

PLANNING FOR THE FUTURE



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PLANNING FOR THE FUTURE

In the pages that follow we take a close look at the many industry sectors we serve: from agri-produce, livestock and crop solutions to healthcare and industrial solutions; the broad categories within which we manage a host of global and local brands and products. We will measure and analyse the value we have created across the span of this considerable network of businesses, while empowering and enriching the lives of a myriad of Sri Lankans; transforming people's lives across the island.

Although the year under review was a very challenging one, we know we can continue to keep our stakeholder pledge of value, for your company is built to withstand the test of time. We're confident of success as we build on our core values, strengthen our business model and continue planning for the future.

Chemical Industries (Colombo) Limited was incorporated in 1964 and quoted in the Colombo Brokers Association. Now CIC Holdings PLC, better known as 'CIC', is a company that has withstood the test of time to become one of Sri Lanka's leading, most long standing conglomerates.

Our Vision

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

Our Mission

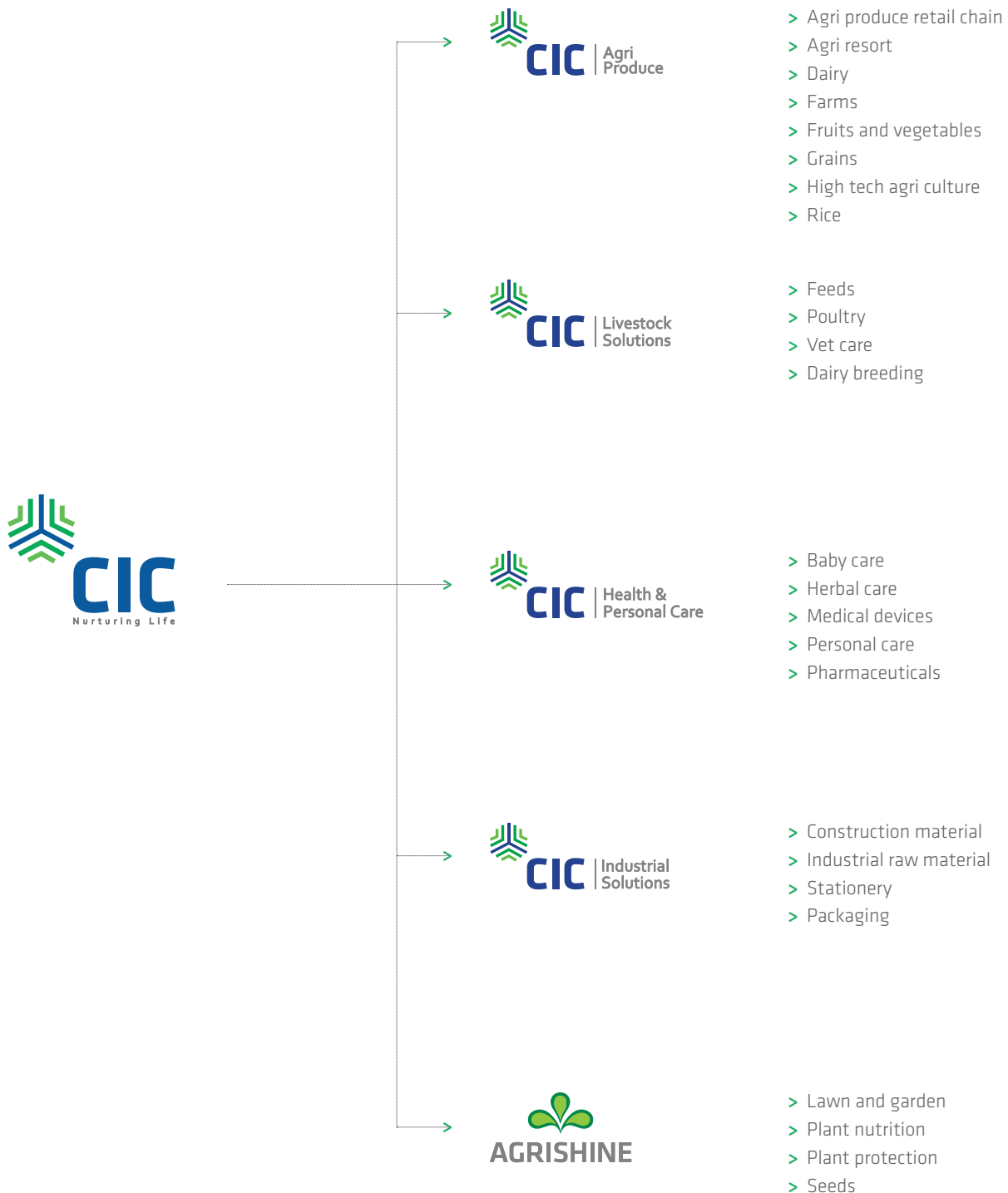
Harnessing science and modern technology, we will provide solutions of superior quality which are efficient and safe. We will build rewarding and lasting relationships with our stakeholders and be a significant entity in every sector we operate.

Our Values

Ownership & Accountability
Integrity & Respect
Customer Focus & Quality
Teamwork & Trust
Entrepreneurial & Innovative
Bias for Action & Winning Spirit

▶ GROUP STRUCTURE

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



► FINANCIAL & OPERATIONAL HIGHLIGHTS

For the year ended 31st March		Group	
		2017	2016
Earning Highlights and Ratios			
Group revenue	Rs. '000	34,875,611	26,666,284
Group profit before interest and tax	Rs. '000	2,580,834	2,384,927
Income tax expense	Rs. '000	392,731	366,777
Profit for the year from continuing operations	Rs. '000	881,799	1,648,107
Profit/(loss) for the year from discontinued operations	Rs. '000	5,118	(14,373)
Other comprehensive income	Rs. '000	(800)	688,715
Total comprehensive income	Rs. '000	886,117	2,322,549
Profit attributable to equity holders of the Company	Rs. '000	553,498	1,354,292
Dividend	Rs. '000	189,540	379,080
Basic/Diluted earnings per share (EPS)	Rs.	5.84	14.29
Interest cover	Number of times	1.78	3.73
Return on equity (ROE)	%	6%	15%
Return on assets (ROA)	%	3%	6%
Pre-tax return on capital employed (ROCE)	%	11%	11%
Statement of Financial Position - Highlights and Ratios			
Total assets	Rs. '000	31,797,295	32,299,114
Total equity	Rs. '000	11,415,548	10,884,297
Total debts	Rs. '000	13,836,820	13,100,066
Equity attributable to equity holders of the Company	Rs. '000	9,061,232	8,855,098
Number of shares in issue	Number	94,770,000	94,770,000
Net assets per share	Rs.	95.61	93.44
Debt/Equity	%	121.21	120.36
Debt/Total assets	%	43.52	40.56
Market/Shareholder Information			
Market price per share as at 31st March			
Ordinary	Rs.	80.10	95.50
Non-Voting (Class X)	Rs.	62.40	71.50
Dividend per share			
Interim paid	Rs.	1.00	2.00
Final proposed	Rs.	1.00	2.00
Market capitalisation	Rs. million	7,204	8,526
Price earnings ratio			
Ordinary	Number of times	13.71	6.68
Non-Voting (Class X)	Number of times	10.68	5.00
Other Information			
Total employees	Number	2,249	2,049
Revenue per employee	Rs. '000	14,866	13,014
Total value addition to employees	Rs. '000	2,214,289	2,035,721
Value addition to lenders of the capital	Rs. '000	1,953,593	1,071,582
Total taxes paid to Government	Rs. '000	1,041,625	849,984

▶ CHAIRMAN'S STATEMENT

Dear Shareholders,

CIC Holdings PLC has delivered a profit after tax of Rs. 886.91 Mn and asset de-growth of 1.60 % for the year ending 31st March, reflecting a disappointing performance in a very challenging year marked by adverse climate impacts, regulatory challenges and rising interest costs. We have increased our earnings capacity significantly during the year with the operationalization of the corn project and the progress made in constructing the largest green houses in the country for growing high value export crops. The income statement reflects the challenges experienced during the year with a fall in profits. However this has not affected the Balance Sheet significantly. This aspect is enumerated within the pages of this 54th Annual Report of the company for the financial year ended 31st March 2017 which I present to you on behalf of the Board.

Setting the year in context

It is necessary to provide context to our performance as external factors played a key role in shaping our admittedly disappointing performance. GDP growth moderated during the calendar year 2016 to 4.4% reflecting a 4.2% contraction in the agriculture sector due to the drought that prevailed for most part of the year, reportedly the worst in 40 years affecting two seasons of cultivation. Interest rates increased exponentially due to policy rate increases and tightening liquidity with AWPLR for 6 months climbing from 7.8% in March 2016 to 13.4% in March 2017.

Inflation increased to 8.6% during the financial year with food inflation reaching 11.2%, which together with the impact from the reduced harvests and increased taxation; in particular the increase of VAT to 15% in the latter part of 2016 resulted in a contraction of consumer purchasing power.

It was also a year with changing regulations which had varying impacts on the Group. Withdrawal of the fertilizer subsidy, ban on glyphosate and other weedicides which impacted cultivation, and the regulatory regime introduced in respect of pharma are just a few of the regulatory changes experienced during the year, all of which contributed to the fall in profits. The timing of the regulations also proved detrimental to performance as the agriculture sector was experiencing a contraction due to the still prevailing drought. These were realities which the Board and the Corporate Management had to consider in re-aligning a carefully crafted strategy to deliver value to shareholders.

Driving Growth & Performance

The Board continues to play a key role in guiding strategy and monitoring implementation within the context of a challenging business environment. Top line growth was 31% with most sectors delivering growth. Profit growth before interest and taxation across the sectors was also encouraging with the exception of the Agri Produce sector where our plans for growth received some shocks from

external factors which are expected to be one-off events. The performance of the Stationery business which is within the Industrial Solutions Sector was extremely disappointing which has resulted in the Board reviewing its' future.

Net asset growth was 5% during the year, reflecting investments in capital expenditure and in expansion of working capital cycle as we operationalized the Corn project. Work on the Cropwiz project to grow high value vegetables in controlled environments on a commercial scale, is in progress.

The Corn project was completed during the year and CIC now has the largest storage facilities for this key input for animal feed. However, a delay in operationalizing the corn project during the 2016 maha season combined with the sharply reduced harvest of corn due to the drought and the ban of glyphosate used to clear land for cultivation combined to drive up the price of corn. This was exacerbated by the sudden imposition of a price ceiling on the corn sold to producers of animal feed which resulted in extreme pressure on margins in the first year of operations resulting in a significant loss. Going forward, we expect both purchasing and selling prices to stabilize although the continuing drought will inevitably play a key role in the supply demand dynamics during this year as well.

The Livestock Solution sector turned in a commendable performance in a highly challenging environment, profit however



“Our financial position remains strong which is just one measure of the Group’s strength. The long and binding relationships with globally renowned principals, distributors and farmers is one that is not reflected in the financial statements.”

was below the previous year due to the increased prices of key inputs, including corn, and the contraction in the Food & Beverage sector due to reduced consumer purchasing power. Our presence across the entire value chain in this sector supported performance, demonstrating the resilience of this sector.

The project of growing vegetables in greenhouses in a controlled environment is progressing and construction of the balance greenhouses have commenced. We expect this to be fully operational towards the latter half of - 2017, strengthening the Group cashflows.

While the Industrial solutions sector delivered a strong performance, the Stationery business within the Industrial Solutions sector did not perform as expected during the year and posted significant losses, proving a drag on an otherwise potentially lucrative sector. As stated previously, the Board is evaluating options as regard the continuity of the stationery business.

Performance of the Health & Personal Care sector demonstrated strong growth. The sector performance was supported by organic growth from Link Natural

Products, increased revenue from the medical equipment business and stable pharmaceutical manufacturing operations with buy-back agreements from the government. The Company will continue to focus on this sector in the years ahead.

The performance of the Crop Solution sector was below expectations largely on account of the prolonged drought that resulted in the failure and/or a delay in the maha season. The extent of land under cultivation reduced significantly which also resulted in dampening sales. However, the profits and margins of the fertilizer segment increased significantly in a non-subsidy environment, largely on account of the wide presence of CIC in the Crop Solutions/Agricultural Sector and we hope to further consolidate this position in the coming years. The reduction in the subsidy receivable amount which was outstanding for a substantial period reduced from Rs. 1.43 Bn to Rs. 0.27 Bn, positively impacting on the cost of borrowing.

The steep increase in interest rates had a significant negative impact on the bottom-line. The finance cost increased by 124% or by Rs. 908.51 Million. The expansion in debt was primarily as a result in the increase in capital expenditure and also

due to the holding of inventory as a result of the drought. Debt-equity ratio increased to 1.21 during the year under review. The Board as well as the management are evaluating all options to reduce the finance cost as a matter of priority.

Steering for success

Despite the set-backs described above, the Group should pose satisfactory results in the years ahead. Livestock Solutions sector is expected to deliver stable results and the Industrial Solutions sector will be restored to its full earnings potential with the restructuring of the Stationery segment. Crop Solutions and Health & Personal Care are also expected to sustain their growth momentum through organic growth and planned expansions at Link Natural Products. The corn project is expected to turn the corner in the coming year, strengthening cash flows and earnings although its full potential may not be realized in the next financial year due to the prolonged drought. Cropwiz is expected to become operational further strengthening earnings.

Our financial position remains strong which is just one measure of the Group's strength. The long and binding

relationships with globally renowned principals, distributors and farmers is one that is not reflected in the financial statements. These relationships combined with a 3,202 strong team, decades of experience and expertise in our specific areas of activities and strong corporate values, define our business and our potential. We remain committed to the goal of becoming one of the top three players in the country in every business we are engaged in as communicated in last year's report. While this has been accomplished in many of our businesses, we need to fine tune some aspects of our operations to deliver on the commitment in a holistic manner.

Acknowledgements

I commend the hard work and commitment of the team at CIC Group led by CEO Samantha Ranatunga who have worked their way through numerous challenges to deliver the results set out in this Annual Report. Mutually rewarding relationships with our principals is key to our ability to grow profitably and we thank them for their continued support which we count on going forward. We also thank regulators who have offered guidance and assisted in obtaining the requisite approvals necessary for conduct of business in a compliant and orderly manner. On behalf of the Board, I thank our shareholders for their confidence and support as we pursue our aspirations for growth as a fully diversified conglomerate. Finally, I thank my colleagues in the Board for their ready and active participation in the affairs of the Group.



S.H. Amarasekera
Chairman

22nd June 2017

▶ MANAGING DIRECTOR/ CEO'S REVIEW

“Optimizing our ability to withstand external pressures, is now a key priority of the management”

Dear Shareholders,

The last financial year was one of the most challenging ones faced by our company. Group earnings nearly halved in FY17 compared to FY16 mainly due to an increase in funding costs. The group was also adversely impacted by one of the worst droughts in Sri Lanka's recent history as well as challenges faced in both our consumer division and the corn project.

Optimising our ability to withstand external pressures, is now a key priority of the management. As such, we have embarked on the “2020 re-strategizing exercise”; completing the strategic change initiative that commenced in FY14. This exercise would be aimed at fine tuning some of our existing businesses, enabling them to meet the challenges they face in their respective domains, as well as optimising the risk return dynamics of the entire group.

As a result, FY17/18 will be a year of intense business and organizational rationalization, so that we create a highly focused business portfolio and a much leaner, agile organisation. You will be able to see the full impact of this exercise in FY2018/19, in the form of a more profitable organisation.

Despite an increase in group operating profits, net profits halved due to the more than doubling of funding costs. This was due to high debt balances throughout FY17, due to capacity enhancements, new projects and a build-up of working capital in the agriculture and healthcare related businesses. The increase in operational profits was supported by the crop solutions and health & personal care segments.

I will dive in to the sector review, discussing the impacts of the external environment within the same.

13%

COMPANY REVENUE GROWTH

31%

GROUP REVENUE GROWTH



“Despite an increase in Group operating profits, net profits nearly halved due to more than doubling of finance costs”

Sector Review

Crop Solutions is our largest business in terms of both revenues and profits. Operating profits of this segment increased by 50% to Rs1bn, and net profits by 15% in FY17. The increase comes as a result of the change in fertiliser regulation which has allowed the sale of higher value blended fertilizers, after the withdrawal of the fertiliser subsidy schemes.

The growth in profits could have been much stronger if not for the floods in May and a prolonged drought thereafter, affecting two seasons of cultivations. The ban on the herbicides, glyphosate and glucofocinate ammonia, stymied sales of these products. Additionally this ban indirectly impacted fertilizer sales due to a decreased area under cultivation as manual clearing of land became uneconomical. CIC was forced to write off stock of some of these products in our warehouses which impacted the bottom line of this sector.

Health & Personal care has grown steadily to become the 2nd largest contributor to the top line strongly supported by the organic growth of Link Natural Products, focussed expansion of the pharma and medical equipment business, stabilisation and growth of the baby care division which represents Johnson & Johnson and growth of the pharmaceuticals manufacturing business which is a key import substitution project supporting the government's agenda. Despite strong top line growth,

net profits of this segment declined by 58% due to a threefold increase in funding costs. This is due to the expansion of the working capital cycle where the government is a key customer.

Performance of the Livestock Solutions sector was paradoxical, commencing the year with excess demand stemming from increased consumer purchasing power and ending the year with oversupply stemming from increased production and a contraction in consumer purchasing power. Consequently, top line growth declined marginally by 2% due to declining volumes and operating profits declining by 3%. Despite the government removing the price ceiling on chicken, the contraction in demand meant that prices could not be increased despite higher costs of production. Net profits of the sector declined to Rs. 134 Mn from Rs. 206 Mn last year, due to the increase in finance costs.

Industrial Solutions delivered increased revenue of 11% strongly supported by organic growth, expansion of the product portfolio and new agencies. Performance of Akzo Nobel products, Nalco water treatments and industrial chemicals all delivered growth in top line and bottom line, extending their market leadership. The introduction of stevia for the food and beverage sector which enabled players to reduce the sugar content from red to amber, while a new agency supplying chemicals to the apparel sector enhanced

our relevance to the garment industry. The Pidilite collaboration entered in to last year has proven fruitful as well. The stationery business was a key concern during the year hampered by manufacturing and distribution which resulted in a loss, dampening the performance of the sector. Hence, net profits of the sector declined by 22% to Rs. 481 Mn.

Agri Produce also demonstrated strong top line growth of 39% amounting to Rs.3.8 bn as we operationalised the corn project in January 2017 adding a new source of revenue to our business portfolio and delivered organic growth in established lines of business such as rice and vegetables. Losses in the sector increased to Rs.409 Mn mainly due to issues pertaining to the corn project, including delays in setting up, unfavourable changes in buying and selling prices and the drought which reduced harvests and the purchasing power of farming communities. A delay in operationalising the plant resulted in missing the first flush of corn which impacted both the quantity and quality of the product available for purchase. Additionally, the entrance of CIC as a large player in to the market and the significantly reduced harvest stemming from the drought combined to disrupt the market equilibrium, resulting in a sharp increase in purchase cost. Subsequently, the government introduced a ceiling on the price at which the corn could be sold to the feed millers exacerbating the woes

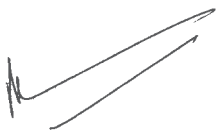
of this sector, resulting in a loss. Sales of yoghurt were also impacted by the contraction in purchasing power of farmers as key markets were mainly in the drought affected provinces.

Financial Review

The lower profits of the group reflects the difficulties faced during the year as margins were affected by increasing interest rates, drought, and inflation. The working capital cycle also expanded during the year as receivables for the fertiliser subsidy from the government took some time for settlement and approximately Rs.273 Mn remains outstanding even as at the date of the balance sheet. Additionally, sales to government institutions from other sectors such as pharmaceuticals and medical equipment also contributed to the same.

Acknowledgements

I wish to thank the Chairman and the Board for their wise counsel and leadership that enabled us to drive the transformation of the Group. To the team at CIC I extend my sincere appreciation of the hard work and a disciplined approach to handling the many challenges we faced during the year. I am deeply appreciative of the strong relationships with our principals and the spirit of collaboration that has enabled us to expand our operations continuously, supporting common growth aspirations. A special acknowledgement of our distributors is necessary as they play a key role in our growth story, enabling us to reach our consumers. Our Bankers have been our business partners, providing invaluable advice and efficient services, supporting our growth. Finally, I wish to thank our shareholders for the confidence placed in us to steer this group in to the future.



S.P.S. Ranatunga
Managing Director/CEO

22nd June 2017

▶ BOARD OF DIRECTORS





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

2. S.P.S. Ranatunga - Managing Director/CEO

3. R.N. Asirwatham - Independent Non-Executive Director

4. R.S. Captain - Non Independent Non-Executive Director

5. S.M. Enderby - Independent Non-Executive Director

6. M.P. Jayawardena - Non-Independent Non-Executive Director

7. K.B. Kotagama - Non-Independent Non-Executive Director

8. Prof. P.W.M.B.B. Marambe - Independent Non-Executive Director

9. Dr. R.C.W.M.R.D Nugawela - Non-Independent Non-Executive Director

10. A.V.P. Silva - Non Independent Non-Executive Director

11. D.S. Weerakkody - Independent Non-Executive Director

12. P.R. Saldin - Non-Independent Non-Executive Director

13. Ms. P.D.S. Ruwanpura - Company Secretary

► BOARD OF DIRECTORS

S.H. Amarasekera

*Independent Non-Executive Director/
Chairman*

Appointed to the Board of CIC on 28th October 2005 and appointed as Acting Chairman on 1st January 2014 and as Chairman on 23rd May 2014, Mr. Harsha Amarasekera, President's Counsel is a leading lawyer in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Court, specializing in Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law. He also serves as an Independent Director in several leading listed companies in the Colombo Stock Exchange, including Vallibel One PLC, Royal Ceramics PLC, Expo Lanka Holdings PLC, Chevron Lubricants Lanka PLC, Taprobane Holdings PLC, Amana Bank PLC, Amaya Leisure PLC and Vallibel Power Erathna PLC. He was appointed as the Chairman of Chemanex PLC on the 1st of April 2015.

He also serves as a Director in several unlisted companies including some companies within the Group.

S.P.S. Ranatunga

Managing Director/CEO

Joined the Board of CIC on 21st May 2002, appointed Chief Operating Officer in February 2005 and appointed Managing Director/CEO in April 2009. Holds a degree from the University of Delhi and a Masters in Business Administration, UK. Non-Executive Director of a number of unlisted companies in the CIC Group including Akzo Nobel Paints Lanka (Pvt) Limited and an Independent Director of Seylan Bank PLC. He is also a Non-Executive Director of Chemanex PLC. He is the Chairman of the Ceylon Chamber of Commerce and has led Sri Lanka Chamber of Commerce delegations to various countries.

In addition, he had been a pioneer in coordinating and setting up of CIC Agri Businesses (Private) Limited which is the premier agricultural company in Sri Lanka. He has helped in developing the seed to shelf concept where 20,000 farmer

families are helped to bring produce to end consumers. He has also studied the agricultural measurement and productivity systems in many countries.

R.N. Asirwatham

Independent Non-Executive Director

Appointed to the Board of Directors on 30th June 2010. Mr. Rajan Asirwatham was the Senior Partner and Country Head of KPMG from 2001 to 2008. Further, he was the Chairman of the Steering Committee for the Sustainable Tourism Project funded by the World Bank for the Ministry of Tourism. Mr. Asirwatham is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka. He was also a member of the Presidential Commission on Taxation, appointed by His Excellency the President, a Member of the Council of University of Colombo and Post Graduate Institute of Medicine. He also serves on the Boards of a number of companies amongst which are Ceylon Tea Services PLC, Aitken Spence PLC, Dankotuwa Porcelain PLC, Aitken Spence Hotels PLC, Royal Ceramics PLC, Browns Beach Hotels PLC, Colombo, City Holding PLC and Vallibel One PLC. He also serves as a Director of many unlisted companies.

R.S. Captain

Non Independent Non-Executive Director

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

S.M. Enderby

Independent Non-Executive Director

Mr Steven Enderby joined CIC Board on 11th April 2013. He has had a successful track record in the private equity space with Actis, a leading global emerging markets fund until his retirement in 2011 as an Actis Partner. He has led many of the most successful private equity transactions in Sri Lanka. Mr Enderby joined Hemas Holdings PLC in March 2013 to head the Group's efforts in Merges and Acquisitions. He took up the office of Deputy CEO and Director of Hemas Holdings PLC in November 2013 and was appointed the Chief Executive Officer of the Company on 1st April 2014. He is also a Director of Serendib Hotels PLC and J L Morison Sons Jones (Ceylon) PLC. He is Non-Executive Chairman of Ironwood Capital Partners, Sri Lanka's leading private equity fund. He has also served on the Boards of many leading companies in Sri Lanka and India. He is a fellow member of the Chartered Institute of Management Accountants and holds a Degree in Economics and Accounting from Queen's University, Belfast and a Masters Degree in Development Studies from the University of Melbourne.

M.P. Jayawardena

Non Independent Non-Executive Director

Appointed alternate Director to ICI Nominee Director on 21st May 2002, thereafter as a Director on 25th October 2008. He is the Deputy Chairman of Commercial Bank of Ceylon PLC and Group Consultant at Chemanex PLC. He is a fellow member of The Institute of Chartered Accountants of Sri Lanka. He is also the Chairman of Commercial Insurance Brokers (Pvt) Ltd and few other subsidiaries of Chemanex PLC. He also serves on the Boards of many other private companies. Prior to joining Chemanex PLC, he Served in Zambia Consolidated Copper Mines in Africa for over 13 years in various senior positions including Head of Treasury, managing a loan portfolio in excess of US\$ 2 Bn. He is the Senior Deputy Chairman of The Sri Lanka Institute of Directors.

K.B. Kotagama

Non Independent Non-Executive Director

Appointed to the Board of Directors on 9th November 2014. Mr. Keerthi Kotagama is a professional executive in the Agriculture & Business Management fields. He obtained his BSc in Agriculture (Hons) from the University of Peradeniya, Sri Lanka and Master of Business Administration (Finance & Management of Technology) from the Asian Institute of Technology, Thailand.

Presently, Mr. Kotagama is the Managing Director/CEO of CIC Agri Businesses (Pvt) Limited since January 2006. He also serves as the Chairman of Gal Oya Plantations (Pvt) Ltd., Chairman of Janatha Estates Development Board, Member of the Board of Directors of the Ceylon Tea Museum, Committee Member of the Plantation Cluster and Plantation Companies which are under the Ministry of Public Enterprise Development, Advisor to the Minister of Public Administration and Management, Council Member of the Colombo School of Business Management, Board Member of CSR Sri Lanka, Committee Member of the National Agricultural Marketing Authority of the Ministry of Rural Economic Affairs, Member of the Working Committee (Bio-Technology & Bio Ethics) and Committee Member of the National Thematic Research Programme (Food Security) of the National Science Foundation of Sri Lanka.

Mr. Kotagama has been awarded and recognised for his professional services and contribution by several local and international organizations. This includes the Responsible Business Leader Award 2012, presented by the Enterprise Asia, Malaysia and the Outstanding Entrepreneurship Award 2012, presented by the Enterprise Asia, Sri Lanka.

Prof. P.W.M.B.B. Marambe

Independent Non-Executive Director

Appointed to the Board of Directors on 30th June 2009. Prof. Buddhi Marambe is currently Professor in Weed Science at the Department of Crop Science, Faculty of Agriculture and the Chairman of the Board of Study in Crop Science, Postgraduate Institute of Agriculture (PGIA), University of Peradeniya. Being the former Dean of the Faculty of Agriculture, former Head of the Department of Crop Science, and former Director of the Agriculture Education Unit (AEU), Prof. Marambe has been actively involved in and contributed significantly to the betterment of the agriculture education, research and developmental programmes at national and regional levels. He is the Chairman of the National Experts Committee on Climate Change Adaptation (NECCCA), Chairman of the National Invasive Species Specialist Group (NISSG) and a Member of the National Bio Diversity Experts Committee (NBDEC) of the Ministry of Mahaweli Development & Environment, Chairman of the Sectorial Committee on Agriculture and Chairman of the Working Group on Pesticides of the Sri Lanka Standards Institute (SLSI), and a Member of the National Plant Protection Committee (NPPC) of the Sri Lanka Council for Agriculture Research Policy (SLCARP). Professor Marambe has also been appointed to the Governing Council of the Rajarata University of Sri Lanka for the period March 2015 to February 2018.

Dr. R.C.W.M.R.D Nugawela

Non Independent Non-Executive Director

Appointed to the Board of Directors on 9th November 2014. Dr. Devapriya Nugawela is currently the Chairman/Managing Director of Link Natural Products (Pvt) Ltd. He graduated from the University of Ceylon with an Honours Degree in Chemistry and won a British Government scholarship to pursue postgraduate studies in UK.

He obtained the Ph.D. degree from the University of Manchester. He also has a MBA from the University of Colombo.

Dr. Nugawela pioneered the production of quality essential oils, herbal health care products and Ayurveda pharmaceuticals for export and domestic market as the founder, Managing Director of Link Natural Products (Pvt) Ltd in 1982.

Dr. Nugawela was a past Chairman of Spices & Allied Products Producers & Processors Association of Sri Lanka and a Member of the Board of Management of the Postgraduate Institute of Management of the University of Sri Jayewardenepura.

Dr. Nugawela is a member of the Executive Council of International Federation of Essential Oils and Aroma Trade (IFEAT) and is the Honorary Consul for the Republic of Zambia.

A.V.P. Silva

Non Independent Non-Executive Director

Appointed to the Board of Directors on 9th November 2014. Mr. A V P Silva is a fellow member of the Institute of Chartered Accountants and also a Fellow Member of the Association of Accounting Technicians of Sri Lanka. In addition, he has the Certificate of Professional Study (Project Analysis) from Arthur De Little Management Education Institute, USA and the Executive Program on Corporate Management (EPCM) from The Association for Overseas Technical Scholarship (AOTS) Japan.

At present Mr. Silva is the Managing Director/CEO of CIC Feeds (Pvt) Ltd., CIC Vetcare (Pvt) Ltd., CIC Poultry Farms Ltd. and CIC Bio Security Breeder Farms Ltd. He is also Director of Chemanex PLC, Chemanex Adhesives (Pvt) Ltd., Crop Management Services (Pvt) Ltd. and CAL Exports Lanka (Pvt) Ltd. He is also a Non-Executive Director of Asia Broadcasting Corporation Private Limited.

► BOARD OF DIRECTORS

D.S. Weerakkody

Independent Non-Executive Director

Appointed to the Board of Directors on 12th February 2015.

