Gender Equality	GRI 405, GRI 406	<ul style="list-style-type: none"> ❖ Equal opportunities for decision-making roles ❖ No discrimination in hiring and promotions; opportunities based on skills ❖ Pay ratio is 1:1 (No discrimination for basic salary and remuneration on gender basis)
 Clean Water and Sanitation	GRI 303, GRI 306	<ul style="list-style-type: none"> ❖ Wastewater treatment plant at Chicken Processing Plant ❖ Natural filtration through planted trees
 Affordable and Clean Energy	GRI 302	<ul style="list-style-type: none"> ❖ Capacitor Bank Installation in each operational location for improving the energy efficiency
 Decent Work and Economic Growth	GRI 401, GRI 404	<ul style="list-style-type: none"> ❖ Maintaining a low employee turnover rate through employee satisfaction ❖ Ensuring workplace safety and fair labour practices ❖ Providing sufficient training opportunities in order to maintain work-related literacy ❖ Regular performance and career development review during the reporting period
 Industry, Innovation and Infrastructure	GRI 203	<ul style="list-style-type: none"> ❖ Generating direct economic value from continuous investment in infrastructure improvements and technological advancements
 Reduced Inequalities	GRI 405	<ul style="list-style-type: none"> ❖ No discrimination between rural and urban employees in hiring and promoting ❖ No discrimination on nationality, cast or religion
 Sustainable Cities and Communities	GRI 203	<ul style="list-style-type: none"> ❖ Developing farms in rural areas to create business opportunities and economic growth in purpose of rural development

SDG Goals	Relevant GRI Index	Existing Company Practices
 <p>Responsible Consumption and Production</p>	GRI 301 GRI 302 GRI 303 GRI 305 GRI 306	<ul style="list-style-type: none"> ❖ Zero waste policy in Feed processing operations ❖ Production of rendered meal ❖ Reuse of by-products to minimise waste and optimise output ❖ Installing measurement equipment covering all the operational locations ❖ Measuring of GHG emissions in each operational location and planning for future reduction ❖ Discharging the water after re-treatment via water treatment plant
 <p>Climate Action</p>	GRI 201 GRI 302 GRI 303 GRI 305 GRI 306	<ul style="list-style-type: none"> ❖ Implementing carbon reduction strategies across operations ❖ Monitoring energy efficiency and green house gas emissions ❖ Identifying risks and opportunities of the Company which posed by climate change and planning for further actions
 <p>Life Below Water</p>	GRI 304	<ul style="list-style-type: none"> ❖ Ensuring compliance with environmental standards to minimise water pollution
 <p>Life on Land</p>	GRI 304, GRI 305	<ul style="list-style-type: none"> ❖ Implementing reforestation and land conservation initiatives ❖ Sustainable farming practices to protect biodiversity ❖ Assessing the environmental impact of each new project conducted by Company via Project Risk Assessment
 <p>Peace, Justice and Strong Institutions</p>	GRI 206 GRI 403 GRI 307 GRI 416	<ul style="list-style-type: none"> ❖ Ensuring workplace safety ❖ Full compliance with government environmental regulations ❖ Maintaining customer privacy and data security ❖ No legal actions on anti-competitive behaviour and violations of anti-trust and monopoly legislation against the Company ❖ No non-compliance with the health and safety impacts of Company products
 <p>Partnerships for the Goals</p>	GRI 207	<ul style="list-style-type: none"> ❖ Collaborating with government authorities, universities and industry partners ❖ Engaging in policy discussions related to sustainability

Risk Management

We, as a Company, had to put group-wide effort to understand the sustainability and climate-related risks and opportunities within the period of 2024, and held a series of meetings with all departmental heads. This exercise was part of a deep dive to determine department-wise sustainability and climate risks in order to establish clear goals and targets for the purpose of initiating action plans to mitigate the risks and leverage opportunities.

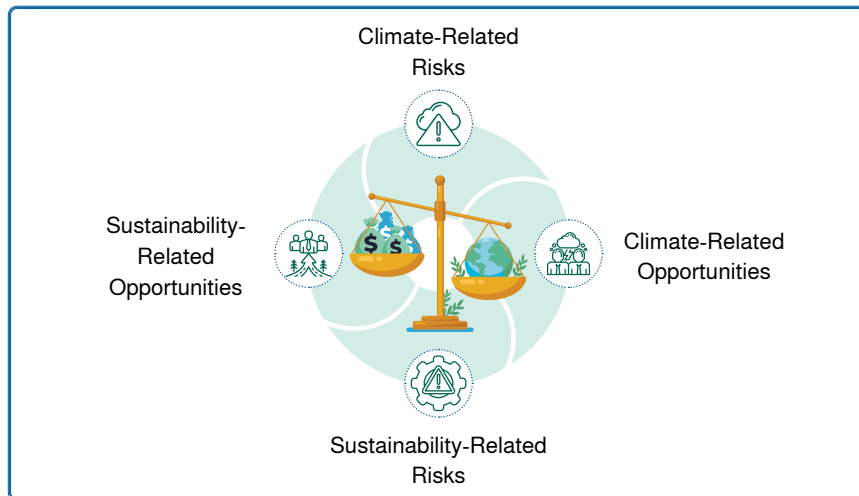
All climate-related efforts were independently verified by the National Cleaner Production Centre (NCPC) using quantitative and qualitative assessments which resulted in the discovery of three material aspects – Water, Energy and Materials as key environmental concerns for a majority of the Group’s operational segments. This was followed by the establishment of department-wise baseline KPIs for water conservation, energy use, emission levels and waste reduction together with a reporting system to track these metrics regularly.

Additionally, third-party audits and certifications were used to validate the Group’s performance against industry standards. For instance STACK emission tests are conducted annually by independent organisations such as ITI and NAITA to assess factory emissions to ensure that notable air emissions such as Nitrogen Oxide and Sulfur Oxide are within the stipulated levels.

Approach to Sustainability and Commitment to SDGs

Similarly, wastewater generated at CGE's Chicken processing plant in Seeduwa is treated by an effluent treatment plant as stipulated in the Environmental Protection Licence issued by the Central Environmental Authority (CEA) ensuring that the discharged water meets stipulated regulatory standards. As per the conditions of the EPL, quality of wastewater is monitored to ensure consistency with CEA parameters.

Sustainability-related risks focused on identifying material aspects that could potentially influence CGE's long-term business resilience, operational efficiency, regulatory compliance and stakeholder trust.



Climate-Related Risks

- ❖ **Disruption in Feed Supply:** Extreme weather events can affect the availability and quality of raw materials, increasing costs. Flooding can also disrupt the supply of finished feed to farms, reducing operational performance.
- ❖ **Asset Damage:** High winds and Floods could destroy farm infrastructure, including poultry cages and housing facilities.
- ❖ **Heat Stress on Livestock:** Rising temperatures can reduce poultry growth rates, egg production and overall health.
- ❖ **Water Scarcity:** Limited water resources could impact operations in broiler and breeder farms, affecting production.
- ❖ **Increased Disease Outbreaks:** Climate change may contribute to the emergence of new poultry diseases, requiring enhanced disease prevention measures.



Climate-Related Opportunities

- ❖ **Investment in Renewable Energy:** Utilising solar power and other clean energy sources can reduce long-term costs and carbon emissions.
- ❖ **Climate-Smart Farming Practices:** Implementing improved ventilation and cooling systems in poultry houses to mitigate heat stress.
- ❖ **Water Conservation Strategies:** Adopting rainwater harvesting and efficient irrigation systems to secure a sustainable water supply.
- ❖ **Supply Chain Resilience:** Diversifying suppliers and sourcing climate-resilient feed ingredients to reduce vulnerability to raw material shortages.
- ❖ **Sustainable Waste Management:** Exploring circular economy solutions, such as converting poultry waste into fertilisers or biogas, to reduce environmental impact and create additional revenue streams.



Sustainability-Related Risks

- ❖ **Technological Advancements:** Investing in smart farming technologies, such as automated climate control systems, to optimise poultry welfare and productivity.
- ❖ **Food Safety Regulations and Compliance –** Stricter environmental laws on waste management, emissions and resource usage can increase compliance costs.
- ❖ **Consumer Expectations and Brand Reputation –** Consumers are increasingly prioritising sustainable products and failure, to meet these expectations which can damage brand reputation and sales.
- ❖ **Human Rights and Labour Practices –** Non-compliance with fair labour practices in sourcing and manufacturing can lead to reputational damage and regulatory scrutiny.



Sustainability-Related Opportunities

- ❖ **Plant-Based and Lab-Grown Alternatives:** Expanding feed product lines by focusing result of Research and Development which based on Lab researches and advanced technology.

As discussed above, the financial impact associated with Sustainability and Climate-related risk and opportunities have been assessed under Financial Capitals. Refer Page No 58.

Metrics and Targets

CGE's approach to sustainability can be measured through a set of metrics and targets aligned with Environmental, Social and Governance (ESG) standards and Global Reporting Initiative (GRI) indices. Below are key areas where CGE can establish measurable targets:

Environmental Metrics and Targets

GRI 302, 303, 305, 306, 307

Metric	Target
Carbon Emissions (Scope 1 and 2)	CGE is committed to strengthening its sustainability efforts by setting measurable environmental targets. While formal targets are in progress, we have already implemented initiatives in renewable energy, waste management and water conservation. Moving forward, CGE is working towards defining quantifiable metrics aligned with global ESG frameworks to track and improve environmental performance.
Water Consumption	
Renewable Energy Usage	
Waste Management	Maintain zero waste by utilising 100% of by-products in feed manufacturing.
Energy Consumption	Achieve ISO 50001 certification and reduce electricity usage by 1% annually through operational optimisations.

Social Metrics and Targets

GRI 401, 403, 404, 405, 406, 413

Metric	Target
Employee Health and Safety	Maintain zero fatalities and reduce workplace injuries through improved training and safety procedures.
Diversity and Inclusion	Increase female participation in leadership roles to and ensure equal pay across all roles.
Employee Training and Development	Conduct at least 8 hours of training per employee annually to enhance skills and compliance with sustainability standards.
Community Engagement	Expand educational scholarship programs for students from employee families and support 50+ students from local communities annually as training programs.
Outgrower and Farmer Support	Increase local farmer participation in outgrower programs by annually, ensuring economic benefits to rural communities.

Governance Metrics and Targets

GRI 201, 307, 419

Metric	Target
Sustainability Governance	Fully integrate sustainability and climate risk assessments into corporate decision-making by 2025.
ESG Policy Implementation	Ensure 100% compliance with newly introduced ESG policies across all business units by 2026.
Supply Chain Responsibility	Conduct 100% supplier sustainability audits to ensure ethical sourcing and environmental compliance.
Regulatory Compliance	Maintain zero regulatory non-compliance cases related to environmental and social responsibilities.
Stakeholder Engagement	Conduct annual stakeholder dialogues and integrate feedback into CGE's sustainability roadmap.

Approach to Sustainability and Commitment to SDGs

Consolidated Statement of ESG Performance

For the Year ended 31 December 2024	2024	2023
Environmental Performance		
Energy		
Non-renewable energy consumption to generate one million turnover (GJ)	1.66	1.47
Water		
Total water usage to generate one million turn over (m3)	18.94	19.96
Waste		
Non-hazardous waste (kg)		
*Chicken Processing	4,549,500	3,855,750
* Packing waste	-	-
*Food Waste	174,460	179,432
*Poultry Litter	Nil	Nil
Hazardous waste (kg)	Nil	Nil
Emission		
Carbon emission to generate one million turnover	0.52	0.69
Social Performance		
People and Employeess		
Total employees as at 31 December	704	745
Employee turnover (%)	8.2	6
Female employees as a percentage of total employees (%)	29	27
Employee engagement score (out of 5)	4.46	4.19
Employee Trust Index (out of 100)	85	84
Employee Satisfaction Index	81	80
Total number of fatalities	Nil	Nil
Major Injuries	Nil	Nil
Average training hours per employee	6.4	1.28
Investment in training (Rs.000)	624	671
Total Employee Benefits distributed ('000)	2,041,891	1,783,886
Customers and Society		
Customer Satisfaction Index (%)		
*Chicken	95.51	94.82
*Feed	94.5	93.52
Duty and tariff paid (Rs. 000)	1,253,036	654,981
Number of apprenticeships provided for technical education	163	183
Governance Performance		
Values and Ethics		
Number of whistleblower cases reported and solved	Nil	Nil
Anti-harassment helpline cases reported and solved	Nil	Nil
Management Systems		
Number of total audits conducted on management systems	8	8
Number of major non-compliances reported in Management Systems	Nil	Nil

Sustainability and Climate-Related Risk Report

Sustainability and Climate - Related Risk Report (SRRO's and CRRO's)

CGE remains deeply committed to sustainability and climate action, recognising the profound impact these factors have on its operations, stakeholders and the broader environment. In adopting the SLFRS S1 and S2 frameworks, CGE has integrated Sustainability Risk and Opportunities (SRROs) and Climate-Related Risk and Opportunities (CRROs) into its Enterprise Risk Management framework to address both current and emerging challenges effectively.

Sustainability-Related Risk and Opportunities (SRROs):

Sustainability - Related Risk and Opportunities (SRROs) are critical components of CGE's commitment to building a sustainable and resilient business model. These risks and opportunities focus on environmental, social and governance (ESG) factors that directly influence CGE's operational sustainability and stakeholder value. As the global business landscape evolves, ESG factors have become increasingly pivotal in determining a Group's reputation, operational efficiency and long-term success.

Key Sustainability - Related Risks for the CGE Group include challenges such as non-compliance with ESG standards, resource depletion, reputational damage and rapidly evolving stakeholder expectations. These risks, if unaddressed, can lead to operational inefficiencies, financial penalties and a loss of stakeholder trust. Conversely, Sustainability-Related Opportunities present pathways for CGE to improve operational efficiencies, foster innovation, enhance brand reputation and align with sustainable market trends. By seizing these opportunities, CGE strengthens its competitive position while contributing positively to the global sustainability agenda.

CGE proactively addresses SRROs through a structured and forward-thinking approach. Incorporating ESG into decision-making ensures that every strategic and operational decision reflects a commitment to sustainability, embedding ESG principles at the core of the business. This approach not only mitigates risks but also aligns CGE's operations with global sustainability goals.

Additionally, stakeholder engagement is integral to CGE's strategy. By collaborating with internal teams, external partners and regulatory bodies, CGE aligns its priorities with global ESG objectives, ensuring inclusivity and responsiveness to stakeholder needs and enhancing the Group's adaptability in a rapidly changing environment.

Finally, CGE emphasises monitoring and reporting as a cornerstone of its SRROs. Robust mechanisms are in place to track ESG-related performance, enabling the Group to measure progress, identifying areas for improvement and maintaining transparency. Through comprehensive reporting, CGE demonstrates its accountability to stakeholders and its commitment to continuous improvement in sustainability practices.

By addressing SRROs through these proactive measures, CGE not only mitigates risks but also leverages opportunities to enhance operational resilience, drive innovation and create long-term value for stakeholders. This approach underscores the Company's dedication to fostering a sustainable future while ensuring business continuity and growth.

Climate-Related Risk and Opportunities (CRROs):

Climate-Related Risks and Opportunities (CRROs) encompass the potential challenges and advantages arising from the impact of climate change on CGE's operations, value chain and stakeholders. These considerations are integral to ensuring long-term business sustainability while aligning with global climate action goals.

Climate-Related Risks comprise two primary categories of risks;

- ❖ Physical Risks arising from direct environmental factors such as extreme weather events, long-term temperature changes, or rising sea levels, which can result in damage to infrastructure, operational disruptions, or increased maintenance costs.
- ❖ Transitional Risks, associated with carbon pricing, evolving consumer preferences and technological advancements. These transitional factors can lead to increased operational costs, potential disruptions, or the need for significant process adaptations to remain competitive and compliant.

Alongside the risks, climate change presents opportunities for innovation and growth. By adopting energy-efficient practices and renewable energy sources, CGE can reduce operational costs and minimise carbon emissions. The development of green and sustainable product lines meets the growing demand from environmentally conscious consumers, enhancing brand reputation and market positioning. Furthermore, collaboration with industry leaders and stakeholders on shared climate goals positions CGE as a proactive contributor to combating climate change, fostering partnerships and innovation.

GRI 13.2 Climate adaptation and resilience (Sector Topic Disclosures)

CGE's Climate-Focused Strategies

CGE remains committed to addressing climate-related risks while capitalising on opportunities through targeted strategies:





1. Carbon Footprint Management: The Group actively assesses and reduces greenhouse gas emissions by prioritising energy-efficient operations and exploring renewable energy solutions.

Sustainability and Climate-Related Risk Report

- Climate Adaptation Measures: CGE invests in climate-resilient infrastructure (EC Houses) and operational practices to minimise disruptions from environmental changes or natural disasters.
- Leadership in Climate Action: By taking an active role in national and global climate initiatives, CGE demonstrates leadership in sustainability, setting benchmarks for the industry and fostering collective action on climate change.

CGE's Commitment to Sustainability and Climate Resilience

We firmly believe that addressing sustainability and climate-related challenges is not just a responsibility but an opportunity to drive innovation and create lasting value. By embedding SRROs and CRROs into its operations, CGE not only mitigates risks but also seizes opportunities to enhance operational efficiency, support the environment and contribute to the well-being of the communities it serves. The Group's approach is rooted in the following principles:

			
<p>Proactive Adaptation</p> <p>Continuously evolving business processes to align with sustainability and climate goals.</p>	<p>Long-term Resilience</p> <p>Strengthening the Group's ability to withstand and thrive amid environmental, social and economic changes.</p>	<p>Collaboration and Innovation</p> <p>Partnering with stakeholders, including employees, suppliers and customers, to foster a collective commitment to sustainability and climate action.</p>	<p>Transparent Reporting</p> <p>Regularly disclosing progress on SRROs and CRROs to ensure accountability and build stakeholder trust.</p>

CGE Sustainability, Climate-Related Risk and Opportunities

Key Risk Events of 2024	Impacted Capital	Impacts to CGE (Risks and Opportunities)	Risk Mitigation Strategy
R20) Physical Climate Risks (Extreme weather due to climate change)	Natural Capital	<ul style="list-style-type: none"> - Disruptions in production and supply chain due to extreme weather, leading to operational delays and potential revenue loss. - Weather conditions affecting daily wage workers' income, reducing their purchasing power and slightly contributing to the chicken market glut. 	<ul style="list-style-type: none"> - Constructing environmentally controlled houses to ensure stable production conditions despite weather changes. - Installing lightning arresters and surge protectors to protect infrastructure from climate-induced damages. - Securing via insurance coverage to mitigate financial losses from extreme weather events. - Adopting the ESG framework to enhance preparedness for climate-related challenges.
R21) Waste and Disposal Management (Managing waste disposal efficiently)	Natural Capital	<ul style="list-style-type: none"> - Risk of legal penalties and public criticism if waste is not properly disposed. - Failure to manage waste efficiently may harm CGE's reputation and lead to operational inefficiencies. 	<ul style="list-style-type: none"> - Implementing a central drainage and cleansing system for effective liquid waste management. - Partnering with certified waste collectors to ensure compliance with disposal regulations. - Conducting regular waste water quality checks to maintain environmental standards.

Key Risk Events of 2024	Impacted Capital	Impacts to CGE (Risks and Opportunities)	Risk Mitigation Strategy
R22) Supply Chain Stability (Risk of losing suppliers or disrupted supply chain)	Social and Relationship Capital	<ul style="list-style-type: none"> - Supply chain disruptions can delay production, increasing costs and reducing efficiency. - Loss of reliable suppliers may impact the availability of critical materials. 	<ul style="list-style-type: none"> - Conducting supplier grading surveys to assess reliability and maintain a robust supplier base. - Evaluating supplier satisfaction levels periodically to identify and address concerns. - Building long-term, collaborative relationships with key suppliers to ensure stability.
R23) Transition Climate Risks (Challenges in shifting to a low-carbon operation)	Natural Capital	<ul style="list-style-type: none"> - High costs and complexity in adopting low-carbon technologies. - Regulatory pressures and stakeholder demands for greener operations. 	<ul style="list-style-type: none"> - Prioritising R&D for sustainable manufacturing technologies to reduce emissions. - Evaluating financial and environmental returns on renewable energy investments to maximise value.
R24) Machine Breakdown and System Failures (Operational disruptions due to equipment failures)	Manufactured Capital	<ul style="list-style-type: none"> - Operational disruptions due to machine failures, leading to reduced productivity and potential delays in meeting customer demands. - Increased maintenance costs and downtime impacting overall efficiency and profitability. - Prolonged system failures may cause workflow bottlenecks and affect employee productivity. 	<ul style="list-style-type: none"> Continuous check-ups and upgrades to ensure machines and systems operate efficiently and remain aligned with industry standards. - Adherence to a maintenance plan for scheduled servicing and inspections to prevent unexpected breakdowns. - Evaluation of man-hours and machine hours to optimise utilisation and identify inefficiencies. - Replacing machinery at the right time based on an operational plan to avoid overuse and ensure reliable performance. - Conducting downtime analysis and monitoring to identify root causes of breakdowns and implement corrective measures to minimise recurrence.
R25) Non-availability of spare parts for continuous operation	Manufactured Capital	Shortages of spare parts would impact on operational disruptions, increased cost, reduced efficiency and ultimately cause for production delays.	<ul style="list-style-type: none"> - Maintaining adequate spare parts inventory for the purpose of utilising emergency situations as well as for ongoing operation and which should be sufficient to rectify the spare part requirement within operation. - Based on the past practice and forecasted production level, it is essential to estimate appropriate inventory of spare parts and early order for minimising the supplier delivery time. - Further by conducting planned maintenance activities, the requirement to supply of spare parts at unplanned activities would be able to reduce.
R26) Water Scarcity (Reduced water supply during droughts; interruptions due to flooding)	Natural Capital	<ul style="list-style-type: none"> - Water shortages or interruptions could disrupt production, leading to operational inefficiencies and increased costs. 	<ul style="list-style-type: none"> - Developing internal water storage infrastructure to maintain supply during shortages. - Adopting water-saving techniques to conserve resources and ensure sustainable operations.

