Colombo Land
& Development Company PLC

Annual Report 2014

Colombo Land and Development Company PLC is a real estate development company, primarily engaged in leasing out investment property under operating leases and the development of investment properties in Sri Lanka. We also work in renting out developed properties and cultivating mahogany trees. The company was incorporated in 1981 and is based in Colombo, Sri Lanka.

Contents

Financial Highlights

	Group			Company		
	2014	2013	Change	2014	2013	Change
	Rs'000	Rs'000	%	Rs'000	Rs'000	%
Revenue	149,681	125,470	20	79,535	65,759	21
Profit / (Loss) From Operations	257,979	137,733	87	208,658	144,392	45
Net Finance (Cost)/Income	(35,672)	(20,215)	76	(35,663)	(20,215)	76
Revenue to Government	10,135	7,619	33	1,443	1,166	24
Profit / (Loss) before Tax	222,307	118,323	89	172,996	124,981	39
Profit / (Loss) for the Year	153,083	61,879	151	120,300	72,783	67
Non Current Assets	5,548,607	4,511,633	23	3,648,871	3,384,347	8
Current Assets	71,064	64,221	16	1,206,430	600,302	101
Total Assets	5,619,671	4,575,854	23	4,855,300	3,984,649	22
Shareholders Equity	2,913,951	2,756,625	6	2,532,639	2,413,799	5
No.of Employees (Persons)	29	27	7	22	20	10
Revenue per Employee	5,161	4,647	11	3,615	3,288	10
Profit / (Loss) per Employee	5,279	2,292	130	5,468	3,639	50
Per Share						
Earnings / (Loss) per Share (Rs.)	0.77	0.31	148	0.60	0.36	67
Net Asset per Share (Rs.)	14.58	13.79	6	12.67	12.08	5
Market Capitalization (Rs.000)	7,355,620	7,835,335	(6)	7,355,620	7,835,335	(6)
Ratios						
Profit / (Loss) for the year on Revenue (%)	102.27	49.31	107	151.25	110.68	37
Asset Turnover Ratio(%)	2.66	2.74	(3)	1.64	1.65	(1)
Return on Capital Employed (ROCE) (%)	5.25	2.22	137	4.75	2.98	59

Chairman's Message

Dear Shareholders,

I am pleased to present to you the Annual Report & Financial Statement for the financial year ended 31 Dec 2014. The year has been one of mixed results for your Company, which recorded revenue of Rs. 79,534,521 compared to Rs. 65,758,688 in the previous year.

Occupancy levels during the year averaged 92% while the ongoing renovations in the car park area hampered activities at the location for the better part of the financial year.

Having gone through an extensive restoration throughout the last financial year, it is my pleasure to announce that Liberty Plaza and Liberty Arcade are now open as fully-fledged shopping malls in the heart of Colombo and are among the most attractive shopping destinations in Sri Lanka. With the vision to be at the forefront of developing lands and creating opportunities, our strategy is to give life to all the latest trends of the world that is currently being introduced to Sri Lanka. As one of the oldest and leading shopping malls in the country, it is important to address the needs of multiple stakeholders.

The 'Retail Podium' is the newest addition to the mall and it has been equipped to be on par with international standards with prestigious brands such as Pepe Jeans, Nike, Coffee Bean, Giordano, Levi's and Avirate, entering into the fashion arena of the city. 'Kandy Selection,' being one of the largest departmental stores in the country, will be latest addition to the new wing.

It is also pertinent to note that we are in the process of developing a food court in the basement of the mall with a wide array of multi cuisine which will assuredly attract a significant number of youth in and around the vicinity. Designed to accommodate over 250 customers, its main attraction would be a 'Burger King' outlet the first to be featured in a shopping mall.

In anticipation of its grand opening in August 2015, we believe in delivering a wholesome shopping experience. The new and improved car park facility will include digital boards that will be situated at the junction, directing traffic whilst showing the availability of parking space. The giant digital video wall will also take centre stage as it adorns the façade of Liberty Plaza. This investment has proven to be one that has opened up significant opportunities for us in our journey, thus empowering us to achieve future development goals at a steady pace.

Future Plans

'The Liberty Square' in Pettah is on track as we have received all necessary approvals and permits. We have envisioned this

Chairman's Message

project to become a focal point in the transformation of Pettah into a shopping hub.

Liberty Plaza has also made plans to assist Sri Lanka in the leisure sector. With the famous Swiss based hotel and resort chain, 'Movenpick,' occupying a space right beside us, we have made plans to connect the two buildings at a ground level to create greater convenience for shoppers. We also have plans to introduce a shuttle service to be available at every leading hotel in the vicinity to further enhance the shopping experience of our valued customers.

We are exploring the opportunity of a Township Development project along the Southern Expressway or the proposed Kandy Expressway. With the expertise of our Singaporean partners we are certain that we can play a pivotal role in the infrastructure development framework of Sri Lanka.

It is fitting to say that the success of Liberty Plaza and Liberty Arcade has definitely been due to the opportunities it has taken advantage of to offer solutions to a vast variety of businesses across diverse industries and also due to the ambitious goals we have set to structure ourselves in the market.

I would like to extend my deepest appreciation to the staff at Colombo Land & Development Company and all our stakeholders for their expertise and hard work which has helped us flourish and blossom beyond our expectations.

Sgd.
Prof. C. Krishan M. Deheragoda

Chairman

29th May 2015

Board of Directors

Mr. Ng Yew Tong

(Non Executive Director)

Mr. Ng Yew Tong, a Singaporean Director and graduated with BBA (Hon) from Simon Fraser University (Vancouver, BC, Canada) 1984. He has worked in United Overseas Bank (Singapore) and CT Management Pte Ltd (Singapore). Currently he is Executive Director of Plaza Development (S) Pte Ltd which owns commercial properties in Singapore.

Mr. M U M Ali Sabry

(Non Executive Independent Director)

Mr. M. U. M. Ali Sabry President's Counsel is a well known civil law practitioner in the country with a voluminous practice both in original and appellate courts. He has in the recent past appeared in many landmark cases in civil, commercial, administrative and intellectual law arena.

Mr. Sabry has held many positions in both private and public companies. He had served as the Sri Lankan Counsel General in Saudi Arabia.

Mr. Sabry was awarded TOP young person's award in law and is the youngest President's Counsel in the country today.

He is also a member of the Law Commission of Sri Lanka.

Mr M D S Goonatilleke

(Non Executive Independent Director)

Mr Goonatilleke is a Financial Professional with over 25 years post qualification experience. He has held senior managerial positions in leading Public, Multinational and Private Companies during his career. He is an Associate Member of the Institute of Chartered Management Accountants (UK), since 1987 and also a Chartered Global Management Accountant . He is a passed finalist of the Institute of Chartered Accountants (Sri Lanka). Mr Goonatilleke has obtained a Post Graduate Diploma in Management from PIM of University of Sri Jayawardenapura . He currently services as a Group Executive Director of DSL Group of Companies. Mr Goonatilleke also serves as an independent Director of Vallibel Finance PLC , Hayleys PLC, Royal Ceramics PLC and Pan Asia Banking Corporation PLC.

Mr. Devadharshan Jayadeva

(Alternate Director to Mr. Ng Yao Xing)

Mr. Devadharshan Jayadeva is the Chief Operating Officer of Colombo Land & Development Company PLC. He joined CLDC in 2005 as the Group Finance Manager and subsequently in 2007 he was promoted as the Chief Operating Officer of the Company.

Board of Directors

Prior to joining CLDC he was the Head of Finance at Lanka Indian Oil Company PLC. Also he has worked as the Finance Manager of United Parcels Services (Pvt.) Ltd. Further, he has worked in Uniliver PLC in UK and in Ernst & Young Sri Lanka.

Dharshan is a Fellow member of Chartered Institute of Management Accountants (CIMA) UK and a Fellow member of Association of Certified Chartered Accountants (ACCA) UK. Also he holds an MBA in University of Wales and a Bachelor degree in University of Durham.