Mr. Dinesh Weerakkody is the Chairman of the National Human Resource Development Council of Sri Lanka and Cornucopia Sri Lanka. He is an Advisor to the Ministry of National Policies and Economic Affairs. He was the Chairman of the Government-appointed Committee to review the Banking Sector and NBFI consolidation and the Committee appointed to review the budgetary allocation for education. He is a former Chairman of the Commercial Bank of Ceylon PLC and the Employees' Trust Fund Board of Sri Lanka. He serves in a number of private sector Boards including Glaxo SmithKline Consumer Sri Lanka, Ceylon Tobacco PLC, Lanka Aluminum Industries PLC, ACME Packaging PLC, Hemas Holdings PLC and Access Engineering PLC. He is also a Vice-President of the International Chamber of Commerce, Sri Lanka Chapter, a Committee member of Sri Lanka Tennis Association, a Council Member of the Employers' Federation of Ceylon, the Institute of Directors of Sri Lanka, the National Health Development Fund and a Member of the CIMA Global Asia Pacific Industry Experts Panel.

He is a Graduate in Business Administration from UK, a Fellow of both CIMA (UK) and CMA (Sri Lanka), Professional Member of the Singapore Human Resource Institute and holds an MBA from the University of Leicester, UK. He was conferred an honorary membership by the Institute of Personnel Management of Sri Lanka.

He is the recipient of Jaycees Ten Outstanding Young Persons Award in 1999 and an International Associations of Lions Clubs National Achievers Award in 2008 for the advancement of good governance in the public sector.

P. R. Saldin

Non-Independent Non-Executive Director

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

He currently is employed as Director of Paints & General Industries Ltd., the holding Company of CIC Holdings PLC and Director/Chief Executive Officer of Polypak Secco Ltd. He was re-appointed to the Board of CIC Holdings PLC on 1st July 2016 and subsequently to the Board of Chemanex PLC.

Mr. Rimoe Saldin is a fellow member of the Institute of Chartered Accountants of Sri Lanka. He is also a fellow member of the Chartered Institute of Management Accountants in the United Kingdom and a Certified Management Accountant, Australia. He is an alumni of the Asian Institute of Management, Manila, with over 20 years of top management level experience. He has a career spanning the areas of Finance, Human Resource Development, General Management and Operations.

Ms. P.D.S. Ruwanpura

Company Secretary

An Associate of the Chartered Institute of Management Accountants - UK and holds a MBA from the Postgraduate Institute of Management (PIM) University of Sri Jayewardenapura. She is also a Director of many unquoted subsidiaries of CIC Group.

▶ ENTERPRISE GOVERNANCE

Good Corporate Governance practices are not just a concern for the Board but it is at the heart of everything that we do at CIC. It is the system by which a Company is directed, controlled and managed. At CIC, the Corporate Governance framework guides our Group and drives towards progress by way of developing and implementing appropriate corporate strategies. The approach to governance is predicated on the belief that there is a link between quality of governance and the creation, enhancement and sustenance of long-term stakeholder wealth creation, whilst safeguarding the rights. It is a proactive approach to identify areas for improvement and a questioning of the current status quo to ensure that all elements of our governance framework are fit for purpose, enabling value creation and growth, whilst acknowledging the legitimate rights and responsibilities of key groups of stakeholders and preserving

accountability. The Board of Directors, led by the Chairman, is committed to ensuring the governance structure, policies and processes are sufficiently robust and relevant in today's environment.

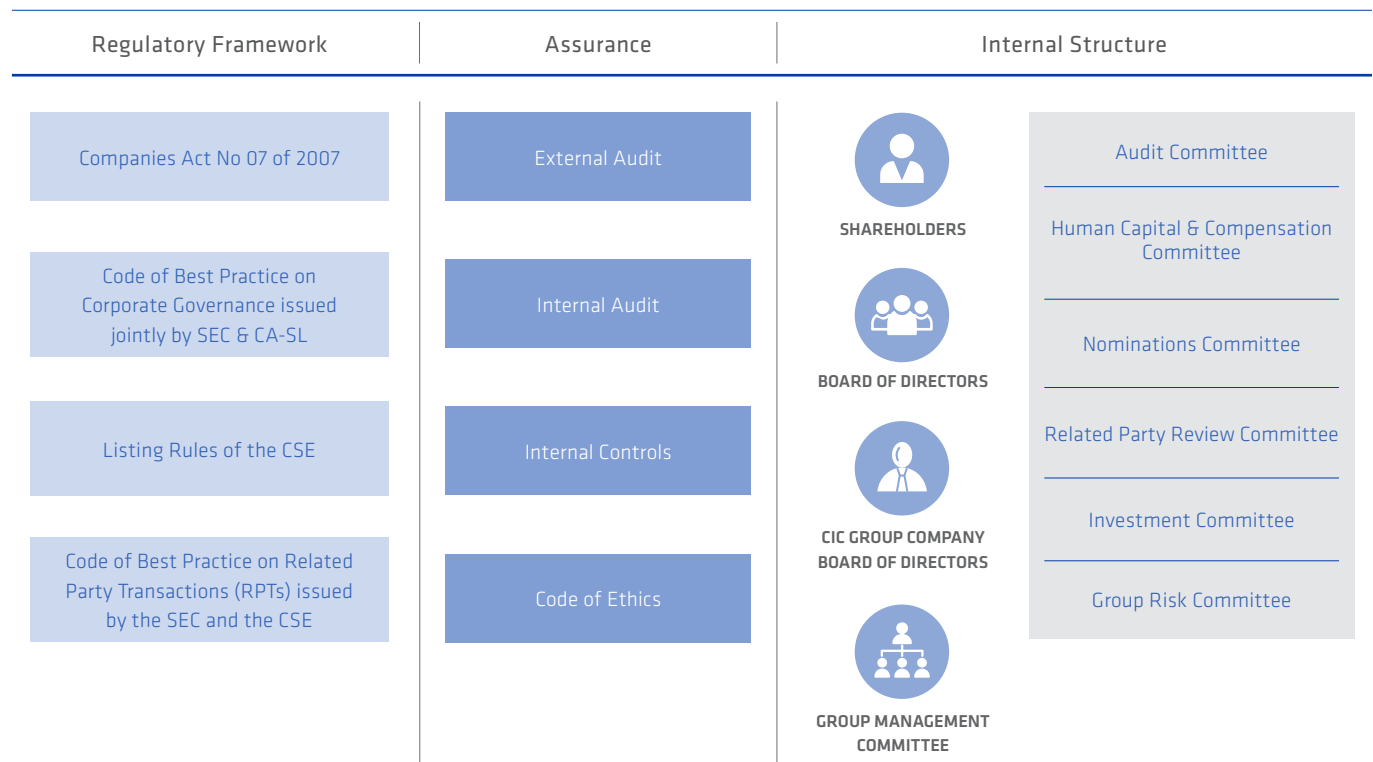
All employees, senior management and the Board of Directors are required to embrace this philosophy in the performance of their official duties and in other situations that could affect the Group's image and it is the duty and the responsibility to uphold and act in the best interest of the company and its stakeholders in fulfilling its stewardship obligations.

While referred to in detail in subsequent sections of this Annual Report, in setting up the governance framework for the group, the Board takes in to account the regulatory requirements, voluntary codes, market best practices and the need to deliver value

to stakeholders in transparent manner. The Corporate Governance framework encompasses the Article of Association, Board Charter and other sub-committee charters, Organisation Structure, code of ethics for employees and Board approved operating procedures. Company is in full compliance with the following ;

- > Companies Act No. 7 of 2007
- > Listing Rules of the Colombo Stock Exchange
- > The Code of Best Practice on Corporate Governance as published by the Securities & Exchange Commission of Sri Lanka and the Institute of Chartered Accountants, Sri Lanka
- > Code of Best Practice on Related Party Transactions issued by Securities & Exchange Commission of Sri Lanka and Colombo Stock Exchange

Corporate Governance Framework



This segment of the report seeks to communicate to our stakeholders how the group is governed. In order to do this, we have used the structure of the Code of Best Practice on Corporate Governance to communicate the governance structures and processes of the group. Also disclosure of compliance with the requirements stipulated in Section 7.10 of the Continuing Listing Requirements on Corporate Governance issued by the Colombo Stock Exchange is given.

▶ ENTERPRISE GOVERNANCE

A. 1 - The Board

CIC Holdings PLC is headed by an effective Board of Directors with local and international experience and comprises of the Chairman, and eleven Directors. All the Directors are professionals who have acquired a wealth of experience and have proven ability in the fields of Management, Marketing, Finance, Legal, Human Resource and Agriculture. The Board gives leadership in setting the strategic direction and establishing a sound control framework and is accountable for the governance of the Company. The

Board's composition reflects sound balance of independence and anchors shareholder commitment.

Holding of Regular Board Meetings

(Principle A. 1.1)

The Board meets once in three months to review the performance of the Company and Group and take strategic decisions or even more frequently if the necessity arises. The Board met four times during the year. Scheduled Board and Committee meetings were arranged well in advance

and all Directors were expected to attend each Board meeting. Any instance of non-attendance at Board meetings were generally related to prior business, personal commitments or illness.

The attendance of each Director at Main Board, Audit, Human Capital & Compensation, Nominations and Related Party Review Committee meetings is set out in the table below:

Committee/Composition	Main Board Committee		Audit Committee		Human Capital & Compensation Committee		Nominations Committee		Related Party Review Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr. S.H. Amarasekera	4	4	7	7	2	2				
Mr. S.P.S. Ranatunga	4	4							3	3
Mr. R.N. Asirwatham	4	4	9	9	2	2			3	3
Mr. R.S. Captain	4	1			2	2				
Mr. S.M. Enderby	4	3	9	8	2	2			3	2
Mr. M.P. Jayawardena	4	4								
Mr. K.B. Kotagama	4	3								
Prof. P.W.M.B.B. Marambe	4	2								
Dr. R.C.W.M.R.D. Nugawela	4	3								
Mr. P.R. Saldin	3	3	3	3						
Mr. A.V.P. Silva	4	4								
Mr. D.S. Weerakkody	4	2			2	2			3	2

Composition of the Main Board and the Board Sub-committee as at 31st March 2107.

Name of Committee	Independence				Gender		Age Group	
	Executive Members	Non-Executive Members	Independent Members	Non-Independent Members	Male	Female	Below 50 years	Above 50 years
Main Board	1	11	5	7	12			12
Audit Committee	1*	3	3	1	4			4
Human Capital & Compensation Committee	1*	5	4	2	6			6
Nominations Committee	1*	3	2	2	4			4
Related Party Review Committee	1	3	3	1	4			4

* Attends by Invitation

Role of the Board

(Principle A. 1.2)

The Board provides strategic direction and sets in place a governance structure and policy framework to facilitate value creation to shareholders in accordance with applicable laws and regulation. The Company has a formal schedule of matters as it is necessary given the scale, nature and complexity of the businesses concerned for –

- > Deciding, formulating, implementation and review of Company's strategies and policies.
- > Ensure effectiveness of the systems to secure integrity of the information, internal controls and risk management
- > Ensure compliance with legal & regulatory requirements and ethics
- > Approval of budgets, corporate plans, interim and annual Financial Statements for publication
- > Deciding and approval of major capital expenditure, acquisitions and divestures
- > Reviewing HR processors with emphasis on ensuring availability of necessary skills, experience and knowledge by the CEO and senior Management team to implement strategy and top management succession planning.
- > Ensure all stakeholder interests are considered in corporate decisions.
- > Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and compliance with financial regulation

The Board is assisted by the Sub-Committees in fulfilling their role.

Compliance with Laws of the country as applicable to the business and procedure to obtain independent professional advice.

(Principle A. 1.3)

The Board collectively and Directors individually, act in accordance with the laws of the country, as applicable to the business enterprise. The Board of Directors ensures that procedures and processes are in place to ensure compliance with all applicable laws and regulations. The Board obtains professional advice from external independent parties at the expense of the Company. During the year under review, professional advice was sought on various matters including, HR policy development, legal, tax and accounting aspects, engineering, architectural, actuarial valuation, information system development, system compliance audits etc.

Company Secretary

(Principle A. 1.4)

All Directors have access to the advice and services of the Company Secretary as necessary. A Chartered Management Accountant with an adequate experience functions as the Secretary of the Board. She ensures that proper Board procedures are followed and the relevant rules, regulations and requirements are complied with which are relevant to them as individual Directors and collectively to the Board. The Articles of the Company specify that the Board may, at their discretion, remove the Company Secretary.

Independent Judgment of Directors

(Principle A. 1.5)

Directors are required to bring an independent judgment to bear on decisions of the Company. As experienced professionals, their duties are performed without any influence from other persons. The Board promotes an environment whereby challenging contribution from the Non-Executive Directors is welcomed and encouraged. The Directors are not a party to any decisions made on areas of personal

interests. Transactions of the Directors and their family members (arm's length basis) with the Company are required to be disclosed.

Dedication of Adequate Time and Effort by the Directors

(Principle A. 1.6)

Board and Sub-Committee meetings are scheduled well in advanced and the papers are circulated a week prior to the meeting with a clear agenda and papers with guidelines on content and presentation. Sufficient time is dedicated at every meeting to ensure all responsibilities are discharged satisfactorily. Directors dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification and to follow up on issues. Members of the Corporate Management team and external experts make presentations to the Board and Sub-Committees on a regular basis on matters pertaining to the Company & Group.

Training for the Directors

(Principle A. 1.7)

On appointment Directors are provided with a Board pack. The Directors are provided with adequate relevant training opportunities for continuous development. Expert advice is sought from external parties when there are major changes affecting the Company. Every Director is aware of the need for continuous training and expansion of the knowledge to effectively perform their duties.

A. 2 - Chairman and CEO

There is a clear division of responsibilities in conducting the business of the Board and the day-to-day operations in order to ensure a balance of power and authority. The Chairman is responsible for leading, directing and managing the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. CEO's role is primarily to manage the day-to-day operations of the Company.

▶ ENTERPRISE GOVERNANCE

A decision to combine the posts of Chairman and Chief Executive Officer in one person should be justified and highlighted.

(Principle A. 2.1)

The position of the Chairman and the CEO are separated, preventing unfettered powers for decision making in one person

The Chairman and the CEO have been identified on page 14 of the Annual Report.

A. 3 - Chairman's Role

The Chairman is responsible for leading, directing and managing the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. He ensures good Governance and effective discharge of Board functions by the Board Members at all times and implementation of decisions taken. Agenda for Board meetings are determined by the Chairman in consultation with the Company Secretary, and Directors wishing to include items on to the agenda may request the Chairman.

Conducting Board Proceedings in a Proper Manner

(Principle A. 3.1)

The Chairman leads the Board and manages the business of the Board while taking full account of the issues and concerns of the Board and ensure, inter-alia, that;

- > the effective participation of both Executive and Non-Executive Directors is secured and views of Directors on issues under consideration are ascertained
- > all Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company
- > a balance of power between Executive and Non-Executive Directors is maintained

- > the Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders.
- > the new Board members are given appropriate induction.
- > approving the agenda for each meeting prepared by the Board Secretary.
- > the Board members receive accurate, timely and clear information
- > regular meetings, the minutes of which are accurately recorded and where appropriate include the individual and collective views of the Directors.
- > the process for self-assessment of the Board from its members and uses the meaningful feedback to further improve the effectiveness of the Board.

A. 4 - Financial Acumen

The Board comprises of members having sufficient financial acumen and knowledge. There are four senior Chartered Accountants and two Chartered Management Accountant who provide guidance on the financial matters. In addition, other Directors of the Board are with sufficient financial acumen.

A. 5 - Board Balance

There should be a balance of Executive and Non-Executive Directors so that no individual or small group of individuals can dominate the Board's decision-taking.

The Board of CIC comprises of one Executive Director and eleven Non-Executive Directors. Five of the eleven Non-Executive Directors are Independent which is above the minimum prescribed by the code, which is two or one-third of the Non-Executive Directors appointed to the Board whichever is higher. One Independent Non-Executive Director has exceeded the stipulated period of service. However, the Board of Directors of the Company has taken all other matters into consideration and has considered the said Director to be independent. All Independent Non-

Executive Directors are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment. Details are given on page 28 of this report.

Each Non-Executive Director submits a signed declaration of independence / non-independence against the specified criteria annually and they are evaluated to ensure compliance with the criteria for determining independence. There were no circumstances which warranted appointment of Alternate Directors. As the position of the Chairman and the CEO are separated a necessity has not arisen to appoint a Senior Independent Director.

The Chairman holds meetings with the Non-Executive Directors without the presence of the Executive Director at times of need. The meetings are generally held in an informal manner and formally meets if necessary. Directors concerns regarding matters which are not resolved unanimously are recoded in the minutes.

A. 6 - Supply of Information

Board members receive information regarding the matters set before the Board a week prior to the meeting with a clear agenda and papers with guidance on contents. The relevant management personnel are called for the meetings when deemed necessary to provide further details. Management also makes presentations to the Board when necessary. On urgent matters, every effort is taken to provide the information as early as possible. Monthly accounts are circulated and key financial parameters and performance of each division /subsidiary are discussed and remedial action taken where necessary. Senior managers make presentations on the performance of the business in their charge. When the Board finds that the information provided is insufficient or not clear, they call for additional information which is provided.

The Directors who are unable to attend the meetings are updated through the documented minutes which are tabled at the next meeting with the follow-up from matters arising from the minutes.

A. 7 - Appointments to the Board

A formal and transparent procedure should be followed for the appointment of new Directors to the Board.

The Nominations Committee assesses the suitability of the prospective nominees to the Board and recommends persons for consideration of the entire Board.

Availability of a Nominations Committee for Making Recommendations on all New Board Appointments

(Principle A. 7.1)

Nominations Committee comprises of three Non-Executive Directors and the Company's Managing Director attends by invitation. The Chairman of the Committee is the Non-Executive Chairman, details of which are given on page 36 of the Annual Report. The terms of reference for Nominations Committee are similar to one set out in Schedule A in this code.

Assessment of Board composition by the Nominations Committee

(Principle A. 7.2)

The Nominations Committee assesses the composition of the Board to ascertain whether the combined knowledge and experience of the Board, matches with the strategic demands facing the Company. The findings are taken into account when new appointments are considered.

Disclosure of Details of New Directors to Shareholders

(Principle A. 7.3)

Names of the new Directors, a brief résumé, nature of his/her expertise in relevant functional areas, names of companies in which the Director holds directorships or memberships in Board Committees and independence are made

available to the shareholders on their appointment by making announcements at the Colombo Stock Exchange. A profile of the Directors' qualification, experience and the other directorships are given on pages 16 to 18 of the Annual Report.

A. 8 - Re-election of Directors

All Directors should be required to submit themselves for re-election at regular intervals and at least every three years. All Non-Executive Directors should be appointed for a specific term and subject to re-election.

In terms of the Articles of Association, all Directors are elected by the shareholders at the first Annual General Meeting immediately after their appointment. Thereafter, each year one-third of the Directors, other than the Managing Director retire by rotation. The Directors who hold office for the longest period retire and offer themselves for re-election with the recommendation of the Board of Directors. When they are re-elected at the AGM, immediately after their appointment, they have to come up for re-election in 3 years or a shorter period. The Managing Director neither retires by rotation nor is he counted to determine Directors retiring and coming up for re-election according to the Articles of Association. In terms of Section 210 of the Companies Act No. 07 of 2007, Directors reaching the age of 70 years are recommended for re-election on a substantive motion by a shareholder. The biographical details of the Directors who are subject to re-election at the forthcoming AGM are given in their profiles on pages 16 to 18 of the Annual Report in order to enable shareholders to make an informed decision on their election.

A. 9 - Appraisal of Board Performance

The Non-Executive Directors evaluate the Executive Directors through the Human Capital & Compensation Committee. This is a continuous process and is done through a healthy dialog. In addition, the Board appraisals are supported by the financial report, statutory status reports,

internal audit reports, report from the Risk Committee, and management letter from the External Auditors etc.

Further, each member of the Board carried out a self-assessment of his own effectiveness as an individual as well as effectiveness of the Board as a team for the year, which incorporates all criteria specified in the Board performance evaluation checklist of the code. The responses are collated by the Company Secretary and submitted to the Board as a summary report.

Refer Human Capital & Compensation Committee report on page 34 of this report for performance evaluation criteria.

A. 10 - Disclosure of Information in Respect of Directors

Information specified in the code in relation to the Directors is disclosed in this Annual Report as follows,

- > Name, qualifications, brief profile and the nature of his expertise on pages 16 to 18
- > Directors' interest in other businesses on pages 16 to 18
- > Executive/ Non-Executive/ Independence on page 28
- > Names of listed companies each Director serves as a Director and other companies each Director serves as a Director on pages 16 to 18
- > Total Board seats held by each Director on page 29
- > Number of Board and Committee meetings held and attendance on page 20
- > Names of Committees in which the Director serves as the Chairman or a member on pages 33 to 37

A. 11 - Appraisal of the CEO

Prior to commencement of the financial year, the Human Capital & Compensation Committee sets objectives in consultation with the CEO based on long, short and

► ENTERPRISE GOVERNANCE

medium term business targets (financial and non-financial) considering all stakeholder interest. These are confirmed by the Board. The personal goals set for the CEO is assessed annually by the Human Capital & Compensation Committee and the assessment is ratified by the Board. The CEO is responsible to provide the Board with explanations for any adverse variances together with actions to be taken.

B - Directors' Remuneration

B.1 - Remuneration Procedure

The Company should have a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors. No Director is involved in deciding perquisites to themselves. The Human Capital & Compensation Committee reviews the remuneration policy, makes recommendations and provides guidance on implementation. Remuneration levels based on the qualifications and experience are designed to attract, retain and motivate the staff who have made contributions to the corporate objectives

Establishment of Remuneration Committee, Composition and the members

(Principle B. 1.1, B.1.2, B.1.3)

The Human Capital & Compensation Committee consists of five Non-Executive Directors who bring independent judgment on the issues and the Company CEO attends meetings by invitation. The Committee sets policies on remuneration, perquisites and allowances based on the market and industry. The chairman of the Committee is appointed by the Board.

A complete list of the members of Human Capital & Compensation Committee is given in the Report of the Human Capital & Compensation Committee on page 34

Determination of Remuneration of Non-Executive Directors

(Principle B. 1.4)

Non-Executive Directors' fees is linked to CEO's remuneration. The Board believes that it is in line with the current market conditions. Shareholders of the Company approve the remuneration through approval of the Financial Statements

Consultation of the Chairman and/or CEO and access to professional advice

(Principle B. 1.5)

The CEO of the Company attends the meetings by invitation. The Committee engage the services of HR professionals on a regular basis to assist in the discharge of their duties.

B.2 - Level and Make-up of Remuneration

The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors. Remuneration of all staff including Executive Directors is based on the achievements of the Company and on individual achievements. A balance is maintained between fixed and variable percentage. Non-Executive Directors' fees is linked to CEO's remuneration.

Executive Director's remuneration package

(Principle B. 2.1)

The Human Capital & Compensation Committee provides the package needed to attract, retain and motivate Executive Directors of the required quality.

Comparison of remuneration with other companies and with companies in the Group

(Principle B. 2.2, B.2.3)

Members of the Human Capital & Compensation Committee have expertise based on their association with a variety of companies. Chairman of the Committee

is a HR specialist with international expertise. Improvement in performance has been factored into compensation structures. Surveys are conducted as and when necessary to ensure that the remuneration is competitive with those of comparable companies.

The Committee also reviews the policies concerning executive benefits among the Group Companies.

Performance related elements of remuneration of Executive Directors

(Principle B. 2.4)

Compensation Committee ensures that the total earnings of the Executive Directors are aligned with the performance of the Company.

Executive shares Options

(Principle B. 2.5)

The Employee Share Option Plan of the Company which was extended to the Executive Directors were offered as per the guidelines of the Listing Rules of the CSE where exercise price is based on the market price and it is uniformly applicable to all staff members who are in the rank of "Premier Manager" and above. Details are given on page 68.

Executive Directors' remuneration

(Principle B. 2.6)

The Human Capital & Compensation Committee follows the provisions set out in Schedule E of the code as required.

Early termination of Executive Directors & termination excluding poor performance as a reason

(Principle B. 2.7, B.2.8)

No special provision is made. Executive Directors are entitled to the gratuity payment in a uniform manner available to all employees of the Company.

Levels of remuneration for Non-Executive Directors

(Principle B. 2.9)

Non-Executive Directors are paid a monthly fee and a compensation on a fixed basis for Committee participation. Market practices are followed.

B. 3 - Disclosure of Remuneration

The remuneration policy is disclosed in the Report issued by the Human Capital & Compensation Committee on page 34.

Names of the Directors comprising the Human Capital & Compensation committee are given on page 34.

Remuneration and fees paid to both Executive and Non-Executive Directors are given on page 74.

C - Relationships with Shareholders

C. 1 - Constructive use of the General Meeting and Conduct of General Meetings and building up relationships with Shareholders.

(Principle C. 1.1)

The Company always encourages active participation of the shareholders at the General Meetings and solicits their views all the time, thus promoting a healthy dialogue. All proxy votes are counted and documented when a resolution is proposed at an AGM.

The Company had over 2,345 voting shareholders of whom approximately 2% exercised their rights to vote by attending the AGM or by proxy.

Separate resolution at the AGM on each substantially separate issue

(Principle C. 1.2)

The AGM provides a forum for all shareholders to participate in decision making in matters reserved for the shareholders. Each substantially different issue is proposed as separate resolutions.

The adoption of the Annual Report of the Board of Directors on the affairs of the Company and Financial Statements with Independent Auditors' report is also proposed as a separate resolution.

Availability of Board Sub-Committee Chairman at the AGM

(Principle C. 1.3)

The Chairman of the Audit Committee, Chairman of the Human Capital & Compensation Committee, Chairman of the Related Party Review Committee and the Chairman of the Nominations Committee are generally present at the AGM.

Adequate notice of AGM

(Principle C. 1.4)

According to the Companies Act No. 07 of 2007, the period for notice required to be given to the Shareholders is 15 working days. In addition, as per the Articles of Association of the Company, 3 more days have to be kept for posting.

Procedures governing voting at General Meetings

(Principle C. 1.5)

A summary of the procedures governing voting at the Annual General Meeting is given on the Proxy Form.

C. 2 - Communication with Shareholders

The Board should implement effective communication with shareholders.

A channel to disseminate timely information to shareholders

(Principle C.2.1)

The Company uses many methods to disseminate information to the shareholders including the annual and quarterly financials, shareholder meetings, other company publications, information sent to CSE etc

Disclosure of policy and methodology of communication and implementation

(Principle C. 2.2 & C.2.3)

The Company will focus on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Company will ensure information is communicated accurately and in such a way as to avoid the creation or continuation of a false market.

Disclosure of the contact person for communication

(Principle C. 2.4)

Details are given in the shareholder and investor section of this Annual Report.

Process to make the Directors aware of issues and concerns of the shareholders, process for responding to shareholder matters and disclosing same.

(Principle C. 2.5, C.2.7)

The Company Secretary shall maintain a record of all correspondence received and will refer such correspondence to the Board as applicable. The Board will respond to all validly received shareholder correspondence and will direct the Company Secretary to send the response to the particular shareholder.

Person of contact for shareholder matters

(Principle C. 2.6)

Person to contact in relation to shareholder matters is the Company Secretary and in the absence of her the Managing Director.

C. 3 - Major and material Transactions

The Company has not committed for such transaction as per Section 185 of the Companies Act No7 of 2007 during the financial year 2016/17 other than what is disclosed in the Annual Report. This will be practiced where relevant.

► ENTERPRISE GOVERNANCE

D - Accountability and Audit

D. 1 - Financial Reporting

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

The Board's responsibility for statutory and regulatory reporting

(Principle D. 1.1)

The Company gives high priority to timely publication of annual and quarterly results with comprehensive details enabling the stakeholders to make informed decisions. All publications comply with the statutory requirements, procedures laid down by the Colombo Stock Exchange and the Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka. Mediums of publication include specified printed documents, newspaper advertisements and the website of the Company.

Annual Report should Contain a Declaration by the Directors

(Principle D. 1.2)

'Annual Report of the Board of Directors on the Affairs of the Company' containing the subject declarations are given on page 41.

Presenting a Statement Setting out the Responsibilities of the Directors for Financial Statements and a Statement by the Auditors about their Reporting Responsibilities

(Principle D. 1.3)

The Statement of Directors' Responsibility for Financial Reporting is given on page 47.

Independent Auditors' Report on the Financial Statements of the Company for the year ended 31st March 2017 containing the Auditor's reporting responsibility is given on page 49.

Management Discussion & Analysis

(Principle D. 1.4)

This information is given under Business Review on Company website.

Declaration by the Board on the going concern of the company

(Principle D. 1.5)

This is given in the 'Annual Report of the Board of Directors on the Affairs of the Company' on page 41.

Summoning an EGM to notify the Shareholders if Net Assets fall below One-Half of the Shareholders' Funds

(Principle D. 1.6)

There has not been any such situation in the past. However, if such situation arises, an Extraordinary General Meeting will be called for and shareholders will be notified.

Disclosure of related party transaction adequately and accurately

(Principle D. 1.7)

Please refer note 41 on page 104 of this annual report for related party transactions.

D. 2 - Internal Controls

The Board is responsible for the effectiveness of the internal controls. The system is designed to give assurance, inter alia, safeguarding of assets, the maintenance of proper accounting records and the reliability of the financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The effectiveness of the internal control systems is periodically reviewed by the Board Audit Committee and major observations are reported to the Board. The internal audit function is outsourced to Messrs PricewaterhouseCoopers. The

Board reviews the reports arising from the internal and external audits and monitors the progress of the Company by evaluating the actual results against the budgets and industry standards.

The Board having reviewed the system of internal control, is satisfied with the Group's adherence to and effectiveness of these controls for the period up to the date of signing the Financial Statements.

The Company has an Audit Committee and the Internal Audit function is outsourced to Messrs PricewaterhouseCoopers.

D. 3 - Audit Committee

Establish formal and transparent arrangements for considering how they should apply the financial, reporting and internal control principles and for maintaining an appropriate relationship with the Company's Auditors

The Audit Committee among other functions review the operation and effectiveness of Internal Control systems, ensuring that a good financial reporting system is in place and is well-managed and monitor the internal and external audit functions. The internal controls within the Company are designed to provide reasonable, though not absolute, assurance to the Directors and assist them to monitor the financial position of the Group. The Company ensures cordial relationship with the External Auditors, Messrs KPMG.

Composition of the Audit Committee

(Principle D. 3.1)

The Audit Committee comprises of three Independent Non- Executive Directors. The CEO, GFD and the CFO attended meetings by invitation. The full Report of this Committee including the terms of reference and specific tasks carried out during the year is given on page 33.

Duties of the Audit Committee

(Principle D. 3.2)

The duties of the Audit Committee include keeping under review the scope and results of the audit and its effectiveness and the independence and objectivity of the Auditors. During the year, provision of non-audit services to the Company by them was limited to tax consultancy work and other assurance reports.

Terms of Reference of the Audit Committee

(Principle D. 3.3)

The Terms of Reference of the Audit Committee have been agreed by the Board. The full Report of this Committee including the terms of reference and specific tasks carried out during the year is given on page 33.