Sustainability and Climate-Related Risk Report

Key Risk Events of 2024	Impacted Capital	Impacts to CGE (Risks and Opportunities)	Risk Mitigation Strategy
R27) Reputational Risk and Corporate Brand Equity	Intellectual Capital	- CGE's brand value and stakeholder trust are closely tied up with adherence of standards, rules and practice of ethical behaviour. This would affect for long term sustainability of business.	<ul style="list-style-type: none"> -Adhering to corporate governance principles for complying with CSE regulations. -Adoption of ethical practices in supply chain and manufacturing processes would ensure the trust on stakeholders. -Obtaining international quality standard (ISO 9001, ISO 22000, GMP, HACCP, HALAL) would ensure the compliance requirement for the Company operation. -Conducting CSR and brand activities would provide attempt to initiate the brand equity of the Company. - Promoting responsible ESG practices to stakeholders through transparent communication. - Strengthening brand loyalty by demonstrating leadership in sustainability and corporate responsibility.
R28) Renewable Energy Initiatives (Transition to sustainable energy sources)	Manufactured Capital	<ul style="list-style-type: none"> - Transitioning to renewable energy for reducing long-term operational costs and enhancing CGE's ESG profile. - Renewable energy investment decision will position CGE as a forward-thinking, environmentally responsible leader. 	<ul style="list-style-type: none"> - Installing solar power systems on new EC houses to adopt sustainable energy solutions. - Exploring additional renewable energy investments to drive operational efficiency and environmental sustainability.
R29) Energy risk	Manufactured Capital	<ul style="list-style-type: none"> - Uncertainty of energy supply for the production due to price volatility and non-availability of stocks would generate the operational disruption. -Focusing on energy efficient practices would enhance the economical savings of the Company. 	<ul style="list-style-type: none"> - By maintaining sufficient fuel stock with enhanced capacity covering all locations would reduce the adverse impact to the production. - Further investing in energy-efficient equipment and technologies would enhance the operational performance and sustainable business practices. - Conduct regular energy audits to identify efficiency opportunities would direct for the cost effectiveness and profit maximisation. - Production planning by considering the planned power outage is another risk mitigation strategy which is followed by the Company.

Our approach prioritises proactive risk mitigation strategies, leveraging opportunities to enhance efficiency, foster innovation and build long-term stakeholder trust. From addressing climate-related challenges and governance risks to embracing advancements in technology and sustainability practices, CGE is committed to embedding resilience and adaptability into its operations.

As we navigate an ever-changing business environment, CGE will continue to evolve its risk management strategies to protect and enhance enterprise value, ensuring that we remain a responsible and forward-thinking leader in our industry.

GRI Content Index

Ceylon Grain Elevators PLC presents Global Reporting Initiatives (GRI-2021) Standards which reflects our commitment to sustainability reporting guidelines. It presents the economic, social and environmental performance of the entire group including its subsidiaries for the financial year beginning 1 January 2024 and ending 31 December 2024. This has been expanded with voluntary disclosures in line with GRI 13 Agriculture Aquaculture and Fishing Sectors 2022.

This reporting aims to provide the stakeholders with a comprehensive understanding of the financial, social and environmental impacts of the Company's operations and entire value creation in order to create sustained value.

GRI 2	General Disclosures	Sources	Page Reference
1. The organisation and its reporting practices			
2-1	Organisational details	Our History/Our Product Portfolio	6
2-2	Entities included in the organisation's sustainability reporting	Our Group Structure	7
2-3	Reporting period, frequency and contact point	About the Report	4
2. Activities and workers			
2-5	External assurance	About the Report	4
2-6	Activities, value chain and other business relationships	Stakeholder Engagement/Social and Relationship Capital	26 and 78
2-7	Employees	Human Capital	85
2-8	Workers who are not employees	Human Capital	88
3. Governance			
2-9	Governance structure and composition	Corporate Governance Review	109
2-10	Nomination and selection of the highest governance body	Nomination and Governance Committee Report	130
2-11	Chair of the highest governance body	Corporate Governance Review	114
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Review	111
2-13	Delegation of responsibility for managing impacts	Corporate Governance Review	108
2-14	Role of the highest governance body in sustainability reporting	Approach to Sustainability and Commitment to SDG's	146
2-15	Conflicts of interest	Related Party Transactions Review Committee Report	132
2-16	Communication of critical concerns	Stakeholder Engagement /Corporate Governance Review	26 and 108
2-17	Collective knowledge of the highest governance body	Corporate Governance Review	112
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Review	111
2-19	Remuneration policies	Human Capital and Remuneration Committee Report	88 and 129
2-20	Process to determine remuneration	Human Capital	88
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Chairman's Message / Business Strategy and Resource Allocation	20 and 34
2-23	Policy commitments	Human Capital/ Corporate Governance Review	85 and 108
2-24	Embedding Policy Commitment	Human Capital/Corporate Governance Review	85 and 108

GRI Content Index

GRI 2	General Disclosures	Sources	Page Reference
2-25	Processes to remediate negative impacts	Stakeholder Engagement / Human Capital	26 and 91
2-26	Mechanisms for seeking advice and raising concerns	Social and Relationship Capital / Human Capital	77 and 93
2-27	Compliance with laws and regulations	Social and Relationship Capital / Human Capital / Corporate Governance Review	76/88/111
2-28	Membership associations	Intellectual Capital / Social and Relationship Capital / Human Capital	66 / 83 / 85
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	Stakeholder Engagement	26
2-30	Collective bargaining agreements	Human Capital	88

GRI 3	Material Topics	Sources	Page Reference
1. The organisation and its reporting practices			
3-1	Process to determine material topics	Materiality Topics	29
3-2	List of material topics	Materiality Topics	29
3-3	Management of material topics	Materiality Topics	29

GRI 200 Economic Standard Series	Disclosure Requirement	Sources	Page Reference
Economic Performance			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Statement of Value Added	239
Market Presence			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Human Capital	88
	202-2 Proportion of senior management hired from the local community	Human Capital	87
Indirect Economic Impacts			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social and Relationship Capital	80
	203-2 Significant indirect economic impacts	Social and Relationship Capital	80
Procurement Practices			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Social and Relationship Capital	78
Anti-competitive Behavior			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Social and Relationship Capital	76

GRI 200 Economic Standard Series	Disclosure Requirement	Sources	Page Reference
Tax			
GRI 207-Tax 2019	207-1 Approach to tax	Financial Capital	54
	207-2 Tax governance, control, and risk management	Financial Capital	54

GRI 300 Environmental Standards Series	Disclosure Requirement	Sources	Page Reference
Material Management			
GRI 301: Material Management	301-1 Materials used by weight or volume	Natural Capital	98
	301-2 Recycled input materials used	Natural Capital	98
	301-3 Reclaimed products and their packaging materials	Natural Capital	98
Energy			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Natural Capital	99
	302-3 Energy intensity	Natural Capital	99
Water			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Natural Capital	100
	303-2 Management of water discharge-related impacts	Natural Capital	100
	303-3 Water withdrawal	Natural Capital	100
	303-4 Water discharge	Natural Capital	100
	303-5 Water consumption	Natural Capital	100
Emissions			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Natural Capital	99
	305-2 Energy indirect (Scope 2) GHG emissions	Natural Capital	99
Effluents and Waste			
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	Natural Capital	101
	306-2 Waste by type and disposal method	Natural Capital	101
Environmental Compliance			
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Natural Capital	97

GRI 400 Social Standards Series	Disclosure Requirement	Sources	Page Reference
Employment			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital	87
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital	88
	401-3 Parental leave	Human Capital	89

GRI Content Index

GRI 400 Social Standards Series	Disclosure Requirement	Sources	Page Reference
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital	90
	403-2 Hazard identification, risk assessment, and incident investigation	Human Capital	90
	403-3 Occupational health services	Human Capital	90
	403-4 Worker participation, consultation, and communication on occupational health and safety	Human Capital	90
	403-5 Worker training on occupational health and safety	Human Capital	90
	403-6 Promotion of worker health	Human Capital	90
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital	90
	403-8 Workers covered by an occupational health and safety management system	Human Capital	90
	403-9 Work-related injuries	Human Capital	90
	403-10 Work-related ill health	Human Capital	90
Training and Education			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital	90
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital	89 to 90
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital	90
Diversity and Equal Opportunity			
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Human Capital	87
	405-2 Ratio of basic salary and remuneration of women to men	Human Capital	87
Non-discrimination			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Capital	88
Freedom Of Association And Collective Bargaining			
GRI 407: Freedom of Association And Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Capital	88
Child Labour			
GRI 408: Child Labour 2016	404-1 Operations and suppliers at significant risk for incidents of child Labour	Human Capital	90
Forced Or Compulsory Labour			
GRI 409: Forced or Compulsory Labour	408-1 Operations and suppliers at significant risk for incidents of forced or compulsory Labour	Human Capital	88

GRI 400 Social Standards Series	Disclosure Requirement	Sources	Page Reference
Local Communities			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social and Relationship Capital	80
	413-2 Operations with significant actual and potential negative impacts on local communities	Social and Relationship Capital	80
Customer Health and Safety			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Social and Relationship Capital	78
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Social and Relationship Capital	78
Marketing and Labelling			
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	Social and Relationship Capital	76
	417-2 Incidents of non-compliance concerning product and service information and labelling	Social and Relationship Capital	76
	417-3 Incidents of non-compliance concerning marketing communications	Social and Relationship Capital	76
Customer Privacy			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social and Relationship Capital	78
Socioeconomic Compliance			
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Stakeholder Engagement	26

Topics in the Applicable GRI Sector Standards and Reported

Topic	Disclosure	Page Reference
GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022	13.2 Climate adaptation and resilience	155
	13.5 Soil health	103
	13.7 Water and effluents	100
	13.8 Waste and food loss	102
	13.10 Food safety	76
	13.11 Animal health and welfare	65
	13.15 Non-discrimination and equal opportunity	87
	13.19 Occupational health and safety	91
	13.23 Supply chain traceability	78

Sustainability Accounting Standards Board Index

Topic	Metric	Category	Unit of Measure	Code	Page Reference	Response
Greenhouse Gas Emissions	Gross global Scope 1 and 2 emissions	Quantitative	tCo2e	FB-MP-110a.1	Natural Capital page - 99	GHG Emission Scope 01 - 4,947, Scope 02 - 7,474
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emission reduction targets and an analysis of performance against those targets	Discussion and Analysis	N/A	FB-MP-110a.2	Natural Capital page - 99	<p>CGE has developed both short-term and long-term strategies to manage and reduce Scope 1 emissions, in alignment with our ESG commitments.</p> <p>❖ Short-Term Strategies:</p> <ul style="list-style-type: none"> - Optimising fuel efficiency in farm and processing operations. - Transitioning to cleaner energy sources such as solar power in selected facilities newly constructed EC houses - Enhancing operational efficiencies to reduce overall energy consumption. <p>❖ Long-Term Strategies:</p> <ul style="list-style-type: none"> - Investing in renewable energy solutions across multiple operational sites. - Exploring the feasibility of biogas utilisation from organic waste. - Implementing sustainable farming practices to lower carbon footprints. <p>CGE is currently in the process of setting quantifiable Scope 1 emissions reduction targets, aligned with global best practices. We are also evaluating our performance through continuous monitoring and reporting, ensuring compliance with national and international sustainability frameworks.</p>
Energy Management	(1) Total energy consumed, (2) Percentage grid electricity and (3) Percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-MP-130a.1	Natural Capital page - 99	<p>1) Operational Energy Consumed (GJ): 39,766</p> <p>2) Percentage Grid Electricity (%): 17%</p> <p>3) Percentage Renewable (%): 0%</p>
Water Management	(1) Total water withdrawn, (2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m ³), Percentage (%)	FB-MP-140a.1	Natural Capital page- 100	<p>1) Total water withdrawn: 454,413 m³</p> <p>2) Total water consumed: 454,413 m³</p> <p>3) Percentage of each in regions with High or Extremely High Baseline Water Stress: The water stress of our head office location is low.</p>

Topic	Metric	Category	Unit of Measure	Code	Page Reference	Response
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	N/A	FB-MP-140a.2	Sustainability and Climate-Related Risk and Opportunities page - 156, Natural Capital page - 100	<p>The primary risks associated with water management include:</p> <ul style="list-style-type: none"> ❖ Water Scarcity and Availability: Increased demand for water in agricultural and industrial sectors may lead to shortages, impacting operations. ❖ Climate Change Impact: Unpredictable rainfall patterns and prolonged droughts could affect water availability for farming and processing operations. ❖ Effluent and Wastewater Management: Managing wastewater discharge from processing plants to prevent contamination of natural water bodies. ❖ Mitigation Strategies and Practices <p>Wastewater Treatment: Installed advanced treatment systems to ensure compliance with discharge standards in compliance with the Environmental Protection License (EPL)</p> <ul style="list-style-type: none"> ❖ Monitoring and Compliance: Regularly tracking water usage and quality to ensure compliance with environmental regulations and sustainability commitments.
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-MP-140a.3	Natural Capital page - 100	Zero Incidents
Land Use and Ecological Impacts	Amount of animal litter and manure generated, percentage managed according to a nutrient management plan	Quantitative	Metric tonnes (t), Percentage (%)	FB-MP-160a.1	Natural Capital page - 100	<ul style="list-style-type: none"> ❖ Total animal litter and manure generated: 242,533 ❖ Percentage managed under a nutrient management plan: Balanced <p>Our nutrient management plan includes controlled collection, composting and application of manure as organic fertiliser to reduce waste and enhance agricultural productivity. We strictly adhere to national environmental guidelines for waste management to prevent soil and water contamination.</p>

Sustainability Accounting Standards Board Index

Topic	Metric	Category	Unit of Measure	Code	Page Reference	Response
	Percentage of pasture and grazing land managed to conservation plan criteria	Quantitative	Percentage (%) by hectares	FB-MP-160a.2		<ul style="list-style-type: none"> ❖ Total pasture and grazing land area: 0 hectares ❖ Percentage managed under conservation criteria: 0 %
	Animal Protein production from confined animal feeding operations	Quantitative	Metric tonnes (t)	FB-MP-160a.3		Unable to disclose due to the sensitive nature of the market environment
Food Safety	Global Food Safety Initiative (GFSI) audit (1) Non-conformance rates and (2) Associated corrective action rates for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-MP-250a.1	Social and Relationship Capital page - 76	<p>Compliance with local and international food safety regulations.</p> <ul style="list-style-type: none"> - Zero product recalls recorded in 2024. - Processing facility adheres to ISO 22000, GMP ,HACCP standards and HALAL
	Percentage of supplier facilities certified to a Global Food Safety Initiative (GFSI) food safety certification programme	Quantitative	Percentage (%)	FB-MP-250a.2		Only Packing material Suppliers adhered to comply with GFSI
	(1) Number of recalls issued and (2) MT weight of products recalled 1	Quantitative	Number, Metric tonnes (t)	FB-MP-250a.3	Social Capital page - 76	Zero
	Discussion of markets that ban imports of the entity's products	Discussion and Analysis	N/A	FB-MP-250a.4		Zero
Antibiotic Use in Animal Production	Percentage of animal production that received (1) Medically important antibiotics and (2) Not medically important antibiotics, by animal type	Quantitative	Percentage (%) by weight	FB-MP-260a.1		Zero
Workforce Health and Safety	(1) Total recordable incident rate (TRIR) and (2) Fatality rate for (a) direct employees and (b) contract employees	Quantitative	Rate	FB-MP-320a.1	Human Capital page - 90	<p>Zero fatalities in 2024.</p> <ul style="list-style-type: none"> - Workplace safety training provided at all processing facilities.
	Description of efforts to assess, monitor and mitigate acute and chronic respiratory health conditions	Discussion and Analysis	N/A	FB-MP-320a.2		<ul style="list-style-type: none"> - Health and safety policy includes PPE usage and emergency protocols.

Topic	Metric	Category	Unit of Measure	Code	Page Reference	Response
Animal Care and Welfare	Percentage of pork produced without the use of gestation crates	Quantitative	Percentage (%) by weight	FB-MP-410a.1	Intellectual Capital page - 65	N/A
	Percentage of cage-free shell egg sales	Quantitative	Percentage (%)	FB-MP-410a.2		N/A
	Percentage of production certified to third-party animal welfare standard	Quantitative	Percentage (%) by weight	FB-MP-410a.3		All farms are audited for Animal care and welfare
Environmental & Social Impacts of Animal Supply Chain	Percentage of livestock from suppliers implementing conservation plan criteria	Quantitative	Percentage (%) by weight	FB-MP-430a.1	Social Capital page - 78	Working towards sustainable raw material sourcing, including responsible Maize procurement. <ul style="list-style-type: none"> - Assessing supplier compliance with deforestation-free and biodiversity conservation plans. - Animal Welfare audits conducted at contract farms. - Supplier agreements include animal welfare clauses. - Targeting higher compliance levels through training and monitoring.
	Percentage of supplier and contract production facilities verified to meet animal welfare standards	Quantitative	Percentage (%)	FB-MP-430a.2		TAF is a main supplier of CGE and it complies with Animal welfare standards 100%.
	Percentage of animal feed sourced from regions with high or Extremely High Baseline water stress					We do not source outside Animal Feed.
	Percentage of contracts with producers located in regions with high or Extremely High Baseline water stress					We are currently in the process of mapping our supply chain to assess the water stress levels in the regions where our producers operate.

Sustainability Accounting Standards Board Index

Topic	Metric	Category	Unit of Measure	Code	Page Reference	Response
	Discussion on strategy to manage opportunities and risks to feed sourcing and livestock supply presented by climate change	Discussion and Analysis	N/A	FB-MP-440a.3	ERM page - 137	CGE has a proper plan for maintaining a buffer stock of raw materials. International relationships with experts ensure the supply of livestock to CGE across various locations. Hence, climate impact does not affect the livestock supply to operations.
Product Market and Labelling	Revenue from products labelled as (1] containing genetically modified organisms (GMOs] and (2] non-GMO	Quantitative	Presentation currency	FB-NB-270a.2		0%
	Number of incidents of non-compliance with industry or regulatory labelling or marketing codes	Quantitative	Number	FB-NB-270a.5		0%
	Total amount of monetary losses as a result of legal proceedings associated with marketing or labelling practices	Quantitative	Presentation currency	FB-NB-270a.4		0%

Table 2. Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Page Reference	Response
Number of processing and manufacturing facilities	Quantitative	No	FB-MP-00.A	PPE Note page - 206	Owned manufactured building facilities is 624
Animal Protein production,by category ,percentage outsourced	Quantitative	Various, Percentage (%)	FB-MP-000.B		Market sensitive information, Outsourced -0%

SLFRS S1 and S2 Early Adoption

CGE is committed to enhancing sustainability reporting by aligning with global best practices. As part of this effort, we have taken the initiative to adopt SLFRS S1 and S2 early, ensuring that our financial and sustainability disclosures reflect transparency, accountability and long-term value creation.

Our early adoption approach is focused on practical implementation while maintaining compliance with the transitional relief measures set forth by CA Sri Lanka, the IFRS Foundation and the International Sustainability Standard Board (ISSB). Recognising the critical importance of climate-related disclosures, we have prioritised reporting on climate risks and opportunities in accordance with SLFRS S2. This step allows us to integrate climate-focused financial reporting while progressively expanding our broader sustainability disclosures under SLFRS S1.

In alignment with the IFRS Sustainability Disclosure Standards, the Group has enhanced its governance, monitoring and reporting mechanisms for sustainability. A summary of these improvements is provided below, with further details outlined in the subsequent sections of this Report.

Elements	Disclosures	Page No
SLFRS S1 Table		
Governance	(a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities.	106 and 146
Governance	(b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities	106 and 146
Strategy	(a) the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects	156
Strategy	Sustainability related risks and opportunities	156
Strategy	Business model and value chain	24
Strategy	(b) the current and anticipated effects of those sustainability-related risks and opportunities on the entity's business model and value chain	34
Strategy	(c) the effects of those sustainability-related risks and opportunities on the entity's strategy and decision-making	34
Strategy	(d) an entity shall disclose quantitative and qualitative information about the effects of those sustainability related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those sustainability-related risks and opportunities have been factored into the entity's financial planning, financial position, financial performance and cash flows.	58
Strategy	(e) the resilience of the entity's strategy and its business model to those sustainability-related risks	34
Risk Management	(a) the processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks, including information about	146
Risk Management	(b) the processes the entity uses to identify, assess, prioritise and monitor sustainability-related opportunities	146
Risk Management	(c) the extent to which and how the processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process	146
Metrics and Targets	(a) An entity shall disclose, for each sustainability-related risk and opportunity that could reasonably be expected to affect the entity's prospects	146

SLFRS S1 and S2 Early Adoption

Elements	Disclosures	Page No
Metrics and Targets	(b) the specific quantitative or qualitative target the entity has set or is required to meet;	153
Metrics and Targets	(c) the period over which the target applies;	153
Metrics and Targets	(d) the base period from which progress is measured;	153
Metrics and Targets	(e) any milestones and interim targets;	153
Metrics and Targets	(f) performance against each target and an analysis of trends or changes in the entity's performance; and	153
Metrics and Targets	(g) any revisions to the target and an explanation for those revisions.	N/A
SLFRS S2 Table		
Governance	(a) the governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities.	106 and 146
Governance	(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	106 and 146
Strategy	(a) the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	156
Strategy	(b) the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain	156
Strategy	(c) the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan	156
Strategy	(d) the effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning	58
Strategy	(e) the climate resilience of the entity's strategy and its business model to climate-related changes, opportunities	24
Risk Management	(a) the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about:	146
Risk Management	(b) the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities	146
Risk Management	(c) the extent to which and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	146
Metrics and Targets	(a) information relevant to the cross-industry metric categories	146
Metrics and Targets	(b) industry-based metrics that are associated with particular business models, activities or other common features that characterise participation in an industry	146
Metrics and Targets	(c) targets set by the entity and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets	153

Financial Calendar

Financial year ended	31 December 2024
Announcements of results to the Colombo Stock Exchange	
1st Quarter End	31 March 2024
Publication of Interim Financial Statements	9 May 2024
2nd Quarter End	30 June 2024
Publication of Interim Financial Statements	7 August 2024
3rd Quarter End	30 September 2024
Publication of Interim Financial Statements	13 November 2024
4th Quarter End	31 December 2024
Publication of Interim Financial Statements	24 February 2025
Annual Report	
Publication of Annual Report for 2023	22 April 2024
Publication of Annual Report for 2024	29 April 2025
Meetings	
41st Annual General Meeting	16 May 2024
42nd Annual General Meeting	27 May 2025

Financial Reports

Report of the Board of Directors on the State of Affairs of the Company	172
Statement of the Directors' Responsibility	175
Independent Auditor's Report	176
Statement of Profit or Loss and Other Comprehensive Income	180
Statement of Financial Position	181
Statement of Changes in Equity	182
Statement of Cash Flows	183
Notes to the Financial Statements	184

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

The Board of Directors are pleased to present their Report and the Audited Financial Statements of the Company for the year ended 31 December 2024. The details set out herein provide pertinent information required by the Companies Act No. 7 of 2007, Listing Rules issued by the Colombo Stock Exchange and are guided by recommended best accounting practices.