Professor C. K. M. Deheragoda
Chairman
(Non Executive Independent Director)

Professor C. Krishan M. Deheragoda has been appointed Chairman Colombo Land & Development Company PLC (CLDC) since September 2013. He has previously been the Chairman of CLDC from 1999 – 2002 and Vice Chairman from 2006 – 2010. He is also the Professor of Geography at the University of Sri Jayewardenepura and a Visiting Fellow at Centre for GIS & Spatial Analysis at University of Illinois, Urbana Champaign – USA. Prof. Deheragoda has held the Chairmanship in number of public and corporate sector institutions including the Sri Lanka Sustainable Energy Authority (2008-2010), Ceylon Shipping Corporation (2005-2007), Real Estate Exchange (Pvt.) Limited (REEL, 1999-2005), Urban Development Authority (1999 – 2002), Onali Holdings (Pvt.) Ltd. (1999-2002), Ocean View Development (Pvt.) Ltd. (1999-2002), Peliyagoda Warehouse Complex (Pvt.) Ltd. (1999-2002), Vice Chairman - Sri Lanka Ports Authority (2003-2006), Founder Project Director of the Special Projects Unit of Ministry of Finance and Planning (2006-2008) etc.

Prof. Deheragoda has served as an advisor to several Ministries: Ports & Aviation (2006-2007); Transport (2004-2006); Media & Information (2004-2006); Urban Development & Housing (2002-2004); Founder National Advisor to the Samurdhi Movement (1994-1995) etc. He was a member of over 30 Governing and Advisory Boards of both State and Private sector statutory and corporate institutions. Prof. Deheragoda has held over 20 Senior Academic positions during his 29 years long academic and research carrier and was the Consultant to the “Higher Education for Twenty First Century Project” of the Ministry of Higher Education (2012-2013). He was included in number of State Delegations to International Conventions and Forums such as UN Habitat General Assembly-NY-2001. Prof. Deheragoda had delivered a dozens of Key Note Addresses in several national and international scientific and professional gatherings.

Prof. Deheragoda holds a Ph.D. in Recreational Geography (Bulgaria), M.Sc. in Natural Resource Management (Sofia) and Post Graduate Diplomas in Urban and Regional Development Planning

(Nagoya) and Resource Survey and Mapping (Colombo). He is a member of the International Association of Scientific Experts in Tourism, St. Galen (Since 1994 to date) and formally the President of Sri Lanka Association of Geographers. A Number of research and scientific works are to the credit of Prof. Deheragoda.

Mr. Sarva Ameresekere

(Alternate Director to Mr. M.D.S. Goonetilleke)

Sarva, Director/CEO of Triad is responsible for the day-to-day operations and management of one of Sri Lanka's leading advertising agencies. Under his purview, Triad together with its group of companies in the communication industry offer clients a comprehensive integrated business solution. Sarva is also involved in the macro management and strategic planning of a diversified portfolio strategic investments across many sectors. Qualified in both Business and Engineering, Sarva brings on board extensive local and foreign exposure including business, fund management, operations, research and analysis. Sarva holds a Masters in Engineering Management from the University of Southern California, Los Angeles and a Degree in Industrial and Operations Engineering from the University of Michigan, Ann Arbor.

Mr. Ng Yao Xing

(Non Executive Director)

Mr. Ng Yao Xing is a Singaporean Director. He is a graduate from a Canadian University. He comes from a family which has expertise in real estate development over three decades. He also holds several directorships in companies in Singapore and Malaysia.

Mr. D. S. Jayaweera

(Executive Director)

Dilith Susantha Jayaweera is the Chairman of the George Steuarts Group, Sri Lanka's oldest mercantile entity, and serves on the Boards of Citrus Leisure PLC, and Divasa Equity (Pvt) Ltd, through which he controls over 20 businesses in diverse areas such as communication, mass media, leisure, finance, property development and manufacturing.

Mr Jayaweera is synonymous with the communications industry, having founded Triad (Pvt) Ltd in 1993 and transforming it to become the largest and most awarded independent agency in Sri Lanka, with extensive diversification to offer integrated communication solutions.

Epitomising the spirit of the new generation of Sri Lankan entrepreneurs, Mr Jayaweera capitalised on the post-war boom, making aggressive investments that rapidly expanded his portfolio.

An attorney at law by profession, Mr. Jayaweera holds an LLB from the Faculty of Law, University of Colombo and an MBA from the University of Wales.

He was named one of LMD's Ten Business People of the Year 2011.

Board of Directors

Ms. Chrishanthi Lucilla Jayawardena

Ms. C.L. Jayawardena is an Attorney-At-Law with over 30 years of post qualification experience. She commenced her carrier at M/s F.J & G De Sarams Attorney At Law. Thereafter she joined the National Development Bank and was a member of the Senior Management Team. Currently she is serving as a Consultant at the Urban Development Authority.

Ms. Jayawardena is a member of the Association of Development Finance Institutions in Asia and Pacific. She has also held Directorships in several Companies.

Report of the Directors on the State of Affairs of the Company

The Board of Directors is pleased to present their Report and the Audited Financial Statements of the Company and Group for the year ended 31st December 2014. The details set out herein provided pertinent information required by the Companies Act, No.7 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended best accounting practices.

Review of the year

The Chairman's Review describes the Company's affairs and mentions important events of the year.

Principal Activity

Property Development continued to be the principal activity of the Company.

Financial Statements

The financial statements of the Company are given on pages 21 to 26.

Auditor's Report

The Auditor's report on the financial statements are given on page 19 to 20.

Accounting Policies

The accounting policies adopted in preparation of Financial Statements are given on pages 27 to 43 There were no material changes in the Accounting Policies adopted.

Director's Interest

None of the Directors had a direct or indirect interest in any contracts or proposed contracts with the Company other than as disclosed in Notes 25 to the financial statements.

Directors Remuneration and Other Benefits

Directors remuneration in respect of the Company for the financial year ended 31st December 2014 is given in Note 25.2 to the financial statements.

Corporate Donations

Donations made by the Company amounted to Rs. 69,900 (2013 – Rs.317,580). No donations were made for political purposes.

Report of the Directors on the State of Affairs of the Company

Directors and their Shareholdings

Directors of the Company and their respective shareholding as at 31st December 2014.

Shareholding	As at 31.12.2014	As at 31.12.2013
Prof. C.K.M. Deheragoda	Nil	Nil
Mr. M.D.S. Goonatilleke	Nil	Nil
Mr. M.U.M. Ali Sabry	Nil	Nil
Mr. D.S. Jayaweera	2,600	2,600
Mr. Ng Yew Tong	6,006,876	6,006,876
Mr. Ng Yao Xing	Nil	Nil
Ms. C.L. Jayawardana	Nil	Nil
Mr. L.A.P. Harahan De Silva	Nil	Nil
Mr. D. Jayadeva (Alternate to Mr. Ng Yao Xing)	Nil	Nil
Mr. S.A. Amarasekera (Alternate to Mr. M.D.S. Goonatilleke)	Nil	Nil

Admiral (Rtd) W.K.J. Karannagoda resigned as Director of the Board with effect from 30th June 2014 and Mr. S. A. Amarasekera ceased to be his Alternate with effect from 30th June 2014

The Board wishes to place on record the Company's sincere appreciation to Admiral (Rtd) W.K.J. Karannagoda for the valuable contribution extended to the Company as a Director during his tenure on Board.

Mrs. C.I. Jayawardena and Mr. L.A.P. Harshan de Silva were nominated by the Urban Development Authority to the Board of Colombo Land and Development Company PLC with effect from 01st July 2014.

Mr. S.A. Ameresekera was appointed Alternate Director to Mr. M.D.S. Goonatilleke with effect from 10th July 2014.

In terms of Article 86 and 87 of the Articles of Association of the Company Mr. M.U.M Ali Sabry retires by rotation and being eligible offers himself for re-election.

In terms of Article 94 of the Articles of Association of the Company Ms. C.L. Jayawardena retires and being eligible offers himself for re-election.

Mr. L.A.P. Harshan de Silva resigned as a director with effect from 09th January 2015.

The Board wishes to place on record the Company's sincere appreciation to Mr. L.A.P. Harshan for the valuable contribution extended to the Company as a Director during his tenure on Board..