Disclosures of the Audit Committee

(Principle D. 3.4)

Names of the members of the Audit Committee and the independence of the External Auditors' are disclosed in the Audit Committee Report on page 33. On the recommendation of the Board, the shareholders have approved the rotation of the External Auditor in keeping with the principles of good Corporate Governance

D. 4 – Code of Business Conduct & Ethics

A comprehensive Corporate Governance and Business conduct and ethics has been adopted by the Board and is in compliance, which is applicable to all employees. Deviations from the agreed status is considered serious & addressed.

D. 5 – Corporate Governance Disclosures

In order to further strengthen the Good Corporate Governance practices already in the Company, latest best practices around the world are identified and where relevant, they are applied. Our Company is committed to the Code of Best Practice

for Corporate Governance, issued by SEC, The Institute of Chartered Accountants of Sri Lanka and upholds a policy of accountability and public frankness. We maintain the fullest transparencies in all our business transactions. We have carried out transactions as per the laid down rules and regulations of The Institute of Chartered Accountants of Sri Lanka, the Colombo Stock Exchange, the Department of Exchange Control, the Department of Inland Revenue and other governing bodies.

The extent to which the Company has complied with the Good Corporate Governance Principles is given as above in this Report.

Shareholders

E – Institutional Investors

E. 1 – Shareholder Voting

Company uses the Annual General Meeting as one mode of communication with the shareholders. Chairman ensures that all views are communicated to the Board as a whole. Voting of the shareholders is important in carrying out a resolution at the AGM. The Quarterly & the Annual Financial Statements are considered the main mode of communication with the shareholders. The reports are available on the CSE web site and the Company's web site. Once the Financial Reports are released the shareholders who have concerns contacts the Chairman, Managing Director, GFD or Company Secretary.

All price sensitive information and as per requirements of the corporate disclosures of Listing Rules, the Company has disseminated the information to public.

E 2- Evaluation of Governance Disclosures

The intuitional investors are encouraged to give due weight to all relevant matters relating to Board structure and composition.

F – Other Investors

F.1 – Investing/ Divesting Decision

Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decision. The investors are provided information through company web site, CSE web site and other public announcements

F.2 – Shareholder Voting

Individual shareholders are encouraged to participate at the General meetings of the Company and exercise their voting rights.

G – Sustainability Reporting

G.1 – Principles of Sustainability Reporting

Sustainability reporting is the practice of recognising, measuring, disclosing and being accountable to internal and external stakeholders for organisational performance towards the goals of sustainable development in the context of the overall business activities and strategy of the entity and directed to the target stakeholders

Reporting of Economic Sustainability

(Principle G.1.1)

Please refer Sustainability Report on Company website

Reporting on the Environment

(Principle G.1.2)

Please refer Sustainability Report on Company website

Reporting on Labour Practices

(Principle G.1.3)

Please refer Sustainability Report on Company website

Reporting on Society

(Principle G.1.4)

Please refer Sustainability Report on Company website

▶ ENTERPRISE GOVERNANCE

Reporting on Product Responsibility

(Principle G.1.5)

Please refer Sustainability Report on Company website

Reporting on Stakeholder identification, engagement and effective communication

(Principle G.1.6)

Please refer Sustainability Report on Company website

Sustainability Reporting to be formalized as part of the reporting process and to take place regularly.

(Principle G.1.7)

Please refer Sustainability Report on Company website

1. In terms of Section 710.2 (b) of the Listing Rules of the Colombo Stock Exchange, each Non-Executive Director is required to submit a declaration annually on his independence/non-independence, against the criteria specified by the Colombo Stock Exchange. Accordingly, the Company has obtained declarations from the Non-Executive Directors. The related entries were made in the Interest Register during the year under review.
2. Listing Rule 710.4 requires the Board to make a determination annually, as to the independence or non-independence of each Non-Executive Director, based on such declaration and other information available to the Board.

On Perusal of the declarations the Board noted that -

- (a) Mr. R.N. Asirwatham, Mr. S M Enderby, Prof. P.W.M.B.B. Marambe and Mr. D S Weerakkody are Independent Directors.

(b) The specified criteria categorise the following Directors as Non-Independent Directors:

Name of Director	Specific criteria, with the application of which, the Director shall not be considered independent.
Mr. S.H. Amarasekera	Served on the Board for a period exceeding 9 years.
Mr. R.S. Captain	Director of another company which has a significant shareholding in the Company
Mr. M.P. Jayawardena	Director/Consultant of sub-subsidiaries of the Company
Mr. P.R. Saldin	Director of another company which has a significant shareholding in the Company
Mr. K.B. Kotagama	Director of subsidiaries of the Company
Mr. A.V.P. Silva	Director of subsidiaries of the Company
Dr. R.C.W.M.R.D. Nugawela	Director of a subsidiary of the Company

3. According to Rule 710.3 (b), in the event a Director does not qualify as 'Independent' against any of the criteria, but if the Board, taking into account all the circumstances, is of the opinion that the Director is nevertheless 'Independent', the Board shall specify the criteria not met and the basis for its determination in the Annual Report.
4. When applying 710.4, the Board considered all related issues and the contribution made by such Directors, including the application of the following tests, to determine whether the Directors, whose names are given in (b) above could be considered independent.
 - i. Whether a Director uses his position (eg. Long standing position or other influential position) to influence the Board to take decisions
 - > to his benefit or
 - > according to his wishes or
 - > against the wishes of the majority of the other Directors or
 - > against the interests of the Company.
 - ii. Whether he uses his position to prevent the other Directors from expressing their views and opinions at Board meetings or at any other discussions.
 - iii. Whether the views of the others (Directors, Professionals etc) are disregarded or ignored.
 - iv. Whether the matters are only referred to such Director for a decision, generally or as a practice, without referring these matters to other Directors.
 - v. Whether the other Directors feel that their presence and their contribution is immaterial.
 - vi. Whether the Directors are not given an opportunity to assess the performance of the Board, which includes the performance of every single Director.
 - vii. One reason for non-existence of team spirit is undue influence of one or more Directors. The test to be used is whether there is adequate team spirit in the Board.
 - viii. Whether there is a practice to refer matters, which can be dealt with at a lower level, to such Director.
 - ix. Whether third parties deal with such Director on matters which can be easily finalised by any other party at a lower level.

On the above basis, the Board determined that Mr S H Amarasekera, too, could be considered Independent

The total number of Board seats (excluding directorship in CIC) held by each director as at 31st March 2017, can be summarised as follows;

Name of the Director	Type	Shareholding	Management Involvement/ Interest	Material Business	No. of Board Seats held in listed Companies- Executive	No. of Board Seats held in listed Companies- Non Executive	No. of Board Seats held in Un-listed Companies- Executive	No. of Board Seats held in Un-listed Companies- Non Executive
Mr. S.H. Amarasekera	NED/ID	No	No	No		9		9
Mr. S.P.S. Ranatunga	ED	Yes	Yes	No		2		18
Mr. R.N. Asirwatham	NED/ID	No	No	No		8		6
Mr. R.S. Captain	NED	Yes	No	Yes		1	10	1
Mr. S.M. Enderby	NED/ID	No	No	No	1	2		24
Mr. M.P. Jayawardena	NED	Yes	No	No		1		8
Mr. K.B. Kotagama	NED	Yes	Yes	No			1	10
Prof. P.W.M.B.B. Marambe	NED/ID	No	No	No	-	-	-	2
Dr. R.C.W.M.R D Nugawela	NED	No	Yes	No		-		1
Mr. P.R. Saldin	NED	No	No	Yes		1	2	
Mr. A.V.P. Silva	NED	Yes	Yes	No		1	4	4
Mr. D.S. Weerakkody	NED/ID	No	No	No	-	5	1	1

ED - Executive Director

NED - Non-Executive Director

ID - Independent Director

* above table includes only direct shareholding

The disclosures above demonstrate the Company's adherence to Section 7.10 of the continuing listing requirements issued by the Colombo Stock Exchange. This also indicates the level of conformance to the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and The Institute of Chartered Accountants of Sri Lanka in 2013. Further, the Board of Directors to the best of their knowledge and belief, is also satisfied that all statutory payments have been made on time and the other regulatory requirements are complied with.

Company's Adherence with the Corporate Governance Rules as required by Section 7.10 of the Listing Rules of the Colombo Stock Exchange

Corporate Governance Rule	Company's Adherence
<p>Directors</p> <p>Non-Executive Directors</p> <p>(a) The Board of Directors of a listed company shall include at least -</p> <p>(i) Two Non-Executive Directors; or</p> <p>(ii) Such number of Non-Executive Directors equivalent to one-third of the total number of Directors whichever is higher</p>	Complied with.
<p>(b) The total number of Directors is to be calculated based on the number as at the conclusion of the immediately preceding Annual General Meeting.</p>	Complied with.

▶ ENTERPRISE GOVERNANCE

Corporate Governance Rule	Company's Adherence
(c) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Not applicable.
Independent Directors	Complied with.
(a) Where the constitution of the Board of Directors includes only two Non-Executive Directors as mentioned above, both such Non-Executive Directors shall be 'independent'. In all other instances two or one-third of Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be 'independent'.	As per the Board's determination on independence of each Director, based on Directors' Declarations, as provided by Section 7.10.3 (a) of the Listing Rules.
(b) The Board shall require each Non-Executive Director to submit a signed and dated declaration annually of his/her independence or non-independence against the criteria specified in the Code.	Complied with.
Disclosures Relating to Directors	Complied with.
(a) The Board shall make a determination annually as to the independence or non-independence of each Non-Executive Director based on such declaration and other information available to the Board and shall set out in the Annual Report the names of Directors determined to be 'independent'.	Please refer page 28 of this Annual Report for details.
(b) In the event a Director does not qualify as 'independent' against any of the criteria set out in Section 7.10.4, but if the Board, taking into account all the circumstances, is of the opinion that the Director is nevertheless 'independent', the Board shall specify the criteria not met and the basis for its determination in the Annual Report.	Complied with.
(c) In addition to disclosures relating to the independence of a Director set out above, the Board shall publish in its Annual Report a brief résumé of each Director on its Board, which includes information on the nature of his/her expertise in relevant functional areas.	Complied with. Please refer pages 16 to 18 of this Annual Report.
(d) Upon appointment of a new Director to its Board, the Company shall forthwith provide to the Exchange a brief résumé of such Director for dissemination to the public. Such résumé shall include information on the matters itemised in paragraphs (a) and (c) above.	Complied with.

Corporate Governance

Remuneration Committee

A listed Company shall have a Remuneration Committee in conformity with the following requirements:

(a) Composition

The Remuneration Committee shall comprise a minimum of -

(i) Two Independent Non-Executive Directors (in instances where a company has only two Directors on its Board); or	Complied with.
(ii) Non-Executive Directors a majority of whom shall be independent, whichever shall be higher.	

Corporate Governance Rule	Company's Adherence
<p>Remuneration Committee of the Parent Company may be permitted to function as the Remuneration Committee of the subsidiary.</p> <p>However, if the Parent Company is not a listed company, then the Remuneration Committee of the Parent Company is not permitted to act as the Remuneration Committee of the subsidiary. The subsidiary shall have a separate Remuneration Committee.</p>	Complied with.
<p>One Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors</p>	Complied with.
(b) Functions	
<p>The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer of the listed company and/or equivalent position thereof, to the Board of the listed company, which will make the final determination upon consideration of such recommendations.</p>	Complied with.
(c) Disclosures	
<p>The Annual Report should set out the names of Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Remuneration Committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.</p> <p>The term 'remuneration' shall make reference to cash and all non-cash benefits whatsoever received in consideration of employment with the listed company (excluding statutory entitlements such as Employees' Provident Fund and Employees' Trust Fund).</p>	<p>Complied with.</p> <p>Please refer page 34 of this Annual Report for the names of the Committee Members and Note 11.1 to the Financial Statements for the details on remuneration paid.</p>
Audit Committee	
A listed company shall have an Audit Committee in conformity with the following requirements:	
(a) Composition	
<p>The Audit Committee shall comprise a minimum of -</p> <p>(i) Two Independent Non-Executive Directors (in instances where a company has only two Directors on its Board); or</p> <p>(ii) Non-Executive Directors a majority of whom shall be independent, whichever shall be higher.</p>	<p>Complied with.</p> <p>Please refer the 'Board Audit Committee Report' on page 33 of this Annual Report for the details.</p>
<p>In a situation where both the Parent Company and the subsidiary are 'listed companies', the Audit Committee of the Parent Company may function as the Audit Committee of the Subsidiary.</p> <p>However, if the Parent Company is not a listed company, then the Audit Committee of the Parent Company is not permitted to act as the Audit Committee of the subsidiary. The subsidiary should have a separate Audit Committee.</p>	Complied with.

▶ ENTERPRISE GOVERNANCE

Corporate Governance Rule	Company's Adherence
One Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors.	Complied with.
Unless otherwise determined by the Audit Committee, the Chief Executive Officer and the Chief Financial Officer of the listed company shall attend Audit Committee meetings.	Complied with.
The Chairman or one member of the Committee should be a Member of a recognised professional accounting body.	Complied with.
(b) Functions	
Shall include -	
(i) Overseeing of the preparation, presentation and adequacy of disclosures in the Financial Statements of a listed company, in accordance with the Sri Lanka Accounting Standards.	Complied with.
(ii) Overseeing of the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting - related regulations and requirements.	Complied with.
(iii) Overseeing of the processes to ensure that the Company's internal controls and risk management are adequate, to meet the requirements of the Sri Lanka Auditing Standards.	Complied with.
(iv) Assessment of the independence and performance of the Company's External Auditors.	Complied with.
(v) To make recommendations to the Board pertaining to appointment, reappointment and removal of External Auditors and to approve the remuneration and terms of engagement of the External Auditors.	Complied with.
(c) Disclosures in the Annual Report	
The names of the Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Audit Committee should be disclosed in the Annual Report.	Complied with.
The Committee shall make a determination of the independence of the Auditors and shall disclose the basis for such determination in the Annual Report.	Complied with. Please refer the 'Board Audit Committee Report' on page 33 of this Annual Report.
The Annual Report shall contain a report by the Audit Committee, setting out the manner of compliance by the Company in relation to the above, during the period to which the Annual Report relates.	Complied with.

▶ AUDIT COMMITTEE REPORT

Composition of the Committee

In accordance with the Corporate Governance Guidelines, the Board appointed Audit Committee comprises of three Non-Executive Directors, namely, Messrs R.N. Asirwatham, who functions in the capacity of Chairman, S.M. Enderby and P R Saldin. The Managing Director/ CEO, Mr. S.P.S. Ranatunga, Group Finance Director, J. N. Weerakoon and the CFO, Ms. P.D.S. Ruwanpura, attended meetings by invitation. Mr. S H Amarasekera was a members of the committee until February 2017 and now attends meetings by invitation. The financial knowledge and the business acumen and the independence of the members are brought to bear on the deliberations and judgements on matters that come within their purview.

Role of the Committee

The role and the responsibility of the Committee is defined in the Audit Committee Charter, which is reviewed annually to ensure that new developments and other issues are properly addressed. The Committee among other functions reviews the operation and effectiveness of Internal Control Systems, ensuring that a good financial reporting system is in place, is well-managed and oversees the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards, Companies Act and other relevant financial reporting regulations. The Committee monitors the internal and external audit functions. The internal controls within the Company are designed to provide reasonable but not absolute assurance to the Directors and assist them to monitor the financial position of the Group.

The Audit Committee is empowered to review any activity within the Company. The Committee defines the responsibility for the internal audit function, monitors the internal audit programme and results of the internal audit process, considers

recommendations made by the Internal and External Auditors, reviews their reports and takes necessary action. The Committee makes recommendations to the Board on appointment, re-appointment and removal of External Auditors and approval of terms of engagement and remuneration.

Meetings

The Committee held 9 meetings during the year. The attendance of the Committee members are given on page 20 The Internal Auditors, Messrs PricewaterhouseCoopers attend meetings when required and the Audit Committee makes inquiries from any officer of the Company as deemed necessary.

Activities

During the year, the Committee reviewed 10 reports forwarded by the Internal Auditors. The reports are submitted on a quarterly basis as they carry out the audits according to a scheduled programme. In addition, they carry out special audits if the need arises. Having assessed the internal financial controls, the Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded. The Company's procedures are in place to ensure compliance with statutory requirements. The compliances are monitored through the quarterly 'Statutory Compliance Report'.

The committee had a meeting with the External Auditors in relation to the annual audit to ensure the independence in their approach and methodology. The Committee reviewed the Group Management Letter submitted by the External Auditors, Messrs KPMG, along with the management response. These recommendations are implemented by the management and the Audit Committee follows up on the implementation of these recommendations. The Committee also reviewed the Audited Financial

Statements with the External Auditors and the quarterly financial statements were reviewed prior to publication.

The Company's Code of Ethics educates and encourages staff at all levels to pave the way for Good Corporate Governance and encourages to resort to whistle-blowing, when they suspect wrong doing by other employees.

The Audit Committee has recommended to the Board of Directors, that Messrs KPMG, be re-appointed as Auditors for the financial year ending 31st March 2018 subject to the approval of shareholders at the Annual General Meeting to be held on 27th July 2017.

Conclusion

The Audit Committee is satisfied that the Group's accounting policies, operational controls and risk management processes provide reasonable assurance that the affairs of the Group are managed in accordance with Group policies and that Group assets are properly accounted for and adequately safeguarded.

Finally, I would like to thank my present colleagues in the Committee, Rimoe Saldin and Steven Enderby for their valuable contribution with their vast commercial experience and professional expertise, and Harsha Amarasekera for the immense contribution over the years, also the Managing Director, GFD, CFO of the Company and the Secretary to the Committee, Nilukshini De Silva for their contribution.



R.N. Asirwatham
Chairman
Audit Committee

22nd June 2017

▶ REPORT OF THE HUMAN CAPITAL & COMPENSATION COMMITTEE

Organisations everywhere are finding it harder to get – and keep – the right talent. Intensified competition and rapid shifts in business strategy can quickly create skills gaps. In addition, unrelenting technological advances have fundamentally transformed the way business operates. Changes such as these are driving employers to seek better ways to manage their employees. Thus, we have implemented a robust and a flexible working environment to attract, motivate, develop and retain our right talent. Our goal is to have a high performing team with the required competence, commitment and contribution to support our current and future organisational goals.

The table below is the Headcount report as at 31st March 2017:

Levels	Total
Top management	18
Senior management	128
Professionally qualified and experienced specialists and mid-management	210
Skilled technical and academically qualified staff, junior management, supervisors and clerical staff	1,236
Workers	415
Total permanent	2,007
Employees on contract	242
Total	2,249
Outsourced employees	953
Total with outsourced employees	3,202

The composition of the Human Capital & Compensation Committee;

Mr. D. S. Weerakkody - Chairman
Mr. S. H. Amarasekera
Mr. R. N. Asirwatham
Mr. R. S. Captain
Mr. S. M. Enderby

The Human Capital & Compensation committee is responsible for developing the Group's remuneration policy and determining the remuneration packages

of executive employees of the Group. The Committee recommends to the Board and its subsidiaries the remuneration to be paid to Key Management Personnel. The Committee reviews HR policies and the policies pertaining to remuneration and perquisites of the Executives of the Company annually with the assistance of external consultants.

The Committee held two meetings during the year under review. The Chairman of the Committee can convene a special meeting in the event a requirement arises, provided all members are given sufficient notice of such special meeting. The quorum for a meeting is two members. The CEO was invited to participate at the sittings of the Committee meetings as and when required by the Chairman considering the topics for deliberation at such meetings. The proceedings of the Committee meetings were regularly reported to the Board of Directors.

Employee Relations

During the year under review, planned employee relations interventions further strengthened and increased the level of employee engagement within the Group. The management maintained regular contact with staff at all levels to create a conducive and more positive working environment.

Employee Development

The Committee believes that employee development is key for organisational performance. Therefore, the focus would be to create high-impact employee development plans that are aligned with organisational needs to ensure a more engaged workforce and increase productivity by keeping employees' career paths on track.

Remuneration

The Committee believes that the Company's remuneration strategy is paramount to differentiate us from the competitors and to retain our top

performers. Therefore, our remuneration philosophy is anchored on a total rewards approach. The remuneration strategy has been designed to enable the company to develop, motivate and retain our internal talent pipeline; and when necessary to attract key talent externally to sustain the performance of the group. As remuneration is also very important to create a strong Employee Value Proposition (EVP) for the Company, our remuneration policy codifies the remuneration principles, processes, practices and procedures to streamline the company's remuneration philosophy and strategy. The Committee reviews the policies pertaining to remuneration and perquisites of the Executives of the Company annually with the assistance of external consultants. The pay mix may comprise a combination of Guaranteed Pay (Fixed Pay and Bonus) and Variable Pay (Short-term Incentives) depending on the level in the organisational hierarchy and performance.

Performance Management

The company to improve the overall effectiveness of the current Performance management system and to assist managers and employees to work together to plan, monitor and review work objectives and overall contribution to the organisation engaged Messers AON Hewitt to design a robust performance management system. The main objective is to ensure that it is more than just an annual performance review and that it becomes a continuous process of setting objectives, assessing progress and providing on-going coaching and feedback to ensure that employees are meeting their objectives and career goals.

Leadership Development

To develop effective leaders and manage the talent supply chain, organisations need to formalise their leadership development process and ensure that their leadership programme's goals are aligned with their business strategy. To achieve this goal we have obtained the assistance of AON Hewitt, a reputed global HR Consulting Company.

Succession Planning

Succession planning within our group is an ongoing process for responding to change, so that our Group operations would go on with as little disruption as possible. We are hoping to implement in 2017 an integrated career and succession management solution to ensure that our best talent is in line for future leadership and critical roles, mitigate the risk of future talent shortages and also retain and develop critical knowledge capital.

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



D.S. Weerakkody

Chairman

Human Capital & Compensation Committee

22nd June 2017

► NOMINATIONS COMMITTEE REPORT

The Nominations Committee consisted of the Non-Executive Chairman, Mr. S H Amarasekera, and two Non-Executive Directors, namely, Messrs, R.N. Asirwatham and R.S. Captain. Managing Director, Mr. S.P.S. Ranatunga attended the meetings by invitation.

The role and responsibilities of the Committee are-

- > To recommend to the Board the process of selecting the Chairman and CEO
- > To identify suitable persons who could be considered for appointment to the Board as Executive and Non-Executive Directors
- > To make recommendations on matters referred to it by the Board
- > To review the composition of the Board
- > To evaluate the independence and effectiveness of the Non- Executive Directors.
- > To identify suitable persons for appointment to the Board of subsidiaries and ratify the appointment of any Director selected by them in order to ensure that required competencies are available in such companies.

The Committee is satisfied that the combined knowledge and experience of the Board matches the requirements of the Company.



S.H. Amarasekera
Chairman
Nominations Committee

22nd June 2017

▶ RELATED PARTY TRANSACTION REVIEW COMMITTEE

Composition of the Committee

In accordance with the Code of Best Practice on Related Party Transactions, issued by the Colombo Stock Exchange, the Board appointed Related Party Transaction Review Committee comprises of three Independent Non-Executive Directors and the Executive Director, namely, Messrs R.N. Asirwatham, who functions in the capacity of Chairman, S.M. Enderby, D.S. Weerakkody and S.P.S. Ranatunga.

Terms of Reference of the Committee

Related Party Transaction Review Committee was formed by the Board during the year ended 31st March 2015 to assist the Board in reviewing all related party transactions of the Group. The Committee is responsible for,

- > Developing and recommending the RPT policy consistent with guidelines of CSE for adoption by the Board of Directors of the Company and its subsidiaries.
- > Making immediate market disclosures on applicable RPT as required by section 9 of the Listing Rules of the CSE.
- > Providing information to the Board of Directors on the RPT of each of the Group Companies.
- > Making appropriate disclosures on RPT in the Annual Report of the company as required by the continuing listing requirement of CSE.

The committee holds meetings on a quarterly basis to review and report to the Board on matters involving RPT falling under its terms of reference.

Any member of the committee who has an interest in a RPT under discussion shall refrain from participating in the review discussion. Upon completion of its review of the transaction the committee may determine to permit or prohibit on the RPT. A RPT entered into without pre-approval of the committee shall not be deemed to violate this policy or be invalid or unenforceable so long as the

transaction is brought to the committee within a reasonable and practical time period. Thereafter it is entered into or after it becomes reasonable apparent that the transaction is covered by this policy. As such all RPT other than the exempted transactions will be reviewed either prior to the transaction being entered into or if the transaction is expressed to be conditional on such review prior to the completion of the transaction.

Methodology Adopted by the Committee

Monitoring systems are in place to obtain declarations from all Directors (at the time of joining the Board and annually thereafter) informing the Company Secretary, the primary contact point for Directors, of any existing or potential RPTs carried out by them or their Close Family Members (CFMs) or any changes to the position already disclosed.

Monitoring systems are in place to obtain confirmations on any new appointments accepted by Directors of the Company in other entities and from other Key Management Personnel (KMPs) to identify and capture such transactions carried out by the group with such entities which need to be disclosed under 'Directors Interest in Contracts' in the Annual Report.

The Committee relies on the integrity of periodically reportable Related Party Transactions data sourced via a comprehensive list of Related Parties based on latest available Declarations, signed off by the responsible Directors/ KMPs, which in turn is further reviewed by the Secretary. This review is carried out by comparing Related Party Transactions with benchmarked criteria applicable for comparable Non Related Party Transactions, to determine that Related Parties have not received any favourable nor preferential consideration. Further the Committee has the right of access as well as the power to call for clarification and explanation from Management & Auditors (External & Internal).

Activities during the year

Quarterly meetings were held during the year to scrutinise all Related Party Transactions with Directors, Key Management Personnel (KMPs), substantial shareholders, Subsidiaries and Associate Companies of the Company and such other related parties as defined in the Code with a view to determining that they have not received any favourable nor preferential consideration vis a vis the other shareholders, suppliers and customers of the Company as well as to ascertain that their transactions and dealings are in strict conformity with Statutory and Regulatory requirements which the Company is obliged to adhere to.

During year, the RPTs Policy was further reviewed, updated and the amended.



R.N. Asirwatham
Chairman
Related Party Review Committee

22nd June 2017

▶ BOARD OF DIRECTORS' STATEMENT ON INTERNAL CONTROLS

Requirement

The Code of best practice on Corporate Governance – 2013 issued jointly by the Securities and Exchange Commission and the Institute of Chartered Accountants, Sri Lanka, recommends Board to present a statement on internal controls.

Responsibility

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

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

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

Key Internal Control Processes

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

The Board sub-committees are established to assist the Board in ensuring the effectiveness of the group's operations and that they are in accordance with corporate objectives, strategy, and annual budget, policies and business environment.

The group's internal audit functions provide comfort on the efficiency and effectiveness of the internal control system. It monitors compliance on policies and procedures and highlights significant findings in respect of noncompliance. Audits are carried out on all subsidiaries and frequency of which is determined by the level of risk assessed. The annual audit plan is reviewed and approved by the Audit committee.

The Audit Committee reviews internal control issues identified by the group's internal auditors / external auditors, regulatory authorities and the management and evaluates the adequacy of internal controls.

In assessing the internal control system the management of the company continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the financial statements of the Company/ Group.

Confirmation Statement

The Board of Directors of CIC Holdings PLC (Group) confirm that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting system and the preparation of financial statements

for external purposes has been done in accordance with Sri Lanka Accounting Standards, Companies Act No. 7 of 2007 , Listing Rules of the Colombo Stock Exchange, requirements of Security and Exchange Commission of Sri Lanka and other regulatory requirements .

By order of the Board



S.H. Amarasekera
Chairman



S.P.S. Ranatunga
Managing Director / CEO



R.N. Asirwatham
Chairman
Audit Committee

22nd June 2017
Colombo

KEEPING OUR STAKEHOLDER PLEDGE OF VALUE

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► FINANCIAL CALENDAR

1st Quarter Financial Results	Released on 01/08/2016
2nd Quarter Financial Results	Released on 11/11/2016
3rd Quarter Financial Results	Released on 13/02/2017
4th Quarter Financial Results	Released on 31/05/2017

2015/16 Interim Dividend Paid	07/04/2016
2015/16 Final Dividend Paid	12/07/2016
2016/17 Interim Dividend Paid	23/12/2016
2016/17 Final Dividend Proposed Payment	06/08/2017
54th Annual General Meeting	27/07/2017

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

The Directors have pleasure in presenting to members the 54th Annual Report together with the Audited Financial Statements for the year ended 31st March 2017 of CIC Holdings PLC, a public limited liability Company.

General

CIC Holdings PLC (formerly known as Chemical Industries (Colombo) PLC) was incorporated on 12th May 1964 under the Companies Ordinance No. 51 of 1938 quoted in the Colombo Brokers Association (now Colombo Stock Exchange) from 1964 and re-registered as per the Companies Act No. 7 of 2007 on 21st November 2007. The name of the company was changed to CIC Holdings PLC from 14th January 2011.

The registered office of the Company is at 199, Kew Road, Colombo 02, at which the Company's head office is situated.

Review of the Year

The Statement of Accounts was approved by the Board of Directors on 22nd June 2017. The Chairman's Statement, Managing Director's Statement and Review of the Business set out the state of affairs and performance of the Company during the year and incorporate events subsequent to the date of the Balance Sheet.

Principal Activities

The Company carries on the business of merchandising and manufacturing as its principal activities. There were no significant changes in the activities of the Company during the year under review. There has been no changes in subsidiary companies which include Chemanex PLC and its subsidiaries, CIC Agri Businesses (Pvt) Limited and its subsidiaries other than formation of Precision Agriculture Technologies (Pvt) Ltd, CISCO Speciality Packaging (Pvt) Limited, CIC Feeds (Pvt) Limited and its subsidiaries, Link Natural Products (Pvt) Limited, CIC Cropguard (Pvt) Limited, Crop Management Services (Pvt) Limited, Colombo Industrial Agencies Limited and CIC Lifesciences Limited.

During the year CIC Properties (Private) Limited was incorporated.

Ultimate Parent

The ultimate holding company is Paints & General Industries Limited.

Subsidiaries

> CIC Agri Businesses (Private) Limited and its subsidiaries blend and market fertilizer, seed, planting material, fruit, vegetable, animal based farm produce and grains, namely, Rice and Corn. Subsidiary companies of CIC Agri Businesses (Private) Limited are:

CIC Seeds (Private) Limited, Wayamba Agro Fertilizers Company Limited, CIC Agri Biotech (Private) Limited, CIC Agri Produce Exports (Private) Limited, CIC Dairies (Pvt) Ltd and CIC Grains (Pvt) Ltd. CIC Dairy Breeding & Manufacturing (Private) Limited and CIC Agri Produce Marketing (Private) Limited are subsidiaries of CIC Seeds (Private) Limited. Rahimafrooz CIC Agro Limited is a long term investment of CIC Agri Businesses (Private) Limited.

> CIC Feeds (Private) Limited markets animal feed and day old chicks, while its subsidiaries market Veterinary Medicines and produce and process Poultry products. The subsidiary companies of CIC Feeds (Private) Limited are:

CIC Vetcare (Private) Limited, CIC Poultry Farms Limited and CIC Bio Security Breeder Farms Limited.