1. Principle Activities

The principle businesses of the Group are manufacturing and selling of poultry feed and other animal feed, importing and selling of poultry equipment, drugs and vaccines, operating of poultry breeder farms, raising Grandparent and Parent stock and hatcheries, hatching and selling of Day-Old Chicks, operation of commercial farms, poultry processing and distribution and provision of warehouse facilities.

2. Review of Performance for the year ended 31 December 2024 and Future Developments

A review of the Company's performance during the year, with comments on financial results for the year ended 31 December 2024 and future developments are contained in the Chairman's Message (pages 20 to 21) and Chief Executive Officer's Review (pages 22 to 23) Review of Group Operations (Page 43 to 50). These reports, together with the Financial Statements reflect the state of affairs of the Company.

3. Financial Statements

The Financial Statements of the Company are given on pages 180 to 237.

4. Independent Auditor's Report

The Independent Auditor's Report on the Financial Statements is given on pages 176 to 179.

5. Accounting Policies

The accounting policies adopted in preparation of Financial Statements are given on pages 184 to 196.

There were no material changes in the accounting policies.

6. Interest Register

The Company maintains an Interest Register and the particulars of those Directors who were directly or indirectly interested in a contract of the Company are stated therein.

7. Directors' Interest

None of the Directors had a direct or indirect interest in any contracts or proposed contracts with the Company other than as disclosed in Note 33 – Related Party Transactions to the Financial Statements.

8. Directors' Remuneration and Other Benefits

Directors' remuneration in respect of the Company for the Financial year ended 31 December 2024 is given in Note 33 – Related Party Transactions, to the Financial Statements.

9. Corporate Donations

Donations made by the Company amounted to Rs. 68,160/- (2023 - Rs. 30,000/-). No donations were made for political purposes.

10. Directorate

The names of the Directors who held office as at 31 December 2024 are given below.

Mr. Wickrema Senaka Weerasooria	- Non-Executive Independent Chairman
Mr. Cheng Chih Kwong	- Executive Director and Chief Executive Officer
Mr. Cheng Eng Loong	- Non-Executive Director
Mr. Bernard Cheng Koh Chuen	- Non-Executive Director
Dr. Prathap Ramanujam	- Non-Executive Independent Director
Mr. R. N. Asirwatham	- Non-Executive Independent Director

Mr. Damrong Valentino Yap Tiong Seng, Executive Director and Group General Manager resigned with effect from 3 June 2024.

Dr. Prathap Ramanujam and Mr. R. N. Asirwatham, Non-Executive Independent Directors resigned from the Board with effect from 31 December 2024.

The Board wishes to place on record the Company's sincere appreciation to Mr. Damrong Valentino Yap Tiong Seng, Dr. Prathap Ramanujam and Mr. R. N. Asirwatham for their valuable contribution extended to the Company during their tenure on the Board.

Mr. Indrajit Asela Wickramasinghe and Mr. Timothy Allan Brent Speldewinde, Independent Non-Executive Directors were appointed to the Board with effect from 1 January 2025.

Mr. W. Senaka Weerasooria was appointed a Non-Executive Chairman with effect from 1 January 2025. Commencing from 1 January 2025 his capacity of directorship has been changed as an Non-executive Chairman.

In accordance with the provisions of Article 87 of the Articles of Association of the Company, Mr. Bernard Cheng Koh Chuen retires by rotation and being eligible, offers himself for re-election.

In accordance with the provisions of Article 95 of the Articles of Association of the Company, Mr. Indrajit Asela Wickramasinghe and Mr. Timothy Allan Brent Speldewinde retire and being eligible, offer themselves for re-election.

A resolution for the re-appointment of Mr. Cheng Chih Kwong, who is 76 years of age, will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No. 7 of 2007. Mr. Cheng Chih Kwong's re-appointment is recommended by the Directors.

11. Directors' Shareholdings

	Number of shares	
	As at 31/12/2024	As at 31/12/2023
Mr. Wickrema Senaka Weerasooria	2,800	2,800
Mr. Cheng Chih Kwong	397	397
Mr. Bernard Cheng Koh Chuen	Nil	Nil
Mr. Cheng Eng Loong	Nil	Nil
Dr. Prathap Ramanujam	Nil	Nil
Mr. R. N. Asirwatham	Nil	Nil

12. Auditors

The Financial Statements for the year ended 31 December 2024 have been audited by Messrs. KPMG Chartered Accountants, who express their willingness to continue in office. In accordance with the Companies Act No. 7 of 2007, a resolution relating to their re-appointment and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above.

The Auditors also do not have any interest in the Company.

Details of the Audit fees are set out in Note - 5 Operating Profit of the Financial Statement.

13. Turnover

Group turnover amounted to Rs. 23,993.3 Mn (2023 - Rs. 19,594.9 Mn) and company turnover amounted to Rs. 23,042.6 Mn (2023 - Rs. 22,691.7 Mn).

14. Dividends

The Directors declared an Interim Dividend of Rs.15/- per share on 13 November 2024 for the year ended 31 December 2024 which was paid on 12 December 2024.

The Directors declared a Final Dividend of Rs. 8/- per share on 17 January 2025 for the year ended 31 December 2024 which was paid on 18 February 2024.

15. Investments

Details of investments held by the Company are disclosed in Note 16 - Investment in Associate Company and Note 17 - Investment in Subsidiary Companies, to the Financial Statements.

16. Investment Property

An analysis of the investment property of the Company, additions and amortisation charged during the year are set out in Note 14 - Investment Property, to the Financial Statements.

17. Intangible Assets

An analysis of the intangible assets of the Company, additions and amortisation charged during the year are set out in Note 15 - Intangible Assets, to the Financial Statements.

18. Property, Plant and Equipment

An analysis of the property, plant and equipment of the Company, additions and disposals made during the year and depreciation charged during the year are set out in Note 11 - Property, Plant and Equipment, to the Financial Statements.

19. Capital Commitments

Capital expenditure contracted for as at 31 December 2024 for which no provision has been made in the accounts are set out in Note 29 - Commitments, to the Financial Statements.

20. Stated Capital

The issued and fully paid up stated capital of the Company is Rs. 1,017,996,000/- divided into 60,000,000 ordinary shares. There was no change in the stated capital of the Company during the year.

21. Reserves

Total reserves of the Company as at 31 December 2024 amounted to Rs. 5,612.9 Mn (2023 - Rs. 5,415.8 Mn) and the Group reserves amounted to Rs. 10,820.5 Mn (2023 - Rs. 10,061.9 Mn). The movement of reserves is shown in the Consolidated Statement of Changes In Equity on page 182.

22. Events after the reporting period

No significant events have occurred after the reporting period other than those disclosed in Note 34 - Events After the Reporting Period to the Financial Statements.

23. Employment Policies

The Company identifies Human Resources as one of the most important factors bequeathing the survival and growth of the Company in the current competitive business environment. While appreciating and valuing the service of our employees, a greater effort is being made to hire the best talent from external sources, to bolster weak areas and continue to maintain the highest standards prevalent in the Industry.

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

The Human Resource headcount is considered as a key indicator and recruitment is based on the annual manpower planning. The Company provides equal opportunities. Greater emphasis is given to the areas of training, professional development and ethical business practices. All rewards and career opportunities are based on merit and on performance.

The significant material issues pertaining to employees and industrial relations are disclosed in Note 28 - Contingent Liabilities.

24. Taxation

The tax position of the Company is given in Note 9 - Taxation, to the Financial Statements.

25. Share Information

Information relating to earnings, dividend, market price, net assets per share and information on share trading is given on page 238.

26. Disclosure as per CSE Rule No. 7.6 (xi)

	2024	2023
Last traded price	189.50	158.50
Highest share price	195.00	187.00
Lowest share price	153.50	145.00
Net assets per share	110.51	107.23
Basic earnings per share	30.84	34.00
Dividend per share (proposed / paid)	23.00	18.00
Dividend payout ratio (%)	57.10	52.94
Price earnings ratio (No. of times)	4.70	4.66

27. Shareholding

The number of registered shareholders of the Company as at 31 December 2024 was 4,761. The distribution and analysis of shareholding are given on pages 240 to 241.

28. Major Shareholders

The twenty largest shareholders of the Company as at 31 December 2024, together with an analysis are given on page 241.

29. Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the Government and the employees have been made on time.

30. Environment, Health and Safety

Company policy continues to ensure that all Environmental, Health and Safety regulations are strictly adhered to, minimising any adverse effects to the environment. Recycling of waste is carried out wherever possible. Employees are provided with all personal protective equipment as health and well-being which are our prime concerns. Firefighting and safety systems are in place to safeguard the Company's best interests.

31. Corporate Governance / Internal Control

The Corporate Governance and internal Control Policies of the Company are given on pages 106 to 125.

32. Contingent Liabilities

Contingent Liabilities as at 31 December 2024 are set out in Note 28 - Contingent Liabilities to the Financial Statements.

33. Related Party Transactions

The company's transactions with Related Parties, given in Note 33 to the Financial Statements, have complied with Colombo Stock Exchange Listing Rule 9.14.8.

34. Going Concern

The Board adopts a going concern basis in the preparation of Financial Statement since the Company holds adequate resources to continue its operations in the foreseeable future.

35. Annual General Meeting

The 42nd Annual General Meeting of the Company will be held at Sri Lanka Foundation Institute Auditorium, No. 100, Sri Lanka Padanama Mawatha, Independent Square, Colombo 7 on Tuesday, 27 May 2025 at 10.30 a.m.

By Order of the Board of
Ceylon Grain Elevators PLC

(Sgd.)
Wickrema Senaka Weerasooria
Non-Executive Chairman

(Sgd.)
Cheng Chih Kwong
Executive Director and Chief Executive Officer

(Sgd.)
S S P Corporate Services (Private) Limited
Secretaries

Colombo
29 April 2025

Statement of the Directors' Responsibility

The responsibility of the Directors in relation to the Financial Statements of the Company and the Group is set out in the following statement. The responsibility of the Auditors, in relation to the Financial Statements, is set out in their report appearing on pages 176 to 179.

The Companies Act No.7 of 2007 requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the status of affairs of the Company and the Group and of the profit or loss for that year.

In preparing these Financial Statements, the Directors are required to:

- ❖ Select appropriate accounting policies and then apply them consistently;
- ❖ Make judgements and estimates that are reasonable and prudent;
- ❖ State whatever applicable accounting standards that have been followed, subject to any material departures as explained in the Financial Statements; and
- ❖ Prepare the Financial Statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy of anything that might affect the financial position of the Company and the Group and to ensure that the Financial Statements comply with the Sri Lanka Financial Reporting Standards, Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are also responsible for taking such steps as they deemed reasonable or required in order to safeguard the assets of the Company and the Group, and in this regard, to give proper consideration to the establishment of appropriate internal control systems, with a view to prevent and detect fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to express their audit opinion.

The Directors are also required to ensure that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements.

As required by Section 56(2) of the Companies Act No.7 of 2007, the Board of Directors has authorised the distribution of the dividend, being satisfied, based on information available to it, that the Company would satisfy the Solvency Test after such distributions, in accordance with section 57 of the Companies Act No.7 of 2007 and have sought, a Certificate of Solvency from its Auditors.

Compliance Statement

The Directors are of the view that they have discharged their responsibilities as set out in this statement. They also confirm that to the best of their knowledge, all statutory payments payable by the Company and its subsidiaries, as at the reporting date, have been paid or where relevant, provided for.

By Order of the Board of
Ceylon Grain Elevators PLC

(Sgd.)
Wickrema Senaka Weerasooria
Non-Executive Chairman

(Sgd.)
Cheng Chih Kwong
Executive Director and Chief Executive Officer

Colombo, Sri Lanka
29 April 2025

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 CEYLON GRAIN ELEVATORS PLC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Ceylon Grain Elevators PLC (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (“the Group”), which comprise the statements of financial position as at 31 December 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended and note to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2024 and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (“SLAuSs”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for professional Accountants 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 statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C.P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

T.J.S. Rajakarier FCA
W.K.D.C. Abeyratne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA

W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D. Corea Dharmaratne

Measurement of Biological Assets

Refer to the accounting policies in “Note 3.9 to the Financial Statements: Biological assets”, “Note 2.4 to the Financial Statements: Significant Accounting Judgments and Estimates” and “Note 18 to the Financial Statements: Biological assets”.

Risk Description

The carrying value of bearer and consumable biological assets measured at fair value less cost to sell, is Rs. 962.6 Mn and Rs. 106.9 Mn respectively as at 31 December 2024, with a gain arising from changes in fair value less costs to sell recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income amounting to Rs. 114.5 Mn.

The Group’s consumable biological assets comprise of Hatchable eggs and commercial Day-Old Chicks (DOC).

The Group has identified grandparent, parent and livestock as bearer biological assets as they are self-regenerating.

Management performed an internal valuation of the biological assets of the Company as at reporting date.

The calculation of the fair value involves a significant judgments and assumptions particularly in respect of DOC yield, DOC selling price, selecting appropriate discounting rate and mortality.

We focused on this area because the valuation of biological assets is dependent on certain key assumptions, which require the exercise of significant judgments and are subject to an inherent risk of error or potential management bias.

Carrying value of Inventories

Refer to the accounting policies in “Note 3.10 to the Financial Statements: Inventories”, “Note 2.4 to the Financial Statements: Significant Accounting Judgments and Estimates” and “Note 20 to the Financial Statements: Inventories

Risk Description

The Inventory balance comprise of raw materials, packing materials, finished goods, general items, poultry items, drugs and vaccines, petroleum products and engineering items which forms a significant part of the Group’s assets, amounting to Rs. 5,504.5 Mn as at 31 December 2024.

Carrying value of inventories is identified as a Key Audit matter because establishing a provision for slow-moving, obsolete and damaged inventory and valuation of inventories involve significant judgments and assumptions exercised by the management.

Our responses

Our audit procedures included:

- ❖ Obtaining an understanding, evaluating of and assessing the design, implementation and operating effectiveness of management’s key controls over the valuation of biological assets.
- ❖ On sample basis, testing the capitalised amounts and reasonableness of the inputs used in valuation of biological assets.
- ❖ Evaluating the reasonableness of cash flows and related assumptions associated with deriving the fair value of breeder biological assets.
- ❖ Challenging the key assumptions used in the valuation, in particular the discount rate, DOC yield, DOC market price and mortality.
- ❖ Challenging the methodologies adopted in the valuation of biological assets with reference to the requirements of the accounting standards.
- ❖ Assessing the adequacy of the related disclosures in the financial statements and consistency with the accounting policies.

Independent Auditor's Report



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as the 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, the 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 the management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group 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 and the Group'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 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 relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charge 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. 7 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 3707.

Chartered Accountants
Colombo, Sri Lanka
29 April 2025

Statement of Profit or Loss and Other Comprehensive Income

All amounts in Sri Lankan Rupees thousands

For the year ended 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Revenue	4 (b)	23,993,294	19,594,897	23,042,578	22,691,734
Cost of sales		(19,850,705)	(14,890,192)	(20,605,536)	(20,291,946)
Gross profit		4,142,589	4,704,705	2,437,042	2,399,788
Other operating income	7	172,297	204,310	656,957	671,384
Selling and distribution expenses		(306,502)	(234,192)	(285,769)	(222,561)
Administrative expenses		(621,031)	(543,616)	(581,417)	(499,737)
Operating profit	5	3,387,353	4,131,207	2,226,813	2,348,874
Interest income		1,095,292	824,065	398,570	317,005
Net finance (cost) / income	8	(112,505)	55,174	(231,233)	75,380
Share of profit of equity - accounted investees, net of tax	16(c)	8,234	16,195	-	-
Profit before tax		4,378,374	5,026,641	2,394,150	2,741,259
Taxation	9	(1,233,442)	(978,769)	(543,889)	(701,102)
Profit after tax		3,144,932	4,047,872	1,850,261	2,040,157
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial loss arising from defined benefit obligation	27	(60,197)	(31,692)	(47,379)	(22,886)
Taxation on other comprehensive income	26	18,059	9,507	14,214	6,866
Total other comprehensive expense		(42,138)	(22,185)	(33,165)	(16,020)
Total comprehensive income for the year		3,102,794	4,025,687	1,817,096	2,024,137
Profit attributable to :					
Equity holders of the parent		2,416,962	2,976,509	1,850,261	2,040,157
Non-controlling interest	31	727,970	1,071,363	-	-
		3,144,932	4,047,872	1,850,261	2,040,157
Total comprehensive income attributable to :					
Equity holders of the parent		2,378,531	2,956,873	1,817,096	2,024,137
Non-controlling interest		724,263	1,068,814	-	-
		3,102,794	4,025,687	1,817,096	2,024,137
Earnings per share - basic and diluted (Rs.)	10	40.28	49.61	30.84	34.00
Dividend per share (Rs.)	38			23.00	18.00

The notes on pages 184 to 237 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Financial Position

All amounts in Sri Lankan Rupees thousands

As at 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Assets					
Non-current assets					
Property, plant and equipment	11	2,344,234	2,469,393	980,910	990,955
Improvements over leased land and buildings	12	99,431	107,897	99,431	107,897
Right-of-use assets	13 (a)	469,026	495,085	361,721	381,817
Investment property	14	11,068	-	-	-
Intangible assets	15	30,285	46,557	30,285	46,557
Investment in associate company	16	113,000	104,766	33	33
Investment in subsidiary companies	17	-	-	301,625	301,625
Biological assets	18	962,567	663,266	-	-
Deferred tax assets	26(1)	191,355	145,244	191,355	145,244
Total non-current assets		4,220,966	4,032,208	1,965,360	1,974,128
Current assets					
Biological assets	18	106,927	84,905	-	-
Inventories	20	5,504,514	5,634,136	5,079,346	5,206,371
Trade and other receivables	21	1,240,288	1,197,381	1,069,067	1,060,215
Amount due from related companies	19	9,387	6,608	151,253	8,321
Short-term investments	22	10,077,467	555,629	2,313,493	555,629
Cash and cash equivalents	23	1,945,735	7,397,173	1,896,085	1,737,386
Total current assets		18,884,318	14,875,832	10,509,244	8,567,922
Total assets		23,105,284	18,908,040	12,474,604	10,542,050
Equity					
Stated capital	30	1,017,996	1,017,996	1,017,996	1,017,996
Retained earnings		10,820,515	10,061,984	5,612,885	5,415,789
Total equity attributable to equity holders of the parent		11,838,511	11,079,980	6,630,881	6,433,785
Non-controlling interest	31	3,744,879	3,433,687	-	-
Total equity		15,583,390	14,513,667	6,630,881	6,433,785
Liabilities					
Non-current liabilities					
Deferred tax liabilities	26(2)	424,423	427,392	-	-
Employee benefits	27	297,025	207,427	228,519	161,217
Lease liabilities	13(c)	675,581	664,133	557,381	548,466
Total non-current liabilities		1,397,029	1,298,952	785,900	709,683
Current liabilities					
Trade and other payables	24	2,944,466	2,746,994	1,849,940	1,702,577
Amount due to related companies	25	3,063,446	232,935	3,113,651	1,602,874
Lease liabilities	13(c)	116,953	115,492	94,232	93,131
Total current liabilities		6,124,865	3,095,421	5,057,823	3,398,582
Total liabilities		7,521,894	4,394,373	5,843,723	4,108,265
Total equity and liabilities		23,105,284	18,908,040	12,474,604	10,542,050
Net assets per share (Rs.)	37	197.31	184.67	110.51	107.23

The notes on pages 184 to 237 form an integral part of these Financial Statements.

These Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

(Sgd.)
K. A. R. S. Perera
 General Manager

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

(Sgd.)
Wickrema Senaka Weerasooria
 Non-Executive Chairman

(Sgd.)
Cheng Chih Kwong
 Executive Director and Chief Executive Officer

29 April 2025
 Colombo

Statement of Changes in Equity

All amounts in Sri Lankan Rupees thousands

Group	Attributable to equity holders of the parent			Non-Controlling Interest	Total Equity
	Stated Capital	Retained Earnings	Total		
Balance as at 1 January 2023	1,017,996	7,465,111	8,483,107	2,485,772	10,968,879
Profit for the year	-	2,976,509	2,976,509	1,071,363	4,047,872
Other comprehensive income					
Actuarial loss arising from defined benefit obligation, net of tax	-	(19,636)	(19,636)	(2,549)	(22,185)
Distribution to owners					
Dividend paid	-	(360,000)	(360,000)	(120,899)	(480,899)
Balance as at 31 December 2023	1,017,996	10,061,984	11,079,980	3,433,687	14,513,667
Balance as at 1 January 2024	1,017,996	10,061,984	11,079,980	3,433,687	14,513,667
Profit for the year	-	2,416,962	2,416,962	727,970	3,144,932
Other comprehensive income					
Actuarial loss arising from defined benefit obligation, net of tax	-	(38,431)	(38,431)	(3,707)	(42,138)
Distribution to owners					
Dividend paid	-	(1,620,000)	(1,620,000)	(413,071)	(2,033,071)
Balance as at 31 December 2024	1,017,996	10,820,515	11,838,511	3,744,879	15,583,390

Company	Stated Capital	Retained Earnings	Total
Balance as at 1 January 2023	1,017,996	3,751,652	4,769,648
Profit for the year	-	2,040,157	2,040,157
Other comprehensive income			
Actuarial loss arising from defined benefit obligation, net of tax	-	(16,020)	(16,020)
Distribution to owners			
Dividend paid	-	(360,000)	(360,000)
Balance as at 31 December 2023	1,017,996	5,415,789	6,433,785
Balance as at 1 January 2024	1,017,996	5,415,789	6,433,785
Profit for the year	-	1,850,261	1,850,261
Other comprehensive income			
Actuarial loss arising from defined benefit obligation, net of tax	-	(33,165)	(33,165)
Distribution to owners			
Dividend paid	-	(1,620,000)	(1,620,000)
Balance as at 31 December 2024	1,017,996	5,612,885	6,630,881

The retained earnings represent reserves available for distribution.

The notes on pages 184 to 237 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Cash Flows

All amounts in Sri Lankan Rupees thousands

For the year ended 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Cash flows from operating activities					
Profit before tax		4,378,374	5,026,641	2,394,150	2,741,259
Adjustments for:					
Depreciation on property, plant and equipment	11	304,267	280,583	178,198	159,309
Depreciation of improvements over leased land and buildings	12	8,466	8,657	8,466	8,657
Amortisation of right-of-use assets	13(a)	26,059	31,597	20,096	25,523
Amortisation of intangible assets	15(a)	16,272	18,403	16,272	18,403
Usage of biological assets	18	763,153	729,410	-	-
Loss on disposal of property, plant and equipment	7	9,938	753	3,170	733
Change in fair value less cost to sell on biological assets	18	(114,526)	(132,680)	-	-
Impairment reversal on amount due from related companies		-	-	(8,531)	(21,617)
Dividend income	7	-	-	(552,269)	(551,640)
Exchange gain	8	(5,527)	(197,143)	(12,300)	(195,113)
Interest income		(1,095,292)	(824,065)	(398,570)	(317,005)
Interest expense	8	118,032	141,969	243,533	119,733
Provision for doubtful debts		678	1,222	678	1,222
Provision for slow moving and obsolete items		3,199	3,597	2,775	2,582
Share of profit of associate	16(c)	(8,234)	(16,195)	-	-
Changes in working capital					
- trade and other receivables		(191,483)	(339,910)	(41,636)	(266,154)
- inventories		126,423	2,704,073	124,250	2,481,542
- trade and other payables		97,135	758,967	245,010	610,570
- amount due from related companies		(2,779)	11,483	(133,582)	31,731
- amount due to related companies		2,830,511	(232,288)	1,362,460	(2,632,794)
Employee benefits	27	44,957	42,072	34,254	32,724
Cash generated from operations					
Exchange gain / (loss)		5,527	(7,978)	12,300	(10,008)
Interest received		978,837	869,964	381,035	349,518
Interest paid		(2,506)	(10,142)	(2,051)	(10,097)
Employee benefits paid	27	(15,556)	(7,810)	(14,331)	(6,795)
Tax paid		(1,164,126)	(303,850)	(673,433)	(136,131)
Net cash generated from operating activities					
		7,111,799	8,557,330	3,189,944	2,436,152
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(200,151)	(379,787)	(171,360)	(318,827)
Purchase of intangible assets	15(a)	-	(7,509)	-	(7,509)
Proceeds from disposal of property, plant and equipment		37	-	37	-
Proceeds from dividend income		-	-	552,269	551,640
Purchase of biological assets	18	(969,950)	(784,150)	-	-
Net cash (used in) / generated from investing activities					
		(1,170,064)	(1,171,446)	380,946	225,304
Cash flows from financing activities					
Dividend paid		(2,033,071)	(480,899)	(1,620,000)	(360,000)
Lease liability paid	13(b)	(102,617)	(108,274)	(83,149)	(82,389)
Short-term investments		(9,257,485)	(544,390)	(1,709,042)	(544,390)
Net cash used in financing activities					
		(11,393,173)	(1,133,563)	(3,412,191)	(986,779)
(Decrease) / increase in cash and cash equivalents		(5,451,438)	6,252,321	158,699	1,674,677
Movements in cash and cash equivalents					
At the beginning of the year		7,397,173	1,144,852	1,737,386	62,709
(Decrease) / increase in cash and cash equivalents		(5,451,438)	6,252,321	158,699	1,674,677
Cash and cash equivalents at the end of the year					
	23	1,945,735	7,397,173	1,896,085	1,737,386

The notes on pages 184 to 237 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

1. Corporate Information

1.1. Reporting entity

Ceylon Grain Elevators PLC (the 'Company') is a "Quoted Public Company" with limited liability, incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the Company is located at No. 15, Rock House Lane, Colombo - 15, Sri Lanka.

The Company was listed on the Colombo Stock Exchange on 1 January 1984.

Ultimate Parent

The Ultimate Parent of the Company is Prima Limited, Singapore, holds 45.45% of the issued share capital of the Company.

1.2 Financial Statements

The Financial Statements of the Group for the year ended 31 December 2024 comprise the Company and its subsidiaries and the Group's interest in associate, listed below;

Subsidiaries

- ❖ Three Acre Farms PLC
- ❖ Millennium Multibreeder Farms (Private) Limited
- ❖ Ceylon Pioneer Poultry Breeders Limited
- ❖ Ceylon Livestock and Agro-business Services (Private) Limited
- ❖ Ceylon Warehouse Complex (Private) Limited
- ❖ Ceylon Aquatech (Private) Limited

All subsidiaries of the Company have been incorporated in Sri Lanka.

Associate

- ❖ Prima Management Services (Private) Limited

The Financial Statements of the Group entities are prepared to a common financial year ending 31 December using uniform accounting policies.

1.3 Principal activities and nature of the operations

The principal place of business, principal business activities of the Company, subsidiaries and associate are as follows;

Entity	Principal Place of Business	Principal Business Activities
The Company		
Ceylon Grain Elevators PLC	Sri Lanka	Manufacturing and selling of poultry feed and other animal feed and poultry processing and distribution, importing and selling of drugs and vaccines.
Subsidiaries		
Ceylon Livestock and Agro-business Services (Private) Limited	Sri Lanka	Manufacturing and selling of cattle feed and importing and sale of poultry equipment, drugs and vaccines.
Ceylon Warehouse Complex (Private) Limited	Sri Lanka	Provision of warehouse facilities.
Ceylon Aquatech (Private) Limited	Sri Lanka	Renting of farm operation.
Three Acre Farms PLC	Sri Lanka	Operating of poultry breeder farming, raising of Grandparent and Parent stocks and hatcheries, hatching and selling of Day-Old Chicks, operations of commercial farms.
Millennium Multibreeder Farms (Private) Limited	Sri Lanka	Operating of poultry breeder farming and hatcheries, hatching and selling of Day-Old Chicks.
Ceylon Pioneer Poultry Breeders Limited	Sri Lanka	Renting of farm operation.
Associates		
Prima Management Services (Private) Limited	Sri Lanka	Provision ICT solution and services.

There were no significant changes in the nature of the principle business activities of the Group and the Company during the financial year under review.

1.4 Approval of Financial Statements by Directors

The Financial Statements were authorised for issue by the Board of Directors on 29 April 2025.

These Financial Statements include the following components:

- ❖ A Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review. Refer page 180.

- ❖ A Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end. Refer page 181;
- ❖ A Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company. Refer page 182;
- ❖ A Statement of Cash Flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows. Refer page 183;
- ❖ Notes to the Financial Statements comprising material accounting policies and other explanatory information. Refer pages 184 to 237

1.5 Responsibility for the Financial Statements

The Board of Directors acknowledge their responsibility for Financial Statements, as set out in the 'Statement of Directors' Responsibility' in this Annual Report and the certification on the Statement of Financial Position.

2. Basis of Preparation

2.1 Statement of compliance

The Financial Statements have been prepared and present fairly in accordance with Sri Lanka Accounting Standards (SLFRS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Statement of Preparation

In compliance with the requirements of the Companies Act No. 7 of 2007 and provide appropriate disclosures required by the Listing Rules of the Colombo Stock Exchange (CSE).

These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

2.2 Basis of measurement

The Financial Statements have been prepared on the historical cost basis except the valuation of retirement benefit obligation and valuation of biological assets which are disclosed in Note 3.12 - Employee Benefits and Note 3.9 - Biological Assets to the Financial Statements.

2.3 Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency, rounded to the nearest thousand, unless otherwise stated.

2.4 Significant accounting estimates, judgements and assumptions

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS) require Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Underlying estimates, judgements, assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised prospectively.

A. Judgement

Going concern

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's / Company's ability to continue as a going concern. Therefore, the Financial Statements of the Group continue to be prepared on a going concern basis.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- ❖ Note 3.5.5 - Depreciation
- ❖ Note 3.6 - Investment Property
- ❖ Note 3.7 - Leases
- ❖ Note 3.8 - Intangible assets
- ❖ Note 3.9 - Biological assets
- ❖ Note 3.4.4 - Impairment
- ❖ Note 3.12.3 - Defined benefit plan - Gratuity
- ❖ Notes 3.13 and 3.24 - Provisions, commitments and contingencies
- ❖ Note 3.19 - Taxation

Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair value.

This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair value and reports directly to the Management.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group's Audit Committee.

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

When measuring the fair value of an asset or a 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 liabilities that are not based on observable market data (unobservable inputs).

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair value is included in Note 18 - Biological Assets.

2.5 Use of materiality, off-setting and rounding

2.5.1 Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately, unless they are immaterial.

Notes to the Financial Statements are presented in systematic manners which ensure the understandability and comparability of Financial Statements of the Group.

Understandability of the Financial Statements is not compromised by observing material information or by aggregating material items that have different nature of functions.

2.5.2 Off-setting

Assets and liabilities and income and expenses in the Financial Statements are not set-off unless regained by Sri Lanka Accounting Standards.

2.5.3 Rounding

The amounts in the Financial Statements have been rounded off to the nearest rupees thousands, except where otherwise indicated.

2.5.4 Current versus non-current classification

The Group presents assets and liabilities in the statement of Financial Position based on current / non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading.

Or

Is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

3. Material Accounting Policies

The Group has consistently applied the following material accounting policies to all periods presented in the Financial Statements by the Group and the Company, except as mentioned otherwise.

The Institute of Chartered Accountants of Sri Lanka has issued number of new amendments to Sri Lanka Accounting Standards (SLFRSs/LKASs) that are effective for the current financial year. These amendments and interpretations did not have any material impact on the reported Financial Statements of the Group.

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 meets 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 inputs.

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 assets.

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; plus
- ❖ 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 profit or loss. Transactions 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.

3.1.2 Non-controlling interest

The total profit and loss for the year of the Company and its subsidiaries included in consolidation are shown in the Statement of Profit or Loss with the proportion of profit or loss after taxation pertaining to minority shareholders of subsidiaries being deducted as 'Non-controlling interest'. All assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the Statement of Financial Position. The interests of minority shareholders of subsidiaries in the fair value of net assets of the Group are indicated separately in the Statement of Financial Position under the heading 'Non-Controlling Interest'.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interest are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

3.1.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Financial Statements of subsidiaries are included in the Group Financial Statements from the date that control commences, until the date that control ceases.

3.1.4 Loss of control

When the Group loses control over subsidiary, the Group de-recognises the assets and liabilities of the subsidiary, any non-controlling interest 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.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Company (parent) in the form of cash, dividend or repayment of loans and advances.

3.1.5 Interest in equity accounted investee

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for under the equity method and are recognised initially at cost. The cost of the investment includes transaction costs. The Group Financial Statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero 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 investee.

3.1.6 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 Group 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

Transactions in foreign currencies are translated into the respective functional currency of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- ❖ an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- ❖ a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

- ❖ qualifying cash flow hedges to the extent that the hedges are effective.

3.3 Statement of Cash Flows

The Statement of Cash Flows has been prepared by using the "Indirect Method" of preparing cash flows in accordance with Sri Lanka Accounting Standards - LKAS 7 on Statement of Cash Flows, whereby operating activities, investing activities and financing activities are separately recognised.

Cash and cash equivalents comprise of 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.

3.4 Financial instruments

3.4.1 Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.4.2 Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; 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 change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- ❖ it is held within a business model whose objective is to hold assets 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 of 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 a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ❖ its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an 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 includes 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 includes:

- ❖ 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 interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- ❖ How the performance of the portfolio is evaluated and reported to the Group's management;
- ❖ The risks 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 the business are compensated - e.g. 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 reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as 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 costs (e.g. 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 includes assessing whether the financial asset 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 this assessment, the Group considers:

- ❖ Contingent events that would change the amount or timing of cash flows;
- ❖ Terms that may adjust the contractual coupon rate, including variable-rate features;
- ❖ Prepayment and extension features; and
- ❖ Terms that limits the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount 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 par-amount, a feature that permits or requires prepayment 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.

3.4.3 Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised	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 on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments 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.

3.4.4 Impairment

3.4.4.1 Non-derivative financial assets Financial instruments and contract assets

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a 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 or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- ❖ the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- ❖ The financial asset is more than 90 days past due.

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month 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.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (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 rate of the financial asset.

Credit - impaired financial assets

At each reporting date, the Group assesses whether 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 a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- ❖ significant financial difficulty of the borrower or issuer;
- ❖ a breach of contract such as a default or being more than 90 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 will enter bankruptcy or other financial reorganisation; or
- ❖ the disappearance of an active market to a security because of financial difficulties.

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 assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. 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 amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

3.5 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

3.5.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable to bringing the asset to the working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing cost. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.5.2 Gains and losses on disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'Other Income / Other Expenses' in profit or loss.

3.5.3 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3.5.4 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in profit or loss when the item is de-recognised. When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is de-recognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is de-recognised.

3.5.5 Depreciation

Depreciation is based on the cost or other amount substituted for cost, less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. No depreciation is provided on assets under construction.

The estimated useful lives for the current and comparative years are as follows:

Freehold building	10 - 20 years
Leasehold building and improvements	10 - 20 years
Plant and machinery	5 - 16 2/3 years
Electrical and factory equipment	2 - 20 years
Farm equipment	2 - 20 years
Furniture, fittings and office equipment	2 - 10 years
Motor vehicles	5 - 10 years

Land is not depreciated as it is deemed to have indefinite life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognised. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

3.5.6 Capital work-in-progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work-in-progress, while the capital assets which have been completed during the year and put to use are transferred to property, plant and equipment.

3.6 Investment Property

The land and buildings which are 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 are classified as investment property. Investment properties are initially measured at cost and subsequently carried at cost less any accumulated depreciation and any accumulated impairment loss.

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.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3.7 Leases

The Group applied SLFRS 16 using the modified retrospective approach.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease of the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

A. 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 lease 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 recognised 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 cost incurred and an estimates of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using 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 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

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

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 re-measurements of the lease liability.

The lease liability is initially measured at the present values 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 rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the assets leased.

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

- ❖ Fixed payments, including in substance fixed payments;
- ❖ Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- ❖ Amounts expected to be payable under residual value guaranteed; and
- ❖ The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise and 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 effective interest method. It is re-measured 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 a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payments.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded as 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 investment property in right-of-use assets and lease liabilities 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 of leases of low-value assets and short-term leases. The Group recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.8 Intangible assets

3.8.1 Basis of recognition

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the assets will flow to the entity and the cost of the assets can be measured reliably.

3.8.2 Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent measurement is carried at cost less accumulated amortisation and accumulated impairment losses, if any.

3.8.3 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands are recognised in profit or loss as incurred.

3.8.4 Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Computer software	3-10 years
-------------------	------------

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.9 Biological assets

A biological asset is a living animal. Biological assets consist of Grandparent and Parent livestock, used to breed Hatchable eggs and commercial Day-Old Chicks (DOCs). Grandparent and Parent birds include the growing birds and the laying birds.

Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. Hatchable eggs and commercial DOCs have been identified as Consumable biological assets.

Bearer biological assets are those other than Consumable biological assets. Bearer biological assets are not agricultural produce but, rather, are self-regenerating.

The Group has identified Grandparent, Parent and livestock as Bearer biological assets.

Biological assets are measured at fair value less cost to sell within any changes therein recognised in profit or loss for the period in which it arises.

3.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

The general basis on which cost is determined is as follows:

- ❖ All inventory items except finished goods and working progress at purchased cost.
- ❖ Manufactured goods and work-in-progress at factory cost which include all direct expenditure and production overhead at normal level of activity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.11 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

3.12 Employee benefits

3.12.1 Short-term employee 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 or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.12.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(a) Employees' Provident Fund

The Group and employees contribute 12% and 8%, respectively, on the salary of each employee to the Employees' Provident Fund (EPF).

(b) Employees' Trust Fund

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund (ETF). These obligations come within the scope of a defined contribution plan as per LKAS - 19 on 'Employee Benefits'. Obligations for contributions to defined contribution plans are recognised in profit or loss as the related service is provided.

3.12.3 Defined benefit plan - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation 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 (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group.

An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portions of the increased benefits related to past service by employees are recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The assumptions based on which the results of actuarial valuation was determined, are included in Note 27 - Employee Benefits, to the Financial Statements.

The Group recognises all actuarial gains and losses arising from defined benefit plan immediately in other comprehensive income and all expenses related to defined benefit plan in employee benefit expense in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service cost that had not previously been recognised. However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

3.13 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow, of economic benefits will be required to settle the obligation.

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

3.14 Trade and other payables

Trade payables are the aggregate amount of obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year and non-interest bearing.

3.15 Revenue Sales of Goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue is measured net of returns, trade discounts and volume rebates. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Rendering of Services

The Group recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

Rental Income

The Group earns revenue from renting of its warehouse facilities. Rental income is recognised on a straight-line basis over the period of rental contracts. When the customer initially enters into a rental contract, the Group usually receives an advance or a deposit or both which is recognised as a liability. The advance is recognised as revenue with the passage of time while deposit is refunded to the customer in accordance with the rental contract on termination.

Other income

Gains / losses on the disposal of investments held by the Group have been accounted for as other income in profit or loss. Gains / losses on the disposal of property, plant and equipment determined by reference to the carrying amount and related expenses, have been accounted for as other income in profit or loss.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

3.16 Expenses

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the Statement of Profit or Loss the Directors are of the opinion that the function of the expenses method presents fairly the elements of the Group's performance and hence such a presentation method is adopted.

Preliminary and pre-operational expenditure is recognised in the Statement of Profit or Loss.

Repairs and renewals are charged to the Statement of Profit or Loss in the year in which the expenditure is incurred.

3.17 Interest Income

Finance income comprises of interest income on funds invested. Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the income statement.

3.18 Finance Income / (Costs)

Finance costs comprise interest expense on borrowings and leases, unwinding of discounts on provisions and fair value losses on financial assets at fair value through profit or loss and impairment losses recognised on financial assets (other than trade receivables).

Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. 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 respective assets.

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

3.19 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

The principal temporary differences arise from depreciation on property, plant and equipment, tax losses carried forward, biological assets and provisions for defined benefit obligations. Deferred tax assets relating to the carrying forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are off-set if there is a legally enforceable right to off-set current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Transfer Pricing

As prescribed in the Inland Revenue Act No. 24 of 2017 and amendments thereto and the gazette notifications issued on transfer pricing, companies in the Group have complied with the arm's length principles relating to transfer pricing.

3.20 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3.21 Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.22 Events after the Reporting Period

All material post reporting period events have been considered and where appropriate adjustments or disclosures have been made in respective notes to the Financial Statements.

3.23 Comparative figures

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

3.24 Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. The Company's share of any contingencies of a subsidiary for which the Company is also liable, severally or otherwise, are also included with appropriate disclosures.

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control. Contingent liabilities are disclosed in Note 28 - Contingent Liabilities, to the Financial Statements.

Commitments are disclosed in Note 29 - Commitments, to the Financial Statements.

3.25 New standards and interpretations not yet adopted as at reporting date

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2024 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated Financial Statements.

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

Other Accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's Consolidated Financial Statements.

- ❖ Lack of Exchangeability (Amendments to LKAS 21)
- ❖ Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7)

SLFRS S1 General requirements for disclosure of sustainability related financial information and SLFRS S2 Climate-related disclosures

SLFRS S1 General Requirements

Requirements for disclosure of sustainability related financial information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

SLFRS S2 Climate-related Disclosures

Climate-related disclosures is to requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

These standards will become effective for the Group from 1 January 2025. No financial impact is expected on the Group except for additional disclosures.

4. Segment Information

(a) Business segments

The Group has three main business segments which offers different products and services and are managed separately since it requires different technology and resources.

Business segments	Operations
Milling and farming	Manufacturing and selling of poultry feed, other animal feed, poultry processing, importing and selling drugs and vaccines.
Poultry breeding and commercial	Breeding of commercial DOCs and broiler farming and provision of hatchery services.
Others	Provision of warehouse facilities (rental) and trading.

There are varying levels of integration between segments which includes transfer of raw materials and shared services. The inter-segment transactions are carried out under normal commercial terms.