Auditors

The financial statements for the year ended 31st December 2014 have been audited by Messrs Ernst & Young, Chartered Accountants, who express their willingness to continue in office. In accordance with the Companies Act No.07 of 2007, a resolution relating to their re-appointment and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The Auditors Messrs Ernst & Young were to be paid Rs.865,000 and PricewaterhouseCoopers were paid (2013 – Rs.786,000) as audit fees by the Company. In addition they were paid Rs. Nil (2013 – Rs.50,000) by the Company for non-audit related work.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company.

Dividends

The Directors do not recommend a dividend for the financial year ended 31st December 2014.

Investments

Details of investments held by the Company are disclosed in Notes 05 to 06 to the financial statements.

Property, Plant and Equipment

An analysis of the property, plant and equipment of the Company, additions and disposals made during the year and depreciation charged during the year are set out in Note 03 to the financial statements.

Capital Commitments

Other than those disclose in Note 30 to the financial statements, there are no material capital commitments that would require disclosures in the financial statements.

Stated Capital

The Stated Capital of the Company is Rs. 341 Million. There was no change in the stated capital of the Company during the year.

Reserves

Total Group reserves as at 31st December 2014 amount to Rs.2,572 Million comprising of retained earnings. Movements are shown in the Statement of Changes in Equity in the Financial Statements.

Employment Policies

The Company is an equal opportunity employer without any discrimination.

Taxation

The tax position of the Company is given in Note 23 to the Financial Statements.

Report of the Directors on the State of Affairs of the Company

Disclosure as per Colombo Stock Exchange Rule No.7.6

	Shares	
	31.12.2014	31.12.2013
Market price per shares as at 31st December	36.80	39.20
Highest share price during the year	47.00	56.80
Lowest share price during the year	33.00	29.10

Shareholding

The number of registered shareholders of the Company as at 31st December 2014 was 3,177. The distribution and analysis of shareholdings are given on page 83.

Major Shareholders

The twenty largest shareholders of the Company as at 31st December 2014, together with an analysis are given on page 82.

Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the government and the employees have been made on time.

Environment, Health and Safety

All the laws and regulations in this regard are strictly adhered to.

Corporate Governance/Internal Control

The Company has put in place systems and procedures to ensure the implementation of sound corporate governance principles. The audit committee report and the remuneration committee report are given in pages 16 and 18.

Contingent Liabilities

There were no material contingent liabilities outstandings as at 31st December 2014 other than those disclosed in Note 30 to the financial statements.

Events after the end of reporting period

Subsequent to the date of the Statement of financial position no circumstances have arisen which would require adjustments to the accounts. Significant after the end of reporting period events which in the opinion of the Directors require disclosure are described in Note 28 to the financial statements.

Annual General Meeting

The 33rd Annual General Meeting of the Company will be held at the Raja Bojun (Roof Top), "Liberty Arcade" 282 R. A. de Mel Mawatha, Colombo 03 on Tuesday 30th June 2015 at 10.30 a.m.

For and on behalf of the Board of Directors of

COLOMBO LAND AND DEVELOPMENT COMPANY PLC

Sgd.	Sgd.	Sgd.
Director	Director	S S P Corporate Services (Private Limited, Secretaries

29th May 2015

Financial Calendar

Statement of the Directors' Responsibility for Financial Reporting

The responsibility of the Directors in relation to the financial statements of the Company and the Group, is set out in the following statement. The responsibility of the Auditors, in relation to the financial the Companies Act, No. 07 of 2007 [" the Act"], is set out in the Independent auditor's report on page 19 to 20.

The financial statements comprise:

- a consolidated statement of comprehensive income, which present a true and fair view of the profits and losses of the Company and the Group for the financial year; and
- a consolidated statement of financial position, which present 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, which comply with the requirements of the Act.

The Directors have ensured that, in preparing these financial statements:

- appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- all applicable Sri Lanka Accounting Standards (LKASs / SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka, as relevant, have been followed; and
- judgements and estimates have been made which are reasonable and prudent.

The Directors have also ensured that the Company and the Group have adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements.

Further, the Directors have as part of their responsibility ensured that the Company and the Group maintain sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company and the Group, and the financial statements presented comply with the requirements of the Act.

The Directors have also taken reasonable steps to safeguard the assets of the Company and the Group and in this regard, gave proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Company's and Group's internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company and the Group 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 Audit Committee of the Company and the Group 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 controls and financial 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.

The Directors have prepared the financial statements and provided the independent auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered to be appropriate to enable them to give the independent auditor's opinion.

Compliance report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries at the statement of financial position date have been paid, or where relevant provided for, except as specified in Note 30 to the financial statements covering contingent liabilities.

By order of the Board of Directors of
Colombo Land and Development Company PLC

Sgd.
Director

Sgd.
Director

Colombo
29th May 2015

Report of the Board Audit Committee

Composition of the Audit Committee

The Audit Committee, appointed by Board of Directors of Colombo Land & Development Company PLC, comprises of three independent Non – Executive Directors, and is chaired by Mr. M.D.S. Goonatilleke, who is an Associate member of the Institute of Chartered Management Accountant (UK) and a passed finalist of the Institute of Chartered Accountants (Sri Lanka) who was appointed as a director on 1st June 2011.

The members of the Board Audit Committee are;
Mr. M.D.S. Goonatilleke - Chairman
(Non Executive Independent)

Prof. C.K. Deheragoda - Member
(Non Executive Independent)

Mr. M.U.M Ali Sabry - Member
(Non Executive Independent)

The Chief Operating Officer functions as the Secretary to the Audit Committee.

Role of the Audit Committee

The key purpose of the Audit Committee of Colombo Land & Development Company PLC is to assist the Board of Directors in fulfilling its oversight responsibility for;

1. The integrity of financial statements in accordance with Sri Lanka Accounting Standards.
2. The compliance with legal and regulatory requirements.
3. The external Auditor's independence and performance.
4. The performance review of outsourced internal audit function to ensure Company's internal controls and risk management system is adequate.

Meetings

The Audit Committee met 04 times during the year. The Chief Operating Officer, Group Accountant also attended these meetings by invitation. The other executives and external auditors and outsourced Internal Audit service provider, Ms Gunawardhana & Co, participated as and when required. The minutes of the Audit Committee meetings were tabled at the Board meetings.

The committee carried out the following activities.

Financial Reporting

As part of its responsibility to oversee the Company's financial reporting process on behalf of the Board of Directors, the committee has reviewed and discussed with the Management, the annual and the quarterly Financial Statements prior to their issuance, including the extent of compliance with the Sri Lanka Accounting standards and the Companies Act No. 07 of 2007.

External Audit

The Committee met with the External auditor during the year to discuss their audit approach and procedures, including matters relating to the scope of the audit. In addition, the annual evaluation of the independence and objectivity of the External Auditor and the effectiveness of the audit process was also undertaken.
The Committee reviewed the Management letter issued by the External auditor together with the management responses thereto.

The Audit Committee has recommended to the board of Directors that M/s Ernst & Young, Chartered Accountants, be reappointed as auditors of the company for the financial year ending 31.12.2015, subject to approval by the shareholders at the Annual General Meeting.

Internal Audit

During the year, the Audit Committee reviewed the quarterly internal audit reports presented by Ms Gunawardhana & Co to whom the internal audit function is outsourced by the management.

Conclusion

The Audit committee is of the view that adequate controls are in place to safeguard company's assets and to ensure that the financial position and the results disclosed are free from any material misstatements.

Sgd
Mr. M D S Goonatilleke
Chairman
Audit Committee
29th May 2015

Remuneration Committee Report

Colombo Land & Development Company PLC. being a Real Estate Company, receives expertise of the Remuneration Committee. Colombo Land & Development Company PLC has complied with policies and procedures set out by the Remuneration Committee.

The Remuneration Committee consists of three non- executive Directors namely;

Prof. C K M Deheragoda - Chairman (Non-Executive Independent)

Mr. M U M Ali Sabry - Member (Non – Executive Independent)

Mr. Ng Yew Tong - Member (Non –Executive)

The Group's policy on remuneration is to attract the best available talent and also to motivate & retain the services of the star performers in the group. The policy ensures internal equity and fairness between various employees is maintained; no discrimination is practiced on account of gender, age, ethnicity or religion. The Group also recognizes the importance to keep the employees contended & the compensation packages therefore "take into account the cost of living and inflation as well" as industry norms.