Chemanex PLC carries on the business of merchandising and manufacturing as its principal activity and while its subsidiary companies export Chemicals. The subsidiary companies of Chemanex PLC are:

CAL Exports Lanka (Private) Limited, Chemanex Exports (Private) Limited and Chemcel (Private) Limited. Subsidiary company Yasui Lanka (Private) Limited is under liquidation.

> The associate companies are Commercial Insurance Brokers (Private) Limited and Rainforest Eco Lodge (Private) Limited.

> CISCO Speciality Packaging (Private) Limited manufactures speciality plastic packaging.

> Link Natural Products (Private) Limited manufactures and markets Herbal Pharmaceuticals, Herbal Healthcare products and essential oils.

> Colombo Industrial Agencies Limited owns and manages a Store Complex at Ekala.

> Crop Management Services (Private) Limited remains as an investment company since losing the management contract of Maturata Plantations Limited.

> CIC Cropguard (Private) Limited markets a range of Pesticides from principals other than Syngenta.

> CIC Lifesciences Limited manufactures and markets Pharmaceuticals.

> CIC Properties (Private) Limited owns properties for the group.

> Cropwiz (Private) Limited grows and exports vegetables.

Principal Activities of the Equity Accounted Investees

Akzo Nobel Paints Lanka (Pvt) Ltd markets Surface Coatings, Automotive Paints and ancillaries.

Corporate Donations

Donations made during the year amounted to Rs. 638,000/- (2016 - Rs. 1,068,200)

Future Developments

Group of companies looks to further market access for fresh fruit & vegetables, processed food, manufactured pharmaceuticals and milk products and to develop export markets for speciality rice, adhesives, writing instruments and speciality chemicals.

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

Financial Statements

The Financial Statements of the Company and the Group which are duly certified by the General Manager - Corporate Planning & Treasury and approved by the Board of Directors and signed by Chairman, CEO together with the Company Secretary in compliance with the requirements of the Sections 151, 152 and 168 of the Companies Act No 07 of 2007 are given on pages 50 to 114 of the Annual Report.

Profits and Appropriations

(In thousands of Rupees)

For the year ended 31st March 2017	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Profit for the year after depreciation	185,840	835,948	1,274,530	2,014,884
From which a deduction is made for taxation and for discontinued operations	(6,305)	(100,394)	(392,731)	(366,777)
	-	(22,163)	5,118	(14,273)
	179,535	713,391	886,917	1,633,834
From which a deduction is made for non-controlling interest	-	-	333,419	279,542
	179,535	713,391	553,498	1,354,292
To which must be added other comprehensive income	36,302	11,532	45,994	266
Total comprehensive income	215,837	724,923	599,492	1,354,558
To which must be added the unappropriated profit brought forward from the previous year and	1,159,123	623,740	4,697,825	3,524,485
Change in non- controlling interest on account of restructuring of subsidiary	-	-	42,235	-
added realisation of revaluation reserve	-	-	38,009	8,322
Making available for appropriation amount of	1,374,960	1,348,663	5,377,561	4,887,365
Out of which and dividend of Rs.4.00 per share was paid	(379,080)	(189,540)	(379,080)	(189,540)
So that the unappropriated profit carried forward will be	995,880	1,159,123	4,998,481	4,697,825

Dividends

For the year ended 31st March 2017, the Directors have recommended the payment of a final dividend of Rs. 1.00 per share amounting to Rs. 94.77 mn on Ordinary & Non-Voting (Class X) shares.

As required by Section 56 (2) and 56 (3) of the Companies Act No. 7 of 2007, the Board of Directors signed a certificate stating that in their opinion that the Company, based on the information available as at present, satisfies the solvency test immediately after distribution, in accordance with Section 57 of the Companies Act No. 7 of 2007, and have obtained a certificate from the Auditors. Prior to recommending the final

dividend of Rs. 1.00 per share for the year ended 31st March 2017, which it has to be approved by the shareholders at the Annual General Meeting to be held on 27th July 2017.

Independent Auditor's Report

The Company's Auditors Messrs KPMG, Chartered Accountants performed the audit on the Consolidated Financial Statements for the year ended 31st March 2017 and the Independent Auditor's Report on the Financial Statements is given on page 49 of the Annual Report as required by Section 168(1) (C) of the Companies Act No 07 of 2007.

Significant Accounting Policies and changes during the year

The Company and the Group prepared their Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS). The significant Accounting Policies adopted in the Financial Statement is given on pages 57 to 69 of the Annual Report as required by the Section 168 (1) (d) of the Companies Act No. 7 of 2007, the Board of Directors wish to confirm that there were no changes to the Accounting Policies used by the Company and the Group during the year.

Interests Register

The Interests Register is maintained by the Company as per the Companies Act No. 7 of 2007. All Directors have made declarations as provided for in Section 192 (2) of the said Act. The related entries were made in the Interests Register during the year under review.

The share ownership of the Directors is indicated on page 44 of the Annual Report.

Directors interest in contracts and remuneration paid to Directors, etc., have been included in the Interests Register which is made available for inspection under the Companies Act No. 7 of 2007 under reference. The details are given on page 74 and 104 of this Annual Report.

Directors

The qualifications and experience of the Directors is provided on page 14. The following persons were Directors of the Company at the end of the financial year.

S.H. Amarasekera – Chairman

S.P.S. Ranatunga – Managing Director / Chief Executive Officer

R N Asirwatham

R.S. Captain

S.M. Enderby

M.P. Jayawardena

K.B. Kotagama

Prof P W M B B Marambe

Dr. R C W M R D Nugawela

P. R. Saldin

A.V.P. Silva

D.S. Weerakkody

Appointments & Resignations

During the year Mr. P R Saldin joined the Board.

Retirement by Rotation and Re-election

- > Mr. R N Asirwatham, retires in pursuant to Section 210 of the Companies Act No.7 of 2007.

Pursuant to Section 211 of the Companies Act No.7 of 2007, special notice of the following Ordinary Resolution has been received by the Company from a Member of the Company.

“That Mr. R N Asirwatham, who reached the age of 70 years on 26th August 2012 be re-elected a Director of the Company and it is hereby declared that the provision of Section 210 of the Companies Act No.7 of 2007 shall not apply to Mr. R N Asirwatham”.

Mr R N Asirwatham being eligible offers himself for re-election with the unanimous support of the Board.

To resolve that Mr. R N Asirwatham being eligible be recommended for re-election

- > Mr P R Saldin retires in terms of Article 25 (2) of the Articles of Association of the Company and being eligible, offers himself for re-election with the unanimous support of the Board.
- > Mr. S H Amarasekara retires in terms of Article 25 (6) of the Articles of Association of the Company and being eligible, offers himself for re-election with the unanimous support of the Board.
- > Mr S M Enderby retires in terms of Article 25 (6) of the Articles of Association of the Company and being eligible, offers himself for re-election with the unanimous support of the Board.

- > Mr M P Jayawardena retires in terms of Article 25 (6) of the Articles of Association of the Company and being eligible, offers himself for re-election with the unanimous support of the Board.
- > Dr R C W M R D Nugawela retires in terms of Article 25 (6) of the Articles of Association of the Company and being eligible, offers himself for re-election with the unanimous support of the Board.

Directors' Remuneration

Directors' remuneration in respect of the Group and the Company, for the financial year ended 31st March 2017 are given in Note 11 of the Financial Statement on page 74 of this Annual Report.

List of Directors of Subsidiaries and Associates of the Company

Names of Directors of all Subsidiaries and Associates of the Company are given on page 120 of this Annual Report.

Related Party Transactions

Related party transactions have been declared at meetings of the Directors and are detailed in Note 41 to the Financial Statements.

Employee Share Option Plan (ESOP)

ESOP of the Company was approved by the shareholders of the Company on 30th June 2016. Under this plan the company was authorised to issue upto 20% of Non-Voting share capital. The option granted under this plan has to be exercised within 10 years of such grant. No employees have been provided with any financial assistance to exercise the option.

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

Directors' Shareholding

The Directors together with their spouses' and minor children's shareholdings in the Company are as follows:

As at 31st March	2017		2016	
	Voting	Non-Voting	Voting	Non-Voting
S.H. Amarasekera	-	-	-	-
S.P.S. Ranatunga	-	22,950	-	22,950
R N Asirwatham	-	-	-	-
R.S. Captain	80	139	80	139
S.M. Enderby	-	-	-	-
M.P. Jayawardena	-	16,200	-	16,200
K.B. Kotagama	-	17,100	-	17,100
Prof P W M B B Marambe	-	-	-	-
R. C. W. M. R. D. Nugawela	-	-	-	-
P R Saldin	-	-	-	-
A.V.P. Silva	-	13,500	-	13,500
D.S. Weerakkody	-	-	-	-

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the state of affairs. The Directors' Responsibility in relation to the Financial Statements is detailed on page 47.

Audit Committee

The following Non-Executive Directors of the Board are members of the Audit Committee. Mr R N Asirwatham (Chairman), Mr. P R Saldin and Mr. S M Enderby.

Mr. S.P.S. Ranatunga, Mr. J N Weerakoon and Ms. P.D.S. Ruwanpura attended the meetings by invitation. Details of the Audit Committee are given on page 33.

Human Capital & Compensation Committee (Remuneration Committee)

The following Non-Executive Directors of the Board are members of the Remuneration Committee.

Mr. D.S. Weerakkody (Chairman), Mr. S.H. Amarasekera, Mr R N Asirwatham, Mr R S Captain and Mr S M Enderby.

Mr. S.P.S. Ranatunga attended the Meetings by invitation.

Nominations Committee

The following Non-Executive Directors of the Board and the Chairman of the Company are members of the Nominations Committee. Mr. S.H. Amarasekera (Chairman), R.S. Captain and R N Asirwatham.

Mr. S.P.S. Ranatunga attended the Meetings by invitation.

Related Party Review Committee

The following Non-Executive Directors of the Board and the Executive Director are members of the Related Party Review Committee. Mr. R.N. Asirwatham (Chairman), S.M. Enderby, D.S. Weerakkody and S.P.S. Ranatunga.

Enterprise Governance

Systems and procedures which are in place as good Enterprise Governance is an essential component in today's corporate culture.

The practices in this regard are given in Enterprise Governance of this Annual Report on pages 19 to 32.

Vision, Mission and Corporate Conduct

The Company's Vision and Mission are given on page 3 of this Report. The business activities of the Company are conducted with the highest level of ethical standards in achieving its Vision and Mission. The Company issues a copy of its code of ethics to each and every employee who are required to abide by the Company's code of conduct.

Equitable Treatment to Shareholders

The Company has made all endeavours to ensure equitable treatment to all shareholders.

Risk Management

Specific actions taken by the Group in this regard are given under Risk Management section of this Report on page 107.

Systems and Internal Controls

The Directors acknowledge their responsibility for the Group's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of the financial information generated. However, any system can only ensure reasonable but not absolute

assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board having reviewed the system of internal control, is satisfied with the Group's adherence to and effectiveness of these controls for the period up to the date of signing the Financial Statements.

Income Tax Expenses

Income Tax expenses have been computed at the rates given in Note 12 to the Financial Statements. The Group has also provided deferred tax on all known temporary differences under the liability method, as permitted by the Sri Lanka Accounting standards – LKAS 12 on "Income Taxes"

Revenue

The revenue of the Group was Rs. 34.87 billion (2016 – Rs 26.67 billion). A detailed analysis of the Group revenue that identifies the contributions from different segments of the Group businesses is given in Note 06 to the Financial Statements.

Capital Expenditure

Details of property, plant and equipment and their movements during the year are listed in Note 16 to the Financial Statements. Capital Expenditure approved and contracted for are given page 103.

Market Value of Freehold Properties

All freehold land of the Group Companies were re-valued by professionally qualified independent valuers as at 31st, March 2016 and brought into Financial Statements. The Directors are of the opinion that the re-valued amounts are not in excess of the current market values of such properties. Details of revaluations are listed in Note 16 to the Financial Statements.

Investments

Details of investments and their movements during the year are listed in Notes 22,23,24 and 28 to the Financial Statements.

Reserves

Total reserves of the Group stood at Rs. 8,052.78 million as at 31st March 2017 (Rs. 7,846.65 million as at 31st March 2016) details of which are given in the Statement of Changes in Equity.

Stated Capital

The Stated Capital is the total of all amounts received by the Company in respect of the issue of shares. The Stated Capital of the Company amounts to Rs. 1,008,450,000/- comprising of 72,900,000 Ordinary Shares and 21,870,000 Non-Voting (Class X) Shares.

Share Information

Information relating to earnings, dividends, net assets per share, market value of a share and information on share trading are stated under Shareholder and Investor Information.

Shareholding

A list of top 20 shareholders for both Voting and Non-Voting is given on pages 116 to 117 of the Annual Report.

Environmental Protection

The Company has not engaged in any activity which is harmful to the environment. Measures taken to protect the environment are given under Sustainability Report on Company website.

Compliance with Laws and Regulations

The Company has not engaged in any activity against the prevailing laws and regulations. Compliances with provisions in laws and regulations are confirmed to the Board of Directors at all Board Meetings.

Statutory Payments

The Directors are satisfied that all Statutory Payments to the Government and other Statutory Institutions including employee related payments have been made on time to the best of their knowledge and belief.

Human Resource

The Company's Human Resource Management Policies and Practices are designed to improve efficiency, effectiveness and productivity and also nurture collaborative teams that enrich the work and learning environment of all our staff.

Information relating to Human Resource & Employment Policies is given under Sustainability Report on Company website.

Corporate Social Responsibility

All activities embarked by the Company in this regard are given under Sustainability Report on Company website.

Going Concern

After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Corporate governance Code, the Directors have reasonable expectation that the Company possesses adequate resources to continue to be in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

Events after the Reporting Date

No material events have taken place after the reporting date which require an adjustment to or a disclosure in the Financial Statements..

Auditors' Remuneration and Interest in Contracts with the Company

The Company's auditors during the period under review were Messrs KPMG, Chartered Accountants. A sum of Rs. 5.36 mn was paid to them as consolidated audit fees during the year under review (Company – Rs. 1.86 million) and a sum of Rs. 0.8 million was paid by the Company for tax and other related services.

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

Based on the declaration from Messrs KPMG, and as far as the Directors are aware, the auditors do not have any relationship or interest in the Company or its subsidiaries other than those disclosed in the above paragraph.

Re-Appointment of Auditors

The retiring auditors Messers KPMG have intimated their willingness to continue in office and a resolution to re-appoint them as auditors and authorizing the Directors to fix their remuneration will be proposed at the upcoming Annual General Meeting.

Notice of Meeting

Notice of Meeting of the Fifty Fourth Annual General Meeting is enclosed herewith.

As required by the Section 168 (1) (k) of the Companies Act No 07 of 2007, the Board of Directors does acknowledge the contents of this Annual Report.

By Order of the Board



S.H. Amarasekera
Chairman



S.P.S. Ranatunga
Managing Director/CEO



P.D.S. Ruwanpura
Company Secretary

22nd June 2017

▶ DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

The Companies Act No. 07 of 2007 requires that the Directors prepare the Financial Statements for each financial year, which reflect a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and the profit/loss for that financial year. In preparation of these statements, the Directors are required to ensure that,

1. Appropriate accounting policies have been selected and applied based on the new financial reporting framework on a consistent basis while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected. Material departures, if any, are disclosed and explained. The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.
2. Financial Statements prepared and presented in this Annual Report have been prepared based on new Sri Lanka Accounting Standards (SLFRS/LKAS) which came into effect from 1st January 2012 and are in agreement with the underlying books of account and in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No.15 of 1995, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka (CASL) and the Securities and Exchange Commission (SEC) of Sri Lanka.
3. The Company keeps sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and that of the Group and to enable them to

ensure that the Financial Statements comply with the Companies Act No. 07 of 2007. Also reasonable steps are taken to safeguard the assets of the Company and to establish appropriate systems of internal controls, which provide reasonable though not absolute assurance to the Directors that assets are safeguarded and internal controls are in place with a view to the prevention and detection of frauds and errors.

4. As required by Sections 56 (2) and 56 (3) of the Companies Act No. 07 of 2007, the Board of Directors signed a certificate stating that in their opinion the Company, based on the information available as at present, satisfies the solvency test immediately after distribution, in accordance with Section 57 of the Companies Act No. 07 of 2007, and has obtained a certificate from the Auditors, prior to recommending the final dividend of Rs. 1.00 per share for this year, which is to be approved by the Shareholders at the Annual General Meeting to be held on 27th July 2017.
5. The Directors are required to prepare the Financial Statements and the Company's External Auditors, Messrs KPMG who were appointed in terms of the Section 158 of the Companies Act No. 7 of 2007 and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Company together with all the financial records, related data and Minutes of shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on page 41.

6. As required by the Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Company, who have expressed desire to receive a hard copy or to other shareholders a soft copy each in a CD containing the Annual Report within the stipulated period of time as required by the Rule No. 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange. The Directors also wish to confirm that all shareholders in each category have been treated equitably in accordance with the original terms of issue.
7. The Company and its quoted subsidiaries, have met all the requirements under Section 7 on the Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange, wherever applicable.

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

Compliance Report

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

By Order of the Board,



P.D.S. Ruwanpura
Company Secretary

22nd June 2017

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

The Financial Statements are prepared in conformity with requirements of the Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007, Sri Lanka Auditing Standards, the Listing Rules of the Colombo Stock Exchange and Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.


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

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

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



S.P.S. Ranatunga
Managing Director/CEO



K.A.V. Manatunga
*General Manager -
Corporate Planning & Treasury*

22nd June 2017

▶ INDEPENDENT AUDITORS' 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
+94 - 11 254 1249
Internet : www.kpmg.com/lk

TO THE SHAREHOLDERS OF CIC HOLDINGS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of CIC Holdings PLC, ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group"), which comprise the statement of financial position as at 31st March 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 50 to 114.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31st March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion and scope and limitations of the audit are as stated above

b) In our opinion:

- 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,
- The financial statements of the Company give a true and fair view of its financial position as at 31st March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
- The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

Chartered Accountants

22nd June 2017
Colombo

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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

▶ STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Note	Company		Group	
		2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Continuing operations					
Revenue	6	9,116,686	8,046,151	34,875,611	26,666,284
Cost of sales		(6,860,702)	(5,953,191)	(26,891,939)	(20,250,891)
Gross profit		2,255,984	2,092,960	7,983,672	6,415,393
Other income	7	667,595	696,582	306,265	534,705
Distribution expenses		(1,558,466)	(1,179,234)	(3,672,519)	(2,749,560)
Administrative expenses		(677,639)	(605,581)	(1,986,735)	(1,696,133)
Other expenses	8	-	(4,946)	(49,849)	(119,478)
Results from operating activities		687,474	999,781	2,580,834	2,384,927
Financing cost (net)	9	(501,634)	(163,833)	(1,641,032)	(732,521)
Share of profit of equity accounted investees (net of tax)	10	-	-	334,728	362,478
Profit before tax	11	185,840	835,948	1,274,530	2,014,884
Income tax expense	12	(6,305)	(100,394)	(392,731)	(366,777)
Profit from continuing operations		179,535	735,554	881,799	1,648,107
Discontinued operations					
Profit/(loss) from discontinued operations (net of tax)	13	-	(22,163)	5,118	(14,273)
Profit for the year		179,535	713,391	886,917	1,633,834
Other comprehensive income/(expenses)					
Items that will never be reclassified to profit or loss					
Actuarial gains/(losses) on retirement benefit obligations		50,419	16,017	73,859	(14,107)
Surplus on revaluation of land		-	246,918	-	712,798
Income tax on other comprehensive income		(14,117)	(4,485)	(19,170)	2,972
Items that are or may be reclassified to profit or loss					
Net losses on available for sale financial assets		(57,337)	(3,592)	(55,489)	(12,948)
Other comprehensive income/(expenses) for the year		(21,035)	254,858	(800)	688,715
Total comprehensive income for the year		158,500	968,249	886,117	2,322,549
Profit attributable to :					
Equity holders of the Company		179,535	713,391	553,498	1,354,292
Non-controlling interests		-	-	333,419	279,542
Profit for the year		179,535	713,391	886,917	1,633,834
Total comprehensive income attributable to :					
Equity holders of the Company		158,500	968,249	542,979	1,923,700
Non-controlling interests		-	-	343,138	398,849
Total comprehensive income for the year		158,500	968,249	886,117	2,322,549
Earnings per share					
Basic / Diluted earnings per share (Rs.)	14	1.89	7.53	5.84	14.29
Earnings per share- continuing operations					
Basic / Diluted earnings per share (Rs.)		1.89	7.76	5.42	14.29

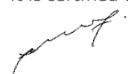
Notes from pages 57 to 114 form an integral part of these financial statements.
Figures in brackets indicate deductions.

▶ STATEMENTS OF FINANCIAL POSITION

As at 31st March	Note	Company		Group	
		2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
ASSETS					
Non-current assets					
Property, plant and equipment	16	2,457,525	2,358,501	12,645,808	12,275,004
Investment property	17	-	-	54,147	51,400
Capital work-in-progress	18	96,325	-	301,036	72,153
Biological assets	19	-	-	248,508	226,382
Intangible assets	20	20,959	13,178	168,809	137,140
Deferred tax assets	21	-	-	171,357	41,697
Investment in subsidiaries	22	1,092,636	992,436	-	-
Equity accounted investees	23	424,240	236,900	972,697	934,969
Other non-current financial Assets	24	356,937	-	367,261	10,248
		4,448,622	3,601,015	14,929,623	13,748,993
Current assets					
Inventories	25	2,916,525	2,406,197	8,497,865	9,363,404
Trade receivables	26	2,148,286	2,036,450	4,906,082	4,055,606
Other receivables	27	833,273	533,000	1,996,384	2,544,126
Other current financial assets	28	36,855	32,354	79,539	81,920
Cash in hand and at bank	29	170,134	284,100	1,291,446	1,413,773
		6,105,073	5,292,101	16,771,316	17,458,829
Assets classified as held for sale	13.2	-	440,658	96,356	492,951
Assets classified as held for distribution	13.5	197	120,000	-	598,341
		6,105,270	5,852,759	16,867,672	18,550,121
Total assets		10,553,892	9,453,774	31,797,295	32,299,114
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Stated capital	30	1,008,450	1,008,450	1,008,450	1,008,450
Capital reserves	31	1,262,936	1,262,936	2,243,824	2,281,833
Revenue reserves	32	1,720,024	1,940,604	5,808,958	5,564,815
		3,991,410	4,211,990	9,061,232	8,855,098
Non-controlling interests					
Total equity		3,991,410	4,211,990	11,415,548	10,884,297
Non-current liabilities					
Loans and borrowings	33	-	44,085	1,184,858	998,490
Retirement benefit obligations	34	165,893	206,188	590,288	603,825
Grants	35	-	-	11,826	13,704
Deferred tax liabilities	21	53,223	22,719	602,937	394,731
		219,116	272,992	2,389,909	2,010,750
Current liabilities					
Trade payables	36	1,074,773	1,364,548	4,020,460	6,268,827
Income tax payable	37	-	15,380	141,576	67,823
Accruals and other payables		394,070	448,468	1,162,724	950,387
Loans and borrowings	33	4,863,417	3,129,290	12,651,962	12,101,576
		6,332,260	4,957,686	17,976,722	19,388,613
Liabilities classified as held for sale	13.2	11,106	11,106	15,116	15,454
		6,343,366	4,968,792	17,991,838	19,404,067
Total liabilities		6,562,482	5,241,784	20,381,747	21,414,817
Total equity and liabilities		10,553,892	9,453,774	31,797,295	32,299,114
Net assets per share		42.12	44.44	95.61	93.44

Notes from pages 57 to 114 form an integral part of these financial statements.

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



K.A.V. Manatunga

General Manager- Corporate Planning & Treasury

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

Signed for and on behalf of the Board,



S.H. Amarasekera

Chairman



S.P.S. Ranatunga

Managing Director/CEO



P.D.S. Ruwanpura

Company Secretary

22nd June 2017, Colombo

▶ STATEMENTS OF CHANGES IN EQUITY

Company	Stated Capital Rs. '000	Revaluation Reserve Rs. '000	General Reserve Rs. '000	Available For Sale Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
As at 01st April 2015	1,008,450	1,016,018	782,604	2,469	623,740	3,433,281
Profit for the year	-	-	-	-	713,391	713,391
Other comprehensive income/(expenses)	-	246,918	-	(3,592)	11,532	254,858
Total comprehensive income	-	246,918	-	(3,592)	724,923	968,249
Dividend (Note 15)	-	-	-	-	(189,540)	(189,540)
Total contributions by and distributions to the owners of the Company	-	-	-	-	(189,540)	(189,540)
As at 31st March 2016	1,008,450	1,262,936	782,604	(1,123)	1,159,123	4,211,990
Profit for the year	-	-	-	-	179,535	179,535
Other comprehensive income/(expenses)	-	-	-	(57,337)	36,302	(21,035)
Total comprehensive income	-	-	-	(57,337)	215,837	158,500
Dividend (Note 15)	-	-	-	-	(379,080)	(379,080)
Total contributions by and distributions to the owners of the Company	-	-	-	-	(379,080)	(379,080)
As at 31st March 2017	1,008,450	1,262,936	782,604	(58,460)	995,880	3,991,410

Notes from pages 57 to 114 form an integral part of those financial statements.

Figures in brackets indicate deductions.

Group	Attributable to the equity holders of the Company						Non-Controlling Interests	Total Equity
	Stated Capital	Revaluation Reserve	Available for Sale Reserve	General Reserve	Retained Earnings	Total		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 01st April 2015	1,008,450	1,711,501	14,904	861,598	3,524,485	7,120,938	1,722,310	8,843,248
Profit for the year	-	-	-	-	1,354,292	1,354,292	279,542	1,633,834
Other comprehensive income/ (expenses)	-	578,654	(9,512)	-	266	569,408	119,307	688,715
Total comprehensive income for the year	-	578,654	(9,512)	-	1,354,558	1,923,700	398,849	2,322,549
Dividend paid to equity holders of the Company (Note 15)	-	-	-	-	(189,540)	(189,540)	-	(189,540)
Subsidiary dividend to non-controlling interests	-	-	-	-	-	-	(66,346)	(66,346)
Total contributions by and distributions to the owners of the Company	-	-	-	-	(189,540)	(189,540)	(66,346)	(255,886)
Adjustments due to disposal of subsidiary	-	-	-	-	-	-	(25,614)	(25,614)
Transactions with owners of the Company	-	-	-	-	(189,540)	(189,540)	(91,960)	(281,500)
Realisation of revaluation reserve	-	(8,322)	-	-	8,322	-	-	-
As at 31st March 2016	1,008,450	2,281,833	5,392	861,598	4,697,825	8,855,098	2,029,199	10,884,297
Profit for the year	-	-	-	-	553,498	553,498	333,419	886,917
Other comprehensive income/ (expenses)	-	-	(56,513)	-	45,994	(10,519)	9,719	(800)
Total comprehensive income for the year	-	-	(56,513)	-	599,492	542,979	343,138	886,117
Dividend paid to equity holders of the Company (Note 15)	-	-	-	-	(379,080)	(379,080)	-	(379,080)
Change in NCI on account of restructuring of subsidiary	-	-	-	-	42,235	42,235	(42,235)	-
Subsidiary dividend to non-controlling interests	-	-	-	-	-	-	(89,111)	(89,111)
Total contributions by and distributions to the owners of the Company	-	-	-	-	(336,845)	(336,845)	(131,346)	(468,191)
NCI on acquisition of subsidiary	-	-	-	-	-	-	113,325	113,325
Transactions with owners of the Company	-	-	-	-	-	-	113,325	113,325
Realization of revaluation reserve	-	(38,009)	-	-	38,009	-	-	-
As at 31st March 2017	1,008,450	2,243,824	(51,121)	861,598	4,998,481	9,061,232	2,354,316	11,415,548

Notes from pages 57 to 114 form an integral part of these financial statements.
Figures in brackets indicate deductions.

► CASH FLOW STATEMENTS

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Cash flow from operating activities				
Cash generated from / (used for) operations (Note A)	(924,994)	(335,815)	1,873,689	696,709
Interest paid (net)	(501,634)	(163,833)	(1,641,032)	(732,521)
Retirement benefits paid	(28,687)	(25,067)	(53,195)	(75,742)
Income tax paid	(50,432)	(38,320)	(312,272)	(339,805)
Net cash outflow from operating activities	(1,505,747)	(563,035)	(132,810)	(451,359)
Cash flow from investing activities				
Additions to property, plant and equipment	(331,369)	(136,431)	(962,603)	(1,512,472)
Additions to capital work-in-progress	(96,325)	(287,926)	(568,788)	(538,699)
Additions to intangible assets	(10,110)	(13,178)	(43,874)	(109,457)
Additions to biological assets	-	-	(270,954)	(250,172)
Additions to other long-term investments	(418,774)	-	(418,890)	(114)
Proceeds from disposal of property, plant and equipment	137,441	640	247,448	232,640
Proceeds from disposal of assets held for sale	445,000	20,580	445,000	46,527
Proceeds from disposal of assets held for distribution	179,116	-	596,671	-
Proceeds from disposal of investment property	-	-	65,000	-
Payments made to liabilities held for sale	-	-	269	(16,216)
Proceeds from disposal of Investments	-	-	25,221	1,595
Proceeds from sale of biological assets	-	-	236,881	277,606
Proceeds from disposal of capital assets	-	345,000	-	345,000
Short term investments	-	-	(15,423)	(14,675)
Proceeds from disposal of subsidiaries (Note B)	-	-	-	10,600
Dividend received from subsidiaries	150,123	130,256	-	-
Dividend received from equity accounted investees	267,300	143,100	267,300	143,100
Dividend received from other financial assets	6,255	1,278	19,466	14,642
Investment in subsidiaries and equity accounted investees	(247,689)	(200,900)	113,325	-
Investment in assets held for distribution	(149)	-	-	-
Subsidiary dividend to non-controlling interest	-	-	(89,111)	(66,346)
Net cash inflow/(outflow) from investing activities	80,819	2,419	(353,062)	(1,436,441)
Net cash outflow before financing activities	(1,424,928)	(560,616)	(485,872)	(1,887,800)
Cash flow from financing activities				
Dividend paid to equity holders of the Company	(379,080)	(189,540)	(379,080)	(189,540)
Capital payment on finance leases	(1,255)	(4,565)	(12,190)	(25,580)
Repayment of long-term borrowings	(76,500)	(78,015)	(1,473,424)	(2,955,412)
Long-term borrowings obtained	-	-	1,617,855	696,601
Net cash outflow from financing activities	(456,835)	(272,120)	(246,839)	(2,473,931)
Net decrease in cash and cash equivalents during the year	(1,881,763)	(832,736)	(732,711)	(4,361,731)
Cash and cash equivalents at the beginning of the year	(2,749,255)	(1,916,519)	(9,910,125)	(5,548,394)
Cash and cash equivalents at the end of the year (Note 29)	(4,631,018)	(2,749,255)	(10,642,836)	(9,910,125)

Notes from pages 57 to 114 form an integral part of these financial statements.
Figures in brackets indicate deductions.