The Group's operating environment that affect the segments are discussed under the Chairman's Message and Chief Executive Officer's Review (pages 20 to 23).

The information relevant to each business segment is set out below and it is used to measure performance since management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in same segment.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash and exclude investments in subsidiaries. Segment liabilities comprise current and non-current liabilities. Capital expenditure comprises additions to property, plant and equipment.

(b) Sales are made up as follows :

For the year ended 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Milling and farming		27,832,631	26,597,938	27,832,631	26,597,938
Poultry breeding and commercial		7,674,959	12,929,063	-	-
Others		807,047	285,787	-	-
		36,314,637	39,812,788	27,832,631	26,597,938
Elimination / adjustment		(7,188,120)	(16,654,812)	-	-
		29,126,517	23,157,976	27,832,631	26,597,938
Sales taxes	4 (c)	(5,133,223)	(3,563,079)	(4,790,053)	(3,906,204)
		23,993,294	19,594,897	23,042,578	22,691,734

(c) Sales taxes

For the year ended 31 December	Group		Company	
	2024	2023	2024	2023
Value Added Tax	4,659,636	2,957,068	4,309,618	3,443,169
Social Security Contribution Levy	473,587	606,011	480,435	463,035
	5,133,223	3,563,079	4,790,053	3,906,204

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

(d) Business segments

For the year ended 31 December 2024	Milling and farming	Poultry breeding and commercial	Others	Elimination / adjustment	Group
Sales to outsiders	20,136,961	3,166,731	689,602	-	23,993,294
Inter-segmental sales	2,905,617	3,031,151	88,182	(6,024,950)	-
Total revenue	23,042,578	6,197,882	777,784	(6,024,950)	23,993,294
Operating income	2,226,813	1,496,489	224,851	(560,800)	3,387,353
Finance income	398,570	831,959	15,439	(150,676)	1,095,292
Net finance cost	(231,233)	(8,745)	(23,203)	150,676	(112,505)
Share of profit of equity accounted investee, net of tax	-	-	-	8,234	8,234
Profit before tax	2,394,150	2,319,703	217,087	(552,566)	4,378,374
Taxation	(543,889)	(618,441)	(71,112)	-	(1,233,442)
Profit for the year	1,850,261	1,701,262	145,975	(552,566)	3,144,932
Other comprehensive income					
Actuarial loss arising from defined benefit obligation - net of tax	(33,165)	(8,664)	(309)	-	(42,138)
Total comprehensive income for the year	1,817,096	1,692,598	145,666	(552,566)	3,102,794

For the year ended 31 December 2023	Milling and farming	Poultry breeding and commercial	Others	Elimination / adjustment	Group
Sales to outsiders	15,910,339	3,537,706	146,852	-	19,594,897
Inter-segmental sales	6,781,395	7,583,129	119,619	(14,484,143)	-
Total revenue	22,691,734	11,120,835	266,471	(14,484,143)	19,594,897
Operating income	2,348,874	2,251,897	104,677	(574,241)	4,131,207
Finance income	317,005	507,060	-	-	824,065
Net finance income / (cost)	75,380	1,357	(21,811)	248	55,174
Share of profit of equity accounted investee, net of tax	-	-	-	16,195	16,195
Profit before tax	2,741,259	2,760,314	82,866	(557,798)	5,026,641
Taxation	(701,102)	(256,545)	(21,122)	-	(978,769)
Profit for the year	2,040,157	2,503,769	61,744	(557,798)	4,047,872
Other comprehensive income					
Actuarial gain arising from defined benefit obligation - net of tax	(16,020)	(5,956)	(209)	-	(22,185)
Total comprehensive income for the year	2,024,137	2,497,813	61,535	(557,798)	4,025,687

(e) Business segments

As at 31 December 2024	Milling and farming	Poultry breeding and commercial	Others	Elimination / adjustment	Group
Segment assets	12,323,318	10,267,381	693,822	(292,237)	22,992,284
Associate	33	-	-	112,967	113,000
Inter-segment assets	151,253	1,573	38,238	(191,064)	-
Total assets	12,474,604	10,268,954	732,060	(370,334)	23,105,284
Segment liabilities	5,795,091	1,412,344	314,459	-	7,521,894
Inter-segment liabilities	48,632	104,851	69,848	(223,331)	-
Total liabilities	5,843,723	1,517,195	384,307	(223,331)	7,521,894
Capital expenditure	171,360	28,791	-	-	200,151
Depreciation / amortisation	186,665	110,493	15,577	-	312,735
Amortisation of right-of-use assets	20,096	-	5,963	-	26,059
Amortisation of intangible assets	16,272	-	-	-	16,272

As at 31 December 2023	Milling and farming	Poultry breeding and commercial	Others	Elimination / adjustment	Group
Segment assets	10,533,697	8,148,120	416,476	(295,019)	18,803,274
Associate	33	-	-	104,733	104,766
Inter-segment assets	8,321	1,267,381	114,342	(1,390,044)	-
Total assets	10,542,051	9,415,501	530,818	(1,580,330)	18,908,040
Segment liabilities	2,744,179	1,377,496	278,551	(5,853)	4,394,373
Inter-segment liabilities	1,364,086	13,498	50,184	(1,427,768)	-
Total liabilities	4,108,265	1,390,994	328,735	(1,433,621)	4,394,373
Capital expenditure	326,336	60,960	-	-	387,296
Depreciation / amortisation	167,965	105,697	15,579	-	289,241
Amortisation of right-of-use assets	25,523	2,382	6,074	(2,382)	31,597
Amortisation of intangible assets	18,403	-	-	-	18,403

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

5. Operating Profit

The following items have been charged / (credited) in arriving at operating profit:

For the year ended 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Directors' emoluments	33.1	7,200	4,016	3,600	1,226
Auditor's remuneration - Audit service		10,095	9,350	6,122	5,669
- Other services		1,100	200	700	100
Legal fees		10,629	7,853	9,945	7,036
Depreciation on property, plant and equipment	11	304,267	280,583	178,198	159,309
Depreciation of improvements over leased land and buildings	12	8,466	8,657	8,466	8,657
Amortisation of right-of-use-assets	13(a)	26,059	31,597	20,096	25,523
Amortisation of intangible assets	15	16,272	18,403	16,272	18,403
Usage of biological assets	18	763,153	729,410	-	-
Staff expenses	6	2,041,891	1,783,886	1,249,810	1,050,652
Provision for doubtful debts	21	678	1,222	678	1,222
Provision for slow moving and obsolete items	20	3,199	3,597	2,775	2,582

6. Staff Expenses

For the year ended 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Salaries and wages		1,899,994	1,654,464	1,144,211	953,275
Social security costs		54	353	46	264
Defined contribution plans		96,887	86,997	71,300	64,389
Employee benefits	27	44,957	42,072	34,254	32,724
		2,041,892	1,783,886	1,249,811	1,050,652
The average number of employees as at the year end:					
- Full time		704	745	458	490
- Part time		650	650	157	198
		1,354	1,395	615	688

Part time employees include out sourced workers hired from third parties.

7. Other Operating Income

For the year ended 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Sundry income		67,709	72,383	99,327	98,860
Dividend income		-	-	552,269	551,640
Reversal of impairment provision on amount due from related parties	19	-	-	8,531	21,617
Change in fair value less cost to sell on biological assets	18	114,526	132,680	-	-
Loss on disposal of property, plant and equipment		(9,938)	(753)	(3,170)	(733)
		172,297	204,310	656,957	671,384

8. Net Finance Cost / (Income)

For the year ended 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Interest on lease liability	13(b)	115,526	131,827	93,165	109,636
Foreign exchange transaction gain		(5,527)	(197,143)	(12,300)	(195,113)
Interest expense on related parties		-	-	148,317	-
Interest expense on bank borrowings		2,506	10,142	2,051	10,097
		112,505	(55,174)	231,233	(75,380)

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

9. Taxation

For the year ended 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Current tax		1,273,962	746,665	585,970	556,226
Over provision in respect of previous year		(91,793)	(157,386)	(92,478)	(157,374)
Dividend tax on inter-company dividend		82,294	109,500	82,294	58,500
Deferred tax release recognised in profit or loss	26	(31,021)	279,990	(31,897)	243,750
		1,233,442	978,769	543,889	701,102

Current tax has been computed in accordance with the provisions of Inland Revenue Act No. 24 of 2017 and amendment thereto.

Company	Category	Tax rate (%)		Tax loss carried forward (Rs.)	
		2024	2023	2024	2023
Ceylon Grain Elevators PLC	Manufacturing of feed	30	30	Nil	Nil
	Sales of chicken				
	Other sources				
Ceylon Livestock and Agro-business Services (Private) Limited	Trading	30	30	Nil	Nil
	Manufacturing of feed				
Ceylon Warehouse Complex (Private) Limited	Storage facility	30	30	Nil	Nil
Ceylon Aquatech (Private) Limited	Other sources	30	30	Nil	Nil
Three Acre Farms PLC	Poultry farming	30	Exempt	Nil	Nil
	Other sources	30	30		
Millennium Multibreeder Farms (Private) Limited	Poultry farming	30	Exempt	Nil	Nil
	Other sources	30	30		
Ceylon Pioneer Poultry Breeders Limited	Other sources	30	30	52,781	52,781

Tax losses carried forward

As per Section 19 of the Inland Revenue Act No. 24 of 2017 and amendment thereto, any unclaimed tax losses incurred during the year could be carried forward for a further period of six years.

Reconciliation of effective tax rate

The tax on the results of the Group's operation and the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

For the year ended 31 December	Group		Company	
	2024	2023	2024	2023
Profit before tax	4,378,374	5,026,641	2,394,150	2,741,259
Share of profit of equity-accounted investees	(8,234)	(16,195)	-	-
	4,370,140	5,010,446	2,394,150	2,741,259
Add: Disallowable expenses	1,783,813	686,018	713,218	635,379
Deduct: Allowable expenses	(2,998,724)	(1,362,530)	(996,632)	(815,313)
Assessable income from business	3,155,229	4,333,934	2,110,736	2,561,325
Add: Interest income	1,095,230	820,552	397,751	313,973
Add: Dividend income	-	-	(552,269)	(551,640)
Deduct: Tax loss claimed	-	(283,283)	-	(269,849)
Deduct: Tax exemptions	(3,919)	(2,382,321)	(2,984)	(199,724)
Taxable income	4,246,540	2,488,882	1,953,234	1,854,085
Income tax using the domestic corporation tax rate at 30%	1,273,962	746,665	585,970	556,225
Current tax	1,273,962	746,665	585,970	556,225
Over provision in respect of previous year	(91,793)	(157,386)	(92,478)	(157,373)
Dividend tax on inter-company dividend	82,294	109,500	82,294	58,500
Deferred tax release recognised in profit or loss	(31,021)	279,990	(31,897)	243,750
Tax expense for the year	1,233,442	978,769	543,889	701,102
Effective tax rate	28%	19%	23%	26%

Further information about deferred tax is presented in Note 26 - Deferred Taxation.

10. Earnings Per Share – Basic and Diluted

Earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in outstanding during the year.

For the year ended 31 December	Group		Company	
	2024	2023	2024	2023
Net profit attributable to shareholders	2,416,962	2,976,509	1,850,261	2,040,157
Weighted average number of ordinary shares (thousands)	60,000	60,000	60,000	60,000
Earnings Per Share – Basic and Diluted (Rs.)	40.28	49.61	30.84	34.00

There were no potentially dilutive ordinary shares outstanding at any time during the year / previous year, hence diluted earnings per share is equal to the basic earnings per share.

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

11. Property, Plant and Equipment

(a) Group

	As at 01.01.2024	Additions / WIP transfer	Disposals / Transfers	As at 31.12.2024
Cost				
Land	418,300	-	(11,069)	407,231
Building	1,377,242	18,106	(18,341)	1,377,007
Leasehold buildings and improvements	730,104	45,124	-	775,228
Plant and machinery, electrical and farm equipment	2,419,062	304,067	(25,546)	2,697,583
Furniture, fittings and office equipment	252,494	20,228	(2,612)	270,110
Motor vehicles	315,418	50,200	(178)	365,440
Capital work-in-progress	248,948	(237,574)	-	11,374
	5,761,568	200,151	(57,746)	5,903,973

	As at 01.01.2024	Charge over the year	Disposals / Transfers	As at 31.12.2024
Depreciation				
Building	579,603	84,647	(11,570)	652,680
Leasehold buildings and improvements	366,811	31,712	-	398,523
Plant and machinery, electrical and farm equipment	1,912,599	146,406	(22,359)	2,036,646
Furniture, fittings and office equipment	202,202	16,076	(2,596)	215,682
Motor vehicles	230,960	25,426	(178)	256,208
	3,292,175	304,267	(36,703)	3,559,739

	As at 01.01.2024	As at 31.12.2024
Carrying amount		
Land	418,300	407,231
Building	797,639	724,327
Leasehold buildings and improvements	363,293	376,705
Plant and machinery, electrical and farm equipment	506,463	660,937
Furniture, fittings and office equipment	50,293	54,428
Motor vehicles	84,458	109,232
Capital work-in-progress	248,947	11,374
	2,469,393	2,344,234

Reconciliation of the carrying amount of property, plant and equipment as at 31.12.2023

	Carrying amount as at 01.01.2023	Additions / WIP transfer	Depreciation charge for the year	Disposals / Write-off	Carrying amount as at 31.12.2023
Property, plant and equipment	2,371,820	379,787	(280,583)	(1,631)	2,469,393

(b) Company

	As at 01.01.2024	Additions / WIP transfer	Disposals / Write off	As at 31.12.2024
Cost				
Land	40,314	-	-	40,314
Building	58,581	9,825	-	68,406
Leasehold buildings and improvements	203,895	45,124	-	249,019
Plant and machinery, electrical and farm equipment	1,466,881	287,889	(24,545)	1,730,225
Furniture, fittings and office equipment	239,776	19,314	(2,461)	256,629
Motor vehicles	173,888	50,200	(178)	223,910
Capital work-in-progress	241,144	(240,992)	-	152
	2,424,479	171,360	(27,184)	2,568,655

	As at 01.01.2024	Charge over the year	Disposals / Write off	As at 31.12.2024
Depreciation				
Building	15,022	3,712	-	18,734
Leasehold buildings and improvements	65,754	16,702	-	82,456
Plant and machinery, electrical and farm equipment	1,029,233	127,045	(21,354)	1,134,924
Furniture, fittings and office equipment	191,753	14,981	(2,445)	204,289
Motor vehicles	131,762	15,758	(178)	147,342
	1,433,524	178,198	(23,977)	1,587,745

	As at 01.01.2024	As at 31.12.2024
Carrying amount		
Land	40,314	40,314
Building	43,559	49,672
Leasehold buildings and improvements	138,141	166,563
Plant and machinery, electrical and farm equipment	437,648	595,301
Furniture, fittings and office equipment	48,023	52,340
Motor vehicles	42,126	76,568
Capital work-in-progress	241,144	152
	990,955	980,910

Reconciliation of the carrying amount of property, plant and equipment as at 31.12.2023

	Carrying amount as at 01.01.2023	Additions / WIP transfer	Depreciation charge for the year	Disposals / Write-off	Carrying amount as at 31.12.2023
Property, plant and equipment	832,170	318,827	(159,309)	(733)	990,955

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

(c) Freehold Land carried at cost (Rs.)

Name of the Company	Location	Land extent	Cost
Ceylon Grain Elevators PLC	Attanagalla farm, Attanagalla	12 A - 2 R - 15.7 P	40,314,000
			40,314,000
Three Acre Farms PLC	Meegoda farm, Meegoda	24 A - 0 R - 3.17 P	19,215,850
	Kosgama farm, Aluthambalama, Kosgama	20 A - 3 R - 27.05 P	10,041,150
	Halwathura farm, Halwathura	54 A - 0 R - 3.76 P	29,796,324
	Bulathsinhala farm, Agaloya, Bulathsinhala	60 A - 3 R - 27.00 P	56,045,250
	Hijra farm - A, Pagoda, Beruwala	41 A - 3 R - 13.42 P	41,034,200
	Hijra farm - B, Beruwala	8 A - 3 R - 3.71 P	74,829,300
	Makuluwatta farm, Waga	12 A - 2 R - 18.90 P	6,098,235
	Ittapana farm, Mahagoda, Ittapana	31 A - 1 R - 28.10 P	71,640,983
			308,701,292
Ceylon Pioneer Poultry Breeders Limited	Nillambe farm, Office Junction, Galaha	33 A - 0 R - 28.82 P	39,541,310
	Aswatta farm, Kosgama	5 A - 3 R - 18.19 P	7,522,838
	Wewelpanawa farm, Wewelpanawa	27 A - 3 R - 20.47 P	11,151,175
			58,215,323
Total			407,230,615

(d) Freehold building carried at cost

Name of the Company	Location	Number of Buildings	Cost
Ceylon Grain Elevators PLC	Attanagalla farm, Attanagalla	58	68,405,214
			68,405,214
Three Acre Farms PLC	Meegoda farm, Meegoda	75	174,495,552
	Kosgama farm, Aluthambalama, Kosgama	52	57,741,461
	Halwathura farm, Halwathura	60	74,409,186
	Bulathsinhala farm, Agaloya, Bulathsinhala	93	316,685,831
	Hijra farm - A, Pagoda, Beruwala	76	223,545,413
	Hijra farm - B, Beruwala	49	46,679,563
	Makuluwatta farm, Waga	36	69,447,700
			963,004,706
Ceylon Pioneer Poultry Breeders Limited	Nillambe Farm, Office Junction, Galaha	3	6,567,387
	Aswatta Farm, Kosgama	45	51,085,000
			57,652,387
Millenium Multibreeder Farms (Private) Limited	Wewelpanawa farm, Wewelpanawa	45	231,565,950
			231,565,950
Ceylon Aquatech (Private) Limited	Chilaw farm	32	56,378,900
			56,378,900
Total			1,377,007,157

(e) Capital work-in-progress

Capital work-in-progress includes the construction of capital assets which mainly consists of buildings, plant and machinery.

(f) Capitalised borrowing costs

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2024 (2023 – Nil).

(g) Fully depreciated but still in use

The cost of fully depreciated property, plant and equipment of the Group and the Company which are still in use amounted to:

As at 31 December	Group		Company	
	2024	2023	2024	2023
Fully depreciated property, plant and equipment (Rs.)	1,728,173,362	1,678,027,095	793,452,168	762,322,808

(h) Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment pledged as securities for liabilities as at the reporting date (2023 - Rs. Nil).

(i) Title restriction on property, plant and equipment

There were no restrictions existed on the title of the property, plant and equipment of the Group as at the reporting date.

12. Improvements Over Leased Land and Buildings

As at 31 December	Group / Company	
	2024	2023
Balance at the beginning of the year	107,897	116,554
Depreciation for the year	(8,466)	(8,657)
Balance at the end of the year	99,431	107,897

Company

Head Office Premises - Colombo 15

Pursuant to the agreement entered into with the Government and Sri Lanka Ports Authority (SLPA), the Company obtained the leasehold rights of the land and buildings at No. 15, Rock House Lane, Colombo 15. The said leasehold rights are disclosed in Note 13 - Lease Arrangements.

The lease period of the leasehold land expired on 19 September 2012 and the Board of Directors has taken necessary action to renew the lease for a further period of 30 years.

Improvements made to leasehold land and buildings are recognised herein.

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

13. Lease Arrangements

Information about leases for which the Group is lessee, is presented below.

(a) Right-of-use assets

	Group		Company	
	2024	2023	2024	2023
As at 31 December				
Balance at the beginning of the year	495,085	702,722	381,817	553,349
Amortisation recognised in the Statement of Profit or Loss	(26,059)	(31,597)	(20,096)	(25,523)
Adjustment on remeasurement of lease liability	-	(176,040)	-	(146,009)
Balance at the end of the year	469,026	495,085	361,721	381,817

(b) Lease liabilities

	Group		Company	
	2024	2023	2024	2023
As at 31 December				
Balance at the beginning of the year	779,625	1,137,233	641,597	965,480
Amortised interest cost recognised in the Statement of Profit or Loss	115,526	131,827	93,165	109,636
Payment recognised in the Statement of Cash Flows	(102,617)	(108,274)	(83,149)	(82,389)
Exchange translation recognised in the Statement of Profit or Loss	-	(205,121)	-	(205,121)
Adjustment on remeasurement of lease liability	-	(176,040)	-	(146,009)
Balance at the end of the year	792,534	779,625	651,613	641,597

(c) Maturity analysis of lease liabilities

	Group		Company	
	2024	2023	2024	2023
As at 31 December				
Due within one year	116,953	115,492	94,232	93,131
Due after one year	675,581	664,133	557,381	548,466
	792,534	779,625	651,613	641,597

Expense recognised in the Statement of Profit or Loss				
Amortisation recognised in the Statement of Profit or Loss	26,059	31,597	20,096	25,523
Amortised interest cost recognised in the Statement of Profit or Loss	115,526	131,826	93,165	109,636
	141,585	163,423	113,261	135,159
The amounts recognised in the Statement of Cash Flows				
Payment recognised in the Statement of Cash Flows	102,617	108,274	83,149	82,389
	102,617	108,274	83,149	82,389

14. Investment Property

As at 31 December	Group	
	2024	2023
Balance at the beginning of the year	-	-
Transfer from Property, plant and equipment	11,068	-
Balance at the end of the year	11,068	-

(a) Rental Income

As at 31 December	Group	
	2024	2023
Rental income derived from investment properties	17,809	-
Direct operating expenses generating rental income	(335)	-
Net profit arising from investment properties	17,474	-

The Group as a lessor

The Group has entered into operating lease on its investment property of feehold land and building. Said lease include a clause of fixed upward revision for the rental charge on every two years according to the agreement.

Future minimum rentals receivable under operating leases as at 31 December are as follows.