No Director involved in deciding his or her own remuneration.

Sgd.
Prof. C K M Deheragoda
Chairman
Remuneration Committee

29th May 2015

Independent Auditor's Report

Ernst & Young
Chartered Accountants
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TO THE SHAREHOLDERS OF COLOMBO LAND AND DEVELOPMENT COMPANY PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Colombo Land and Development Company PLC ("Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group") which comprise the statement of financial position as at 31 December 2014, and the statement of profit and loss and other comprehensive income, statements of changes in equity and, cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 27 to 79.

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.

Auditor's 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 auditor's 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 31 December 2014, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Emphasis of Matter

Without qualifying our opinion we draw attention to Note 30.2 (a) to the financial statements. The Company is the defendant in a lawsuit in respect of a claim made by a former occupant who has appealed against the order for ejectment and is claiming Rs. 105 million as damages together with interest and costs. The Company is contesting the claim. The ultimate outcome of the matter cannot presently be determined and no provision for liability, if any, that may result has been made in the financial statements.

Independent Auditor's Report

Building a better working world

Other Matters

The financial statements of Colombo Land and Development Company PLC and Liberty Holdings Limited for the year ended 31 December 2013, were audited by another auditor who expressed an unmodified opinion on those statements on 31 December 2013.

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 31 December 2014, 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.

Sgd.
Chartered Accountants

29 May 2015
Colombo

Consolidated Statements of Financial Position

As at 31 December	Note	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Assets					
Non-Current Assets					
Property, Plant and Equipment	3	1,225,992,814	478,839,000	35,912,382	5,357,000
Investment Property	4	4,322,613,858	4,032,780,024	3,409,759,307	3,175,791,000
Investments in Subsidiaries	5	-	-	200,000,020	200,000,020
Investments in Associates	6	-	-	3,199,110	3,199,110
Trade and Other Receivables	7	-	14,000	-	-
		5,548,606,672	4,511,633,024	3,648,870,819	3,384,347,130
Current Assets					
Inventories	8	159,523	190,000	-	-
Trade and Other Receivables	7	52,108,305	55,021,000	1,103,268,527	483,146,677
Investment in Preference Shares - Loans and Receivables	9	-	-	91,932,485	112,670,000
Available-For-Sale Financial Assets	10	2,075,032	2,294,542	2,075,032	2,294,542
Income Tax Recoverable		4,749,249	2,791,986	-	-
Cash and Cash Equivalents	11	11,972,356	3,923,725	9,153,611	2,191,063
		71,064,465	64,221,253	1,206,429,655	600,302,282
Total Assets		5,619,671,137	4,575,854,277	4,855,300,474	3,984,649,412
EQUITY AND LIABILITIES					
Equity					
Stated Capital	12	341,602,342	341,602,342	341,602,342	341,602,342
Revaluation Reserves	13	48,194,571	42,764,000	-	-
Retained Earnings		2,524,154,204	2,372,258,681	2,191,037,064	2,072,196,435
Equity Attributable to Equity Holders of the Parent		2,913,951,117	2,756,625,023	2,532,639,406	2,413,798,777
Non - Controlling Interest		(776,523)	(763,000)	-	-
Total Equity		2,913,174,594	2,755,862,023	2,532,639,406	2,413,798,777
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	14	662,373,701	458,771,803	662,373,701	458,771,803
Deferred Tax Liabilities	15	1,112,194,067	1,043,509,724	907,539,777	855,396,204
Retirement Benefit Liability	16	7,474,267	4,934,000	7,099,079	4,264,269
		1,782,042,035	1,507,215,527	1,577,012,557	1,318,432,276
Current Liabilities					
Trade and Other Payables	17	47,689,073	33,271,000	6,651,129	10,282,287
Income Tax Liabilities		5,410,911	5,364,757	5,413,206	5,370,979
Interest Bearing Loans and Borrowings	14	703,285,936	201,132,970	703,285,936	201,132,970
Tenant Deposits	18	168,068,588	73,008,000	30,298,240	35,632,123
		924,454,508	312,776,727	745,648,511	252,418,359
Total Equity and Liabilities		5,619,671,137	4,575,854,277	4,855,300,474	3,984,649,412

These Financial Statements are in compliance with the requirements of the Companies Act No :07 of 2007.

Sgd.

CEO - Director

The board of directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the board by:

Sgd.
Director

Sgd.
Director

The accounting policies and notes on pages 27 through 79 form an integral part of the Financial Statements.

29th May 2015

Colombo

Consolidated Income Statements

Year ended 31 December	Note	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Revenue	19	149,680,915	125,470,000	79,534,521	65,758,688
Direct Expenses		(65,054,974)	(47,680,000)	(30,603,869)	(18,375,331)
Net Rental Income		84,625,941	77,790,000	48,930,652	47,383,357
Other Income and Gains	20	1,094,118	2,057,000	5,376,421	7,496,853
Revaluation of Investment Property		269,500,365	153,625,000	215,416,906	153,625,000
Selling and Distribution Costs		(8,832,088)	(3,328,000)	(7,941,657)	(2,349,428)
Administrative Expenses		(88,409,279)	(91,606,000)	(53,124,172)	(60,959,824)
Finance Cost	21.1	(35,941,125)	(20,992,228)	(35,931,955)	(20,992,228)
Finance Income	21.2	269,453	777,097	269,453	777,097
Profit/ (Loss) Before tax	22	222,307,385	118,322,869	172,995,647	124,980,827
Income Tax Expense	23	(69,224,210)	(56,444,188)	(52,695,897)	(52,197,987)
Profit/ (Loss) for the year		153,083,175	61,878,681	120,299,750	72,782,840
Attributable to:					
Equity Holders of the Parent		153,096,698	61,904,053	120,299,750	72,782,840
Non-Controlling Interests		(13,523)	(25,371)	-	-
Earnings Per Share	24	0.77	0.31	0.60	0.36

The accounting policies and notes on pages 27 through 79 form an integral part of the Financial Statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December	Note	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
Profit/ (Loss) for the year		153,083,175	61,878,681	120,299,750	72,782,840
Other Comprehensive Income					
Other comprehensive income to be classified to profit or loss in subsequent periods					
Net (Loss)/Gain on Available-For-Sale Financial Assets		(147,349)	(805,000)	(147,349)	(805,000)
Other comprehensive income not to be classified to profit or loss in subsequent periods					
Actuarial Loss on Defined Benefit Plans	16	(1,951,947)	(1,604,000)	(1,821,905)	(1,542,818)
Deferred Tax attributable to actuarial losses/ (gains) on retirement benefit obligations		546,545	433,000	510,133	431,989
Surplus on Revaluation of Property, Plant & Equipment		6,837,995	-	-	-
Deferred Tax on depreciation of revalued assets		(1,055,848)	98,000	-	-
Total of Other Comprehensive Income		4,229,396	(1,878,000)	(1,459,121)	(1,915,829)
Total Comprehensive income for the year, net of tax		157,312,571	60,000,681	118,840,629	70,867,011
Attributable to:					
Equity Holders of the Parent		157,326,094	60,026,052	118,840,629	70,867,011
Non-Controlling Interests		(13,523)	(25,371)	-	-

The accounting policies and notes on pages 27 through 79 form an integral part of the Financial Statements.