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Note A - Cash generated from / (used for) businesses				
Profit before interest and tax from continuing businesses	687,474	999,781	2,580,834	2,384,927
Loss before interest and tax from discontinued businesses	-	(22,163)	(2,455)	(14,273)
Adjustments for:				
Depreciation on property, plant and equipment	157,473	122,719	816,413	684,060
Loss on property, plant and equipment due to flood and write off	-	-	1,439	-
Loss on revaluation of land	-	-	-	2,593
Impairment of property, plant and equipment	-	-	18,752	-
(Gain) /loss on disposal of property, plant and equipment	(63,824)	4,946	(136,861)	(11,774)
Gain on disposal of assets held for sale	(4,342)	-	(4,342)	-
Gain on disposal of investment property	-	-	(27,500)	-
Gain on deemed disposal of subsidiary and equity accounted investee	-	-	-	(2,233)
Gain on disposal of subsidiary and equity accounted investees	-	-	(535)	(1,783)
Gain on disposal of investments	-	-	(1,029)	(87)
Gain on disposal of brand name and know-how	-	(345,000)	-	(345,000)
Loss/(Gain) on disposal of assets classified as distribution	(59,163)	-	9,244	-
Provision for retirement benefit	38,810	37,885	113,517	106,458
Provision /(Reversal of provision) for impairment of investment in subsidiaries and equity accounted investees	(39,850)	-	-	116,885
Amortisation of intangible assets	2,329	-	12,205	-
Reversal of provision for inter-company receivables	-	(333)	-	-
Provision for impairment of trade receivables	48,168	19,758	132,905	43,774
Provision/(Reversal of provision) for obsolete and slow moving inventories	204,029	(106,558)	272,334	(75,010)
(Gain)/Loss from changes in fair value - biological assets	-	-	11,947	(1,903)
Grants amortised	-	-	(1,878)	(4,471)
Dividend income	(423,678)	(274,634)	(19,466)	(14,642)
Operating profit before working capital changes	547,426	436,401	3,775,524	2,867,521
(Increase)/decrease in trade and other receivables	(418,211)	(744,025)	(442,661)	208,266
(Increase)/decrease in inventories	(714,356)	(418,950)	593,596	(3,650,912)
Increase/(decrease) in trade and other payables	(339,853)	390,759	(2,052,770)	1,271,834
Cash generated from / (used for) operations	(924,994)	(335,815)	1,873,689	696,709

► CASH FLOW STATEMENTS

Note B - The Group disposed its subsidiaries CIC North& East Agri Development (Private) Limited and N Chandraratne Decorators (Private) Limited during 2016/17 and 2015/16 respectively. The effect of disposals on the financial position of the Group are as follows:

For the year ended 31st March	Group	
	2017 Rs. '000	2016 Rs. '000
Property, plant and equipment	(72)	(32,190)
Capital work-in-progress	-	(4,965)
Deferred tax assets	-	(3,617)
Inventories	-	(17,129)
Trade receivables	-	(13,603)
Other receivables	-	(2,884)
Cash and cash equivalents	-	(19,154)
Interest-bearing loans and borrowings	-	12,048
Retirement benefit obligations	-	6,931
Deferred tax liability	-	3,111
Trade payables	-	8,368
Accruals and other payables	607	9,499
Net (assets)/ liabilities	535	(53,585)
Purchase consideration received	-	29,754
Cash and cash equivalents at the date of disposal	-	(19,154)
Net Cash inflow	-	10,600

▶ NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

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

The consolidated financial statements of CIC Holdings PLC, as at and for the year ended 31st March 2017 comprise of Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity accounted investees. Descriptions of the nature of the operations and principal activities of the Company, its subsidiaries and equity accounted investees are given on page 120.

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

The financial statements of all the Companies in the Group as mentioned in Notes 22 and 23 to the financial statements are prepared for a common financial year, which ends on 31st March, other than Commercial Insurance Brokers (Private) Limited which has been prepared up to 31st December as per their reporting requirements.

2. Basis of Preparation

2.1 Statement of Compliance

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

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements. The consolidated financial statements were authorised for issue by the Directors on 22nd June 2017.

2.2 Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis, except that land and short-term investments are measured at fair value and the retirement benefit obligations are measured at the present value of the defined benefit plans as explained in the respective Notes to the financial statements.

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgments and Assumptions

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

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

2.4.1 Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes.

- > Note 7 – commission income: whether the Group acts as an agent in the transaction rather as a principal;

- > Note 33 – leases: whether an arrangement contains a lease;
- > Note 23 – consolidation: whether the Group has control over an investee; and
- > Note 33 – lease classification

2.4.2 Assumptions and Estimation Uncertainties

Information about the assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustments in the year ended 31st March 2017 is included in the following notes.

- > Note 34 – measuring of defined benefit obligations: key actuarial assumptions.
- > Note 21 – recognition of deferred tax liability.
- > Note 39 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude.

2.4.3 Measurement of Fair Values

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

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the General Manager - Corporate Planning & Treasury.

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

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

► NOTES TO THE FINANCIAL STATEMENTS

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

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

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

2.4.4 Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of such assets are estimated.

The recoverable amount of goodwill is estimated at each reporting date, or as and when an indication of impairment is identified.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets. Impairment losses are recognised in the profit or loss.

Impairment losses recognized in respect of cash generating units on acquisition of subsidiaries are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In

assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or cash generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment losses are recognised in profit or loss.

2.4.5 Retirement Benefits

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

2.4.6 Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position can not

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

2.4.7 Recognition of Deferred Tax Assets

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

3. Summary of Significant Accounting Policies

The accounting policies set out below have been consistently applied to all periods presented in these consolidated financial statements and have been applied consistently by Group entities, unless otherwise indicated. The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future, and they do not intend either to liquidate or cease trading.

3.1. Basis of Consolidation

3.1.1 Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

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 acquire; less
- > if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- > the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

3.1.2 Non-Controlling Interests

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

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

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

3.1.3 Subsidiaries

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included

in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

3.1.4 Loss of Control

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

3.1.5 Associates and Joint Venture

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

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

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

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

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

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

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

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

of an associate and a joint venture' in the income statement.

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

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

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

Details of the associates within the Group are provided in Note 23 to the financial statements.

3.1.6 Intra-Group Transactions

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

3.1.7 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains

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

3.2 Foreign Currency

3.2.1 Foreign Currency Transactions

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

3.2.2 Group Companies

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

3.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates, taking into account contractually defined terms of payment. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

3.3.1 Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer, usually on delivery of the goods, 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.

3.3.2 Rendering of Services

Revenue from rendering of services is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

3.3.3 Interest Income

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

3.3.4 Dividend Income

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

3.3.5 Rental Income

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

3.3.6 Commissions

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

3.3.7 Others

Other income is recognised on an accrual basis.

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

3.4 Grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss as other income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as

deferred income and released to income in equal amounts over the expected useful life of the related asset. When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the profit or loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments.

3.5 Tax

3.5.1 Current Income Tax

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

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.5.2 Deferred Tax

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

- > Temporarily differences on the initial recognition of asset or liability in a transaction that is not a business combination and, at the time of the

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transaction, that affects neither the accounting profit nor taxable profit or loss;

- > Temporary differences associated with investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- > Taxable temporary differences arising on the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

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

3.6 Assets Held for Sale/Distribution and Discontinued Operations

3.6.1 Assets Held for Sale

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

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

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

3.6.2 Discontinued Operations

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

- > represents a separate major line of business or geographical area of operations;

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

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

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

3.7 Property, Plant and Equipment

3.7.1 Initial Recognition and Measurement

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

The cost of self-constructed assets includes the following:

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

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such

parts as individual assets with specific useful lives and depreciates them accordingly.

3.7.2 Subsequent Costs

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

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 2.4) and provisions (Note 3.16) for further information about the recorded decommissioning provision.

3.7.3 Revaluation

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

3.7.4 Depreciation

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

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

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

- > Buildings 15 to 40 years
- > Plant and equipment 5 to 40 years
- > Computers and allied equipment 3 to 5 years
- > Motor Vehicles 3 to 30 years
- > Furniture & Fittings 5 to 20 years

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

3.7.5 De-recognition

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

3.8 Leased Assets

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are not recognised in the Group's statement of financial position and recognised as an operating expense in the income statement on a straight-line basis over the lease term.

3.9 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.10 Investment Properties

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

The Group adopts cost model to measure investment. Investment properties are measured initially at cost. Subsequently to initial recognition investment property is measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to

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bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Expenditure on internally generated intangible assets, excluding capitalised development costs, is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Except for goodwill, intangible assets with finite lives are amortised on a straight-line basis in profit or loss over the useful

economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.11.1 ERP Implementation Cost

The initial cost incurred for ERP implementation has been capitalized and amortised over a period of 10 years.

3.11.2 Research and Development Costs

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- > The technical feasibility of completing the intangible asset so that it will be available for use or sale

- > The intention to complete and the ability to use or sell the asset
- > Probability of generating future economic benefits
- > The availability of resources to complete the asset
- > The ability to measure reliably the expenditure during development

The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is completed and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

3.12 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash

flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal

is recognized in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

3.12.1 Goodwill

Goodwill is tested for impairment annually (as at 31 March) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.12.2 Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.13 Financial instruments

3.13.1 Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date

that the Group commits to purchase or sell the asset. The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as finance income. The losses arising from impairment are recognised in profit or loss.

Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Available-For-Sale Financial Investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement,

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available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to profit or loss as finance costs. Interest earned whilst holding available-for-sale financial investment is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

De-recognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- > The rights to receive cash flows from the asset have expired
- > The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - The Group has transferred substantially all the risks and rewards of the asset, or
 - The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial

assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a

variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available For Sale Financial Investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses

on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

3.13.2 Non-derivative Financial Liabilities

Initial Recognition and Measurement

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable

transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Subsequent Measurement

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

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term and are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument at fair value less any directly attributable transaction costs.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as finance costs.

De-recognition of Financial Liabilities

A financial liability is derecognised when its contractual obligations under the liability are discharged, cancelled or expired. When an existing financial liability is replaced

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by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

3.13.3 Off-setting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- > There is a currently enforceable legal right to offset the recognised amounts

And

- > There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

3.13.4 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in an active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask prices for short term positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include;

- > Using recent arm's length market transactions;
- > Reference to the current fair value of the instrument that is substantially the same;
- > A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 42.

3.14 Biological assets

The Group's biological assets consist of poultry, teak and livestock. Except for parent birds, biological assets are measured at fair value less cost to sell,

with any change therein recognized in profit or loss. Parent birds are valued at cost less accumulated amortisation as the fair value cannot be measured reliably.

3.15 Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of finished goods is computed, based on the weighted average cost method and includes material, labour and appropriate share of production overheads, based on normal operating capacity. In the case of purchased inventories, cost includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. The cost of raw material is computed at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provision for obsolete inventory

Specific provision are made giving considerations to the condition of inventory held by the Company/Group.

3.16 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that an outflow of economic benefits will be required to settle the obligations.

3.17 Employment Benefits

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan, other than a defined contribution plan. The liability recognised in the financial statements in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

Defined Contribution Plan - Employees' Provident Fund/ Mercantile Services Provident Society and Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no further legal or constructive obligation to pay further amounts. The Group contributes 12%, 12% and 3% of gross emoluments of employees to the Employees' Provident Fund, Mercantile Services Provident Society and the Employees' Trust Fund respectively. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

3.18 Share-based payment transactions - ESOS

Shareholders of the Company resolved on 30th June 2016 the issue of Four Million Three Hundred Seventy Four Thousand Non-Voting (Class X), Ordinary Shares (constituting approximately 20% of the issued Non-Voting (Class X) shares as at 24th May 2016) to all executive officers in the level premier managers and above in CIC Group under an Employee Share Option Scheme (ESOS). Options were granted for no consideration. The shares would be issued to employees during a period of 5 years commencing from 2017. The shares under ESOS were priced at average of volume weighted average market price of the Company's shares for thirty (30) market days immediately preceding the grant date.

There will be no financial assistance granted to employees with regard to the ESOS.

“Group” for the purpose of ESOS will consist of CIC Holdings PLC, CIC Agri Businesses Group, CIC CropGuard (Private) Limited and CIC Feeds (Private) Limited and its subsidiaries.

The cost of equity – settled transactions is recognized, together with a corresponding increase in other capital reserves in equity if management intends that the eligible employees will exercise the option right in foreseeable future.

3.19 Earnings Per Share

The Group presents basic Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted number of ordinary shares outstanding during the period.

3.20 Cash Flow Statement

The cash flow statement has been prepared using the indirect method.

3.21 Segment Reporting

The Group has the following five strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

A summary describing the operations of each reportable segment is given in pages 120 and 121.

Segment results that are reported to the Group’s CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated expenses comprise mainly corporate assets (primarily the Company’s head office), head office expenses and tax assets and liabilities.

3.23 Events Occurring after the Reporting Date

All material events occurring after the reporting date have been considered and where appropriate adjustment or disclosures have been made in these Financial Statements.

4 New Accounting Standards issued but not effective as at the reporting date

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 1st April 2017 or at a later date. Accordingly, these Standards have not been applied in preparing these Financial Statements.

New or amended standards	Summary of the requirements	Possible impact on consolidated financial statements
SLFRS 9 Financial Instruments	SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets. SLFRS 9 is effective for annual period beginning on or after 1st January 2018 with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of SLFRS 9
SLFRS 15 Revenue from Contracts with Customers	SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts. SLFRS 15 is effective for annual reporting periods beginning on or after 1st January 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of SLFRS 15.
SLFRS 16 Leases	SLFRS 16 requires lessees to recognise all leases on their Statement of Financial Position as lease liabilities with the corresponding right of use assets. The profit or loss recognition pattern for recognised leases will be similar to existing finance lease accounting, with interest and depreciation expense recognized separately in Profit or Loss. SLFRS 16 is effective for annual reporting periods beginning on or after 1st January 2019.	The Group is currently evaluating the impact of SLFRS 16 adoption in 2019 except for short term and low value leases.

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5. Segmental Information

For the year ended 31st March	Crop Solutions		Agri Produce	
	2017 Rs '000	2016 Rs '000	2017 Rs '000	2016 Rs '000
Profit or Loss				
Revenue	11,526,613	6,737,489	3,804,279	2,740,369
Inter segmental Revenue	(331,448)	(44,053)	(19,800)	(308,787)
Total revenue to external customers	11,195,165	6,693,436	3,784,479	2,431,582
Segmental results	1,067,224	702,170	(127,117)	47,709
Impairment loss on Property, Plant and equipment	-	-	-	-
Financing cost (net)	(426,758)	(188,365)	(301,304)	(83,242)
Share of profit of equity accounted investees	-	-	-	-
Profit/(loss) before tax	640,466	513,805	(428,421)	(35,533)
Income Tax	(122,910)	(75,484)	19,672	(219)
Profit/(loss) after tax	517,556	438,321	(408,749)	(35,752)
Profit/(loss) from discontinued operations	309	11,085	-	-
Profit/(loss) for the year	517,865	449,406	(408,749)	(35,752)
Attributable to :				
Equity Holders of the company	617,599	426,550	(564,491)	(53,056)
Non-Controlling Interests	(99,734)	22,856	155,742	17,304
Profit /(loss) for the year	517,865	449,406	(408,749)	(35,752)
Assets and Liabilities				
Non-current assets				
Property, Plant and equipment	956,365	1,487,394	1,915,436	1,445,075
Unallocated property, plant and equipment	-	-	-	-
Other non-current assets	150,080	156,969	110,610	57,806
Total non-current assets	1,106,445	1,644,363	2,026,046	1,502,881
Current assets	4,938,096	7,261,813	1,966,941	1,776,768
Total assets	6,044,541	8,906,176	3,992,987	3,279,649
Non -current liabilities	230,123	336,824	948,862	308,090
Current Liabilities	5,943,107	7,804,687	1,423,270	2,342,538
Total Liabilities	6,173,230	8,141,511	2,372,132	2,650,628

Inter segment pricing on the basis of arm's length transactions.

Secondary geographical segmentation is not given since the dispersion of the group operations does not construe an objective segmentation.

Lives Stock Solutions		Industrial Solutions		Health & Personal Care		Group	
2017 Rs '000	2016 Rs '000	2017 Rs '000	2016 Rs '000	2017 Rs '000	2016 Rs '000	2017 Rs '000	2016 Rs '000
6,950,356	7,088,168	4,424,188	3,972,620	8,736,271	6,642,227	35,441,707	27,180,873
(48,849)	(30,017)	(85,299)	(91,747)	(80,700)	(39,985)	(566,096)	(514,589)
6,901,507	7,058,151	4,338,889	3,880,873	8,655,571	6,602,242	34,875,611	26,666,284
548,017	565,831	373,987	419,175	718,723	652,635	2,580,834	2,387,520
-	(1,649)	-	-	-	(944)	-	(2,593)
(348,904)	(278,891)	(147,815)	(57,153)	(416,251)	(124,870)	(1,641,032)	(732,521)
-	-	334,728	362,478	-	-	334,728	362,478
199,113	285,291	560,900	724,500	302,472	526,821	1,274,530	2,014,884
(65,194)	(78,871)	(84,933)	(99,353)	(139,366)	(112,850)	(392,731)	(366,777)
133,919	206,420	475,967	625,147	163,106	413,971	881,799	1,648,107
-	-	4,809	(3,195)	-	(22,163)	5,118	(14,273)
133,919	206,420	480,776	621,952	163,106	391,808	886,917	1,633,834
126,122	190,038	373,785	536,645	483	254,115	553,498	1,354,292
7,797	16,382	106,991	85,307	162,623	137,693	333,419	279,542
133,919	206,420	480,776	621,952	163,106	391,808	886,917	1,633,834
4,767,646	4,925,571	1,685,836	1,495,772	1,424,112	1,210,336	10,749,395	10,564,148
-	-	-	-	-	-	1,896,413	1,710,856
374,487	239,156	1,374,567	935,271	274,071	84,787	2,283,815	1,473,989
5,142,133	5,164,727	3,060,403	2,431,043	1,698,183	1,295,123	14,929,623	13,748,993
1,775,895	2,224,122	3,106,359	3,396,639	5,080,381	3,890,779	16,867,672	18,550,121
6,918,028	7,388,849	6,166,762	5,827,682	6,778,564	5,185,902	31,797,295	32,299,114
437,674	659,825	411,680	360,300	361,570	345,711	2,389,909	2,010,750
3,428,083	4,073,850	1,904,870	1,771,703	5,292,508	3,411,289	17,991,838	19,404,067
3,865,757	4,733,675	2,316,550	2,132,003	5,654,078	3,757,000	20,381,747	21,414,817

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6 Revenue

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Revenue	9,116,686	8,046,151	34,875,611	26,666,284
Net Revenue				
Local	8,971,777	8,043,964	33,497,803	25,336,126
Exports	144,909	2,187	1,377,808	1,330,158
Total	9,116,686	8,046,151	34,875,611	26,666,284

7 Other income

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Rent	14,206	27,806	14,206	27,335
Dividend Income				
Quoted	29,001	16,800	8,127	3,392
Unquoted	394,677	257,834	11,339	11,250
Net gain on disposal of property, plant and equipment	63,824	-	136,861	11,774
Gain on disposal of assets held for sale	4,342	-	4,342	-
Gain on disposal of assets held for distribution	59,163	-	-	-
Reversal of provision for impairment of investment in subsidiary	39,850	-	-	-
Gain on disposal of investment	-	-	535	-
Gain on disposal of other financial assets	-	-	1,029	87
Gain on deemed disposal of equity accounted investees	-	-	-	2,233
Changes in fair value in biological assets	-	-	-	1,903
Gain on disposal of subsidiary	-	-	-	1,783
Grants amortised	-	-	1,878	4,471
Reversal of provision for impairment of inter- company receivables	-	333	-	-
Gain from disposal of brand name and know-how*	-	345,000	-	345,000
Direct sales commission	59,984	46,961	59,984	46,961
Sundry Income	2,548	1,848	67,964	78,516
Total	667,595	696,582	306,265	534,705

* Gain from disposal of brand name and know-how relates to disposal of "Chemifix" brand.

8 Other Expenses

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Impairment loss on property, plant and equipment	-	-	18,752	2,593
Loss on disposal of property, plant and equipment	-	4,946	-	-
Expenses incurred on held for sale assets	-	-	1,969	-
Net loss due to flood damage	-	-	27,250	-
Loss from disposal of equity accounted investee	-	-	1,878	-
Provision for diminution in value of investment in Chemcel (Private) Limited	-	-	-	116,885
	-	4,946	49,849	119,478

9 Financing Cost (Net)

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Finance Cost				
Long -term loans	11,758	17,359	202,350	159,948
Finance leases	76	527	1,677	2,862
Short- term loans and overdrafts	489,545	151,372	1,424,818	628,313
Staff loans	2,438	3,905	7,620	9,361
Foreign exchange loss	573	-	60,723	24,528
	504,390	173,163	1,697,188	825,012
Finance Income				
Staff loan	687	3,435	7,522	9,070
Foreign exchange gain	-	5,073	14,642	72,321
Deposit	2,069	822	33,992	11,100
	2,756	9,330	56,156	92,491
Financing Cost (Net)	501,634	163,833	1,641,032	732,521

10 Share of Profit of Equity Accounted Investees (Net of Tax)

For the year ended 31st March	Group	
	2017 Rs. '000	2016 Rs. '000
Commercial Insurance Brokers (Private) Limited	10,747	4,036
Akzo Nobel Paints Lanka (Private) Limited	325,119	331,625
Rainforest Ecolodge (Private) Limited	(1,138)	(4,910)
Chemcel (Private) Limited	-	31,727
Total	334,728	362,478

▶ NOTES TO THE FINANCIAL STATEMENTS

11 Profit Before Tax is stated after Charging all Expenses Including the Following:

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Directors' emoluments and retirement benefits	34,110	26,548	177,638	142,350
Depreciation on property, plant and equipment	157,473	122,719	816,413	684,060
Directors' Fees	22,566	19,984	34,662	30,125
Donations	1,004	1,000	2,321	3,204
Staff training and development	5,310	5,252	24,380	12,233
Legal fees	1,991	2,367	6,922	6,720
Auditors' Remuneration				
Statutory audit fees	1,860	1,717	10,187	10,106
Audit related fees	337	275	7,397	5,313
Non- audit fees	2,382	862	3,661	1,988
Professional fees	40,479	19,251	56,694	41,497
Provision for impairment of trade receivables	48,168	19,758	132,905	43,774
Provision/(Reversal of provision) for obsolete and slow moving inventories	204,029	(106,558)	272,334	(75,010)
Personnel Costs *	556,738	560,320	2,226,919	1,960,556

* Includes Directors' emoluments and retirement benefits

11.1 Personnel Costs

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Salaries	375,094	388,185	1,598,384	1,381,575
EPF/MSPS - Defined contribution plan	42,057	47,887	152,477	134,560
ETF - Defined contribution plan	10,483	12,054	38,516	24,053
Bonus	90,293	74,309	324,025	313,910
Provision for retirement benefits	38,811	37,885	113,517	106,458
Total	556,738	560,320	2,226,919	1,960,556
Number of employees as at 31st March	538	475	2,249	2,049

12 Income Tax Expense

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Current tax expense on ordinary activities for the year				
Current tax expenses on profit for the year	32,840	55,000	312,114	212,750
Under/(over) provision in respect of previous years	(42,922)	1,550	(42,733)	(3,262)
Irrecoverable ESC written off	-	-	15,375	22,848
Tax on dividend income	-	-	48,599	31,257
	(10,082)	56,550	333,355	263,593
Deferred Tax expense				
Origination of temporary differences (Note 21)	16,387	43,844	59,376	103,184
	16,387	43,844	59,376	103,184
Total	6,305	100,394	392,731	366,777

12.1 Reconciliation of the Accounting Profit and Taxable Profit

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Profit before tax - continuing operations	185,840	835,948	1,274,530	2,014,884
Profit / (Loss) before tax - discontinued operations	-	(22,163)	5,118	(14,273)
Intra - group adjustments	-	-	707,495	479,000
	185,840	813,785	1,987,143	2,479,611
Share of profit of equity accounted investees	-	-	(334,728)	(362,478)
Other sources of income	-	822	132,048	59,084
Dissallowable expenses	1,053,276	402,070	2,762,257	1,516,032
Tax deductible expenses	(563,793)	(298,412)	(2,848,126)	(2,537,186)
Tax exempt income	(494,882)	(619,634)	(833,086)	(838,965)
Tax loss for the year	-	-	610,038	678,101
Tax loss utilised during the year	(63,154)	(102,202)	(244,849)	(206,501)
Qualifying payments	-	-	(96,185)	-
Taxable profit	117,287	196,429	1,134,512	787,698
Income tax @ 12%	-	-	4,162	5,854
Income tax @ 28%	32,840	55,000	307,953	206,896
	32,840	55,000	312,115	212,750
Current tax expense on discontinued operations	-	-	1	-
Current tax expense on continuing operations	32,840	55,000	312,114	212,750
Accumulated tax losses				
Tax loss brought forward	616,736	718,938	2,885,308	2,440,052
Tax loss for the year	-	-	610,038	678,101
Adjustment due to disposal of subsidiary	-	-	-	(26,344)
Tax loss utilised during the year	(63,154)	(102,202)	(244,849)	(206,501)
Tax loss carried forward	553,582	616,736	3,250,497	2,885,308
Effective tax rate	28%	28%	28%	27%

12.2 Group's tax expense is based on the taxable profit of each Company in the Group. At present the tax laws of Sri Lanka do not provide for Group Taxation.

12.3 Irrecoverable Economic Service Charge has been charged to the Profit or Loss.

► NOTES TO THE FINANCIAL STATEMENTS

12 Income Tax Expense (Contd.)

12.4 Details of the Current Tax Computation

As per the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto, CIC Holdings PLC and all other companies within the Group, excluding those which enjoy a tax holiday or concessionary rate of taxation as referred to below are liable to income tax at 28% of the adjusted taxable profits for the year.

The profit and income of CIC Feeds (Private) Limited is liable for income tax at the rate 12% for the feeds operation and 10% applicable for the poultry operation in terms of the Provisions of the Inland Revenue Act No.10 of 2006 and subsequent amendments thereto.

In terms of the provisions of Inland Revenue Act No.10 of 2006 and subsequent amendments thereto, the profits and income of CIC Poultry Farms Limited is taxed at the rate of 10% and Other income is liable for Income tax at the rate of 28% CIC Vetcare (Private) Limited and CIC Bio Security Breeder Farms Limited are taxed at the rate of 28%.

The profits of Yasui Lanka (Private) Limited, are taxable at a concessionary rate of 15% up to and including the year of assessment 2016/17, in terms of the Agreement entered into with the Board of Investment. However, in accordance with the Inland Revenue (Amendment) Act No. 18 of 2013, the profits of the Company, is liable for Income Tax only at 12% effective from 1st April 2013, irrespective of the terms stated in the BOI Agreement.

The profits of CAL Exports Lanka (Private) Limited, enjoyed a five year tax holiday period up to and including the year of assessment 2008/09, and a concessionary rate at 10% for two years thereafter, in terms of the agreement entered into with the Board of Investment. In accordance with the Inland Revenue (Amendment) Act No. 18 of 2013, the profits of the Company is liable for Income Tax only at 12% effective from 1st April 2013.

13 Discontinued operations

Discontinued operations include CIC Agri Biotech (Private) Limited, Yasui Lanka (Private) Limited and Chemcel (Private) Limited. Disposal transactions of CIC North and East Agri Development (Private) Limited was completed by 31st March 2017.

The results of aforesaid operations for the year are presented below:

13.1 Profit/(loss)after tax From Discontinued Operations

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Revenue	-	4,982	110	63,710
Cost of sales	-	(45,269)	-	(85,276)
Gross profit	-	(40,287)	110	(21,566)
Expenses	-	-	(3,664)	-
Other income	-	-	-	4,886
Reversal of provision for receivables and inventories	-	18,124	-	2,031
Financing income/ (cost)	-	-	8,671	(917)
Profit/(loss) before tax from a discontinued operations	-	(22,163)	5,117	(15,566)
Tax expense				
Current tax	-	-	1	1,293
Deferred tax	-	-	-	-
Profit/(Loss) for the year from discontinued operations	-	(22,163)	5,118	(14,273)
Other Comprehensive income	-	-	-	-
Total comprehensive Income/(expense)	-	(22,163)	5,118	(14,273)

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

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Assets				
Property, plant and equipment	-	440,658	73,375	480,977
Trade receivables	-	-	17,775	271
Other receivables	-	-	700	935
Inventories	-	-	-	391
Cash in hand and at bank	-	-	4,506	10,377
Assets classified as held for sale	-	440,658	96,356	492,951
Liabilities				
Trade and other payables	11,106	11,106	15,116	15,454
Liabilities directly associated with assets classified as held for sale	11,106	11,106	15,116	15,454
Net assets directly associated with disposal group	(11,106)	429,552	81,240	477,497

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

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Net cash generated from operating activities	-	409	8,024	16,038
Net cash used for financing activities	-	-	(12,762)	-
Net cash inflow/(outflow)	-	409	(4,738)	16,038

13.4 Earnings/(Loss) per Share:

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Basic/diluted earnings/(loss) per share for the year, from discontinued operations (Rs.)	-	(0.23)	0.42	0.18

13.5 Assets classified as held for distribution

The Company/Group has classified its investment in Chemcel (Private) Limited as held for distribution since the Board of Directors of Chemcel (Private) Limited has decided to proceed with distributing the assets to its owners.

► NOTES TO THE FINANCIAL STATEMENTS

14 Earnings per Share:

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Profit attributable to equity holders of the Company	179,535	713,391	553,498	1,354,292
The share capital is as follows :				
Ordinary Shares				
Weighted average number of shares	72,900,000	72,900,000	72,900,000	72,900,000
Non-Voting (Class X) Shares				
Weighted average number of shares	21,870,000	21,870,000	21,870,000	21,870,000
Total Weighted average number of shares	94,770,000	94,770,000	94,770,000	94,770,000
Basic/Diluted earnings per share (Rs.)	1.89	7.53	5.84	14.29

Basic Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of shares outstanding during the year.

Diluted Earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shares outstanding after adjustment for the effect of all potentially dilutive ordinary shares.

There were no potentially dilutive ordinary shares at any time during the year/previous year.

There is no material impact on diluted earnings per share arising from Employee Share Option Scheme.