As at 31 December	2024
Within one year	12,283
After one year but not more than five years	54,245

(b) Investment properties are stated at cost model. However, the fair values of investment properties as at 1 April 2024 based on valuation performed by Mr. A. A. M. Fathihu (Chartered Valuation Surveyor), an accredited independent, industry specialist are given below.

The details of fair value of investment properties of the Group as follows:

Company	Location	Land extent	Building Area	Value of the land (Rs.)	Value of the Building (Rs.)	Total Value (Rs.)
Ceylon Aquatech (Private) Limited	Chilaw	54 A - 1 R - 36.18 P	28,517 Sq. Ft	21,792,000	65,000,000	86,792,000

Category	District	Valuation Technique	Input Used
Freehold Land	Gampaha	Market / Direct Comparison	Sales evidence, Unit of comparative basis
Buildings	Gampaha	Cost Approach or DRC	Building cost, Cost of approach best available evidence recognised building cost, with Quantity Surveyors etc

(c) The Group has no restriction on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop its investment properties or for maintenance and enhancement.

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

15. Intangible Assets

(a) The intangible assets consists with computer software, server software BI tools and ERP (infor) system

As at 31 December	Group / Company	
	2024	2023
Cost		
Balance at the beginning of the year	239,535	232,026
Additions during the year	-	7,509
Balance at the end of the year	239,535	239,535
Amortisation		
Balance at the beginning of the year	(192,978)	(174,575)
Amortisation for the year	(16,272)	(18,403)
Balance at the end of the year	(209,250)	(192,978)
Carrying amount	30,285	46,557

(b) Fully amortised but still in use

As at 31 December	Group / Company	
	2024	2023
Fully amortised intangible assets (Rs.)	170,268,640	154,112,793

(c) Intangible assets pledged as security for liabilities

There were no items of intangible assets pledged as securities for liabilities as at the reporting date (2023 - Rs. Nil).

(d) Title restriction on intangible assets

The company has perpetual copyright to use these intangible assets.

(e) There are no significant intangible assets controlled by the entity but not recognised as assets because they did not meet recognition criteria or because they were acquired or generated before SLFRS 3 - Business Combinations, was effective.

16. Investment in Associate Company

As at 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Prima Management Services (Private) Limited	16 (a)	113,000	104,766	33	33
		113,000	104,766	33	33

(a) Prima Management Services (Private) Limited

As at 31 December	Group	
	2024	2023
Balance at the beginning of the year	104,766	88,571
Share of profit after tax	8,234	16,195
Less: Share of dividend distributed	-	-
Balance at the end of the year	113,000	104,766

(b) Summarised financial information of Prima Management Services (Private) Limited

The following table summarises the financial information of Prima Management Services (Private) Limited as included in its own Financial Statements adjusted for fair value adjustments at the acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Prima Management Services (Private) Limited.

Statement of Financial Position

As at 31 December	2024	2023
Total assets	419,520	482,794
Total liabilities	(80,521)	(168,494)
Net assets	338,999	314,300

Statement of Comprehensive Income

For the year ended 31 December	2024	2023
Revenue	393,009	488,901
Profit	24,702	48,585

(c) Share of profit of associate company

As at 31 December	Group's share of profit after tax	
	2024	2023
Prima Management Services (Private) Limited	8,234	16,195
	8,234	16,195

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

(d) Investment in associate company - unquoted

As at 31 December	Group			Company				
	No of shares	Holding %	2024	2023	No of shares	Holding %	2024	2023
Prima Management Services (Private) Limited (PMS)	3,334	33%	113,000	104,766	3,334	33%	33	33
Net book value as at 31 December			113,000	104,766			33	33
Share of movement in equity value			-	-			-	-
Equity value in investments			113,000	104,766			33	33

The Company has invested Rs. 33,334/- in Prima Management Services (Private) Limited acquiring 33% stake during the year 2006.

17. Investment in subsidiary companies

As at 31 December	Notes	2024	2023
Investment in subsidiary company - quoted	17 (a)	148,625	148,625
Investment in subsidiary companies - unquoted	17 (b)	213,000	213,000
Investment in subsidiary companies - cost		361,625	361,625
Provision for impairment		(60,000)	(60,000)
		301,625	301,625

An impairment assessment was carried out as at 31 December 2024 and it was concluded that net realisable value of all the investment included under unquoted investments exceed its carrying value except for Ceylon Aquatech (Private) Limited. Based on an assessment made for impairment, the provision provided as above considered to be adequate as at the reporting date.

(a) Investment in subsidiary company - quoted

As at 31 December	No of shares	Group Holding %	Company Holding %	2024	2023
Three Acre Farms PLC	13,469,980	57.21	57.21		
Net book value as at 31 December				148,625	148,625
Market value as at 31 December				4,017,422	3,125,035

(b) Investment in subsidiary companies - unquoted

As at 31 December	No of shares	Group Holding %	Company Holding %	2024	2023
Ceylon Warehouse Complex (Private) Limited	15,000,002	100	100	150,000	150,000
Ceylon Aquatech (Private) Limited	6,000,002	100	100	60,000	60,000
Ceylon Livestock and Agro-business Services (Private) Limited	300,002	100	100	3,000	3,000
Net book value as at 31 December				213,000	213,000

(c) Details of the Companies incorporated in Sri Lanka, in which the Company held an interest of 50% or more are set out below:

Name of the Company	Proportion of ordinary shares held			Business
	2024	Movement	2023	
Ceylon Livestock and Agro-business Services (Private) Limited	100%	-	100%	Manufacture of feed, Import and sale of poultry equipment, drugs and vaccines.
Ceylon Warehouse Complex (Private) Limited	100%	-	100%	Provides storage facilities.
Ceylon Aquatech (Private) Limited	100%	-	100%	Renting of farm operation.
Three Acre Farms PLC	57.21%	-	57.21%	Poultry breeder farms, hatcheries and commercial broiler farms.
Ceylon Pioneer Poultry Breeders Limited	57.21%	-	57.21%	Renting of farm operation.
Millennium Multibreeder Farms (Private) Limited	57.21%	-	57.21%	Poultry breeder farming and hatchery.

All the above companies, the financial years of which end on 31 December are audited by KPMG.

18. Biological Assets

As at 31 December	Notes	Group	
		2024	2023
Fair value less cost to sell at the beginning of the year		748,171	560,751
Additions during the year		969,950	784,150
Usage for the year	5	(763,153)	(729,410)
Change in fair value less cost to sell	7	114,526	132,680
Fair value less cost to sell at the end of the year		1,069,494	748,171
Non-current		962,567	663,266
Current		106,927	84,905
		1,069,494	748,171

(a) Biological assets

A biological assets is a living animal. Biological assets consist of Parent and Grandparent livestock, used to breed commercial Day-Old Chicks (DOCs) and hatchable eggs. Parent and Grandparent birds include the growing birds and the laying birds.

Biological assets - Non-current

Bearer biological assets are those other than consumable biological assets and recognised as “Biological assets - Non-current”. Bearer biological assets are not agricultural produce but, rather, are self generating. Parent and Grandparent livestock have been identified as bearer biological assets.

Biological assets - Current

Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. Hatchable eggs and Commercial DOCs have been identified as consumable biological assets.

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

(b) Measurement of fair value

(i) Fair value hierarchy

The fair value measurement of livestock have been categorised as level 3 fair values based on the inputs to the valuation technique used.

(ii) Level 3 fair values

The following table shows a breakdown of the total gains recognised in respect of level 3 fair values.

For the year ended 31 December	Group	
	2024	2023
Change in fair value less cost to sell included in 'Other Income'		
Biological assets - Non-current	114,287	128,435
Biological assets - Current	239	4,245
	114,526	132,680

(iii) Valuation technique and significant unobservable inputs

Following table shows the valuation technique used in measuring level 3 fair value as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Biological assets	Discounted Cash Flows		
Bearer biological assets comprises Broiler Grand parent, Broiler parent and Layer parent	The valuation model considers the present value of the net cash flows expected to be generated by breeder farming. The expected net cash flows are discounted using a risk adjusted discount rate.	DOC yield DOC selling price Discounting rate Mortality	The FV will, - increase when DOC yield increased - decrease when DOC yield decreased - increase when selling price increased - decreased when selling price decreased - increase when discounting rate decreased - decreased when discounting rate increased - increase when mortality rate decreased - decrease when mortality rate increased
Consumable Biological Assets			
Consumable biological assets comprise of Hatchable Eggs and commercial DOCs. DOCs are fair valued at the market price and cost is approximated as fair value for Hatchable Eggs as no or only little biological change was observed as at the year end.			

(c) Risk management strategy related to the biological assets

(i) Regulatory and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

(ii) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of commercial DOCs. When possible, the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

(iii) Climate and other risks

The Group's biological assets are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspection, implementing disease control policies and procedures. The Group is also insured against natural disasters such as floods and hurricanes.

(d) None of the biological assets are pledged as security for facilities obtained by the Group or the Company from banks as at 31 December 2024. (2023 - Nil).

(e) There were no restrictions existed on the title of the biological assets of the Group as at the reporting date.

19. Amount Due from Related Companies

As at 31 December	Group		Company	
	2024	2023	2024	2023
Ceylon Livestock and Agro-business services (Private) Limited	-	-	28,195	-
Three Acre Farms PLC	-	-	113,255	-
Ceylon Aquatech (Private) Limited	-	-	41,653	50,184
Ceylon Pioneer Poultry Breeders Limited	-	-	379	1,379
Ceylon Agro-Industries Limited	9,387	6,608	9,424	6,942
	9,387	6,608	192,906	58,505
Less: Provision for receivables	-	-	(41,653)	(50,184)
	9,387	6,608	151,253	8,321

Provision have been made for receivables from Ceylon Aquatech (Private) Limited amounting to Rs. 41,653,054/- (2023 - Rs. 50,184,467/-). The movement in provision for receivables disclosed in Note 32.1 - Financial instruments.

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

20. Inventories

As at 31 December	Group		Company	
	2024	2023	2024	2023
Raw materials and consumables	3,782,508	4,031,974	3,361,263	3,598,050
Goods in transit	947,569	97,190	937,063	97,190
Finished goods				
- Feeds	84,888	93,234	84,888	93,234
- Chicken	489,557	1,084,596	489,557	1,084,596
Out grower stock (work-in-progress)	259,185	383,136	259,185	383,136
	5,563,707	5,690,130	5,131,956	5,256,206
Less: provision for slow moving and obsolete items	(59,193)	(55,994)	(52,610)	(49,835)
Total inventories at the lower of cost and net realisable value	5,504,514	5,634,136	5,079,346	5,206,371

None of the inventories are pledged as security for facilities obtained by the Group or the Company from bank as at 31 December 2024.

21. Trade and Other Receivables

As at 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Trade receivables		1,071,759	973,999	1,038,598	1,010,676
Less: Provision for doubtful debts		(191,652)	(190,974)	(186,145)	(185,467)
		880,107	783,025	852,453	825,209
Prepayments		26,577	46,790	22,095	41,922
Other receivables	21 (a)	333,604	367,566	194,519	193,084
		1,240,288	1,197,381	1,069,067	1,060,215

The movement in provision for doubtful debts disclosed in Note 32.1 - Financial instruments.

(a) Other receivables

As at 31 December	Group		Company	
	2024	2023	2024	2023
Deposits and advances	90,796	185,712	71,383	153,987
Staff loans	183	183	183	183
Other receivables	242,625	181,671	122,953	38,914
	333,604	367,566	194,519	193,084

22. Short-Term Investments

As at 31 December	Group		Company	
	2024	2023	2024	2023
Fixed deposits	2,512,983	44,770	335,501	44,770
Investments in treasury bills	7,564,484	510,859	1,977,992	510,859
	10,077,467	555,629	2,313,493	555,629

Short-term investment in fixed deposit is held with reputed commercial bank, which are rated 'A' to 'BBB' based on Fitch ratings.

23. Cash and Cash Equivalents

As at 31 December	Group		Company	
	2024	2023	2024	2023
Cash at bank	922,313	5,650,155	873,819	1,075,268
Short-term bank deposits	1,015,000	1,733,018	1,015,000	650,000
Cash in hand	8,422	14,000	7,266	12,118
Cash and Cash Equivalents for the purpose of Statement of Cash Flow	1,945,735	7,397,173	1,896,085	1,737,386

The Group's weighted average effective interest rate on short term bank deposits was on AWDR.

The cash and cash equivalent are held with reputed commercial banks and financial institution counterparties, which are rated 'A' to 'BBB-' based on Fitch ratings.

Bank overdrafts that are repayable on demand and forming an integral part of the Group's cash management as included as a component cash and cash equivalents for the purpose of the Statement of Cash Flows.

24. Trade and Other Payables

As at 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Trade payables		182,322	522,088	42,585	360,950
Accrued expenses		975,040	554,597	681,343	244,391
Dividend payable		6,399	6,062	6,399	4,539
Other payables	24 (a)	1,780,705	1,664,247	1,119,613	1,092,697
		2,944,466	2,746,994	1,849,940	1,702,577

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

(a) Other payables

As at 31 December	Group		Company	
	2024	2023	2024	2023
Deposit and advances	153,634	172,929	24,827	44,373
Government taxes	1,027,736	889,767	648,244	613,072
Staff related expenses	599,335	601,551	446,542	435,252
	1,780,705	1,664,247	1,119,613	1,092,697

25. Amount due to Related Companies

As at 31 December	Group		Company	
	2024	2023	2024	2023
Prima Ceylon (Private) Limited	745,482	94,078	745,482	94,078
Prima Management Services (Private) Limited	3,251	2,329	3,251	2,329
Hapiways Management Services Pte Limited	2,314,713	136,528	2,316,286	142,381
Three Acre Farms PLC	-	-	-	1,210,270
Millennium Multibreeder Farms (Private) Limited	-	-	38,659	52,638
Ceylon Warehouse Complex (Private) Limited	-	-	9,973	100,273
Ceylon Livestock and Agro-business Services (Private) Limited	-	-	-	905
	3,063,446	232,935	3,113,651	1,602,874

26. Deferred Taxation

The Management has measured the deferred tax assets and liabilities by applying the rates which have been enacted by the Inland Revenue Act, No. 24 of 2017 and amendments thereto at the reporting period in accordance with LKAS - 12 paragraph 46.

26.1 Deferred tax asset

The gross movement on the deferred tax asset is as follows:

As at 31 December	Notes	Group / Company	
		2024	2023
Balance at the beginning of the year		145,244	382,128
Deferred tax charge / (release) recognised in the Statement of Profit or Loss	9	31,897	(243,750)
Deferred tax charge recognised in Other Comprehensive Income		14,214	6,866
Balance at the end of the year		191,355	145,244

The movement in deferred tax assets and liabilities during the year, without taking into consideration the off setting of balances within the same tax jurisdiction, is as follows:

Group / Company	2024		2023	
	Temporary difference	Tax effect on temporary difference	Temporary difference	Tax effect on temporary difference
Property, plant and equipment	343,031	102,909	380,319	114,096
Right-of-use assets	361,721	108,516	381,817	114,545
Defined benefit obligation	(228,519)	(68,556)	(161,217)	(48,365)
Provision for slow moving and obsolete items	(52,611)	(15,783)	(49,836)	(14,951)
Provision for staff related expense	(409,858)	(122,957)	(412,387)	(123,716)
Lease liabilities	(651,613)	(195,484)	(641,597)	(186,853)
	(637,849)	(191,355)	(502,901)	(145,244)

26.2 Deferred tax liability

The gross movement on the deferred tax liability is as follows:

As at 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Balance at the beginning of the year		427,392	393,793	-	-
Deferred tax charge recognised in the Statement of Profit or Loss	9	876	36,240	-	-
Deferred tax release recognised in Other Comprehensive Income		(3,845)	(2,641)	-	-
Balance at the end of the year		424,423	427,392	-	-

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

The movement in deferred tax assets and liabilities during the year, without taking into consideration the off setting of balances within the same tax jurisdiction, is as follows:

	2024		2023	
	Temporary difference	Tax effect on temporary difference	Temporary difference	Tax effect on temporary difference
Property, plant and equipment	713,675	214,103	1,023,060	306,918
Right-of-use assets	107,305	32,191	113,266	33,980
Biological assets - Non-current	962,567	288,770	663,267	198,980
Defined benefit obligation	(68,506)	(20,552)	(18,517)	(5,555)
Provision for slow moving and obsolete items	(6,584)	(1,975)	(196,087)	(58,826)
Tax loss	-	-	(53)	(16)
Provision for staff related expense	(152,793)	(45,838)	(3,651)	(1,095)
Lease liabilities	(140,921)	(42,276)	(138,028)	(46,994)
	1,414,743	424,423	1,443,257	427,392

26.3 Effective tax rate

Deferred tax of the Group companies have been computed by applying tax rate at the reporting date as follows:

	2024	2023
Ceylon Grain Elevators PLC	30%	30%
Three Acre Farms PLC	30%	30%
Millennium Multibreeder Farms (Private) Limited	30%	30%
Ceylon Warehouse Complex (Private) Limited	30%	30%
Ceylon Aquatech (Private) Limited	30%	30%
Ceylon Pioneer Poultry Breeders Limited	30%	30%

27. Employee Benefits

Defined benefit obligation

As at 31 December	Group		Company	
	2024	2023	2024	2023
Balance at the beginning of the year	207,427	141,473	161,217	112,402
Provisions made during the year	105,154	73,764	81,633	55,610
Benefits paid by the plan	(15,556)	(7,810)	(14,331)	(6,795)
Balance at the end of the year	297,025	207,427	228,519	161,217
Movement in the present value of the defined benefit obligations				
Balance at the beginning of the year	207,427	141,473	161,217	112,402
Benefits paid by the plan	(15,556)	(7,810)	(14,331)	(6,795)
Current service cost	20,066	15,192	14,908	11,368
Interest on obligation	24,891	26,880	19,346	21,356
Actuarial loss during the year	60,197	31,692	47,379	22,886
Balance at the end of the year	297,025	207,427	228,519	161,217
The amounts recognised in the Statement of Financial Position are as follows:				
Present value of unfunded obligations	297,025	207,427	228,519	161,217
	297,025	207,427	228,519	161,217
Expense recognised in the Statement of Profit or Loss				
Current service cost	20,066	15,192	14,908	11,368
Interest on obligation	24,891	26,880	19,346	21,356
	44,957	42,072	34,254	32,724
Expense recognised in the Statement of Other Comprehensive Income				
Actuarial loss during the year	60,197	31,692	47,379	22,886
	60,197	31,692	47,379	22,886

The provision for retiring gratuity for the year is based on the actuarial valuation made on 31 December 2024.

The actuarial valuation was carried out by Actuarial and Management Consultants (Private) Limited for retiring gratuity for employees as at 31 December 2024.

The liability is not externally funded.

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

Distribution of present value of defined benefit obligation in future years ;

As at 31 December	Group		Company	
	2024	2023	2024	2023
Within the next 12 months	14,875	6,118	11,362	4,550
Between 2-5 years	73,094	48,245	60,724	39,094
Between 5-10 years	91,508	74,196	68,819	57,291
Beyond 10 years	117,548	78,868	87,614	60,282
	297,025	207,427	228,519	161,217

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages) :

As at 31 December	Group / Company	
	2024	2023
Discount rate	10.00%	12.00%
Future salary increases	10.00%	10.00%

Future mortality is based on published statistics and mortality tables.

The average life expectancy of an individual retiring at age 60.

Staff turnover sliding scale by the age of employee retiring from 14%-1%.

The average future working life time of an individual, as per the assumptions made as at 31 December 2024 is 12.4 years.

Rate of discount

A long-term treasury bond rate of 10.00% p.a. (2023 - 12.00% p.a.) has been used to discount future liabilities taking into consideration the remaining working life of eligible employees.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Movement by 1%	2024		2023	
	Increase	Decrease	Increase	Decrease
Group				
Discount rate	(24,329)	28,052	(16,534)	18,877
Future salary scale	29,177	(25,710)	20,028	(17,777)
Company				
Discount rate	(18,075)	20,757	(12,535)	14,267
Future salary scale	21,622	(19,133)	15,154	(13,494)

28. Contingent Liabilities

(a) 284 / 2008 MR - Green Valley Farm (Private) Limited Vs. Ceylon Grain Elevators PLC

Green Valley Farm (Private) Limited filed the above case against CGE claiming Rs. 195,775,306/- as losses resulted from the business affairs, it had with CGE. The judgment of the case was delivered on 21 November 2014.

It was decided that Green Valley Farm (Private) Limited is entitled to recover only a sum of Rs. 47,223,869/- from CGE and that amount be set off against the amount due to be paid by Green Valley Farm (Private) Limited to CGE.

The Company has filed an appeal against the said judgment and case is scheduled to be argued on 24 July 2025.

(b) A 3175 - Inter Company Employees Union Vs. CGE and Subsidiaries ('the Group')

Supreme Court Case No. SC (SPL) LA 215/20

Employees of CGE and subsidiary companies went on strike on 20 March 2006 and those who went on strike were terminated. The dispute was referred to the Commissioner of Labour and the reference was gazetted by the Minister dated 26 May 2006 referring the case for hearing at the Industrial Court.

At the Industrial Court the Group took up a preliminary objection that Composite reference is bad in law as they are separate legal entities and cannot be referred in one dispute. The Industrial Court gave its verdict rejecting the preliminary objection and thereafter the Company made an appeal against the interim order in the Court of Appeal (C/A796/2007). Court of Appeal delivered its judgment on 18 May 2010 rejecting the appeal filed by the Group. Accordingly the case was taken up for hearing before the Industrial Court. After a lengthy trial at the industrial Court, the Award was gazetted on 16 January 2018 directing the Group to reinstate the employees with back-wages.

The Company filed a Writ Application under case number CA (Writ) 134/18 in the Court of Appeal to quash the said award of the Industrial Court. On 2 September 2020 order of the Court of Appeal was delivered dismissing the above Writ Application filed by the Company.