Consolidated Statements of Changes in Equity

Year ended 31 December	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Non-Controlling Interest Rs.	Total Rs.
Group					
As at 1 January 2013	341,602,342	43,018,000	2,311,457,000	(216,000)	2,695,861,342
Net Profit/(Loss) for the Year	-	-	62,408,681	(530,000)	61,878,681
Transferred to / from	-	(352,000)	352,000	-	-
Other Comprehensive Income for the Year	-	98,000	(1,959,000)	(17,000)	(1,878,000)
As at 31 December 2013	341,602,342	42,764,000	2,372,258,681	(763,000)	2,755,862,023
Net Profit/(Loss) for the Year	-	-	153,096,698	(13,523)	153,083,175
Transferred to / from	-	(351,576)	351,576	-	-
Other Comprehensive Income for the Year	-	5,782,147	(1,552,751)	-	4,229,396
As at 31 December 2014	341,602,342	48,194,571	2,524,154,204	(776,523)	2,913,174,594

	Stated Capital Rs.	Retained Earnings Restated Rs.	Total Rs.
Company			
As at 1 January 2013	341,602,342	2,001,329,424	2,342,931,766
Net Profit/(Loss) for the Year	-	72,782,840	72,782,840
Other Comprehensive Income for the Year	-	(1,915,829)	(1,915,829)
As at 31 December 2013	341,602,342	2,072,196,435	2,413,798,777
Net Profit/(Loss) for the Year	-	120,299,750	120,299,750
Other Comprehensive Income for the Year	-	(1,459,121)	(1,459,121)
As at 31 December 2014	341,602,342	2,191,037,064	2,532,639,406

The accounting policies and notes on pages 27 through 79 form an integral part of the Financial Statements.

Consolidated Cash Flow Statements

Year ended 31 December		Group		Company	
		2014	2013	2014	2013
	Note	Rs.	Rs.	Rs.	Rs.
Cash Flows From / (Used in) Operating Activities					
Profit before Tax from continuing operations		222,307,385	118,322,869	172,995,647	124,980,827
Adjustments for					
Depreciation		3,708,335	2,968,000	2,157,926	1,418,488
Income from Investments		-	(58,000)	(4,668,043)	(5,742,796)
(Increase) / Decrease in fair value of Investments Property		(269,500,365)	(153,625,000)	(215,416,906)	(153,625,000)
Loss on disposal of Property, Plant & Equipment		201,864	205,288	201,846	205,288
Loss on disposal of Investment Property		-	606,000	-	-
Finance Costs	21.1	35,941,125	20,992,228	35,931,955	20,992,228
Bad Debt Provision		2,200,000	(1,259,000)	2,200,000	(1,631,956)
Interest Income		(269,453)	(777,097)	(269,453)	(777,097)
Provision for Defined Benefit Plans	22	855,740	888,629	1,012,904	672,456
Operating Profit/(Loss) before Working Capital Changes		(4,550,988)	(11,735,712)	(5,854,124)	(13,507,562)
(Increase)/ Decrease in Inventories		30,477	252,000	-	-
(Increase)/ Decrease in Trade and Other Receivables		1,006,835	(21,083,980)	(622,053,967)	(398,034,000)
Increase/ (Decrease) in Tenant Deposits		95,060,588	36,114,000	(5,333,883)	36,885,126
Increase/ (Decrease) in Trade and Other Payables		14,418,073	24,116,000	(3,631,158)	7,666,000
Cash Generated from Operations		105,964,985	27,662,308	(636,873,132)	(366,990,436)
Finance Cost Paid		(35,941,125)	(35,408,000)	(35,931,955)	(35,867,228)
Defined Benefit Plan Costs Paid		(267,420)	-	-	-
Income Tax Paid		(2,976,954)	-	-	-
Net Cash From/(Used in) Operating Activities		66,779,486	(7,745,692)	(672,805,087)	(402,857,664)

Consolidated Cash Flow Statements

Year ended 31 December		Group		Company	
		2014	2013	2014	2013
	Note	Rs.	Rs.	Rs.	Rs.
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant & Equipment	3	(724,412,998)	(388,255,000)	(13,102,152)	(2,698,000)
Proceeds from Sale of Property, Plant & Equipment	3	186,980	323,000	186,998	271,000
Subsequent expenditure on Investment Property	4	(20,333,469)	(113,168,000)	(18,551,401)	(107,935,000)
Proceeds from Sale of Investment Property		-	14,000,000	-	-
Acquisition of Investments	10	(5,417,849)	(9,903,486)	(5,417,849)	(9,903,486)
Proceeds from disposal of Other investments		5,490,019	29,612,000	5,490,019	29,612,000
Interest Received		1,596	2,225	1,596	2,225
Dividend Received		-	58,000	4,668,043	5,742,796
Net Cash Flows from/(Used in) Investing Activities		(744,485,721)	(467,331,261)	(26,724,746)	(84,908,465)
Cash Flows from (Used in) Financing Activities					
Proceeds From Redemption of Preference Shares	9	-		20,737,515	14,900,000
Proceeds From Interest Bearing Loans & Borrowings	14	703,486,006	467,577,000	703,486,006	467,577,000
Repayment of Interest Bearing Loans & Borrowings	14	(154,386,663)	(44,004,000)	(154,386,663)	(44,004,000)
Principal Payment under Finance Lease Liabilities	14	(942,364)	-	(942,364)	-
Net Cash Flows from/(Used in) Financing Activities		548,156,979	423,573,000	568,894,494	438,473,000
Net Increase/(Decrease) in Cash and Cash Equivalents		(129,549,256)	(51,503,467)	(130,635,339)	(49,293,129)
Cash and Cash Equivalents at the beginning of the Year	11	(24,412,467)	27,091,000	(26,145,129)	23,148,000
Cash and Cash Equivalents at the end of the Year	11	(153,961,723)	(24,412,467)	(156,780,468)	(26,145,129)

The accounting policies and notes on pages 27 through 79 form an integral part of the Financial Statements.

Notes to the Consolidated Financial Statement

1. CORPORATE INFORMATION

1.1 General

Colombo Land and Development Company PLC ("Company") is a public limited liability Company listed on Colombo Stock Exchange and incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the Company is located at No. 250 - 3/8, (3rd Floor) Liberty Plaza, R. A. De Mel Mawatha, Colombo 3.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were the development and leasing out of investment property under operating leases and renting of vehicle parking. The principal activities of the Subsidiaries, Joint Ventures and Associates are disclosed in Note 31 to the financial statements.

1.3 Consolidated Financial Statements

The Consolidated financial statements of the Company for the year ended 31 December 2014 comprise the Company and its Subsidiaries whose accounts have been consolidated there in (the 'Group').

1.4 Parent Entity and Ultimate Parent Entity

Colombo Land and Development Company PLC does not have an identifiable parent of its own.

1.5 Date of Authorization for Issue

The Consolidated Financial Statements of Colombo Land and Development Company PLC for the year ended 31 December 2014 were authorized for issue in accordance with a resolution of the board of directors on 29th May 2015.

2.1 BASIS OF PREPARATION

The Financial Statements have been prepared on a historical cost basis, except for investment properties, land and buildings that have been measured at fair value. The Financial Statements are presented in Sri Lankan Rupees. The preparation and presentation of these Financial Statements is in compliance with the Companies Act. No. 07 of 2007.

2.1.1 Statement of compliance

The Financial Statements of Colombo Land and Development Company PLC have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 7 of 2007.

2.1.2 Comparative Information

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2.1.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014. Control is achieved when the Group 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. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee

- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value, portion of profit or loss and net assets that is not held by the Group and are presented separately in the Consolidated Income Statement/ Statement of Comprehensive Income and within equity in the Consolidated Statement of Financial Position separately from parent shareholders' equity.

2.2 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 27
- Financial risk management and policies Note 27
- Sensitivity analyses disclosures Notes 16 and 27.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which has the most significant effect on the amounts recognized in the Financial Statements.

Deferred Tax Assets:

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Owner Occupied Properties and Investment Property:

In determining if a property qualifies as Investment Property the Company makes a judgment whether the property generates independent cash flows rather than cash flows that are attributable not only to the property but also other assets. Judgment is also applied in determining if ancillary services are significant, so that a property does not qualify as investment property.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements

Fair value of Property, Plant and Equipment and Investment Property:

The Group carries its investment properties at fair value, with changes in fair value being recognised in the income statement. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2014 for investment properties and land and buildings. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used, as there is a lack of comparable market data because of the nature of the properties. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in OCI. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 27 and 29.

Fair Value of Unquoted Equity Investments :

The unquoted equity instruments have been valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. This valuation requires the Company to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty.