15 Gross Dividend

For the year ended 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Interim Dividend				
Interim dividend paid per share Rs.2.00 (2016-Rs.1 per share)				
72,900,000 Ordinary Shares	145,800	72,900	145,800	72,900
21,870,000 Non-Voting (Class X) Shares	43,740	21,870	43,740	21,870
	189,540	94,770	189,540	94,770
Final Dividends				
Final dividend proposed and paid Rs.2.00per share (2016-Rs.1 per share)				
72,900,000 Ordinary Shares	145,800	72,900	145,800	72,900
21,870,000 Non-Voting (Class X) Shares	43,740	21,870	43,740	21,870
	189,540	94,770	189,540	94,770
Total	379,080	189,540	379,080	189,540

Directors have recommended the payment of a final dividend of Rs. 1.00 per share on ordinary and non-voting (class X) shares for the year ended 31st March 2017. This proposed dividend has not been recognized as a liability as at 31st March 2017. This would result in a total dividend per share of Rs. 2.00 (2016 - Rs. 4.00) once it is approved at the Annual General Meeting.

The interim dividend of Rs. 2.00 per share in 2016/2017 (2015/2016 - Rs. 1.00) distributed to shareholders are paid out of dividends received from Companies within the Group on which 10% withholding tax has been paid.

16 Property, Plant and Equipment

A. Company

	Land Rs. '000	Buildings Rs. '000	Plant & Machinery Rs. '000	Equipment Rs. '000	Computers Rs. '000	Furniture & Fittings Rs. '000	Motor vehicles Rs. '000	Total 2017 Rs. '000	Total 2016 Rs. '000
Freehold									
Cost/Valuation									
At the beginning of the year	1,089,869	1,100,033	262,040	292,112	123,965	43,466	66,802	2,978,287	2,848,761
Additions	3,845	-	18,724	155,777	11,040	5,431	21,547	216,364	136,431
Revaluation Surplus	-	-	-	-	-	-	-	-	246,918
Disposals	(58,251)	(20,446)	-	(590)	(168)	-	(44,469)	(123,924)	(128,850)
Transferred from capital work in - progress	-	115,004	-	-	-	-	-	115,004	334,014
Transferred to assets classified as held for sale	-	-	-	-	-	-	-	-	(458,987)
Re-Classifications	-	(23,314)	(3,617)	23,846	-	-	(225)	(3,310)	-
At the end of the year	1,035,463	1,171,277	277,147	471,145	134,837	48,897	43,655	3,182,421	2,978,287
Depreciation/Impairment									
At the beginning of the year	-	150,588	144,028	196,499	58,598	17,392	55,251	622,356	643,801
Depreciation	-	56,908	22,223	46,659	19,398	5,330	4,393	154,911	120,196
Re-Classifications	-	(1,362)	(622)	133	28	(92)	(142)	(2,057)	-
Transferred to assets classified as held for sale	-	-	-	-	-	-	-	-	(18,329)
On disposals	-	(5,121)	-	(590)	(134)	-	(44,469)	(50,314)	(123,312)
At the end of the year	-	201,013	165,629	242,701	77,890	22,630	15,033	724,896	622,356
Leasehold									
Cost/Valuation									
At the beginning of the year	-	-	-	-	-	-	53,890	53,890	54,908
Disposals	-	-	-	-	-	-	(53,890)	(53,890)	(1,018)
At the end of the year	-	-	-	-	-	-	-	-	53,890
Depreciation/Impairment									
At the beginning of the year	-	-	-	-	-	-	51,320	51,320	49,767
Depreciation	-	-	-	-	-	-	2,562	2,562	2,523
On disposals	-	-	-	-	-	-	(53,882)	(53,882)	(970)
At the end of the year	-	-	-	-	-	-	-	-	51,320
Carrying value as at 31st									
March 2017	1,035,463	970,264	111,518	228,444	56,947	26,267	28,622	2,457,525	
Carrying value as at 31st									
March 2016	1,089,869	949,445	118,012	95,613	65,367	26,074	14,121		2,358,501

i Carrying amount of property, plant and equipment pledged as securities for bank facilities obtained amounted to Rs.62.25 million. (2016 - Rs. 106.52 million).

▶ NOTES TO THE FINANCIAL STATEMENTS

16 Property, Plant and Equipment (Contd.)

B. Group

	Land Rs. '000	Buildings Rs. '000	Plant & Machinery Rs. '000	Equipment Rs. '000	Computers Rs. '000	Furniture & Fittings Rs. '000	Motor vehicles Rs. '000	Total 2017 Rs. '000	Total 2016 Rs. '000
Cost/Valuation									
At the beginning of the year	3,325,238	4,495,461	4,703,087	1,332,864	289,455	147,650	651,893	14,945,648	13,007,885
Additions	11,028	222,563	255,325	290,323	34,201	23,833	90,660	927,933	1,508,978
Revaluation Surplus	-	-	-	-	-	-	-	-	712,798
Disposals	(58,811)	(21,032)	(27,215)	(18,040)	(1,109)	(788)	(91,264)	(218,259)	(588,151)
Transferred from capital work in-progress	11,258	276,004	54,801	6,785	-	1,414	6,383	356,645	810,176
On disposal of subsidiary	-	-	-	-	-	-	-	-	(35,149)
Transfers from leasehold	-	-	-	-	-	-	-	-	6,158
Transfer to asset held for sale	-	-	-	-	-	-	(5,915)	(5,915)	(458,987)
Revaluation loss/Impairment	-	(422)	(24,235)	(1,068)	(2,037)	-	-	(27,762)	(2,593)
Re-Classifications	-	(23,314)	(3,617)	22,563	-	-	(234)	(4,602)	(15,467)
Write off	-	-	(2,159)	(299)	(1,043)	(83)	-	(3,584)	-
At the end of the year	3,288,713	4,949,260	4,955,987	1,633,128	319,467	172,026	651,523	15,970,104	14,945,648
Depreciation/Impairment									
At the beginning of the year	-	652,990	1,341,587	684,239	193,970	66,586	502,507	3,441,879	3,217,731
Depreciation	-	180,667	311,805	164,709	37,505	23,812	53,993	772,491	635,160
Impairment	-	(105)	(6,412)	(456)	(2,037)	-	-	(9,010)	-
Transfers to asset held for sale	-	-	-	-	-	-	(5,915)	(5,915)	(18,329)
Transfers from leasehold	-	-	-	-	-	-	-	-	5,279
Disposals	-	(5,596)	(19,723)	(17,909)	(1,109)	(409)	(87,425)	(132,171)	(367,463)
Re-Classification	-	(1,362)	(622)	133	29	(92)	(141)	(2,055)	(12,548)
Write off	-	-	(962)	(132)	(968)	(83)	-	(2,145)	-
On disposal of subsidiary	-	-	-	-	-	-	-	-	(17,951)
At the end of the year	-	826,594	1,625,673	830,584	227,390	89,814	463,019	4,063,074	3,441,879
Leasehold									
Cost/Valuation									
At the beginning of the year	233,378	816,172	-	-	-	-	147,527	1,197,077	1,229,157
Additions	-	34,670	-	-	-	-	-	34,670	7,830
Transferred from capital work in-progress	-	1,294	-	-	-	-	-	1,294	4,923
Transferred to freehold	-	-	-	-	-	-	-	-	(6,158)
Disposals	-	(42,923)	-	-	-	-	(83,610)	(126,533)	(10,115)
Re-Classification	-	-	-	-	-	-	-	-	3,088
On disposal of subsidiary	-	-	-	-	-	-	-	-	(31,648)
At the end of the year	233,378	809,213	-	-	-	-	63,917	1,106,508	1,197,077
Depreciation/Impairment									
At the beginning of the year	34,111	256,119	-	-	-	-	135,612	425,842	408,645
Depreciation	2,962	32,096	-	-	-	-	8,864	43,922	48,900
Disposals	-	(21,469)	-	-	-	-	(80,565)	(102,034)	(9,937)
Re-Classification	-	-	-	-	-	-	-	-	169
On disposal of subsidiary	-	-	-	-	-	-	-	-	(16,656)
Transferred to freehold	-	-	-	-	-	-	-	-	(5,279)
At the end of the year	37,073	266,746	-	-	-	-	63,911	367,730	425,842
Carrying value as at 31st									
March 2017	3,485,018	4,665,133	3,330,314	802,544	92,077	82,212	188,510	12,645,808	
Carrying value as at 31st									
March 2016	3,524,505	4,402,524	3,361,500	648,625	95,485	81,064	161,301		12,275,004

- i Carrying amount of property, plant and equipment pledged as securities for bank facilities obtained amounted to Rs. 963.44 million.(2016 - Rs.950.81 million).
- ii No borrowing cost was capitalised by the Group during the year.(2016 - Rs.6.07 million).
- iii Unexpired lease period of land belonging to CIC Agri Businesses (Private) Limited is 74 years

C. Carrying Value

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
At Cost	1,425,909	1,266,064	8,640,603	7,644,617
At Valuation	1,031,616	1,089,867	3,266,425	3,659,152
On Finance Lease	-	2,570	738,780	771,235
Total	2,457,525	2,358,501	12,645,808	12,075,004

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

As at 31st March	Company		Group	
	2017 Rs. millions	2016 Rs. millions	2017 Rs. millions	2016 Rs. millions
Land	206.85	243.26	1,138.85	1,164.00
Total	206.85	243.26	1,138.85	1,164.00

E. Value of land and ownership

Company	Location	Land Extent in Acres/Perches/Roods	Number of buildings	Carrying Value Rs. million
CIC Holdings PLC	Kew Road, Colombo 02	1 rood and 30.25 perches	1	527.00
	Sri Sasanajothi Mawatha, Ratmalana	4 acres, 3 roods and 21 perches	9	313.00
	Pellanwatta, Piliyandala	5 acres and 36.53 perches	16	65.10
	Lenagala Estate, Dedigamuwa	12 acres, 6 roods and 73.5 perches	20	130.26
Chemanex PLC	Sri Sasanajothi Mawatha, Ratmalana	3 acres	1	229.50
CIC Agri Businesses (Private) Limited	Mahiella, Kurunegala	2 acres, 3 roods and 31.25 perches	4	47.00
	Aluwihare, Matale	3 acres, 1 rood and 38 perches	1	23.70
	Dutugemunun Road, Peliyagoda	1 acre, 1 rood and 2.2 perches	1	202.50
Wayamba Agro Fertilizer Company Limited	Maho	16 acres and 30.8 perches	15	103.50
CIC Grains (Private) Limited	Siyambalanda	3 acres, 3 roods and 24 perches	-	10.91
CIC Properties (Private) Limited	Katuwahanawatta, Walpita, Waradala	50 acres 1 rood	-	160.94
CISCO Speciality Packaging (Private) Limited	Pellanwatta, Pannipitiya	2 acres, 3 roods and 18.07 perches	10	88.00
CIC Vetcare (Private) Limited	Galla Estate, Ekala	3 roods and 1 perch	3	22.85
	Madampalle Estate, Madampalle	15 acres	-	45.00
CIC Poultry Farms Limited	Molahena Estate, Badalgama	25 acres and 29.95 perches	31	75.50
	Iswetiya Elies, Horakandawila, Dunagaha	17 acres and 16.8 perches	17	83.90
	Amunuwela Estate, Kuliypitiya	47 acres 3 roods and 29 perches	25	144.00
CIC Bio Security Breeder Farms Limited	Molahena Estate, Badalgama	27 acres, 1 rood and 57.6 perches	-	84.75

► NOTES TO THE FINANCIAL STATEMENTS

16 Property, Plant and Equipment (Contd.)

E. Value of land and ownership (Contd.)

Company	Location	Land Extent in Acres/Perches/Roods	Number of buildings	Carrying Value Rs. million
CIC Feeds (Private) Limited	Galla Estate, Ekala	6 acres and 33.4 perches	17	151.50
	Heeralugedara, Kotadeniyawa	18 acres and 2 roods	17	55.50
	Madampalle Estate, Madampalle	25 acres	25	75.00
	Nabirithankadawara, Welipennagahamulla, Pannala	50 acres, 1 rood and 32.5 perches	18	143.50
Colombo Industrial Agencies Limited	Temple Lane, Ekala	3 acres, 2 roods, 7.62 perches	4	225.30
Link Natural Products (Private) Limited	Malinda, Kapugoda	11 acres, 3 roods and 35.15 perches	38	203.20
	Kapugoda, Giridara	39 perches	1	5.80
	Dambukanda	21 acres, 5 roods and 64 perches	1	64.50
	Parakaduwa	23 acres, 2 roods and 5.8 perches	-	7.00
				3,288.71

The last revaluation of lands has been as follows;

Company	Date of revaluation	Significant unobservable inputs Estimated price	Revalued amount Rs. million	Sensitivity of fair value to unobservable inputs
CIC Holdings PLC	31st March 2016	Rs.15,000-Rs.7,500,000	1,031.09	Positively correlated sensitivity
Chemanax PLC	31st March 2016	Rs.500,000-Rs.600,000	229.50	Positively correlated sensitivity
CIC Agri Businesses (Private) Limited	31st March 2016	Rs.42,500-Rs.1,100,000	273.20	Positively correlated sensitivity
Wayamba Agro Fertilizer Company Limited	31st March 2016	Rs.40,000	103.50	Positively correlated sensitivity
CIC Grains (Private) Limited	31st March 2016	Rs.13,300-Rs.30,000	10.91	Positively correlated sensitivity
CISCO Speciality Packaging (Private) Limited	31st March 2016	per perch Rs.192,500	88.00	Positively correlated sensitivity
CIC Vetcare (Private) Limited	31st March 2016	per perch Rs.185,000	67.85	Positively correlated sensitivity
CIC Poultry Farms Limited	31st March 2016	per perch Rs.30,000- Rs52,500	303.40	Positively correlated sensitivity
CIC Bio Security Breeder Farms Limited	31st March 2016	per acre Rs.2,800,000	84.75	Positively correlated sensitivity
CIC Feeds (Private) Limited and Subsidiaries	31st March 2016	per perch Rs.27,500- Rs.187,500	425.50	Positively correlated sensitivity
Link Natural Products (Private) Limited	31st March 2016	per perch Rs.102,500	280.50	Positively correlated sensitivity
Colombo Industrial Agencies Limited	31st March 2016	per perch Rs.342,306	225.30	Positively correlated sensitivity

All above revaluations are based on market comparable method and were carried out by Messers Perera Sivaskantha & Company, an incorporated valuer.

Market Comparable Method

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.

The revalued figures were incorporated in these Financial Statements.

F. Depreciation has been provided on straight-line basis at the following rates:

Company	Buildings Years	Plant & Machinery Years	Equipment Years	Computers Years	Furniture & Fittings Years	Motor Vehicles Years
CIC Holdings PLC	20	8,15,30,40	4,5,8,10,15,30	3	5,10	5
ChemaneX PLC	10	6	3	3	4	4
CISCO Speciality Packaging (Private) Limited	20	20,12,10,5	20	3	20	5
CIC Agri Businesses (Private) Limited and Subsidiaries*	20	8	4	3	10	5
Colombo Industrial Agencies Limited	20	-	-	-	-	-
CIC Feeds (Private) Limited and Subsidiaries	40	20	12,50	5	8	5
Link Natural Products (Private) Limited	40,25	10,15,20,40	10,8,5	3	10	4,8,10,20,25,30
CIC CropGuard (Private) Ltd	-	-	5	5	10	5
CIC Lifesciences Limited	-	8	4	4	4	-
Cropwiz (Private) Ltd	20	8	4	3	10	5

* Land development cost is depreciated over 30 years.

G. Cost of fully depreciated property, plant and equipment still in use at the reporting date as follows:

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Buildings	1,404	1,404	34,709	59,597
Plant and Machinery	57,759	49,430	291,007	234,672
Equipment	151,335	102,216	482,320	462,794
Computers	44,207	39,887	164,609	94,562
Furniture and Fittings	3,200	1,490	43,201	21,016
Motor Vehicles	5,701	78,901	238,883	400,016
Total	263,606	273,328	1,254,729	1,272,657

17 Investment Property

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Cost	-	-	51,400	51,400
Re-classified from assets classified as held for sale	-	-	40,247	-
Disposals	-	-	(37,500)	-
Carrying value	-	-	54,147	51,400

► NOTES TO THE FINANCIAL STATEMENTS

17 Investment Property (Contd.)

A. Details of investment property

Group	Ownership	Location	Land extent	Market Value		Carrying value	
				2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
As at 31st March							
CIC Agri Businesses (Private) Limited		Pagoda, Nugegoda	15.5 perches	11,500		11,500	11,500
		Bogahapitiya estate, Kengalle	12.00 perches	3,000		2,400	2,400
		Galle Road, Weligama	2 roods and 20.06 perches	-		-	37,500
Chemanex PLC		Nugape, Pillagasowita	8 acres, 1 rood and 15 perches	40,247		40,247	-
				54,747		54,147	51,400

A. CIC Agri Businesses has disposed the investment property of Rs.37.5 million during the year.

B. During the year Chemanex PLC has reclassified the assets held for sale as investment property for Rs. 40.2 million .

18 Capital Work-in-Progress

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
At the beginning of the year	-	46,088	72,153	353,518
Expenditure incurred	211,329	287,926	585,528	538,699
Amount capitalised	(115,004)	(334,014)	(356,645)	(815,099)
Disposal of subsidiaries	-	-	-	(4,965)
At the end of the year	96,325	-	301,036	72,153

19 Biological Assets

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
At the beginning of the year	-	-	226,382	307,728
Additions	-	-	270,954	250,172
Loss from changes in fair value	-	-	(11,947)	(53,912)
Disposals	-	-	(236,881)	(277,606)
At the end of the year	-	-	248,508	226,382

Note 19.1

	Poultry	Cattle	Highland Crops	Teak	Total
Matured (Rs.'000)	116,357	28,895	13,125	-	158,377
Immatured (Rs.'000)	69,523	7,194	-	13,414	90,131
Total	185,880	36,089	13,125	13,414	248,508

Note 19.2 Nature of Group's Biological Assets

The Group has biological assets comprising poultry for producing eggs, cattle for raw milk and teak for timber.

Note 19.3 Non - Financial Measures of Biological Assets

Quantities	Poultry No. of birds	Cattle No. of animals	Teak cubic meters
At the end of the period			
2017	476,513	585	1,717
2016	494,444	801	1,717
Quantities	Poultry No. of birds	Cattle No. of animals	
Produced during the year			
2017		13,496,034	145
2016		5,330,582	194

Note 19.4 Valuation of biological assets

CIC Agri Businesses (Private) Limited uses the following valuation techniques to measure their biological assets

Description	Valuation Technique	Valuation Input
Poultry	Discounted cashflow Market price	No of produce
Cattle	Discounted cashflow	Weight in relation to the category
Teak	Discounted cashflow	Annual marginal increase of timber content (0.55-1.5cm per year for a tree of diameter girth over 10cm)

Discount rate 13%-15%

CIC Feeds (Private) Limited uses the following valuation techniques to measure their biological assets.

These consumables biological assets represent growing birds (Broilers) which are usually processed and sold within 40 to 42 days. Age group of 1 to 28 days are valued at cost. Birds aging from 29 to 42 days are valued based on fair value which is determined based on the market value prevailing as at the reporting date. The valuation basis and the significant unobservable data used for the valuations are given below.

Type	Valuation Techniques	Significant Unobservable Data	Inter-relationship between key unobservable inputs and fair value measurements
Consumable biological assets -Growing birds (Broilers)	The Company has identified six aging categories such as 1-7, 8-14, 15-21, 22-28, 29-35, 36-42 and depending on the aging the standard weight per bird is identified. Average cost is calculated for each category according to the age by analysing the Feed, DOC, Drug Vaccine and other overhead usages. Fair Value is calculated by using the prevailing market price per bird and cost to sell includes commission expenditure made for marketing representatives. However, the market prices for the first four age categories are not available and therefore those age categories are measured at cost. Further, a positive yield can be determined only for the last two categories that is 29-35 and 36-42 and therefore those age categories are measured at fair value.	DOC yield	The fair value will; Increase when DOC yield increases Decrease when DOC yield decreases
		Selling price	Increase when selling price increases Decreased when selling price decreases
		Mortality	Increase when mortality rate decreases Decreased when mortality rate increases

► NOTES TO THE FINANCIAL STATEMENTS

20 Intangible assets

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Goodwill				
Gross Amount	-	-	167,293	167,293
Provision for impairment	-	-	(139,610)	(139,610)
Net Goodwill (i)	-	-	27,683	27,683
ERP cost capitalized	13,178	13,178	109,457	109,457
During the year additions	10,110	-	43,874	-
Ammortization for the year	(2,329)	-	(12,205)	-
Net ERP cost capitalized(ii)	20,959	13,178	141,126	109,457
Total	20,959	13,178	168,809	137,140

(i) Aggregate carrying amounts of goodwill allocated to each unit are as follows:

As at 31st March	2017 Rs. million	2016 Rs. million
CIC Holdings PLC	11.06	11.06
CIC Feeds (Private) Limited	16.62	16.62
	27.68	27.68

(ii) The Company/Group ERP implementation cost is depreciated over 10 years.

21 Deferred Tax

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
At the beginning of the year	22,719	(25,610)	353,034	252,316
Amount origination /(reversal) of temporary differences			-	
Recognised in profit or loss	16,387	43,844	59,376	103,184
Recognised in other comprehensive income	14,117	4,485	19,170	(2,972)
Disposal of subsidiaries	-	-	-	506
At the end of the year	53,223	22,719	431,580	353,034
Deferred Tax Asset	-	-	171,357	41,697
Deferred Tax Liabilities	53,223	22,719	602,937	394,731
Net Liabilities/(assets)	53,223	22,719	431,580	353,034

A Deferred tax (assets)/ liabilities originated due to temporary timing differences of following asset and liability bases.

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
On property, plant and equipment	170,924	169,386	808,827	700,556
On Intangible assets	-	-	3,314	3,804
On biological assets	-	-	32,862	26,679
On retirement benefit obligations	(46,450)	(57,732)	(158,167)	(139,155)
On accumulated tax losses	(71,251)	(88,935)	(255,256)	(238,850)
At the end of the year	53,223	22,719	431,580	353,034

The group recognised deferred tax assets of Rs.171.4 million (2016-Rs.41.70 million) as at the reporting date, since the management is confident that the deferred tax asset would be realised in the future due to the availability of taxable profits in future periods.

B. Movement in deferred tax (assets)/ liabilities

The analysis of deferred tax assets and deferred tax liabilities is as follows;

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Deferred tax assets				
Deferred tax assets to be recovered after more than 12 months	(117,701)	(146,667)	(413,423)	(378,005)
	(117,701)	(146,667)	(413,423)	(378,005)
Deferred tax liabilities				
Deferred tax liabilities to be recovered after more than 12 months	170,924	169,386	845,003	731,039
	170,924	169,386	845,003	731,039
Deferred tax liabilities-net	53,223	22,719	431,580	353,034

► NOTES TO THE FINANCIAL STATEMENTS

21 Deferred Tax (Contd.)

Movement in deferred tax asset and liability bases

	Deferred tax assets			Deferred tax liabilities	
	Retirement benefit obligations	Tax losses	Total	Property, plant and equipment and Other Assets	Total
	Rs,000	Rs,000	Rs,000		Rs,000
Company					
As at 01 April 2015	(58,628)	(116,967)	(175,595)	149,985	149,985
Recognised in profit or loss and other comprehensive income	896	28,032	28,928	19,401	19,401
As at 31 March 2016	(57,732)	(88,935)	(146,667)	169,386	169,386
Recognised in profit or loss	(2,835)	17,684	14,849	1,538	1,538
Recognised in other comprehensive income	14,117	-	14,117	-	-
As at 31 March 2017	(46,450)	(71,251)	(117,701)	170,924	170,924
Group					
As at 01 April 2015	(134,076)	(221,908)	(355,984)	608,300	608,300
Recognised in profit or loss and other comprehensive income	(5,079)	(16,942)	(22,021)	122,234	122,234
Disposal of subsidiaries	-	-	-	505	505
As at 31 March 2016	(139,155)	(238,850)	(378,005)	731,039	731,039
Recognised in profit or loss	(38,182)	(16,406)	(54,588)	113,964	113,964
Recognised in other comprehensive income	19,170	-	19,170	-	-
As at 31 March 2017	(158,167)	(255,256)	(413,423)	845,003	845,003

C. Unrecognised Deferred Tax Assets

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Accumulated tax losses	-	-	340,424	485,284
	-	-	340,424	485,284

Unrecognized deferred tax asset relates to accumulated tax losses of CIC Agri Businesses (Private) Limited.

22 Investment in Subsidiaries

As at 31st March	Market Value Rs. '000	Holding %	2017		2016	
			No. of Shares	Cost Rs. '000	No. of Shares	Cost Rs. '000
Company Quoted						
ChemaneX PLC	436,645	50.41	7,939,373	136,683	7,939,373	136,683
			7,939,373	136,683	7,939,373	136,683
Unquoted - Subsidiaries						
Crop Management Services (Private) Limited.		100.00	780,000	202,144	780,000	202,144
CISCO Speciality Packaging (Private) Limited.		50.00	5,525,005	55,250	5,525,005	55,250
CIC Agri Businesses (Private) Limited		50.76	8,040,000	62,800	8,040,000	62,800
Colombo Industrial Agencies Limited.		83.06	830,598	9,130	830,598	9,130
CIC Feeds (Private) Limited		82.44	3,710,000	217,434	3,710,000	217,434
Link Natural Products (Private) Limited.		65.17	5,170,858	311,990	5,170,858	311,990
CIC CropGuard (Private) Limited		100.00	500,000	5,000	500,000	5,000
CIC Lifesciences Limited		99.89	132,645,415	191,205	120,574,918	130,855
				1,054,953		994,603
Provision for impairment of subsidiaries				(99,000)		(138,850)
Total				1,092,636		992,436

- The company has made Rs.32 million provision against the investment in Crop Management Services (Private) Limited and a provision reversals against the investment in CIC Lifesciences Limited of Rs 71.85 million during the year.
- All the subsidiaries of the Company are incorporated in Sri Lanka.
- The company has neither contingent liabilities nor capital commitment in respect of subsidiaries.
- The main activities of the subsidiary companies are given in page 120.
- Investments made during the year by the company are as follows:

As at 31st March	2017		2016	
	Number of shares	Cost Rs.'000	Number of shares	Cost Rs. '000
CIC Lifesciences Limited	12,070,497	60,350	-	-
Total		60,350		-

vi) Inter company shareholdings

As at 31st March	Investor	Investee	2017		2016	
			% Holding	Number of shares	% Holding shares	Number of shares
	ChemaneX PLC	CIC Agri Businesses (Private) Limited	16.92	2,680,001	16.92	2,680,001
		CIC Feeds (Private) Limited	11.11	500,000	11.11	500,000
	CIC Agri Businesses (Private) Limited	ChemaneX PLC	2.84	446,604	2.84	446,604
	Crop Management Services (Private) Limited	CIC Feeds (Private) Limited	6.44	290,100	6.44	290,100

- The Group has assessed each subsidiary that has non-controlling interests based on contributions made to the Group revenue. Group profit, total assets and net assets have determined that such non-controlling interest are not material to the CIC Group.

► NOTES TO THE FINANCIAL STATEMENTS

23 Equity Accounted Investees

As at 31st March	Holding %	2017		2016	
		No. of Shares	Cost 'Rs. '000	No. of Shares	Cost 'Rs. '000
Company					
Unquoted					
Akzo Nobel Paints Lanka (Private) Limited					
Ordinary Shares	49.37	2,340,000	23,400	2,340,000	23,400
Non-Voting Shares	100.00	1,260,000	12,600	1,260,000	12,600
CIC Grains (Private) Limited	49.00	263,313,000	263,131	26,313,000	200,900
Cropwiz (Private) Limited	40.00	86,880	125,109	-	-
Total			424,240		236,900
Group					
Unquoted					
Akzo Nobel Paints Lanka (Private) Limited					
Ordinary Shares	49.37	2,340,000	23,400	2,340,000	23,400
Non-Voting Shares	100.00	1,260,000	12,600	1,260,000	12,600
Group share of net assets on deemed disposal		-	280,922	-	280,922
Rainforest Ecolodge (Private) Limited.	22.60	9,950,968	99,510	9,950,968	99,510
Commercial Insurance Brokers (Private) Limited	40.00	239,999	200	239,999	200
Chemcel (Private) Limited	33.07	68,528,001	705,847	68,528,001	705,847
Rahimafrooz CIC Agro Limited	49.00	212,928	32,573	212,928	32,573
			1,155,052		1,155,052
Share of equity accounted investees retained earnings			548,336		510,608
Share of equity accounted investees other reserves			14,875		14,875
Share of losses absorbed -Rahimafrooz CIC Agro Limited			(32,573)		(32,573)
Deemed disposal profit of Rainforest Ecolodge (Private) Limited			2,233		2,233
Provision for the diminution in value of investment in Chemcel (Private) Limited			(116,885)		(116,885)
Transferred to assets held for sale			(598,341)		(598,341)
Total			972,697	-	934,969

The Group's interest in equity accounted investee relates to CIC Agri Businesses (Private) Limited's 49% interest in equity shareholding of Rahimafrooz CIC Agro Limited, an entity established in 2011/12 in Bangladesh. In adopting SLFRS 11- Joint Arrangements, the Group was required to recognise its interest in a joint venture using the equity method in accordance with LKAS 28- Investment in Associates and Joint Ventures. When changing from proportionate consolidation to the equity method, the Group recognised its investment in the joint venture as at the beginning of the immediately preceding period. Such was measured at the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated. The opening balance of the investment determined is regarded as the deemed cost of the investment at initial recognition. As the total of proportionately consolidated assets and liabilities resulted in negative net assets, CIC Agri Businesses (Private) Limited assessed whether it has legal or constructive obligations in relation to the negative net assets. The consolidated financial statements have disclosed the cumulative unrecognised share of losses of its joint ventures as at the beginning of the immediately preceding period and other required disclosures in these financial statements.

- (1) Except for Rahimafrooz CIC Agro Limited incorporated in Bangladesh, all the other equity accounted investees are incorporated in Sri Lanka.
- (2) Though the group continues to hold 49% of Rahimafrooz CIC Agro Limited, management has decided to withdraw from the operations carried out by the investee. In having withdrawn from the joint venture, the group has been unable to obtain the information pertaining to the losses incurred by Rahimafrooz CIC Agro Limited as well as information pertaining to assets/ liabilities as at the reporting date and for the previous year, amounts relating to the year 2015 have been disclosed herein.
- (3) The main activities of the equity accounted investees are given in page 120.
- (4) The Group has neither contingent liabilities nor capital commitments in respect of equity accounted investees.
- (5) Summarised information of equity accounted investees.

As at 31st March	2017 Rs '000	2016 Rs '000
Revenue	6,436,536	6,561,216
Expenses	5,873,054	5,910,783
Profit after tax	563,482	650,433
Non- current assets	719,907	1,008,583
Current assets	2,911,682	4,545,008
Total assets	3,631,589	5,553,591
Non- current liabilities	-	140,268
Current liabilities	137,513	1,409,621
Total liabilities	137,513	1,549,889
Net Assets	3,494,076	4,003,702

24 Other non current Financial Assets

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Equity securities-available for sale	356,937	-	367,261	10,248
	356,937	-	367,261	10,248

As at 31st March	2017		2016	
	No. of Shares	Fair Value Rs. '000	No. of Shares	Fair Value Rs. '000
Company				
Quoted				
National Development Bank PLC	2,566,849	418,774	-	-
Fair value loss during the year		(61,837)	-	-
		356,937	-	-
Unquoted				
Yasui Lanka (Private) Limited.	660,000	6,600	660,000	6,600
Provision for impairment		(6,600)		(6,600)
Total		356,937		-

The company made a full provision against the investment in Yasui Lanka (Private) Limited of Rs.6.6mn.