Being aggravated by the said Court of Appeal decision the Company filed an Appeal under case No. SC (SPL) LA 215/20 in the Supreme Court. The case is currently being heard in the Supreme Court, the next date being 08 May 2025.

(c) A 3174 - Inter Company Employees Union Vs. CGE and Global Engineering and Supplies

Employees who worked under Labour Contractor, Global Engineering and Supplies were also involved in the strike. This case was also referred to the Commissioner of Labour and reference was gazetted by the Minister dated 26 May 2006 referring the case for hearing at the Industrial Court.

This dispute was referred as 'Non offer of employment'. Lawyers appearing for CGE took up an objection in the Industrial Court that there is no such dispute called 'Non offer of employment'. The Industrial Court in its preliminary order rejected the said objection and thereafter CGE made an appeal to the Court of Appeal. Court of Appeal delivered its judgment by rejecting the appeal filed by CGE and referring the case back to the Industrial Court for hearing.

While the matter was pending before the Industrial Court, one of the Arbitrators passed away in the year 2019 and as a result the proceedings were temporarily terminated until a new arbitrator is appointed.

However, Hon. Minister of labour has withdrawn the said reference and referred the matter as a fresh dispute to Industrial Court in the case bearing No. A 44/2020. The Industrial Court was of the view that the Hon. Minister's withdrawal of the previous reference was wrong and the matter has been referred back to the Minister for a fresh decision. Thereafter, the Minister directed to continue with the original reference.

CGE raised objections challenging the jurisdiction of the newly formed Industrial Court to hear and determine the case. The Industrial Court by its letter dated 12 October 2023 informed CGE that the Industrial Court had overruled the objections of CGE and had assumed jurisdiction to continue with the case bearing No. A/3174.

CGE filed a Writ of Certiorari in the Court of Appeal bearing No. CA(W)659/2023 to quash the decision of the Industrial Court to proceed with the hearing. The Court of Appeal issued a Stay Order on the Industrial Court and the matter will be taken for argument on 29 April 2025.

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

29. Commitments

(a) Capital commitments

No significant capital commitments outstanding as at the reporting date.

(b) Operating commitments

Operating commitments arising from contractual lease arrangements as follows;

	Within one year	Within 1-5 years	More than 5 years	Total
Ceylon Grain Elevators PLC	83,939	369,668	1,619,699	2,073,306
Ceylon Warehouse Complex (Private) Limited	19,469	85,981	391,135	496,585
	103,408	455,649	2,010,834	2,569,891

*Above leases will expire on year 2042.

(c) The Company is the Parent Company of Ceylon Aquatech (Private) Limited and confirms their commitment, in present circumstances to continue financial support in the business operations and to meet financial obligations. As the ultimate Parent Company of the above company, CGE has no intention or inclination of withdrawing their support or reducing the scale of operations of the above company in the forthcoming 12 months.

30. Stated Capital

As at 31 December	Company	
	2024	2023
Ordinary shares - issued and fully paid (Nos.)	60,000,000	60,000,000
Issued and fully paid (Rs.)	1,017,996	1,017,996

None of the shares held by neither the Company on its own nor its subsidiaries or associate.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share individual present at meeting of the shareholders or one vote per share in the case of a poll.

31. Non-Controlling Interests

(a) Movements in non-controlling interest (NCI) during the year ended 31 December

As at 31 December	Group	
	2024	2023
Balance as at the beginning of the year	3,433,687	2,485,772
Share of net profit of subsidiaries	727,970	1,071,363
Share of other comprehensive income of subsidiaries	(3,707)	(2,549)
Dividend paid	(413,071)	(120,899)
Balance as at the end of the year	3,744,879	3,433,687

(b) NCI Percentage for the year ended 31 December

Company Name	Principal place of business	Operating Segment	Ownership interest held by NCI	
			2024	2023
Three Acre Farms PLC	Sri Lanka	Poultry breeding and commercial	42.79%	42.79%

(c) Summarised Financial Statements of Three Acre Farms PLC

Statement of Financial Position

	2024	2023
Non-current assets	2,114,315	1,903,483
Current assets	8,154,639	7,512,017
Non-current liabilities	(439,428)	(418,695)
Current liabilities	(1,077,767)	(972,299)
Net assets	8,751,759	8,024,506
Carrying amount of NCI	3,744,878	3,433,687

Statement of Profit or Loss and Other Comprehensive Income

	2024	2023
Revenue	6,197,882	11,120,835
Profit for the year	1,701,262	2,503,769
Other comprehensive income for the year, net of tax	(8,664)	(5,956)
Total comprehensive income	1,692,598	2,497,813
Profit attributable to NCI	727,970	1,071,363
Other comprehensive income attributable to NCI, net of tax	(3,707)	(2,549)
Total comprehensive income attributable to NCI	724,263	1,068,814
Net cash generated from operating activities	1,561,155	2,438,923
Net cash used in investing activities	(427,361)	(361,623)
Net cash used in financing activities	(3,525,377)	(120,899)
Net (decrease) / increase in cash and cash equivalent	(2,391,583)	1,956,401

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

32. Financial Instruments

The Group has an exposure to the following risks arising from financial instruments;

- ❖ Credit risk
- ❖ Liquidity risk
- ❖ Market risk
 - Currency risk
 - Interest rate risk
 - Equity price risk

Risk management framework

The Group's Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework, developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities. The Group through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of Ceylon Grain Elevators PLC, oversee how management monitors compliance with the Company's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee assists the Board in its oversight role by internal audit which undertakes both regular and ad-hoc reviews of risk management policies and procedures and the results of which are reported to the Audit Committee.

Financial Instruments - Statement of Financial Position

As at 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Financial Assets					
Measured at amortised cost					
Trade and other receivables	21	1,213,711	1,150,591	1,046,972	1,018,293
Amount due from related companies	19	9,387	6,608	151,253	8,321
Short-term investments	22	10,077,467	555,629	2,313,493	555,629
Cash and cash equivalents	23	1,945,735	7,397,173	1,896,085	1,737,386
		13,246,300	9,110,001	5,407,803	3,319,629

As at 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Financial Liabilities					
Other financial liabilities					
Lease liability	13 (b)	792,534	779,625	651,613	641,597
Amount due to related companies	25	3,063,446	232,935	3,113,651	1,602,874
Trade and other payables	24	941,691	1,302,622	520,354	845,114
		4,797,671	2,315,182	4,285,618	3,089,585

Financial Instruments - Statement of Profit or Loss

As at 31 December	2024		2023	
	Gain / income	Losses / expenses	Gain / income	Losses / expenses
Group				
Other financial liabilities				
Interest bearing instruments	1,095,292	2,117	824,065	10,143
Total	1,095,292	2,117	824,065	10,143
Company				
Other financial liabilities				
Interest bearing instruments	398,570	2,051	317,005	10,097
Total	398,570	2,051	317,005	10,097

32.1 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, placements with banking institutions and in government securities.

(a) Exposure to credit risk

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

As at 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Amount due from related companies	19	9,387	6,608	192,906	58,505
Trade and other receivables	21	1,213,711	1,150,591	1,046,972	1,018,293
Short-term investments	22	10,077,467	555,629	2,313,493	555,629
Cash and cash equivalents	23	1,945,735	7,397,173	1,896,085	1,737,386
		13,246,300	9,110,001	5,449,456	3,369,813

(b) Impairment losses

(i) The aging of trade and other receivables at the reporting date was;

As at 31 December	2024		2023	
	Gross	Impairment	Gross	Impairment
Group				
Not past due	483,290	-	318,461	-
Post due 0 - 30 days	426,911	-	262,134	-
Past due 31 - 365 days	273,667	-	497,030	-
More than one year	221,495	191,652	263,940	190,974
	1,405,363	191,652	1,341,565	190,974

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

As at 31 December	2024		2023	
	Gross	Impairment	Gross	Impairment
Company				
Not past due	452,537	-	328,240	-
Post due 0 - 30 days	287,884	-	199,342	-
Past due 31 - 365 days	289,701	-	433,187	-
More than one year	202,994	186,145	242,990	185,467
	1,233,116	186,145	1,203,759	185,467

The movements in the allowance for impairment in respect of loans and receivables during the year was as follows:

As at 31 December	Group		Company	
	2024	2023	2024	2023
Balance at the beginning of the year	190,974	189,752	185,467	184,245
Impairment loss recognised	678	1,222	678	1,222
Balance at the end of the year	191,652	190,974	186,145	185,467

Impairment of trade receivables for year 2024 and 2023 was calculated based on 'Expected Credit Loss' (ECL) model.

(ii) The aging of amount due from related companies at the reporting date was;

As at 31 December	2024		2023	
	Gross	Impairment	Gross	Impairment
Group				
Not past due	9,387	-	6,608	-
Past due 0 - 365 days	-	-	-	-
More than 365 days	-	-	-	-
	9,387	-	6,608	-

As at 31 December	2024		2023	
	Gross	Impairment	Gross	Impairment
Company				
Not past due	151,253	-	8,321	-
Past due 0 - 365 days	-	-	-	-
More than 365 days	41,653	(41,653)	50,184	(50,184)
	192,906	(41,653)	58,505	(50,184)

The movement in the allowance for impairment in respect of amount due from related companies during the year was as follows;

For the year ended 31 December	Group		Company	
	2024	2023	2024	2023
Balance at the beginning of the year	-	-	50,184	71,801
Impairment loss recognised	-	-	(8,531)	(21,617)
Balance at the end of the year	-	-	41,653	50,184

32.2 Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. To measure and mitigate liquidity risk, Group will closely monitor its net operating cash flow, maintained a level of cash and cash equivalent and secured committed funding facilities from financial institutions.

As at 31 December 2024	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Group							
Non-derivative financial liabilities							
Trade and other payables	941,691	(941,691)	(941,691)	-	-	-	-
Amount due to related companies	3,063,446	(3,063,446)	(3,063,446)	-	-	-	-
	4,005,137	(4,005,137)	(4,005,137)	-	-	-	-
Company							
Non-derivative financial liabilities							
Trade and other payables	520,354	(520,354)	(520,354)	-	-	-	-
Amount due to related companies	3,113,651	(3,113,651)	(3,113,651)	-	-	-	-
	3,634,005	(3,634,005)	(3,634,005)	-	-	-	-

As at 31 December 2023	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Group							
Non-derivative financial liabilities							
Trade and other payables	1,302,622	(1,302,622)	(1,302,622)	-	-	-	-
Amount due to related companies	232,935	(232,935)	(232,935)	-	-	-	-
	1,535,557	(1,535,557)	(1,535,557)	-	-	-	-
Company							
Non-derivative financial liabilities							
Trade and other payables	845,114	(845,114)	(845,114)	-	-	-	-
Amount due to related companies	1,602,874	(1,602,874)	(1,602,874)	-	-	-	-
	2,447,988	(2,447,988)	(2,447,988)	-	-	-	-

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

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

32.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates and interest rates affecting to the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk comprise of the following types of risk:

- ❖ Currency risk
- ❖ Interest Rate Risk
- ❖ Equity Price Risk

(a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument of fluctuating due to changes in foreign exchange rate. The Group is exposed to currency risk on sales, purchase and investments that are denominated in a currency other than functional currency which is Sri Lankan Rupees (LKR).

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts;

As at 31 December	2024		2023	
	USD	EUR	USD	EUR
Group				
Short-term investments	256,461	-	137,040	-
Cash and cash equivalents	300,212	-	381,737	-
Trade payables	(152,027)	24,013	(312,418)	17,892
Amount due to related companies	(4,854,297)	-	(452,238)	-
Total Exposure	(4,449,651)	24,013	(245,879)	17,892

As at 31 December	2024		2023	
	USD	EUR	USD	EUR
Company				
Short-term investments	256,461	-	137,040	-
Cash and cash equivalents	26,803	-	101,078	-
Trade payables	(158,497)	24,013	(328,483)	12,363
Amount due to related companies	(4,859,672)	-	(434,168)	-
Total exposure	(4,734,905)	24,013	(524,533)	12,363

The principal exchange rates used by the Group for conversion of foreign currency balances and transactions for the year ended 31 December are as follows:

As at 31 December	Average Rate		Reporting Date Spot Rate	
	2024	2023	2024	2023
USD	302.12	327.53	292.58	323.92
EUR	327.05	354.11	304.56	358.75

Foreign currency sensitivity

The impact to the profit and loss, equity and related current assets and liabilities due to the change in USD by 1% as at 31 December as follows;

	Change in USD / LKR by 1%			
	Group		Company	
	Appreciation	Depreciation	Appreciation	Depreciation
Short-term investments	2,565	(2,565)	2,565	(2,565)
Cash and cash equivalents	3,002	(3,002)	268	(268)
Trade payables	1,520	(1,520)	1,585	(1,585)
Amount due to related companies	48,543	(48,543)	48,597	(48,597)
	55,630	(55,630)	53,015	(53,015)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to the risk of changes in market interest rates relates primarily to the Group's Investments with variable interest rates. The Group does not have any variable rate long term borrowing as at the reporting date, which results material interest rate. At the reporting date the interest rate profile of the Group's interest bearing financial instruments were:

	Carrying amount			
	Group		Company	
	2024	2023	2024	2023
Fixed rate instruments				
Financial assets	10,077,467	555,629	2,313,493	555,629
Financial liabilities	-	-	-	-
	10,077,467	555,629	2,313,493	555,629
Variable rate instruments				
Financial assets	1,015,000	1,733,018	1,015,000	650,000
Financial liabilities	-	-	-	-
	1,015,000	1,733,018	1,015,000	650,000

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

Interest rate sensitivity

The impact to the profit or loss, equity and related current assets and liabilities due to the change in interest rate by 1% as at 31 December as follows;

	Change in Interest Rate by 1%			
	Group		Company	
	+ 1%	- 1%	+ 1%	- 1%
Cash at bank	9,223	(9,223)	8,738	(8,738)
Short-term bank deposits	10,150	(10,150)	10,150	(10,150)
Short-term investments	100,775	(100,775)	23,135	(23,135)
	120,148	(120,148)	42,023	(42,023)

(c) Equity Price Risk

The Group has adopted the policy that its investment in subsidiaries are recorded at cost as per LKAS 27 and 28 standards and therefore are scoped out from the Sri Lanka Accounting Standards, SLFRS 9 - Financial Instruments.

A sensitivity analysis of the above has not been carried out as the Group's exposure to such is not material.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and sustain future development of the business. Capital consist of ordinary share, retained earnings and non-controlling interest of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

33. Related Party Transactions

33.1 Key management personnel information

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as well as the subsidiaries, directly or indirectly. All the members of the Board of Directors of the Company have been classified as KMP of the Company. Compensation paid to key management personnel on behalf of the companies are as follows:

As at 31 December	Notes	Group		Company	
		2024	2023	2024	2023
Short-term employee benefits	5	7,200	4,016	3,600	1,226
Post employment benefits		-	-	-	-
		7,200	4,016	3,600	1,226

There were no loans given to the Directors of the company during the financial year or as at the reporting date.

Mr. Wickrema Senaka Weerasooria, Mr. Cheng Chih Kwong, Mr. Bernard Cheng Koh Chuen, Mr. Cheng Eng Loong, Dr. Prathap Ramanujam and Mr. R. N. Asirwatham, the directors of the Company are also the directors of the following companies as set out below and with transaction in Note 33.2 have been carried out.

Name of the related party	Name of the Director	Nature of transaction
Three Acre Farms PLC (TAF) Subsidiary	Mr. Wickrema Senaka Weerasooria Mr. Cheng Chih Kwong Mr. Bernard Cheng Koh Chuen Dr. Prathap Ramanujam Mr. R. N. Asirwatham	CGE sells feeds, veterinary drugs and medicine to TAF. Also company purchases broiler DOC and culled birds from TAF. CGE provides management service, Lab service and rent out farm to TAF.
Ceylon Pioneer Poultry Breeders Limited (CPPBL) Subsidiary	Mr. Cheng Chih Kwong	No inter-company transactions have been carried out during the year
Ceylon Aquatech (Private) Limited (CAT) Subsidiary	Mr. Cheng Chih Kwong	No inter-company transactions have been recorded during the year.
Ceylon Livestock and Agrobusiness Services (Private) Limited (CLAS) Subsidiary	Mr. Cheng Chih Kwong	CLAS supplies poultry equipment to the Company. Also company provides management services to CLAS.
Ceylon Warehouse Complex (Private) Limited (CWCL) Subsidiary	Mr. Cheng Chih Kwong	CWCL provides storage facilities to the Company. Also company provides management services to CWCL.
Millennium Multibreeder Farms (Private) Limited (MMF) Subsidiary	Mr. Cheng Chih Kwong	CGE sells feed, veterinary drugs and medicine to MMF. Also company purchases broiler DOC and culled birds from MMF. CGE provides management service and lab service to MMF.
Prima Ceylon (Private) Limited (PCL) Group Company	Mr. Cheng Chih Kwong	The CGE purchases raw materials from PCL. Also the Company sells processed chicken to PCL.
Prima Management Services (Private) Limited (PMS) Associate Company	Mr. Cheng Chih Kwong	PMS provides ICT solutions and services to the Company.
Hapiways Management Services Pte Limited (HMS) Group Company	Mr. Cheng Chih Kwong	CGE purchase of all kind of imported raw materials, feed additives, spare parts and other significant imports from HMS. Also HMS provides consultation services to CGE.
Ceylon Agro-Industries Limited (CAI) Group Company	Mr. Wickrema Senaka Weerasooria Mr. Cheng Chih Kwong Mr. Bernard Cheng Koh Chuen	CGE Sells processed chicken to CAI. Also the Company purchases Value Added Products (VAP) and raw materials from CAI.
Prima Scholarship Fund (Private) Limited (PSF) Group Company	Mr. Cheng Chih Kwong Mr. Bernard Cheng Koh Chuen	PSF maintain a fund on behalf of Group of Companies, with the purpose of providing higher education scholarships for employees' children.

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

33.2 Recurrent related party transactions

The Group has a related party relationship with its subsidiaries, associates and related Group companies as disclosed in Note 33.1 Key Management Personnel Information.

Companies within the Group engage in trading transactions. The following transactions were carried out with related parties during the year ended 31 December 2024.

(a) Transaction with Subsidiaries

Company	CWCL		CLAS		CAT	
	Value	%	Value	%	Value	%
Sale of goods	-	-	4,794	0.00	-	-
Purchase of goods	-	-	18,381	0.1%	-	-
Sale of services	13,562	0.1%	300	0.0%	-	-
Purchase of service	69,603	0.3%	-	-	-	-
Recovery of expenses	-	-	29,263	-	-	-
Settlement of third party dues	18,631	-	38,620	-	5,569	-
Funds received / (paid)	142,600	-	(23,109)	-	(14,100)	-
Interest (expenses) / income	(10,936)	-	(2,449)	-	-	-

(b) Transaction with Group Companies

Group
Sale of goods
Purchase of goods
Sale of services
Purchase of service
Reimbursement of expenses
Funds (paid) / received

Company
Sale of goods
Purchase of goods
Sale of services
Purchase of service
Reimbursement of expenses
Funds (paid) / received

“Value” represent aggregate transaction value with same related during the period.

“%” represent the aggregate transaction value as a previous year percentage of gross revenue/income as per the listing rules of the CSE

TAF		MMF		CPPBL		Total	Total
Value	%	Value	%	Value	%	2024	2023
2,114,006	9.3%	786,817	3.5%	-	-	2,905,617	6,799,772
1,254,846	5.5%	549,151	2.4%	-	-	1,822,378	7,595,581
18,550	0.1%	4,372	0.0%	-	-	36,784	40,343
1,227,154	5.4%	-	-	-	-	1,296,757	106,600
184,416		21,418		-		235,097	130,055
221,129		7,748		1,673		293,370	308,678
1,440,583		(263,781)		(2,929)		1,279,264	(2,939,206)
(100,085)		(34,283)		255		(147,498)	-

HMS		CAI		PCL		Total	Total
Value	%	Value	%	Value	%	2024	2023
-	-	210,842	1.1%	18,005	0.1%	228,847	277,652
7,620,938	38.9%	22,937	0.1%	3,436,097	17.5%	11,079,972	3,674,259
-	-	-	-	-	-	-	1,001
72,320	0.4%	980	0.0%	-	-	73,300	80,070
4,635		2,477		(26,875)		(19,763)	33,423
5,373,529		(220,723)		3,534,796		8,687,602	(3,738,884)

HMS		CAI		PCL		Total	Total
Value	%	Value	%	Value	%	2024	2023
-	-	210,842	0.9%	18,005	0.1%	228,847	277,652
7,610,035	33.5%	20,871	0.1%	3,436,097	15.1%	11,067,003	3,652,709
-	-	-	-	-	-	-	1,001
72,320	0.3%	980	0.0%	-	-	73,300	80,070
4,635		2,477		(26,875)		(19,763)	31,068
5,366,692		(223,191)		3,534,796		8,678,297	(3,721,418)

Notes to the Financial Statements

All amounts in Sri Lankan Rupees thousands

(c) Transaction with Associate

Group	PMS		Total	Total
	Value	%	2024	2023
Purchase of service	45,885	0.2%	45,885	89,937
Reimbursement of expenses	1,872		1,872	1,515
Funds paid	51,216		51,216	134,314

Company	PMS		Total	Total
	Value	%	2024	2023
Purchase of service	45,885	0.2%	45,885	89,937
Reimbursement of expenses	1,872		1,872	1,515
Funds paid	51,216		51,216	134,314

(d) The receivables from related companies and payables to related companies on sale/purchase of goods/services are set out in Note 19 and 25 respectively.

Any interest payable on the financial facility provided by each party to the other shall be subject to an interest calculated at the prevailing Average Weighted Lending Rate ("AWLR") published by the Central Bank of Sri Lanka.

The interest calculated as provided herein shall not be subject to Value Added Tax (VAT), Social Security Contribution Levy (SSCL), withholding Tax (WHT) imposed by the Government of Sri Lanka.

(e) Terms and conditions for recurrent transaction with related parties.