Defined benefit plans (pension benefits):

The cost of the defined benefit pension plan and the present value of the pension obligation are determined by the management. The 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 and future pension increases. Due to the complexities involved in the valuation 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.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

2.3 Summary of Significant Accounting Policies

2.3.1 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of LKAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

2.3.2 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate 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. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, 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 are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate 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.

The financial statements of the associate 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.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of loss of an associate in the statement of profit or loss'.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.3.3 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Expected to be realised within twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3.4 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Notes 3, 4, 2.2 and 27
- Contingent consideration Note 30
- Quantitative disclosures of fair value measurement hierarchy Note 27 and Note 29
- Investment in unquoted equity shares Note 5 and Note 6
- Property, plant and equipment under revaluation model Note 3
- Investment properties Note 4

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Board of Directors determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of properties. Involvement of external valuers is decided upon annually by the Board of Directors after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Board of Directors decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Board of Directors analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Board of Directors verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Board of Directors, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3.5 Foreign currencies

The Group's Consolidated financial statements are presented in Sri Lanka Rupees, which is also the parent Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.6 Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

Liberty Developers (Private) Limited qualifies for a tax exemption period of 6 years under Sec 17 (A) of the Inland Revenue Act No. 10 of 2006 as amended by Inland Revenue (Amendment) Act No. 10 of 2012 subject to the condition that Rs. 300 Million investment is made in the project with in the project implementation period. For the above purpose, the years of Assessment shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than 2 years reckoned from the date of commencement of commercial operations whichever is earlier as determined by the commissioner of Inland Revenue.

Deferred tax

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

i. where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

ii. In respect of taxable temporary differences associated with investments in subsidiaries except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except;

i. where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

ii. In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax relating to items 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 tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.3.7 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 respective assets. 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.

2.3.8 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Finished goods: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.3.9 Financial Instruments- Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) 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 and Available-For-Sale financial assets, as appropriate and determine the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs of assets in the case of investments not at fair value through profit or loss. The financial assets include cash and short-term deposits, trade and other receivables, other financial assets.

Subsequent Measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by LKAS 39. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

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 Effective Interest Rate method (EIR), 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 finance income in the income statement. The losses arising from impairment are recognised in the income statement.

Held to Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as Held To-Maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement, Held-To-Maturity investments are measured at amortised cost using the effective interest 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 finance income in the income statement. The losses arising from impairment are recognised as finance cost in the income statement.

AFS financial assets

AFS financial investments include equity and debt securities. Equity investments classified as AFS are those, which are neither classified as held for trading nor designated at Fair Value Through Profit or Loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS 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 AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS 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, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS 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 the statement of profit or loss.Financial Assets at Fair Value Through Profit or Loss

De-recognition

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

i) The rights to receive cash flows from the asset have expired or,

ii) 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, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the company's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred assets 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 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 reorganization and where 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, recognized 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 effective interest rate.

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.

AFS Financial Investments

For AFS financial assets, 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 AFS, 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. Where 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 recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairments are recognised directly in other comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, 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 recognized in the income statement, the impairment loss is reversed through the income statement.

ii) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows;

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at Fair Value Through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as 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. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement. The Group has not designated any financial liabilities upon initial recognition as at Fair Value Through Profit or Loss.

Loans and Borrowings

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

This category generally applies to interest-bearing loans and borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

iv) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. (bid price for long position and ask price for short 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 another 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 of measurement is provided in note 29.

2.3.10 Impairment of Non - Financial Assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 2.2
- Property, plant and equipment Note 3

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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset 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.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the income statement in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where 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 as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.11 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.12 Property, Plant and Equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Property, plant and equipment transferred from customers is initially measured at fair value at the date on which control is obtained.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. Valuations are performed every 3 years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on straight line basis over the estimated useful lives of all Property, Plant and Equipment.

The principal annual rates of depreciation used by the Group are as follows;

Freehold Buildings	- 2%
Plant and Machinery agricultural	- 25%
Furniture and Fittings	- 12.5%
Office Equipment	- 25% - 12.5%
Motor Vehicles	25%
Fixtures, fittings and flooring for rented units	- 25%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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

2.3.13 Leases

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

Group/Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. 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 the statement of 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.

2.3.14 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their 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.

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.

2.3.15 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the

Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

2.3.16 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

The Group estimates the present value of the promised retirement benefits of gratuity which is a defined benefit plan using the projected benefit valuation method. Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in the Other Comprehensive income statement.

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of

5 years of continued service.

The gratuity liability is not externally funded.

b) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.17 Operating segment and segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors collectively, who make strategic decisions.

The reportable segments derive their revenue primarily from the rental income which consists of "commercial unit income" and "car park income" and from 3D designing income. Although the 3D designing segment is a separate operating segment, it does not generate a material income to meet the quantitative thresholds required by SLFRS 8.

2.3.18 Biological assets - immature plantations

The cost of land preparation, rehabilitation, new planting, re-planting, crop diversification, inter - planting and fertilising, etc. incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are carried at cost less accumulated impairment losses as their fair value cannot be readily determined without undue cost or effort. No depreciation is provided to immature plantation.

The cost of areas coming into bearing are transferred to mature plantation and depreciated over the period of useful life.

2.3.19 Revenue Recognition

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, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific criteria are used for the purpose of recognition of revenue.

a) **Rental income**

Rental income includes rental income from properties leased out to tenants under operating leases and income from providing car parking facilities. Rental income from operating leases is recognised on a straight-line basis over the lease term while car park income is recognised on an earned basis.

b) **Interest Income**

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

c) **Revenue in plantation industry**

Revenue and profit or loss on sale of timber is recognised in the financial period of harvesting. Revenue is recorded at invoiced value net of brokerage, selling expenses and other levies related to turnover.

d) **3D designing income**

3D design income recognised when the 3D services provided to its customers.

e) **Dividends**

Revenue is recognized when the Group's/ Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

f) **Others**

Other income is recognized on an accrual basis.

2.4 Future Changes in Accounting Policies

Standards Issued but not yet Effective: The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial Statements. Those SLFRS will have an effect on the Accounting policies currently adopted by the Company and may have an impact on the future financial statements.

(i) SLFRS 9 -Financial Instruments: Classification and Measurement

In December2014, the CA Sri Lanka issued the final version of SLFRS 9 Financial Instuments which reflects all phases of the financial instuments project and replaces LKRS 39 Financial Instuments, Recognition and Measurement. The standard introduces new requirements for classification and measurement impairment, and hedge accounting . SLFRS 9 is effective for annual periods beginning on or after 01 January 2018, with early application permitted. Retrospective application is required. but comparative information is not compulsory. The adoption of SLFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

(ii) 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 and IFRIC 13 Customer Loyalty Programmes. This standard is effective for the annual periods beginning on or after 01 January 2017. In addition to the above, SLFRS 14 -Regulatory Deferral Accounts will also be effective for the annual periods commencing on or after 01 January 2016. The Group will adopt these standards when they become effective. Pending the completion of detailed review, the financial impact is not reasonably estimable as at the date of publication of these Financial Statements.