► NOTES TO THE FINANCIAL STATEMENTS

24 Other Non Current Financial Assets (Contd.)

As at 31st March	2017		2016	
	No. of Shares	Carrying Amount Rs. '000	No. of Shares	Carrying Amount Rs. '000
Group				
Quoted				
National Development Bank PLC	2,566,849	356,937	-	-
Commercial Bank of Ceylon PLC				
Non-voting	43,700	4,505	43,003	4,859
Voting	21,159	2,759	20,859	2,618
Muller & Phipps PLC	300	-	300	-
Chevron Lubricants Lanka PLC	16,000	2,720	8,000	2,438
Dipped Products PLC	2,500	190	2,500	183
		367,111	74,662	10,098
Unquoted				
Equity Investments (Lanka)Limited	15,000	150	15,000	150
Roma Cosmetics (Private) Limited	200,000	2,000	200,000	2,000
NTS Interlining (Private) Limited	650,000	6,500	650,000	6,500
		8,650		8,650
Provision for impairment of investment		(8,500)		(8,500)
Total		367,261		10,248

The Group has made a full provision for NTS Interlining (Private) Limited and Roma Cosmetics (Private) Limited.

The fair value of financial instruments traded in active markets is based on quoted market prices as at reporting date. The disclosures relating to fair value measurement are given in the note 2.4.3 in Notes to the Financial Statements.

25 Inventories

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Raw materials and consumables	715,909	601,058	4,088,401	4,001,271
Work-in-progress	127,830	127,536	268,353	347,528
Finished goods	2,313,999	1,741,600	4,104,042	3,940,976
Biological assets	-	-	261,762	215,137
Goods-in-transit	-	-	99,213	970,457
	3,157,738	2,470,194	8,821,771	9,475,369
Less : Provision for inventories (Note 25.1)	(241,213)	(63,997)	(323,906)	(111,965)
Total	2,916,525	2,406,197	8,497,865	9,363,404

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

	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
As at 31st March				
At Cost	2,916,525	2,406,197	8,497,865	9,363,404
At Net Realisable Value	-	-	-	-
Total	2,916,525	2,406,197	8,497,865	9,363,404

25.1 Provision for Inventories

	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
As at 31st March				
At the beginning of the year	63,997	174,380	111,965	230,312
Provision/(Reversal) during the year	204,029	(106,558)	257,662	(75,010)
Write off made during the year	(26,813)	(3,825)	(45,721)	(43,337)
At the end of the year	241,213	63,997	323,906	111,965

Bank facilities have been obtained on negative pledge of inventories

26 Trade Receivables

	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
As at 31st March				
Trade receivables from Group Companies (Note 26.1)	7,682	23	-	-
Other trade receivables	2,451,988	2,299,643	5,456,386	4,514,706
Bills receivable	-	-	42,127	76,172
Total	2,459,670	2,299,666	5,498,513	4,590,878
Less : Provision for impairment of trade receivables (Note 26.2)	(311,384)	(263,216)	(592,431)	(535,272)
Total	2,148,286	2,036,450	4,906,082	4,055,606

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

Note 26.1 - Trade Receivables from group companies

	Company	
	2017 Rs. '000	2016 Rs. '000
As at 31st March		
CIC Agri Businesses (Private)Limited	-	23
CIC Feeds (Private)Limited	111	-
CIC Agri Produce Exports (Private)Limited	61	-
CIC Grains (Private)Limited	7,414	-
CIC Dairies (Private)Limited	96	-
	7,682	23

▶ NOTES TO THE FINANCIAL STATEMENTS

Note 26.2 - Provision for impairment of trade receivables

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
At the beginning of the year	263,216	266,121	535,272	573,368
Provision during the year	51,199	19,758	131,523	43,774
Write off made during the year	(3,031)	(22,663)	(74,364)	(69,730)
At the end of the year	311,384	263,216	592,431	547,412
Less; Provision relating to trade receivable classified as held for sale	-	-	-	(12,140)
Provision relating to continuing trade receivables	311,384	263,216	592,431	535,272

Note 26.3 - Trade Receivables Currency-wise

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Sri Lankan Rupees	2,148,286	2,036,450	4,886,891	4,018,523
US Dollars	-	-	19,191	37,076
Euro	-	-	-	7
Total	2,148,286	2,036,450	4,906,082	4,055,606

27 Other Receivables

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Non trade receivables from Group companies (Note 271)	165,642	162,560	-	-
Other non trade receivables (Net)	493,571	372,700	1,409,608	910,401
Short term loans granted to subsidiaries (Note A)	156,000	20,364	-	-
subsidy receivable	-	-	307,499	1,431,260
VAT Receivable	5,046	4,185	31,710	62,001
Income Tax receivable (Note 37)	45,134	-	178,384	96,015
Loans to employees	10,576	16,236	87,651	71,707
Pre-paid staff cost	4,005	5,646	28,233	21,433
	879,974	581,691	2,043,085	2,592,817
Provision for impairment of other receivables	(46,701)	(48,691)	(46,701)	(48,691)
Total	833,273	533,000	1,996,384	2,544,126

A. Short term loans granted to subsidiaries include Rs. 56 mn of CIC Lifesciences (Private) Limited at an interest rate of 12.26% to 12.95% and Rs. 100 mn of CIC Properties (Private) Limited at 12.26%.

271 Non trade receivables from group companies

As at 31st March	Company	
	2017 Rs. '000	2016 Rs. '000
Cisco Speciality Packaging (Private) Limited	-	11,989
CIC Agri Businesses (Private) Limited	-	72,738
CIC Feeds (Private) Limited	31,798	25,807
Colombo Industrial Agencies Limited	4,611	11,732
CIC Cropguard (Private) Limited	27,180	36,018
Crop Management Services(Private) Ltd	142	76
CIC Lifesciences (Private) Limited	18,424	11,688
CIC Agri Produce Export (Private) Limited	712	-
CIC Agri Produce Marketing (Private) Limited	29	-
CIC Grains (Private) Limited	4,443	-
CIC Seeds(Private) Limited	6,353	-
CIC Dairies (Private) Limited	5,273	-
CIC Properties (Private) Limited	73,317	-
Cropwiz (Private) Limited	848	-
	173,130	170,048
Less: Provision for impairment	(7,488)	(7,488)
Total	165,642	162,560

▶ NOTES TO THE FINANCIAL STATEMENTS

28 Other Current Financial Assets

As at 31st March	2017		2016	
	No. of Shares	Fair Value Rs. '000	No. of Shares	Fair Value Rs. '000
Company				
Quoted				
Ceylon Hospitals PLC	5,628	507	5,628	507
Renuka Agri Foods PLC	153,200	429	153,200	475
Hatton National Bank PLC - Voting	147,141	33,151	144,794	28,857
Hatton National Bank PLC - Non-Voting	14,964	2,768	14,709	2,515
Total		36,855		32,354
Group				
Quoted				
Ceylon Hospitals PLC	5,628	507	5,628	507
Renuka Agri Foods PLC	153,200	429	153,200	475
Hatton National Bank PLC - Voting	275,711	62,118	321,314	54,071
Hatton National Bank PLC - Non-Voting	14,964	2,768	14,709	2,515
Tokyo Cement Company (Lanka) PLC	-	-	25,000	808
Hotel Services (Ceylon) PLC	-	-	350,000	5,250
John Keells Hotels PLC	-	-	450,000	5,400
Hydro Power FreeLanka Ltd	-	-	6,300	33
Merchant Bank of SriLanka PLC	-	-	300,000	3,060
Odel PLC	-	-	2,500	54
Laugfs Gas PLC - Voting	-	-	106,900	3,902
National Development Bank PLC	93,457	13,046	24	4
Lanka Orix Leasing Company PLC	11,000	671	40,198	2,895
Richard Pieris & Distributors Company PLC	-	-	200,000	1,440
Hayleys PLC	-	-	1,980	486
Dialog Axiata PLC	-	-	100,000	1,020
Total		79,539		81,920

29 Cash and Cash Equivalents

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
29.1 Favourable cash and cash equivalents				
Cash and bank balances	170,134	284,100	1,231,140	1,413,467
Short term deposits	-	-	60,306	306
	170,134	284,100	1,291,446	1,413,773
29.2 Unfavourable cash and cash equivalents				
Bank overdrafts	(1,451,502)	(1,210,040)	(2,634,840)	(4,267,276)
Short term bank loans	(3,349,650)	(1,823,315)	(9,303,948)	(7,066,999)
	(4,801,152)	(3,033,355)	(11,938,788)	(11,334,275)
Cash and cash equivalents classified as assets held for sale	-	-	4,506	10,377
Cash and cash equivalents for the purpose of cash flow statements	(4,631,018)	(2,749,255)	(10,642,836)	(9,910,125)

30 Stated Capital

As at 31st March	Company/Group 2017		Company/Group 2016	
	No. of shares	Rs.	No. of shares	Rs.
Ordinary Shares				
As at the beginning of the year	72,900,000	789,750,000	72,900,000	789,750,000
As at the end of the year	72,900,000	789,750,000	72,900,000	789,750,000
Non-Voting (Class X) Shares				
As at the beginning of the year	21,870,000	218,700,000	21,870,000	218,700,000
As at the end of the year	21,870,000	218,700,000	21,870,000	218,700,000
Total	94,770,000	1,008,450,000	94,770,000	1,008,450,000

The holders of Ordinary shares (Voting) are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

The holders of Ordinary shares (Non-voting) are entitled to receive dividend as declared from time to time and are not entitled to vote at meetings of the Company.

31 Capital Reserves

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
At the beginning of the year	1,262,936	1,016,018	2,281,833	1,711,501
Surplus on revaluation	-	246,918	-	578,654
Realization of surplus on disposal	-	-	(38,009)	(8,322)
Total	1,262,936	1,262,936	2,243,824	2,281,833

Capital reserve consists of revaluation reserve and reserve on scrip issue,

Revaluation reserve relates to revaluation of land and represent the increase in the fair value of the lands.

Reserve on scrip issue is originated from post-acquisition scrip Issues made by the subsidiaries.

32 Revenue Reserves

This comprises of retained earnings, general reserves and available for sale reserve.

General reserve is the amount appropriated by the Board of Directors.

The available for sale reserve represents the fair value change of available for sale financial assets recognised in the other comprehensive income.

► NOTES TO THE FINANCIAL STATEMENTS

33 Loans and Borrowings

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
A. Loans and borrowings repayable after one year				
Bank Loans	-	44,085	1,182,962	992,328
Finance lease obligations	-	-	1,896	6,162
		44,085	1,184,858	998,490
B. Bank loans				
At the beginning of the year	138,765	216,780	1,750,374	4,009,185
Obtained during the year	-	-	1,617,855	696,601
Repayments during the year	(76,500)	(78,015)	(1,473,424)	(2,955,412)
At the end of the year	62,265	138,765	1,894,805	1,750,374
Less: Repayable within one year	(62,265)	(94,680)	(711,843)	(758,046)
Repayable after one year	-	44,085	1,182,962	992,328
Finance lease obligations repayable after one year	-	-	1,896	6,162
Total	-	44,085	1,184,858	998,490

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

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
C Finance lease obligations				
At the beginning of the year	1,255	5,820	15,417	48,709
Obtained during the year	-	-	-	4,336
Disposal of subsidiaries	-	-	-	(12,048)
Repayments during the year	(1,255)	(4,565)	(12,190)	(25,580)
At the end of the year	-	1,255	3,227	15,417
Less: Repayable within one year	-	(1,255)	(1,331)	(9,255)
Repayable after one year	-	-	1,896	6,162
D Analysis of finance lease obligations by year of repayment				
Finance Lease obligations repayable within 1 year				
Gross liability	-	1,329	1,536	10,512
Finance charges unamortised	-	(74)	(205)	(1,257)
Net lease obligations	-	1,255	1,331	9,255
Finance Lease obligations repayable between 1 to 5 years				
Gross liability	-	-	2,027	7,255
Finance charges unamortised	-	-	(131)	(1,093)
Net lease obligations repayable between 1 to 5 years	-	-	1,896	6,162

There are no lease liabilities payable after five years in the Company or Group.

E Loans and borrowings payable after one year

Company	Lender	Interest Rate	Currency	2017 Rs. million	2016 Rs. million	Security
CIC Holdings PLC	Commercial Bank of Ceylon PLC	AWPLR+2%	LKR		44.09	Project Land & Plant & Machinery
CISCO Speciality Packaging (Private) Limited	NDB Bank PLC	AWPLR + 1%	LKR	-	7.78	Land & Buildings and Machinery
	Union Bank PLC	9.50%	LKR	94.80	134.54	Plant Machinery
	Commercial Bank of Ceylon PLC	AWPLR	LKR	52.00	-	Project Machinery
	Commercial Bank of Ceylon PLC	AWPLR + 1%	LKR	31.92	-	Land & Building
CIC Agri Businesses (Private) Limited	Commercial Bank of Ceylon PLC	8.00%	LKR	12.08	21.67	
	DFCC Bank PLC	AWPLR + 0.75%	LKR	216.16	283.33	
	Lanka Puthra Bank	8.00%	LKR	0.42	5.42	Primary Mortgage over Land
	Hatton National Bank PLC	AWPLR + 1%	LKR	365.00	-	Mortgage over Land
Link Natural Products (Private) Limited	People's Bank	AWPLR + 1%	LKR	-	22.78	Secondary Mortgage over Property-Factory Premises
	Hatton National Bank PLC	AWPLR	LKR	22.18	34.70	Primary mortgage over the land
	Commercial Bank of Ceylon PLC	AWPLR	LKR	1.70	8.12	Mortgage over Machinery
CIC Feeds (Private) Limited	Commercial Bank of Ceylon PLC	AWPLR+1.5%	LKR	39.70	399.61	Negative pledge over stock,debtors and project related assets
CIC Lifesciences Limited	Ceylinco Investment and Reality Limited		LKR	-	1.00	
	Seylan Bank PLC	AWPLR + 1%	LKR	12.40	29.29	Mortgage over Machinery
CropWiz (Private) Limited	Hatton National Bank PLC	LIBOR+4.25%	LKR	334.60	-	Mortgage over Project Machinery
				1,182.96	992.33	
Finance Lease Obligations						
CISCO Speciality Packaging (Private) Limited	Central Finance Company PLC		LKR	-	2.93	
CIC Cropguard (Private) Limited	Central Finance Company PLC		LKR	-	0.43	
	Central Finance Company PLC		LKR	1.90	2.80	
				1.90	6.16	

► NOTES TO THE FINANCIAL STATEMENTS

33 Loans and Borrowings (Contd.)

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
F Loans and borrowings repayable within one year from the year end				
Bank loans	62,265	94,680	711,843	758,046
Finance lease obligations	-	1,255	1,331	9,255
Bank overdrafts	1,451,502	1,210,040	2,634,840	4,267,276
Short term loans	3,349,650	1,823,315	9,303,948	7,066,999
Total	4,863,417	3,129,290	12,651,962	12,101,576

34 Retirement Benefit Obligations

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Present value of gratuity				
As at the beginning of the year	206,188	209,387	603,825	565,933
Current service cost	18,247	19,140	53,702	54,049
Benefits paid by the plan	(28,687)	(25,067)	(53,195)	(75,742)
Interest Cost	20,564	18,745	59,815	52,409
Actuarial (gains) and losses	(50,419)	(16,017)	(73,859)	14,107
Disposal of subsidiaries	-	-	-	(6,931)
As at the end of the year	165,893	206,188	590,288	603,825

A Retirement benefit cost is recognised in the following line items in the Statements of Profit or Loss and Other Comprehensive Income

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Cost of Sales	1,665	1,968	16,458	16,065
Distribution expenses	17,787	2,589	31,958	16,316
Administrative expenses	19,359	33,328	65,101	74,077
	38,811	37,885	113,517	106,458
Other comprehensive income	(50,419)	(16,017)	(73,859)	14,107
Total	(11,608)	21,868	39,658	120,565

The gratuity liability of the Company, and the Group is based on the actuarial valuation carried out by Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The liability is not externally funded.

B. LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefits that employees have earned in return for their service in the current and prior periods and discount that benefit using projected unit credit method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

Rate of discount	12% (2016 -10%)
Salary increase	10% (2016- 10%)
Retirement age	Management staff - 55 years Clerical staff - 60 years

Assumptions regarding future mortality are based on a 67/70 mortality table, issued by Institute of Actuaries, London.

The demographic assumptions underlying the valuation with respect to retirement age, early withdrawals from the services and retirement on medical grounds.

C. Sensitivity of assumptions used

A change in discount rate would change in the present value of the retirement benefit obligations as follows:

As at 31st March	Increase by 1%		Decrease by 1%	
	Discount Rate Rs. '000	Future Salary Growth Rs. '000	Discount Rate Rs. '000	Future Salary Growth Rs. '000
Company - the present value change in retirement benefit obligations	(157,294)	175,826	175,398	(156,773)
Group - the present value change in retirement benefit obligations	(551,884)	617,556	605,304	(561,302)

35 Government Grants

As at 31st March	Group	
	2017 Rs. '000	2016 Rs. '000
At the beginning of the year	13,704	18,175
Amortised during the year	(1,878)	(4,471)
At the end of the year	11,826	13,704

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

Beneficiary	Purpose	Grantor	Amount Received Rs. '000	Carrying value	
				2017 Rs. '000	2016 Rs. '000
CIC Agri Businesses (Private) Limited	Dairy development in the Eastern Province	Land O'Lakes, Inc	33,600	11,618	13,355
Link Natural Products (Private) Limited	Out grower medicinal crops cultivation and processing project in Monaragala and Ampara.	Connecting Regional Economies (USAID/ CORE)	655	208	349
				11,826	13,704

► NOTES TO THE FINANCIAL STATEMENTS

36 Trade Payables

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Trade payables to Group Companies (Note 36.1)	32,279	8,901	-	-
Bills payable	608,831	779,938	2,925,776	5,032,412
Other trade payables	433,663	575,709	1,094,684	1,236,415
Total	1,074,773	1,364,548	4,020,460	6,268,827

Note 36.1 - Trade Payables to Group Companies

As at 31st March	Company	
	2017 Rs. '000	2016 Rs. '000
CISCO Speciality Packaging (Private) Limited	2,162	4,547
CIC Agri Businesses (Private) Limited	14,947	-
CIC Lifesciences Limited	14,081	3,024
ChemaneX PLC	1,089	1,330
	32,279	8,901

Note 36.2 - Currency-wise Trade Payables

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
US Dollars	4,341	4,983	110,035	3,723,831
Euros	54	86	16,681	32,079
Sterling. Pounds	19	-	1,011	511
Singapore Dollars	91	73	-	73
Swiss Franc	-	22	-	22
Sri Lankan Rupees	1,070,268	1,359,384	3,892,733	2,512,311
	1,074,773	1,364,548	4,020,460	6,268,827

37 Income Tax Payable / (Receivable)

As at 31st March	Company		Group	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
As at the beginning of the year	15,380	(2,850)	(28,192)	63,920
Provision made during the year	-	-	-	-
- continuing operations	32,840	56,550	360,713	263,593
- discontinued operations	-	-	1	-
Over Provisions in respect of previous years	(42,922)	-	(42,733)	-
Irrecoverable ESC written off	-	-	15,375	-
Tax on dividends received from associates	-	-	(29,700)	(15,900)
Payments made during the year	(50,432)	(38,320)	(312,272)	(339,805)
At the end of the year	(45,134)	15,380	(36,808)	(28,192)
Income tax payable	-	15,380	141,576	67,823
Income tax receivable	45,134	-	178,384	96,015
Total	(45,134)	15,380	(36,808)	(28,192)

38 Capital Commitments

Following material capital commitments existed as at the reporting date

Company	Amount	Reason
CIC Holdings PLC	Rs. 40 Mn	Construction of warehouses
Link Natural Products (Private) Limited	Rs. 783 Mn	Construction of a new factory
Cropwiz (Private) Limited	Rs. 100 Mn	Purchase of green house equipments

39 Contingent Liabilities

The Group has received a claim of USD 668,154 on the alleged premise that a product supplied did not conform to technical specifications. The Group having sought legal advice has refuted the claim and no provision for any liability has been made in these financial statements. Other than what is disclosed above there are no contingent liabilities which require adjustments and or disclosures in the Financial Statements.

40 Events After the Reporting Date

The Board of Directors has recommended a final dividend of Rs. 1.00 per share amounting to Rs. 94.77 mn on the issued capital of both Ordinary and Non-Voting (Class X) shares which is payable on 06th August 2017 if approved by the Shareholders at the Annual General Meeting.

Other than the above, no other events have taken place which requires adjustments to or disclosure in the Financial Statements.

▶ NOTES TO THE FINANCIAL STATEMENTS

41 Related Party Disclosure

The Company carried out transactions in the ordinary course of the business on an arm's length basis at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures', except for the transactions that the Key Management Personnel (KMP) have availed under schemes uniformly applicable to all staff at concessionary rates

41.1 Parent and Ultimate Controlling Party

Ultimate Parent Company of the Company is Paints and General Industries Limited.

Transactions with Parent Company

As at 31st March	2016/17 Rs. Million	2015/16 Rs. Million
Dividend paid	158.35	79.18
Sale of goods	309.27	427.98
Trade receivable	94.14	155.50

41.2 Key Management Personnel (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

KMP of the Company

The Board of Directors (including Executive and Non-Executive) of the Company have been classified as KMP of the Company.

KMP of the Group

The Board of Directors (including Executive and Non-Executive) of the Company and the Board of Directors of the holding company have been classified as KMP of the Group. The officers who are only Directors of subsidiaries and not of the company have been classified as KMP for that subsidiary.

41.2.1 Transactions with KMP

(i) Loans to Directors

No loans have been granted to the Directors of the Company/ Group

(ii) Key Management Personnel Compensation

The details of compensation are given in note 11 to the Financial Statements.

(iii) Other Transactions with Key Management Personnel

(a) The names of Directors of CIC Holdings PLC, who are also Directors of subsidiaries, sub-subsidiaries and the equity accounted investees, are as follows:

Mr. S.H. Amarasekera	Mr. K.B. Kotagama
Mr. S.P.S. Ranatunga	Prof. P.W.M.B.B Marambe
Mr. R.S. Captain	Dr. R.C.W.M.R.D Nugawela
Mr. S.M. Enderby	Mr. A.V.P Silva
Mr. M.P. Jayawardena	Mr.P.R.Saldin

(b) Details of Directors and their spouses' shareholdings are given in the Annual Report of the Directors' on the Affairs of the Company on page 41.

(c) Transactions in the ordinary course of the business with the entities where Board of Directors of the Company and the Holding Company and their close family members have substantial holdings/ influence.

Company	Name of the Director	Nature of the Transaction	2016/17 Rs. Million	2015/16 Rs. Million
Polypak Secco Limited	R.S. Captain/P.R. Saldin	Payments for purchases of goods	23.43	8.18
CEI Plastics (Private) Limited	R.S. Captain/P.R. Saldin	Sale of Goods	1.42	11.45
Asia Broadcasting Corporation (Private) Limited	A.V.P. Silva	Payments for advertising and promotions	-	45.89

(f) There were no other transactions with Key Management Personnel other than those disclosed above.

41.3. Transactions with Subsidiaries and Equity Accounted Investees

(i) Companies within the Group engage in trading transactions under normal commercial terms and conditions.

(ii) Company provides office space to some of its subsidiaries and equity accounted investees and charges rent, in addition, the Company provides certain shared services such as data processing and administration functions. The related costs are allocated to subsidiaries and equity accounted investees.

41.3.1. Recurring Transactions

Company	Relationship	Nature of the Transaction	2016/17 Rs. Million	2015/16 Rs. Million
Chemanex PLC	Subsidiary	Sale of goods	-	0.02
		Purchases	27.60	6.74
		Dividend received	22.75	9.52
		Secretarial fees paid	1.34	1.41
		Payables - non - trade	0.46	0.57
		Payables - trade	0.63	1.33
CIC Agri Businesses (Private) Limited	Subsidiary	Sale of goods	0.07	0.13
		Dividend received	21.76	21.78
		Rent paid	5.88	5.81
		Staff cost paid	-	52.74
		Network charges received	-	0.68
		Payables - Non trade	14.95	-
		Receivables - trade	-	0.02
		Receivables - non - trade	-	21.29

► NOTES TO THE FINANCIAL STATEMENTS

41 Related party disclosure (Contd.)

41.3. Transactions with Subsidiaries and Equity Accounted Investees (Contd.)

41.3.2. Recurring Transactions (Contd.)

Company	Relationship	Nature of the Transaction	2016/17 Rs. Million	2015/16 Rs. Million
CISCO Speciality Packaging (Private) Limited	Subsidiary	Sale of goods	1.27	-
		Dividend received	22.50	9.00
		Purchase of goods	27.60	41.50
		Staff cost paid	14.07	13.84
		Network charges received	0.42	0.48
		Rent received	-	0.25
		Payables - trade	1.56	7.83
		Payables - Non trade	1.26	-
		Receivables - trade	0.67	-
		Receivables - non - trade	-	11.99
CIC Croppguard (Private) Limited	Subsidiary	Sale of goods	0.01	0.09
		Dividend received	4.95	2.79
		Staff cost paid	31.46	17.98
		Handling commission & service chargers	52.49	63.17
		Receivables - non - trade	27.18	36.16
CIC Feeds (Private) Limited	Subsidiary	Sale of goods	0.58	0.57
		Dividend received	49.47	59.83
		Staff cost paid	-	2.48
		Receivables - non - trade	31.82	25.81
		Receivables - trade	0.11	-
CIC Lifesciences Limited	Subsidiary	Purchase of goods	79.48	38.21
		Payables - trade	14.08	3.02
		Receivables - non - trade	18.42	13.60
		Receivables short term loan	56.00	20.36
Link Natural Products (Private) Limited	Subsidiary	Sale of goods	-	0.03
		Purchase of goods	-	0.07
		Dividend received	27.92	20.94
		Rent received	0.02	0.27
		Receivables - non - trade	-	0.02
Colombo Industrial Agencies Limited	Subsidiary	Rent paid	8.51	8.51
		Royalty	0.98	1.77
		Receivables - non - trade	4.61	11.73
Crop Management Services (Private) Limited	Subsidiary	Dividend received	0.78	0.39
		Receivables - non - trade	0.14	0.07
CIC Properties (Private) Limited	Subsidiary	Receivables - non - trade	73.32	-
		Receivables short term loan	100.00	-
CIC Agri Produce Exports (Private) Limited	Sub-Subsidiary	Sale of goods	0.42	-
		Receivables - non - trade	0.71	8.96
		Receivables - trade	0.06	-

Company	Relationship	Nature of the Transaction	2016/17 Rs. Million	2015/16 Rs. Million
CIC Agri Produce Marketing (Private) Limited	Sub-Subsidiary	Sale of goods	0.02	1.08
		Receivables - non - trade	0.03	7.19
CIC Seeds (Private) Limited	Sub-Subsidiary	Sale of goods	0.51	0.11
		Receivables - non - trade	6.35	-
CIC Poultry Farms Limited	Sub-Subsidiary	Sale of goods	0.30	0.21
CIC Dairies (Private) Limited	Sub-Subsidiary	Sale of goods	1.52	0.21
		Receivables - non - trade	5.27	-
		Receivables - trade	0.10	-
Akzo Nobel Paints Lanka (Private) Limited	Equity accounted investee	Sale of goods	0.13	-
		Rent received	13.02	22.87
		Dividend received	267.30	143.10
		Handling commission & service chargers	8.28	7.90
		Receivables - non - trade	7.46	8.31
		Receivables - trade	-	0.02
Cropwiz (Private) Limited	Equity accounted investee	Receivables - non - trade	0.85	-
CIC Grains (Private) Limited	Equity accounted investee	Sale of goods	102.28	-
		Receivables - non - trade	4.44	-
		Receivables - trade	7.41	-

42 Financial Instruments

Risk Management

The Group's principal financial liabilities comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also holds available for sale investments. Therefore, the Group is exposed to market risk, credit risk and liquidity risk.

Risk management framework

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial committee that advises on financial risks and appropriate financial risk governance framework for the Group. The Financial Risk Committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by the appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and Group risk appetite. The Board of Directors review and agree policies for managing each of these risks which are summarised below.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investment securities.

► NOTES TO THE FINANCIAL STATEMENTS

42 Financial Instruments (Contd.)

Credit risk (Contd.)

As at 31st March	Company	
	2017 Rs. '000	2016 Rs. '000
Exposure to credit risk		
Equity securities-Available For Sale	356,937	-
Trade receivables	2,148,286	2,036,450
Other receivables	833,273	533,000
Other Current Financial Assets	36,855	32,354
Cash and cash equivalents	170,134	284,100
Total	3,545,485	2,885,904

As at 31st March	Group	
	2017 Rs. '000	2016 Rs. '000
Equity securities-Available For Sale	367,261	10,248
Trade receivables	4,906,082	4,055,606
Other receivables	1,996,384	2,544,126
Other Current Financial Assets	79,539	81,920
Cash and cash equivalents	1,291,446	1,413,773
Total	8,640,712	8,105,673

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customerbase, including the default risk of the industry and area in which customers operate, as these factors may have an influence on credit risk.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for credit worthiness before the group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the group's benchmark credit worthiness may transact with the company only on a prepayment basis.

A significant percentage of the Group's customers are transacting with the Group for more than four years. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are government or non-government, whether they are wholesale, retail or end-customer, their geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are graded as 'high risk' are placed on a restricted customer list and monitored by the Risk Management Committee, and future sales are made on a prepayment basis.

The Group is closely monitoring the economic environment in the country and is taking actions to limit its exposure to customers in the country experiencing particular economic volatility.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for group of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics of those receivables.

The Group is engaged in different business industries in order to mitigate its business risk so that the credit risk from the trade and other receivables varies widely. Therefore, the credit risk is analysed based on domestic and foreign basis.

As at 31st March	Group	
	2017 Rs. '000	2016 Rs. '000
Domestic	4,906,891	4,055,393
Foreign	19,191	213
Total	4,926,082	4,055,606

Impairment losses

All trade receivables that are past due, have been considered for impairment as at 31st March 2017.

The movement in the allowance for impairment of trade receivables is disclosed in Note No. 26.2.

Debt securities

The Group limits its exposure to credit risk by investing only in liquid debt securities

The group did not have any debt securities that were past due but not impaired at 31st March 2017.(2016 - nil).

Cash and cash equivalents

The company held cash and cash equivalents of Rs.170,134 at 31st March 2017 (2016: Rs.284,100)(in thousands),Group held Rs. 1,291,446 as at 31st March 2017 (2016 - Rs. 1,413,773) (in thousands) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA to AA+, based on rating agency ratings.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities.