All related party transactions are carried out in the normal course of business. All related party outstanding balances at the year-end are unsecured and are to be settled in cash. The Group does not have any material commitments to related parties.

33.3 Non-recurrent related party transactions

There were no non-recurrent related party transactions exceeding the threshold for the period ended 31 December 2024.

34. Events after the Reporting Period

There are no events which require adjustment to, or disclosure in the Financial Statements except for the followings;

- (i) The Directors declared a final dividend of Rs. 8.00 per share for the year ended 31 December 2024 on 17 January 2025, which was paid on 18 February 2025.

35. Comparative Information

The comparative information has been reclassified where ever necessary to confirm with the current years classification in order to provide a better presentation.

36. Directors' Responsibility

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

37. Net Assets Per Share

As at 31 December	Group		Company	
	2024	2023	2024	2023
Net assets attributable to ordinary shareholders	11,838,511	11,079,980	6,630,881	6,433,785
Weighted average number of ordinary shares in issue (thousands)	60,000	60,000	60,000	60,000
Net assets per share (Rs.)	197.31	184.67	110.51	107.23

38. Dividend Per Share

For the year ended 31 December	Company	
	2024	2023
First/interim dividend (Rs. 15.00 per share)	900,000	360,000
Final dividend (Rs. 8.00 per share)*	480,000	720,000
Total dividend	1,380,000	1,080,000
Weighted average number of ordinary shares in issue (thousands)	60,000	60,000
Dividend per share (Rs.)	23.00	18.00

* Current years' final dividend will be paid in the next financial year.

Five Year Financial Summary

All amounts in Sri Lankan Rupees thousands

For the years ended 31 December	2024	2023	2022	2021	2020
Group					
Operating results for the period					
Revenue	23,993,294	19,594,897	17,888,014	24,055,488	18,462,998
Operating profit	3,387,353	4,131,207	5,258,022	1,461,114	1,515,776
Interest income	1,095,292	824,065	1,213,188	306,395	341,049
Net finance costs	(112,505)	55,174	(5,307,287)	(122,866)	(179,081)
Share of profit of equity accounted investee	8,234	16,195	13,806	12,071	14,580
Profit before taxation	4,378,374	5,026,641	1,177,729	1,656,714	1,692,324
Taxation	(1,233,442)	(978,769)	(160,714)	50,976	(421,450)
Profit from ordinary activities	3,144,932	4,047,872	1,017,015	1,707,690	1,270,874
Non - controlling interest	(727,970)	(1,071,363)	(282,006)	(409,980)	(327,061)
Profit attributable to the Group	2,416,962	2,976,509	735,009	1,297,710	943,813
Financial Position as at 31 December					
Stated capital	1,017,996	1,017,996	1,017,996	1,017,996	1,017,996
Retained earnings	10,820,515	10,061,984	7,465,111	7,070,546	6,555,874
Non - controlling interest	3,744,879	3,433,687	2,485,772	2,302,405	2,055,639
Non - current liabilities	1,397,029	1,298,952	1,347,761	1,054,017	967,555
	16,980,419	15,812,619	12,316,640	11,444,964	10,597,064
Intangible assets	30,285	46,557	57,451	62,745	32,330
Property, plant and equipment and investments	2,646,088	2,722,534	2,870,503	2,589,084	2,730,160
Right-of-use assets	469,026	495,085	702,722	738,082	678,096
Investment in an associate company	113,000	104,766	88,571	74,765	62,694
Biological assets	962,567	663,266	516,470	540,229	647,194
Current assets	18,884,318	14,875,832	11,108,731	15,338,206	9,870,192
Current liabilities	(6,124,865)	(3,095,421)	(3,027,807)	(7,898,147)	(3,423,602)
	16,980,419	15,812,619	12,316,640	11,444,964	10,597,064
Company					
Key ratios and other information					
Basic earnings per share (Rs)	30.84	34.00	7.38	15.27	11.40
Dividends per share (Rs.)	23.00	18.00	-	6.00	18.00
Dividends pay out ratio (%)	57.10	52.94	-	39.30	157.89
Market price per share (Rs)	189.50	158.50	80.50	121.75	111.00
Price earnings ratio (No. of times)	4.70	4.66	10.91	7.97	9.74
Debt / equity ratio (No. of times)	-	-	-	-	-
Interest cover (No. of times)	17.54	283.36	10.13	764.22	370.37
Net assets per share (Rs)	110.51	107.23	79.49	77.84	75.69
Current ratio (No. of times)	3.08	4.81	3.67	1.94	2.04
Shares traded	13,391,392	19,681,490	17,717,366	33,872,694	27,300,900
US \$ Exchange rate - (average)	302.12	327.53	337.02	198.88	186.14
US \$ Exchange rate - (year end spot)	292.58	323.92	372.00	203.00	186.90

Statement of Value Added

GRI 201-1

For the years ended 31 December	2024	2023	2022	2021	2020
Value Added					
Revenue	29,126,517	23,157,976	21,445,896	26,074,100	19,869,784
Cost of materials and services	(15,654,320)	(11,520,649)	(16,035,194)	(20,909,965)	(15,368,662)
Value added by operations	13,472,197	11,637,327	5,410,702	5,164,136	4,501,122
Other income	57,771	71,630	70,377	19,743	30,400
Interest income	1,095,292	824,065	1,213,188	306,395	341,049
Share of profit of associate	8,234	16,195	13,806	12,071	14,580
Total value added	14,633,494	12,549,217	6,708,073	5,502,344	4,887,151

	2024	%	2023	%	2022	%	2021	%	2020	%
Value Distribution										
Employees										
Salaries, wages, other benefits	2,041,891	13.95	1,783,886	14.22	1,410,026	21.02	1,477,166	26.85	1,429,977	29.26
Government										
Income tax	1,264,463	8.64	698,779	5.57	353,869	5.28	(26,831)	(0.49)	480,323	9.83
Sales tax	5,133,223	35.08	3,563,079	28.39	3,557,882	53.04	2,018,612	36.69	1,406,786	28.79
Capital providers and creditors										
Interest expenses	2,117	0.01	10,143	0.08	47,714	0.71	1,624	0.03	3,197	0.06
NCI	724,263	4.95	1,068,814	8.52	284,116	4.24	413,002	7.51	323,662	6.62
Shareholders										
Dividend	1,380,000	9.43	1,080,000	8.61	-	-	360,000	6.54	1,080,000	22.10
Value distributed	10,545,957	72.07	8,204,701	65.38	5,653,607	84.28	4,243,573	77.12	4,723,945	96.66
Value Retained										
Depreciation and amortisation	329,006	2.25	307,643	2.45	299,901	4.47	294,099	5.34	325,967	6.67
Reserves	3,758,531	25.68	4,036,873	32.17	754,565	11.25	964,672	17.53	(162,761)	(3.33)
Value retained within the business	4,087,537	27.93	4,344,516	34.62	1,054,466	15.72	1,258,771	22.88	163,206	3.34
	14,633,494	100.00	12,549,217	100.00	6,708,073	100.00	5,502,344	100.00	4,887,151	100.00

Shareholder Information

Analysis of Shareholders According to the Number of Shares as at 31 December 2024

Shareholdings	Resident			Non Resident			Total		
	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
1 - 1,000	3,570	807,492	1.35	20	9,667	0.02	3,590	817,159	1.37
1,001 - 10,000	880	3,110,842	5.18	22	82,918	0.14	902	3,193,760	5.32
10,001 - 100,000	215	6,230,312	10.38	15	503,794	0.84	230	6,734,106	11.22
100,001 - 1,000,000	31	7,328,267	12.21	3	671,478	1.12	34	7,999,745	13.33
Over 1,000,000	2	6,539,380	10.90	3	34,715,850	57.86	5	41,255,230	68.76
	4,698	24,016,293	40.02	63	35,983,707	59.98	4,761	60,000,000	100.00

Categories of Shareholders as at 31 December

	2024			2023		
	Number of shareholders	Number of ordinary shares	Percentage %	Number of shareholders	Number of ordinary shares	Percentage %
Individual	4,504	10,520,243	17.53	4,337	9,778,999	16.30
Institutional	257	49,479,757	82.47	261	50,221,001	83.70
	4,761	60,000,000	100.00	4,598	60,000,000	100.00
Less: Shares held by non-public holders						
Ultimate parent company	(1)	(27,270,800)		(1)	(27,270,800)	
Directors	(2)	(3,197)		(2)	(3,197)	
	(3)	(27,273,997)	(45.46)	(3)	(27,273,997)	(45.46)
Total representing the public holding	4,758	32,726,003	54.54	4,595	32,726,003	54.54

Float Adjusted Market Capitalisation

The float adjusted market capitalisation as at 31 December 2024 was Rs. 6,201.2 Mn under Option 5 of Section 7.14.1 (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

List of 20 Major Shareholders Based on Their Shareholding

Name	No. of Shares 31.12.2024	Percentage	No. of Shares 31.12.2023	Percentage
Prima Limited, Singapore	27,270,800	45.45	27,270,800	45.45
Employee's Provident Fund	5,350,549	8.92	5,350,549	8.92
Supra Limited, Hong Kong	5,179,797	8.63	5,179,797	8.63
Eka Limited	2,265,253	3.78	2,265,253	3.78
Hatton National Bank PLC-Senfin Growth Fund	1,188,831	1.98	908,822	1.52
Employees Trust Fund Board	708,528	1.18	734,528	1.22
E. W. Balasuriya & Co. (Private) Limited	671,645	1.12	542,792	0.90
Deutsche Bank AG-National Equity Fund	541,218	0.90	-	-
Rubber Investment Trust Limited A/C No. 01	532,950	0.89	1,086,750	1.81
Senkadagala Finance PLC	486,278	0.81	350,127	0.58
Hallsville Frontire Equities Ltd	428,817	0.71	428,817	0.71
Moma Advisory (Pvt) Ltd	334,333	0.56	431,000	0.72
Mr. A. A. Mansoor	293,271	0.49	211,890	0.35
Amana Bank / Hi-Line Trading (Pvt) Ltd	275,000	0.46	275,000	0.46
Commercial Bank of Ceylon PLC A/C No. 04	250,000	0.42	250,000	0.42
Mr. D. A. Cabraal	215,000	0.36	-	-
Peoples Leasing and Finance PLC / Mr. J. M. S. Brito and Mrs. B. S. Brito	208,433	0.35	-	-
Peoples Leasing and Finance PLC / Mrs. M. E. Amarasinghe	198,452	0.33	329,100	0.55
Miss. M. P. Radhakrishnan	195,365	0.33	160,254	0.27
Mr. S. Vasudevan	186,000	0.31	-	-
Total shareholding of 20 major shareholders	46,780,520	77.98	45,775,479	76.30
Others	13,219,480	22.02	14,224,521	23.70
Total shareholding	60,000,000	100.00	60,000,000	100.00

Glossary of Financial Terminology

Accrual Basis

Recording Revenues and Expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

Amortisation

The systematic allocation of the depreciable amount of an asset over its useful life.

Asset Turnover

Revenue including equity accounted investees divided by average total assets.

Capital Employed

Shareholders' Funds plus Debt.

Cash Ratio

Cash and Cash Equivalents over Current Liabilities.

Capital Expenditure

The total of additions to Property, Plant and Equipment.

Contingent Liabilities

A condition or situation existing at the end of the reporting period due to past events, where the financial effect is not recognised because:

1. The obligation is crystallised by the occurrence or non occurrence of one or more future events or,
2. A probable outflow of economic resources is not expected or,
3. It is unable to be measured with sufficient reliability.

Current Ratio

Current Assets over Current Liabilities.

Current Service Cost

Is the increase in the present value of the defined benefit obligations resulting from employee service in the current period.

Past Service Cost

Is the change in the present value of the defined benefit obligation for employee service in prior, resulting from a plan amendment or a curtailment.

Debt / Equity Ratio (Gearing)

Debt as a percentage of Shareholders' Funds.

Dividend Cover

Earnings per share over dividend per share.

Dividend Payout Ratio

Total Dividend as a percentage of Company Profits.

Dividend Yield

Dividend per share as a percentage of market price of share at the end of the period.

Earnings Per Share (EPS)

Profit after tax attributable to Ordinary Shareholders over weighted average number of shares in issue during the period.

Enterprise value

Market capitalisation plus debt minus total cash and cash equivalents.

Earnings Yield

Earnings per share as a percentage of Market Price per share at the end of the period.

Effective Rate of Taxation

Income Tax including Deferred tax over Profit Before Tax.

Earnings before Interest and Taxes (EBIT)

Revenue minus Operating Expenses.

Interest Cover

Profit Before Interest and Tax over Finance Expenses.

Inventory Turnover

Cost of goods sold for the year divided by average inventory Market Capitalisation Number of shares in issue at the end of the period multiplied by the share price at the end of the period.

Net Assets

Total Assets minus Current Liabilities minus Long Term Liabilities minus Minority Interest.

Net Asset per Share

Net Assets divided by number of Ordinary Shares in issue at the end of the period.

Net Debt

Debt minus Cash and Short-Term Deposits.

Net Turnover per Employee

Net Turnover over average number of employees.

Net Profit Margin

Profit after tax attributable to equity holders of the parent divided by total revenue.

Operating Profit Margin

Operating profit divided by Turnover.

Price Earnings Ratio

Market Price of Share over Earnings per Share.

Quick Ratio

Cash plus Short-Term Investments plus Receivables over Current Liabilities.

Return on Assets

Profit After Tax over Average Total Assets.

Revenue per Employee

Total Sales over Number of employees at the year-end.

Return on Capital Employed

Earnings before interest and tax as a percentage of average of shareholders' funds plus total debt.

Return on Equity

Profit after Tax as a Percentage of Average Shareholders' Funds.

Shareholders' Funds

Stated Capital, Capital Reserves and Revenue Reserves.

Shareholders' Equity Ratio

Total Equity divided by Total Assets.

Total Debt / Total Assets

Total Debt divided by Total Assets.

Total Value Added

The difference between Revenue (including Other Income) and Expenses, Cost of Materials and Services purchased from External Sources.

Working Capital

Capital required to finance the day-to-day operations (Current Assets minus Current Liabilities).

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of the Company will be held on Tuesday, 27 May 2025 at the Sri Lanka Foundation Institute Auditorium, No. 100, Sri Lanka Padanama Mawatha, Independent Square, Colombo 7 at 10.30 a.m. and the business to be brought before the Meeting will be:

Ordinary Business

1. To receive and consider the Report of the Board of Directors on the State of Affairs of the Company and the Audited Financial Statements for the year ended 31 December 2024, with the Report of the Auditors' thereon.
2. To re-elect Mr. Bernard Cheng Koh Chuen, a Director who retires by rotation at the Annual General Meeting in terms of Article 87 of the Articles of Association of the Company.
3. To re-elect Mr. Indrajit Asela Wickramasinghe, Director who retires at the Annual General Meeting in terms of Article 95 of the Articles of Association of the Company.
4. To re-elect Mr. Timothy Allan Brent Speldewinde, Director who retires at the Annual General Meeting in terms of Article 95 of the Articles of Association of the Company.
5. To consider and if thought fit to pass the following Ordinary Resolution pertaining to the re-appointment of Mr. Cheng Chih Kwong, as a Director who is over 70 years of age, in compliance with Section 211 of the Companies Act No. 7 of 2007 and whose re-appointment has been recommended by the Board of Directors.

Ordinary Resolution

"That the age limit of 70 years referred to in Section 210 of the Companies Act, No.7 of 2007 shall not apply Mr. Cheng Chih Kwong a Director, who is 76 years of age (having reached 70 years of age on 30 November 2018) and accordingly that Mr. Cheng Chih Kwong be and is hereby re-appointed as a Director of the Company in terms of Section 211 of the Companies Act No.7 of 2007".

6. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors and to authorise the Directors to determine their remuneration.
7. To authorise the Directors to determine contributions to charities and other purposes.

By order of the Board

(Sgd.)

SSP Corporate Services (Private) Limited
Secretaries
Colombo 03

29 April 2025

Note:-

- (a) A Shareholder entitled to attend and vote at the above mentioned meeting is entitled to appoint a Proxy to attend and vote instead of him/her. Such Proxy needs not be a member of the Company.
- (b) A Form of Proxy is annexed to this notice.
- (c) The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 15, Rock House Lane, Colombo 15 not later than 48 hours before the time appointed for the holding of the meeting.
- (d) Shareholders/proxy holders are requested to bring with them their National Identity Cards or any other form of clear/valid identification and present same at the time of registration.

Form of Proxy

I/We(NIC No.....)
ofbeing a member/s of Ceylon Grain Elevators PLC, hereby appoint
.....(NIC No.....) ofor failing him

Mr. Wickrema Senaka Weerasooria	of Colombo or failing him
Mr. Cheng Chih Kwong	of Singapore or failing him
Mr. Cheng Eng Loong	of Singapore or failing him
Mr. Bernard Cheng Koh Chuen	of Singapore or failing him
Mr. Indrajit Asela Wickramasinghe	of Colombo or failing him
Mr. Timothy Allan Brent Speldewinde	of Colombo

as my/our Proxy to represent me/us and vote on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 27 May 2025, and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting and to VOTE as indicated below:

Ordinary Business	For	Against
1. To receive and consider the Report of the Board of Directors on the State of Affairs of the Company and the Financial Statements for the year ended 31 December 2024 with the Report of the Auditors' thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. Bernard Cheng Koh Chuen, Director who retires by rotation at the Annual General Meeting in terms of Article 87 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. Indrajit Asela Wickramasinghe, Director who retires at the Annual General Meeting in terms of Article 95 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. Timothy Allan Brent Speldewinde who retires at the Annual General Meeting in terms of Article 95 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. Cheng Chih Kwong, who is over 70 years of age as a Director of the Company by passing the Ordinary Resolution set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the Directors to determine contributions to charities and other purposes.	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our hand/thisday ofTwo Thousand and Twenty Five.

Signature:

Note: Please delete the inappropriate words.

1. Instructions for completion of proxy are noted on the next page
2. A proxy needs not be a member of the Company
3. Please mark "X" in appropriate cages, to indicate your instructions as to voting

Form of Proxy

Instructions to Completion of Form of Proxy

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, your instructions as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given the Proxy in his/her discretion may vote as he/she thinks fit.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 15, Rock House Lane, Colombo 15, at least 48 hours before the time appointed for holding of the Meeting.
4. If the Form of Proxy is signed by an attorney, the relative power of attorney should accompany the completed form of proxy for registration, if such power of attorney has not already been registered with the Company.

Note:

If the shareholder is a Company or body corporate, Section 138 of the Companies Act No.7 of 2007 applies to Corporate Shareholders of Ceylon Grain Elevators PLC. Section 138 provides for representation of Companies at meetings of other Companies. A Corporation, whether a Company within the meaning of this act or not, may-where it is a member of another Corporation, being a Company within the meaning of this Act, by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company. A person authorised as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represent as that Corporation could exercise if it were an individual shareholder.

Corporate Information

Company Name

Ceylon Grain Elevators PLC

Legal Form

A Public Quoted Company with limited liability, incorporated in Sri Lanka in 1982.

Company Registration No.

PQ 161

Holding Company

Prima Limited, Singapore

Registered Office

No.15, Rock House Lane, Colombo 15, Sri Lanka.
Tel : +94 11 2522556 or 8 / 2523580 / 2526378 to 2526383
Fax : +94 11 2524163
E-mail : info.cge@prima.com.lk

Subsidiary Companies

Three Acre Farms PLC
Millennium Multibreeder Farms (Private) Limited
Ceylon Pioneer Poultry Breeders Limited
Ceylon Livestock and Agro-business Services (Private) Limited
Ceylon Warehouse Complex (Private) Limited
Ceylon Aquatech (Private) Limited

Associate Company

Prima Management Services (Private) Limited

Bankers

Hatton National Bank PLC
Nations Trust Bank PLC
National Development Bank PLC
Sampath Bank PLC
Union Bank of Colombo PLC
Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Cargills Bank Limited
Pan Asia Banking Corporation PLC
Seylan Bank PLC
Amana Bank PLC

Lawyers

Varners Lanka Law Office
D. L. & F. De Saram

Auditors

KPMG, Colombo, Sri Lanka

Company Secretary

S S P Corporate Services (Private) Limited
No. 101, Inner Flower Road, Colombo 3

Board of Directors

Mr. Wickrema Senaka Weerasooria
Non-Executive Chairman

Mr. Cheng Chih Kwong
Executive Director and Chief Executive Officer

Mr. Damrong Valentino Yap Tiong Seng
Executive Director and Group General Manager
(Resigned w.e.f. 03.06.2024)

Mr. Bernard Cheng Koh Chuen
Non-Executive Director

Mr. Cheng Eng Loong
Non-Executive Director

Dr. Prathap Ramanujam
Non-Executive Independent Director
(Resigned w.e.f. 31.12.2024)

Mr. R. N. Asirwatham
Non-Executive Independent Director
(Resigned w.e.f. 31.12.2024)

Mr. I. A. Wickramasinghe
Non-Executive Independent Director
(Appointed w.e.f. 01.01.2025)

Mr. T. A. B. Speldewinde
Non-Executive Independent Director
(Appointed w.e.f. 01.01.2025)

Management

Mr. Andy Wirawan
Group General Manager

Mr. K. A. R. S. Perera
General Manager

Mr. Chng Sun Tick
AGM (Farms)

Mr. Akram Ansar
Financial Controller

Mr. Jeff Li Zhen Jie
AGM (Technical)

Mr. Sumith Peiris
AGM (Material Management)

Mr. Neil Jayaweera
AGM (Processing)



CEYLON GRAIN ELEVATORS PLC
NO. 15, ROCK HOUSE LANE, COLOMBO 15, SRI LANKA.
TEL : +94 11 2522556 OR 8 / 2523580 / 2526378 TO 2526383
FAX : +94 11 2524163 | E-MAIL : INFO.CG@PRIMA.COM.LK