Notes to the Consolidated Financial Statement

3. PROPERTY, PLANT & EQUIPMENT

3.1 Group

	At Cost	Balance As at 01.01.2014	Additions	Increase/ (Decrease) in Revaluation	Disposals	Balance As at 31.12.2014
		Rs.	Rs.	Rs.	Rs.	Rs.
3.1.1	**Gross Carrying Amounts - Group**					
	Land	40,800,000	-	2,606,375	-	43,406,375
	Buildings	32,875,000	4,701	4,016,484	-	36,896,185
	Plant & Machinery	65,000	16,250	-	-	81,250
	Furniture and Fittings	9,267,000	298,074	-	(917,853)	8,647,221
	Motor Vehicles	290,000	-	-	-	290,000
	Office Equipment	9,434,000	10,035,844	-	(818,500)	18,651,344
	Tools and Utensils	74,000	29,930	-	-	103,930
	Permanent land & development cost	2,355,000	-	-	-	2,355,000
	Immature Plantation	9,015,000	310,339	-	-	9,325,339
	Total Value of Depreciable Assets	104,175,000	10,695,138	6,622,859	(1,736,353)	119,756,644
3.1.2	**Assets on Finance Lease**					
	Motor Vehicles	-	20,000,000	-	-	20,000,000
3.1.3	**In the Course of Construction**					
	Capital Work in Progress	393,101,000	713,717,860	-	-	1,106,818,860
	Total Gross Carrying Amount	497,276,000	744,412,998	6,622,859	(1,736,353)	1,246,575,504

	At Cost	Balance As at 01.01.2014	Charge	Increase/ (Decrease) in Revaluation	Disposals	Balance As at 31.12.2014
		Rs.	Rs.	Rs.	Rs.	Rs.
3.1.4	**Depreciation and Impairment**					
	Buildings	7,043,000	510,439	(215,136)	-	7,338,303
	Plant & Machinery	60,000	3,299	-	-	63,299
	Furniture and Fittings	5,635,000	1,102,753	-	(917,853)	5,819,900
	Motor Vehicles	237,000	41,400	-	-	278,400
	Office Equipment	5,462,000	2,050,444	-	(429,656)	7,082,788
		18,437,000	3,708,335	(215,136)	(1,347,509)	20,582,690

	At Cost	2014	2013
		Rs.	Rs.
3.1.5	**Net Book Values**		
	Land	43,406,375	40,800,000
	Buildings	29,557,882	25,832,000
	Plant & Machinery	17,951	5,000
	Furniture and Fittings	2,827,321	3,632,000
	Motor Vehicles	11,600	53,000
	Office Equipment	11,568,556	3,972,000
	Tools and Utensils	103,930	74,000
	Permanent land & development cost	2,355,000	2,355,000
	Immature Plantation	9,325,339	9,015,000
		99,173,954	85,738,000
	Assets on Finance Lease		
	Motor Vehicles	20,000,000	-
	In the Course of Construction		
	Capital Work in Progress	1,106,818,860	393,101,000
	Total Carrying Amount of Property, Plant & Equipment	1,225,992,814	478,839,000

Notes to the Consolidated Financial Statement

3.2 Company

	At Cost	Balance As at 01.01.2014 Rs.	Additions Rs.	Disposals Rs.	Balance As at 31.12.2014 Rs.
3.2.1	**Gross Carrying Amounts**				
	Furniture and Fittings	3,000,000	296,400	-	3,296,400
	Motor Vehicles	166,000	-	-	166,000
	Office Equipment	7,709,000	9,809,838	(818,500)	16,700,338
	Total Value of Depreciable Assets	10,875,000	10,106,238	(818,500)	20,162,738
3.2.2	**Assets on Finance Lease**				
	Motor Vehicles	-	20,000,000	-	20,000,000
3.2.3	**In the Course of Construction**				
	Capital Work in Progress	-	2,995,914	-	2,995,914
	Total Gross Carrying Amount	10,875,000	33,102,152	(818,500)	43,158,652
3.2.4	**Depreciation and Impairment**				
	Furniture and Fittings	1,058,000	393,428	-	1,451,428
	Motor Vehicles	113,000	41,400	-	154,400
	Office Equipment	4,347,000	1,723,098	(429,656)	5,640,442
		5,518,000	2,157,926	(429,656)	7,246,270

		2014 Rs.	2013 Rs.
3.2.5	**Net Book Values**		
	At Cost or Valuation		
	Furniture and Fittings	1,844,972	1,942,000
	Motor Vehicles	11,600	53,000
	Office Equipment	11,059,896	3,362,000
		12,916,468	5,357,000
	Assets on Finance Lease		
	Motor Vehicles	20,000,000	-
	In the Course of Construction		
	Capital Work in Progress	2,995,914	-
	Total Carrying Amount of Property, Plant & Equipment	35,912,382	5,357,000

3.3 The fair value of land and buildings was determined by means of a revaluation during the financial year 2014 by Messrs. Ariyathilake & Company, an independent valuer in reference to depreciated replacement cost basis. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 10 January 2015. The surplus arising from the revaluation net of deferred taxes, was transferred to a revaluation reserve.

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	Cost	Cumulative Depreciation If assets were carried at cost	Net Carrying Amount 2014	Net Carrying Amount 2013
	Rs.	Rs.	Rs.	Rs.
Land and Buildings	43,041,000	(7,458,000)	35,583,000	36,444,000

3.4 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs. 744,412,998/- (2013 - Rs. 388,255,000/-) of which Rs. 20,000,000/- (2013 - Rs. Nil) was acquired by means of finance leases. Cash payments amounting to Rs. 724,412,998/- (2013 - Rs. 388,255,000/-) were made during the year for purchase of Property, Plant & Equipment.

3.5 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 6,412,089/- (2013 - Rs. 5,630,609/-)

4. INVESTMENT PROPERTY

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
As at 1 January	4,032,780,024	3,765,717,000	3,175,791,000	2,899,356,000
Additions				
- Direct acquisitions of investment property	-	-	-	-
- Subsequent expenditure on investment property	20,333,469	113,168,000	18,551,401	107,935,000
Capitalised borrowing costs	-	14,876,024	-	14,875,000
Disposals	-	(14,606,000)	-	-
Net gain / (loss) from fair value adjustment	269,500,365	153,625,000	215,416,906	153,625,000
As at 31 December	4,322,613,858	4,032,780,024	3,409,759,307	3,175,791,000

4.1 Investment property consists of leasehold land and unsold commercial units given on rental in buildings constructed on leasehold land at Pettah and Kolpetty obtained from the Urban Development Authority on 99 year leases commencing from 1981. The Company also acquired investment property consisting of land with an extent of 36.88 perches, and building, on R. A. De Mel Mawatha.

Notes to the Consolidated Financial Statement

4.2 Details of Investment Properties - Group/Company

Property	Extent	Value	Valuation Date	Method
Liberty Plaza	2A - 2R - 18.40P	Rs. 1.2 Bn	10.01.2015	Income
Librety Arcade	0A - 0R - 36.88P	Rs. 529 Mn	10.01.2015	Income
GAS Land	2A-3R-11P	Rs. 2.4 Bn	10.01.2015	Market Value
Peoples Park	47,000 Sq. Ft	Rs. 92.3 Mn	10.01.2015	Income

4.3 The significant assumptions used by the valuer are as follows :

Growth in future rentals:	8.2% p.a.
Anticipated maintenance cost:	62.5% of rentals
Yield/Discount rate :	6.0% p.a.

4.4 Fair value of the investment property is ascertained by annual independent valuations carried out by Messrs. Ariyathilake & Company. In determining the fair value the capitalisation of net income method have been used, which is based upon assumptions including future rental income, anticipated maintenance costs, appropriate discount rate and make reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are approximated within appropriate range of values.

4.5 The Company also has a legal right to receive the balance land 9A-2R-2P which the Company has no physical possession. The fair value of such land has not been accounted as land held for development under investment property due to the Company's inability to have physical possession of the land for development. The Company intends to recognise the fair value of any part of the land for which alternative land will be provided for development by the Urban Development Authority, as investment property.