A Risk Management policy is set so as to limit the net financial liabilities to a pre-approved amount. The Group maintains the net financial liabilities to these specified upper limits and any deviation to these upper limits require prior approval.

The Company and the Group held the following short term financial liabilities as at 31st March 2017;(Refer Note 33 for maturity analysis of non current financial liabilities).

As at 31st March		Company	
		2017 Rs. '000	2016 Rs. '000
Trade payables	Less than 90 days	1,074,773	1,364,548
Accruals and other payables	0-30 days	394,070	448,468
Loans and borrowings payable within one year	On demand	62,265	95,935
Short-term loans	0-90 days	3,349,650	1,823,315
Bank overdraft	On demand	1,451,502	1,210,040

► NOTES TO THE FINANCIAL STATEMENTS

42 Financial Instruments (Contd.)

Liquidity risk (Contd.)

As at 31st March		Group	
		2017 Rs. '000	2016 Rs. '000
Trade payables	Less than 90 days	4,020,460	6,268,821
Accruals and other payables	0-30 days	1,162,724	950,387
Loans and borrowings payable within one year	On demand	713,174	767,301
Short-term loans	0-90 days	9,303,948	7,066,999
Bank overdraft	On demand	2,634,840	4,267,276

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, purchases that are denominated in a currency other than the respective functional currencies of entities. The currencies in which these transactions primarily are denominated are Euro, USD and Sterling Pound.

Effects of currency rate fluctuations of imported materials and finished goods are transferred in a reasonable manner keeping in line with the prices in the market.

Subsidiary Companies of the Group settle majority of their import bills and the financial liabilities denominated in a currency other than functional currency, out of foreign currency receipts from their overseas customers.

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

As at 31st March	2017			2016		
	Selling Rate	Buying Rate	Average Rate	Selling Rate	Buying Rate	Average Rate
US Dollar	153.91	150.06	152.50	146.78	142.59	144.69
Euro	165.43	159.28	170.56	167.26	160.63	163.95
Sterling Pound	193.18	186.73	198.13	211.66	204.13	207.90

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The group monitors capital using an adjusted net debt to equity ratio, which is adjusted net debt divided by adjusted equity. For this purpose, adjusted net debt is defined as total liabilities (which includes interest bearing loans and borrowings and obligations under finance leases) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts recognised in equity relating to cash flow hedges, less unaccrued proposed dividends.

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

As at 31st March	Company	
	2017 Rs. '000	2016 Rs. '000
Total Debts	6,562,482	5,241,784
Less: cash and cash equivalents	(170,134)	(284,100)
Net debt	6,392,348	4,957,684
Total equity	3,991,410	4,211,990
Adjusted equity	3,991,410	4,211,990
Net debt to adjusted equity ratio at 31 March (Times)	1.60	1.17

As at 31st March	Group	
	2017 Rs. '000	2016 Rs. '000
Total Debts	20,381,747	21,414,817
Less: cash and cash equivalents	(1,291,446)	(1,413,773)
Net debt	19,090,031	20,001,044
Total equity	11,415,548	10,884,297
Adjusted equity	11,415,548	10,884,297
Net debt to adjusted equity ratio at 31 March (Times)	1.67	1.83

► NOTES TO THE FINANCIAL STATEMENTS

42 Financial Instruments (Contd.)

Accounting classifications and fair value

The value of financial assets and liabilities together with carrying amounts shown in the statement of financial position as follows:

As at 31st March	Company						
	Fair value through profit or loss Rs'000	Held to maturity Rs'000	Loans and receivables Rs'000	Available for sale Rs'000	Other financial liabilities Rs'000	Total Carrying amount Rs'000	Fair Value Rs'000
As at 31/03/2017							
Cash and cash equivalents	-	-	170,134	-	-	170,134	170,134
Trade receivable	-	-	2,148,286	-	-	2,148,286	2,148,286
Other receivable	-	-	833,273	-	-	833,273	833,273
Other current financial assets	-	-	-	36,855	-	36,855	36,855
Equity securities-available for sale	-	-	-	356,937	-	356,937	356,937
	-	-	3,151,693	393,792	-	3,545,485	3,545,485
Secured bank loans	-	-	-	-	(3,411,915)	(3,411,915)	(3,411,915)
Trade payables	-	-	-	-	(1,074,733)	(1,074,733)	(1,074,733)
Bank overdraft	-	-	-	-	(1,451,502)	(1,451,502)	(1,451,502)
	-	-	-	-	(5,938,150)	(5,938,150)	(5,938,150)
As at 31/03/2016							
Cash and cash equivalents	-	-	284,100	-	-	284,100	284,100
Trade receivable	-	-	2,036,450	-	-	2,036,450	2,036,450
Other receivable	-	-	533,000	-	-	533,000	533,000
Equity securities-available for sale	-	-	-	32,354	-	32,354	32,354
	-	-	2,853,550	32,354	-	2,885,904	2,885,904
Secured bank loans	-	-	-	-	(1,962,081)	(1,962,081)	(1,962,081)
Finance leases	-	-	-	-	(1,255)	(1,255)	(1,255)
Trade payables	-	-	-	-	(1,364,548)	(1,364,548)	(1,364,548)
Bank overdraft	-	-	-	-	(1,210,040)	(1,210,040)	(1,210,040)
	-	-	-	-	(4,537,924)	(4,537,924)	(4,537,924)

As at 31st March	Group						
	Fair value through profit or loss Rs'000	Held to maturity Rs'000	Loans and receivables Rs'000	Available for sale Rs'000	Other financial liabilities Rs'000	Total Carrying amount Rs'000	Fair Value Rs'000
As at 31/03/2017							
Cash and cash equivalents	-	-	1,291,446	-	-	1,291,446	1,291,446
Trade receivable	-	-	4,906,082	-	-	4,906,082	4,906,082
Other receivable	-	-	1,996,384	-	-	1,996,384	1,996,384
Other current financial assets	-	-	-	79,539	-	79,539	79,539
Equity securities-available for sale	-	-	-	367,261	-	367,261	367,261
	-	-	8,193,912	446,800	-	8,640,712	8,640,712
Secured bank loans	-	-	-	-	(11,198,753)	(11,198,753)	(11,198,753)
Finance leases	-	-	-	-	(1,896)	(1,896)	(1,896)
Trade payables	-	-	-	-	(4,020,460)	(4,020,460)	(4,020,460)
Bank overdraft	-	-	-	-	(2,634,840)	(2,634,840)	(2,634,840)
	-	-	-	-	(17,855,949)	(17,855,949)	(17,855,949)
As at 31/03/2016							
Cash and cash equivalents	-	-	1,413,773	-	-	1,413,773	1,413,773
Trade receivable	-	-	4,055,606	-	-	4,055,606	4,055,606
Other receivable	-	-	2,544,126	-	-	2,544,126	2,544,126
Other current financial assets	-	-	-	10,248	-	10,248	10,248
Other current financial assets	-	-	-	81,920	-	81,920	81,920
	-	-	8,013,505	92,168	-	8,105,673	8,105,673
Secured bank loans	-	-	-	-	(8,817,373)	(8,817,373)	(8,817,373)
Finance leases	-	-	-	-	(15,417)	(15,417)	(15,417)
Trade payables	-	-	-	-	(6,268,827)	(6,268,827)	(6,268,827)
Bank overdraft	-	-	-	-	(4,267,276)	(4,267,276)	(4,267,276)
	-	-	-	-	(19,368,893)	(19,368,893)	(19,368,893)

► NOTES TO THE FINANCIAL STATEMENTS

42 Financial Instruments (Contd.)

Fair value measurement hierarchy

As at 31st March	Level 01		Level 02		Level 03	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Company						
Recurring fair value measurements-						
Assets measured at fair value						
Freehold land	-	-	-	-	1,035,461	1,089,869
Available For Sale financial assets	356,937	-	-	-	-	-
Other Current financial Assets	36,855	32,354	-	-	-	-
	393,792	32,354	-	-	1,035,461	1,089,869
Non-recurring fair value measurements						
Net asset classified as held for sale					(11,106)	42,955

As at 31st March	Level 01		Level 02		Level 03	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Group						
Recurring fair value measurements-						
Assets measured at fair value						
Freehold land	-	-	-	-	3,485,016	3,524,505
Biological Assets					248,508	226,382
Available For Sale financial assets	367,261	10,098	-	-	-	150
Other Current financial Assets	79,539	81,920	-	-	-	-
	446,800	92,018	-	-	3,733,524	3,751,037
Assets for which fair values are disclosed:						
Investment property					54,147	51,400
Non-recurring fair value measurements						
Net asset classified as held for sale					81,240	477,497

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

During the year, there were no material issues pertaining to employees and industrial relation of the Company/Group.

► SHAREHOLDERS & INVESTORS INFORMATION

1 Stock Exchange Listing

CIC Holdings PLC is a Public Quoted Company. The issued share capital of the Company consists of 72,900,000 (2016 - 72,900,000) Ordinary Shares and 21,870,000 (2016 - 21,870,000) Non-Voting (Class X) Shares listed in the Colombo Stock Exchange.

2 Shareholders

There were 2,317 (2016 - 2,345) Ordinary shareholders and 2,603 (2016 - 2,665) Non-Voting (Class X) shareholders as at 31st March 2017, distributed into different categories as follows:

Ordinary Shares

Shares held	2017			2016		
	No. of shareholders	Total Shareholding	%	No. of shareholders	Total Shareholding	%
1 - 1000	1,481	408,656	0.56	1,474	424,556	0.58
1001 - 10000	600	2,263,237	3.10	622	2,323,920	3.19
10001 - 100000	186	6,041,689	8.29	200	6,537,930	8.97
100001 - 1000000	45	9,877,049	13.55	44	9,962,432	13.67
Over - 1000000	5	54,309,369	74.50	5	53,651,162	73.59
	2,317	72,900,000	100.00	2,345	72,900,000	100.00

Shares held	2017			2016		
	No. of shareholders	Total Shareholding	%	No. of shareholders	Total Shareholding	%
Resident	2,273	72,282,315	99.15	2,298	72,144,600	98.96
Non- resident	44	617,685	0.85	47	755,400	1.04
	2,317	72,900,000	100	2,345	72,900,000	100.00

Percentage of shares held by public - 46.61%

Percentage of shares held by the Directors together with the members of their families - 0.0001%

Percentage of shares held by the Parent Company - 53.31%

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

Non-Voting (Class X) Shares

Shares held	2017			2016		
	No. of shareholders	Total Shareholding	%	No. of shareholders	Total Shareholding	%
1 - 1000	1,576	500,350	2.29	1,606	527,576	2.41
1001 - 10000	765	2,889,280	13.21	789	2,942,132	13.45
10001 - 100000	231	7,162,500	32.75	242	7,462,825	34.12
100001 - 1000000	29	6,993,376	31.98	26	6,612,973	30.24
Over - 1000000	2	4,324,494	19.77	2	4,324,494	19.78
	2,603	21,870,000	100.00	2,665	21,870,000	100.00

► SHAREHOLDERS & INVESTORS INFORMATION

Shares held	2017			2016		
	No. of shareholders	Total Shareholding	%	No. of shareholders	Total Shareholding	%
Resident	2,529	20,453,884	93.52	2,588	20,508,706	93.78
Non- resident	74	1,416,116	6.48	77	1,361,294	6.22
	2,603	21,870,000	100	2,665	21,870,000	100.00

Percentage of shares held by public - 96.07%

Percentage of shares held by the Directors together with the members of their families - 0.32%

Percentage of shares held by the Parent Company - 3.32%

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

3 Twenty Largest Shareholders - Ordinary Shares

Name	2017		2016	
	No. of shares	%	No. of shares	%
1 Paints & General Industries Limited	38,860,349	53.31	38,860,349	53.31
2 Employees' Provident Fund	6,604,473	9.06	6,018,467	8.26
3 Chacra Capital Holdings (Pvt) Limited	3,276,240	4.49	3,276,240	4.49
4 Associated Electrical Corporation Limited	2,909,508	3.99	2,866,657	3.93
5 Hotel International Ltd	2,658,799	3.65	2,629,449	3.61
6 Bank of Ceylon No. 1 Account	770,657	1.06	742,865	1.02
7 Dr. H.R. & Mr. V.K.Wickremasinghe CustodianTrustees Martin Wickremasinghe Trust Fund	610,491	0.84	560,491	0.77
8 Hatton National Bank PLC A/C No. 05 (Trading)	556,396	0.76	556,396	0.76
9 The Ceylon Chamber of Commerce A/C No. 02	486,531	0.67	486,531	0.67
10 Mrs. L.K. Goonewardena	422,557	0.58	422,557	0.58
11 Mrs. K.J.M. De Silva	377,850	0.52	377,850	0.52
12 Star Packaging (Pvt) Limited	331,000	0.45	300,000	0.41
13 Commercial Bank of Ceylon / Colombo Fort Investment PLC	300,000	0.41	300,000	0.41
14 Mr. G.N. Wickremanayake	265,625	0.36	265,625	0.36
15 DFCC Bank PLC A/C 01	247,900	0.34	247,900	0.34
16 Mrs. R.M.W. Rodrigo	243,486	0.33	243,486	0.33
17 Mr. S.K. Wickremesinghe	240,928	0.33	441,022	0.60
18 National Development Bank PLC / Sakuvi Investment Trust	236,000	0.32	236,000	0.32
19 Bank of Ceylon A/C Ceybank Century Growth Fund	233,084	0.32	220,060	0.31
20 Deutsche Bank AG as Trustee to Candor Growth	229,161	0.31	-	-
Total	59,861,035	82.10	59,051,945	81.00

4 Twenty Largest Shareholders - Non voting (X Class) Shares

Name	2017		2016	
	No. of shares	%	No. of shares	%
1 Employees Provident Fund	2,778,424	12.70	2,778,424	12.70
2 Chacra Capital Holdings (Pvt) Limited	1,546,070	7.07	1,546,070	7.07
3 Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	798,956	3.65	769,356	3.52
4 Paints & General Industries Limited	726,301	3.32	726,301	3.32
5 E.W. Balasuriya & Co. (Pvt) Ltd	672,600	3.08	672,600	3.08
6 Bank of Ceylon No. 1 Account	416,189	1.90	416,189	1.90
7 Mrs. M.S.E.V.E.A.U. Von Stumm	399,219	1.83	399,219	1.83
8 DFCC Bank A/C No.01	389,400	1.78	389,400	1.78
9 Mrs. C. Jayawardene	261,713	1.20	261,713	1.20
10 Ceylinco Life Insurance Limited Account No.1	240,000	1.10	240,000	1.10
11 Mrs. K.J.M. De Silva	238,710	1.09	238,710	1.09
12 Genesis Software (Pvt) Ltd	201,868	0.92	201,868	0.92
13 Aruna Equity Care (Pvt) Ltd	188,942	0.86	188,942	0.86
14 Mr. K.C. Vignarajah	181,207	0.83	203,717	0.93
15 Mr. V.T. De Zoysa	176,200	0.81	160,000	0.73
16 Mr. M.J. Fernando	163,500	0.75	163,500	0.75
17 Commercial Bank of Ceylon PLC A/C No. 04	161,400	0.74	161,400	0.74
18 Perera and Sons (Bakers) Limited	150,000	0.69	150,000	0.69
19 Mr. D.A. Cabraal	150,000	0.69	150,000	0.69
20 Hotel International Limited	147,946	0.68	-	-
Total	9,988,645	45.69	9,817,409	44.90

	Ordinary Shares		Non-voting Shares	
	2017	2016	2017	2016
5 Market Value				
Share price (Rs.)				
As at the end of the year	80.10	95.50	62.40	71.50
Highest price traded	105.00	120.00	81.90	93.00
Lowest price traded	80.00	75.00	60.00	55.70
6 Share Trading				
No. of shares traded	2,200,314	12,845,350	1,703,164	6,352,921
No. of transactions	926	2805	1,573	3850
Value of shares traded (Rs.)	210,200,837	1,291,406,240	127,989,542	511,631,762

► MOVEMENT IN ISSUED CAPITAL AND DIVIDEND DISTRIBUTION

Year to 31st March	Proportion	Bonus Issue (No. of Shares)		Share Capital (No. of Shares)		Dividend Rs.
		Voting	Non-Voting	Voting	Non-Voting	
1965 (Initial issue)				50,000		
1966				50,000		2.00
1967				50,000		2.00
1968	1:1	50,000		100,000		2.00
1969				100,000		2.00
1970	1:2	50,000		150,000		2.00
1971				150,000		1.75
1972				150,000		2.00
1973				150,000		2.00
1974				150,000		2.00
1975	1:3	50,000		200,000		2.00
1976	1:2	100,000		300,000		2.00
1977				300,000		2.00
1978				300,000		2.00
1979	1:2	150,000		450,000		2.00
1980	7:9	350,000		800,000		2.00
1981				800,000		2.00
1982				800,000		2.00
1983				800,000		2.00
1984				800,000		2.00
1985	1:2	400,000		1,200,000		2.00
1986	1:2	600,000		1,800,000		2.50
1987	1:1	1,800,000		3,600,000		2.50
1988				3,600,000		2.75
1989				3,600,000		2.50
1990	1:2	1,800,000		5,400,000		3.00
1991				5,400,000		3.25
1992				5,400,000		4.00
1993	3 N-V:10 V (Rights)		1,620,000	5,400,000	1,620,000	3.50
1994				5,400,000	1,620,000	4.00
1995				5,400,000	1,620,000	4.00
1996				5,400,000	1,620,000	4.00
1997				5,400,000	1,620,000	4.00
1998				5,400,000	1,620,000	2.50
1999				5,400,000	1,620,000	3.50
2000	1:6	900,000	270,000	6,300,000	1,890,000	3.75
2001				6,300,000	1,890,000	4.00
2002				6,300,000	1,890,000	4.00
2003	1:7	900,000	270,000	7,200,000	2,160,000	4.25
2004				7,200,000	2,160,000	4.75
2005	1:8	900,000	270,000	8,100,000	2,430,000	4.75

Year to 31st March	Proportion	Bonus Issue (No. of Shares)		Share Capital (No. of Shares)		Dividend Rs.
		Voting	Non-Voting	Voting	Non-Voting	
2006				8,100,000	2,430,000	4.75
2007	1:1 (Rights)	8,100,000	2,430,000	16,200,000	4,860,000	1.44*
	3:2 (Bonus)	24,300,000	7,290,000	40,500,000	12,150,000	
2008	4:5 (Bonus)	32,400,000	9,720,000	72,900,000	21,870,000	1.50
2009				72,900,000	21,870,000	1.50
2010				72,900,000	21,870,000	1.85
2011				72,900,000	21,870,000	2.75
2012				72,900,000	21,870,000	3.20
2013				72,900,000	21,870,000	1.63
2014				72,900,000	21,870,000	-
2015				72,900,000	21,870,000	3.00
2016				72,900,000	21,870,000	4.00
2017				72,900,000	21,870,000	2.00

*Effective rate (Rs. 1.44 per share)

► SUBSIDIARIES AND EQUITY ACCOUNTED INVESTEEES

Company	Directors	Principal Activity	Segment	Stated Capital Rs. Mn
ChemaneX PLC	S H Amarasekera - Chairman S P S Ranatunga A V P Silva Dr. S A B Ekanayake L N De S Wijeyeratne P R Saldin	Diversified business Industry	Industrial Solutions	126.25
CIC Agri Businesses (Private) Limited	S H Amarasekera - Chairman K B Kotagama - Managing Director R S I Gunawardhana W P Madawanaarachchi J D Pieris S P S Ranatunga J M Swaminathan	Importation, Blending and Marketing of Fertilizers	Crop Solutions	205.50
CIC Feeds (Private) Limited	D A Cabraal - Chairman A V P Silva - Managing Director S P S Ranatunga S M Enderby Ms. P D S Ruwanpura	Manufacture of Animal Feeds and Hatchery	Livestock Solutions	450.50
Link Natural Products (Private) Limited	Dr. D Nugawela - Chairman S H Amarasekera C L De Alwis Prof. Tuley De Silva Dr. S A B Ekanayake Prof. P W M B B Marambe S P S Ranatunga K Shakhthidasan R O B Wijesekara	Manufacture of Natural Healthcare Products, Ayurvedic, Pharmaceuticals Herbal Cosmetics and Neutraceuticals	Health & Personal Care	102.67
CISCO Speciality Packaging (Private) Limited	S P S Ranatunga - Chairman R S Captain Ms. L A Captain L De Mel S De Silva W S Premakumar D P G C P Wegiriya	Manufacture of Polyethylene Terephthalate Containers for Domestic and Export Markets	Industrial Solutions	110.50
CIC Cropguard (Private) Limited	W A Assiriyage - Managing Director P S C Fernando R Ganesalingam R S I Gunawardene K B Kotagama Ms. P D S Ruwanpura R P L Weerasinghe D K C Perera	Importation, Repacking & Marketing of Agro chemicals	Crop Solutions	5.00

Company	Directors	Principal Activity	Segment	Stated Capital Rs. Mn
Crop Management Services (Private) Limited	Ms. P D S Ruwanpura A V P Silva R P L Weerasinghe W P Madawanaarachchi	Managing assets Plantations & Investment Company	Agri Produce	199.20
Colombo Industrial Agencies Limited	Ms. L I Fernando - Chairperson S De Silva Ms. P D S Ruwanpura	Manufacture of Writing Instruments	Industrial Solutions	10.57
CIC Lifesciences Limited	S P S Ranatunga W S Premakumar Ms. P D S Ruwanpura	Manufacture and Importation of Pharmaceuticals	Health & Personal Care	196.36
CIC Properties (Pvt) Ltd	S P S Ranatunga Ms. P D S Ruwanpura	Renting properties to Group Companies	Agri Produce	-
Akzo Nobel Paints Lanka (Private) Limited	B R L Fernando - Chairman J Rowe G F C De Saram - Managing Director (upto 07th May 2017) W Heenatigala (w.e.f. 08th May 2017) R Rajgopal S P S Ranatunga	Trading in Paints and Surface Coatings	Industrial Solutions	88.80
Cropwiz (Pvt) Ltd	S P S Ranatunga - Chairman K B Kotagama K A V Manatunga D P Senadheera E Shaked I Teiblum M S M Zubair	Cultivates & Exports Vegetable	Agri Produce	312.74
CIC Precision Agricultural Technologies (Pvt) Ltd	S P S Ranatunga K B Kotagama Prof. P W M B B Marambe R S I Gunawardhana M S Goonewardena A Hettiarachchi K A Rutnam M S M Zubair	Agri Technologies	Agri Produce	-

► TEN YEAR GROUP PERFORMANCE

	2017 SLFRS Rs'000	2016 SLFRS Rs'000
Income Statement		
Turnover	34,875,611	26,666,284
Operating profit after interest	633,537	1,117,701
Other income	306,265	534,705
Share of profit of equity accounted investees	334,728	362,478
Profit before tax	1,274,530	2,014,884
Taxation	(392,731)	(366,777)
Profit for the year from continuing operations	881,799	1,648,107
Profit/(loss) for the year from discontinued operations	5,118	(14,273)
Non-controlling interest	(333,419)	(279,542)
Profit attributable to equity holders of the company	553,498	1,354,292
Balance Sheet		
Stated capital	1,008,450	1,008,450
Capital reserves	2,243,824	2,281,833
Revenue reserves	5,808,958	5,564,815
Non-controlling interest	2,354,316	2,029,199
Total equity	11,415,548	10,884,297
Property, plant and equipment	12,645,808	12,275,004
Investment property	54,147	51,400
Biological assets	248,508	226,382
Deposit on leasehold property	-	-
Capital work-in-progress	301,036	72,153
Intangible assets	168,809	137,140
Investments	1,339,958	945,217
Net current assets	(1,124,166)	(1,929,784)
	13,634,100	11,777,512
Deferred liabilities	(952,454)	105,275
Long-term liabilities	(1,184,858)	(998,490)
	11,496,788	10,884,297
Cash Flow Statement		
Net cash inflow/(outflow) from operating activities	(132,810)	(451,359)
Net cash inflow/(outflow) from investing activities	(353,062)	(1,436,441)
Net cash inflow/(outflow) from financing activities	(246,839)	(2,473,931)
Other Information		
Earning per share(Rs.)	5.84	14.29
Dividend per share(Rs.)	2	4
Net assets per share(Rs.)	95.61	93.44
Market capitalisation(Rs.mn)	7,204	8,525.66
Interest cover(No.of times)	1.78	3.73
Current Ratio(No.of times)	0.93	0.90
Dividend cover(No.of times)	2.92	3.57
Price earnings ratio(No.of times)		
Ordinary	13.71	6.68
Non-voting(Class X)	10.68	5.00

2015 SLFRS Rs'000	Restated 2014 SLFRS Rs'000	Restated 2013 SLFRS Rs'000	Restated 2012 SLFRS Rs'000	2011 SLFRS Rs'000	2010 SLFRS Rs'000	2009 SLFRS Rs'000	2008 SLFRS Rs'000
23,496,259	21,559,839	21,582,348	22,477,151	21,045,301	16,610,474	15,684,055	14,121,787
1,005,508	(832,986)	144,176	943,637	1,171,896	386,111	93,512	702,661
209,971	577,839	133,902	152,888	226,936	484,852	411,487	131,761
207,636	270,071	291,716	277,896	231,179	212,642	264,479	261,385
1,423,115	14,924	605,324	1,374,421	1,630,011	1,083,605	769,478	1,095,807
(397,697)	(72,047)	(174,818)	(353,890)	(466,894)	(356,256)	(278,429)	(323,591)
1,025,418	(57,123)	430,506	1,020,531	1,163,117	727,349	491,049	772,216
15,425	(1,069,716)	(246,530)	-	-	17,900	(23,710)	(27,522)
(278,916)	155,126	49,339	(157,447)	(236,569)	(155,678)	(64,488)	(234,911)
761,927	(971,713)	233,315	863,084	926,548	589,571	402,851	509,783
1,008,450	1,008,450	1,008,450	1,008,450	1,008,450	1,008,450	1,008,450	1,008,450
1,711,501	1,718,327	1,737,451	1,231,163	1,206,900	627,402	583,535	603,638
4,400,987	3,984,249	5,033,888	5,060,352	4,526,194	3,405,699	2,958,283	2,686,203
1,722,310	1,398,512	1,663,008	1,683,939	1,641,515	1,321,402	1,092,982	1,081,772
8,843,248	8,109,538	9,442,797	8,983,904	8,383,059	6,362,953	5,643,250	5,380,063
10,610,666	9,414,735	8,706,775	7,504,776	6,404,586	4,473,240	4,159,885	3,916,380
51,400	51,400	14,607	98,999	97,141	83,731	-	-
307,728	67,366	86,262	78,737	74,524	60,765	58,833	19,755
-	-	16,152	13,678	13,964	15,109	-	-
353,518	763,412	1,072,154	531,459	199,877	90,668	52,408	102,775
27,683	27,683	147,911	159,017	95,255	79,882	49,541	2,748
1,457,106	1,449,913	798,468	712,909	623,147	545,598	537,919	980,205
(2,084,183)	(2,158,904)	261,136	1,237,260	2,084,896	1,937,514	1,750,165	1,273,776
10,723,918	9,615,605	11,103,465	10,336,835	9,593,390	7,286,507	6,608,751	6,295,639
(773,775)	(648,946)	(662,939)	(701,318)	(603,471)	(431,201)	(408,581)	(371,328)
(1,106,895)	(857,121)	(997,729)	(651,613)	(606,860)	(492,353)	(556,920)	(544,248)
8,843,248	8,109,538	9,442,797	8,983,904	8,383,059	6,362,953	5,643,250	5,380,063
1,998,599	2,343,127	(1,001,983)	(1,307,519)	(299,377)	1,341,368	(1,052,191)	(132,611)
(1,420,071)	(1,219,656)	(1,499,063)	(1,663,267)	(837,282)	(533,763)	306,739	(1,132,965)
1,261,253	77,112	552,409	(94,104)	(214,538)	(333,403)	(90,137)	172,181
8.04	(10.25)	2.46	9.11	9.78	6.22	4.25	5.38
3.00	-	1.63	3.20	2.75	1.85	1.50	1.50
75.14	70.81	82.08	77.02	71.14	53.20	48.01	45.36
6,800.11	4,132.70	5,466.04	8,392.98	13,661.46	5,908.55	2,745.00	2,980.00
2.75	0.08	1.22	2.98	4.26	2.58	2.00	3.50
0.86	0.87	1.02	1.08	1.20	1.22	1.24	1.22
2.68	-	1.51	2.85	3.56	3.36	2.83	3.59
9.46	(4.44)	26.75	10.49	15.85	10.93	7.40	6.28
7.17	(3.64)	20.44	7.15	11.05	6.99	4.82	4.41

▶ CORPORATE INFORMATION

Name of the Company

CIC Holdings PLC

Company Registration No.

PQ 88

Legal Form

A Public Quoted Company with limited liability incorporated in Sri Lanka in 1964.

Re-registered under the Companies Act No. 07 of 2007 on 21st November 2007.

Registered Office

199, Kew Road, Colombo 2.

Directors

S H Amarasekera (Chairman)

S P S Ranatunga (MD/CEO)

R N Asirwatham

R S Captain

S M Enderby

M P Jayawardena

K B Kotagama

Prof. P W M B B Marambe

Dr. R C W M R D Nugawela

P R Saldin

A V P Silva

D S Weerakkody

Company Secretary

P D S Ruwanpura

Auditors

KPMG

Chartered Accountants

32A, Sir Mohamed Macan

Markar Mawatha, Colombo 3.

Bankers

Axis Bank

Bank of Ceylon

Commercial Bank of Ceylon PLC

DFCC Bank

Hatton National Bank PLC

ICICI Bank

Muslim Commercial Bank

NDB Bank PLC

Nations Trust Bank PLC

People's Bank

Pan Asia Bank PLC

Sampath Bank PLC

Seylan Bank PLC

Standard Chartered Bank

Legal Advisers

Nithya Partners

Attorneys-at-Law

97A, Galle Road, Colombo 3.

Julius & Creasy

Attorneys-at-Law

41, Janadhipathi Mawatha, Colombo 1.

Executive Director

S P S Ranatunga (MD/CEO)

Non-Executive Directors

S H Amarasekera (Chairman)

R N Asirwatham

R S Captain

S M Enderby

M P Jayawardena

K B Kotagama

Prof. P W M B B Marambe

Dr. R C W M R D Nugawela

P R Saldin

A V P Silva

D S Weerakkody

Audit Committee

R N Asirwatham (Chairman)

S M Enderby

P R Saldin

Human Capital & Compensation Committee

D S Weerakkody (Chairman)

S H Amarasekera

R N Asirwatham

R S Captain

S M Enderby

Nominations Committee

S H Amarasekera (Chairman)

R N Asirwatham

R S Captain

Related Party Review Committee

R N Asirwatham (Chairman)

S M Enderby

S P S Ranatunga

D S Weerakkody

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CIC Holdings PLC
199, Kew Road,
Colombo 2, Sri Lanka.
www.cic.lk