4.6 Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

4.7 The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

4.8 Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

5. INVESTMENTS IN SUBSIDIARIES

Company - Nonquoted	Holding % 2014	Holding % 2013	At Cost 2014 Rs.	At Cost 2013 RS.
Liberty Holdings Limited	100%	100%	199,999,980	199,999,980
Liberty Developers (Private) Limited	100%	100%	40	40
Total Investments in Subsidiaries			200,000,020	200,000,020

6. INVESTMENTS IN ASSOCIATES

Company - Nonquoted	Holding % 2014	Holding % 2013	At Cost 2014 Rs.	At Cost 2013 Rs.
Agrispice (Private) Limited	49%	49%	3,199,110	3,199,110
Total Investments in Associates			3,199,110	3,199,110

7. TRADE AND OTHER RECEIVABLES

7.1 Summary

	Group		Company	
	2014 Rs.	2013 Rs.	2013 Rs.	2013 Rs.
Trade Debtors	34,629,243	21,401,000	17,133,746	13,197,453
Less: Allowances for Doubtful Debts (7.2)	(3,579,956)	(870,000)	(2,903,989)	(118,113)
	31,049,287	20,531,000	14,229,757	13,079,340
Other Debtors - Related Parties (7.3)	745,256	227,000	1,070,516,687	437,009,786
Prepayments	4,048,481	8,645,000	2,546,677	7,460,674
Staff Loans (7.4)	5,668,428	5,340,000	5,630,181	5,304,380
Other Receivables	10,596,853	20,292,000	10,345,225	20,292,497
	52,108,305	55,035,000	1,103,268,527	483,146,677
Non-current Portion	-	14,000	-	-
Current Portion	52,108,305	55,021,000	1,103,268,527	483,146,677
Total Trade and Other Receivables	52,108,305	55,035,000	1,103,268,527	483,146,677

7.2 Allowance for Doubtful Debts

	Group		Company	
	2014	2013	2013	2013
	Rs.	Rs.	Rs.	Rs.
As at 1 January	869,649	44,722,000	118,113	32,869,000
Written off of Trade and Other Receivables	-	(42,593,000)	-	(31,118,887)
(Reversal of provision)/ provision for Impairment	2,710,307	(1,259,000)	2,785,876	(1,632,000)
As at 31 December	3,579,956	870,000	2,903,989	118,113

7.3 Other Debtors - Related Parties

		Group		Company	
	Relationship	2014	2013	2014	2013
		Rs.	Rs.	Rs.	Rs.
Liberty Holdings Limited	Subsidiary	-	-	13,076,693	1,624,131
Agrispice (Private) Limited	Associate	-	-	43,129,121	41,644,776
Anantaya Global Solutions (Private) Limited	Affiliate	224,650	-	3,766,722	2,085,750
Liberty Plaza Management Corporation	Affiliate	520,606	227,000	189,270	26,871
Liberty Developers (Private) Limited	Affiliate	-	-	1,010,354,881	391,628,258
		745,256	227,000	1,070,516,687	437,009,786

7.4 Staff loans are due at the date of statement of financial position represent loans given to staff on fixed repayment terms and are unsecured. These loans are given at a concessionary rate of 5% (2013 - 5%). Fair value of loans given to staff equals their carrying amount, as the impact of discounting is not significant.

7. TRADE AND OTHER RECEIVABLES (CONTD..)

7.5 Group

As at 31 December, the Age Analysis of Trade Receivables is as follows,	Total	Past due but not impaired Current	31-60 days	61-90 days	> 90 days
	Rs.	Rs.	Rs.	Rs.	Rs.
2014	31,049,287	2,780,796	2,861,033	2,909,611	22,497,847
2013	20,531,000	2,735,944	6,437,147	1,448,510	9,909,399

Company

As at 31 December, the Age Analysis of Trade Receivables is as follows,	Total	Past due but not impaired Current	31-60 days	61-90 days	> 90 days
	Rs.	Rs.	Rs.	Rs.	Rs.
2014	14,229,757	1,220,068	827,888	222,600	11,959,201
2013	13,079,340	1,599,154	2,554,277	1,448,510	7,477,399

8. INVENTORIES - Group

	2014	2013
	Rs.	Rs.
Goods in Transit	159,523	190,000
	159,523	190,000

9. INVESTMENT IN PREFERENCE SHARES - LOANS AND RECEIVABLES

Company

	2014	2013
	Rs.	Rs.
As at 1 January	112,670,000	127,570,000
Redeemed Preference Shares	(20,737,515)	(14,900,000)
As at 31 December	91,932,485	112,670,000

Notes to the Consolidated Financial Statement

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Quoted - Group/Company	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
As at 1 January	2,294,542	22,807,533	2,294,542	22,807,533
Additions	5,417,849	9,903,486	5,417,849	9,903,486
Disposals	(5,914,795)	(33,030,763)	(5,914,795)	(33,030,763)
Fair Value Gains/(Loss)	277,436	2,614,286	277,436	2,614,286
As at 31 December	2,075,032	2,294,542	2,075,032	2,294,542

	No. of Shares 2014	No. of Shares 2013	2014 Rs. Rs.	2013 Rs. Rs.
10.1 Quoted Shares				
Agstar Fertilizer PLC	-	100,297	-	471,396
East West Properties PLC	-	151,853	-	1,746,310
Equity One PLC	414	414	13,532	10,836
Hikkaduwa Beach Resort PLC	3,000	3,000	50,400	66,000
Tess Agro PLC	1,547,000	-	2,011,100	-
			2,075,032	2,294,542

11. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

Components of Cash and Cash Equivalents

	Group 2014 Rs.	Group 2013 Rs.	Company 2014 Rs.	Company 2013 Rs.
11.1 Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	10,581,543	2,542,000	7,749,322	809,338
Fixed and Call Deposits	1,390,813	1,381,725	1,404,289	1,381,725
	11,972,356	3,923,725	9,153,611	2,191,063
11.2 Unfavourable Cash and Cash Equivalents Balance				
Overdraft	(165,934,078)	(28,336,192)	(165,934,078)	(28,336,192)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	(153,961,722)	(24,412,467)	(156,780,468)	(26,145,129)

12. STATED CAPITAL

Group/Company	2014		2013	
	Number	Rs.	Number	Rs.
Fully Paid Ordinary Shares	199,881,000	341,602,342	199,881,000	341,602,342

13. REVALUATION RESERVE

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
As at 1 January	42,764,000	43,018,000	-	-
Surplus on Revaluation of Property, Plant & Equipment	4,122,460	-	-	-
Deferred Tax on Revaluation Gain	(1,154,289)	-	-	-
Realised Surplus on usage transferred to Accumulated Profit	2,363,959	(352,000)	-	-
Deferred Tax effect of depreciation transfer	98,441	98,000	-	-
As at 31 December	48,194,571	42,764,000	-	-

Revaluation reserve of Group includes revaluation of land and buildings owned by the subsidiaries, Agrispice (Private) Limited and Liberty Holdings Limited valued on 10 January 2015 by an independent professional valuer.

14. INTEREST BEARING LOANS & BORROWINGS

14.1 Group/Company

	2014 Amount Repayable Within 1 Year	2014 Amount Repayable After 1 Year	2014 Total	2013 Amount Repayable Within 1 Year	2013 Amount Repayable After 1 Year	2013 Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank Loans (14.2)	395,014,000	647,653,923	1,042,667,923	82,338,115	458,771,803	541,109,918
Term Loans (14.3)	138,000,000	-	138,000,000	90,458,663	-	90,458,663
Bank Overdrafts (11.2)	165,934,078	-	165,934,078	28,336,192	-	28,336,192
Finance Lease (14.4)	4,337,858	14,719,778	19,057,636	-	-	-
	703,285,936	662,373,701	1,365,659,637	201,132,970	458,771,803	659,904,773

14. INTEREST BEARING LOANS & BORROWINGS (CONTD...)

14.2 Bank Loans

	Balance As At 01.01.2014	Loan Obtained	Accrued Interest	Over Provision of Interest	Repayment	Balance As At 31.12.2014	Current	Non-current
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sampath Bank - Term Loan 1	338,931,277	110,513,039	5,928,264	-	-	455,372,580	112,500,000	342,872,580
- Term Loan 11	14,645,525	135,354,475	-	-	-	150,000,000	112,500,000	37,500,000
Commercial Bank - Term Loan 1	187,533,115	-	1,454,795	(7,537,115)	(46,676,000)	134,774,795	40,008,000	94,766,795
Commercial Bank - Term Loan 11	-	200,000,000	-	-	-	200,000,000	30,006,000	169,994,000
Bank of Ceylon - Term Loan	-	100,000,000	2,520,548	-	-	102,520,548	100,000,000	2,520,548
	541,109,917	545,867,514	9,903,607	(7,537,115)	(46,676,000)	1,042,667,923	395,014,000	647,653,923

14.3 Short Term Loans

	Balance As At 01.01.2014	Loan Obtained	Accrued Interest	Repayment	Balance As At 31.12.2014
	Rs.	Rs.	Rs.	Rs.	Rs.
Sampath Bank	-	100,000,000	-	-	100,000,000
Colombo Land Management Corporation	6,458,663	-	252,000	(6,710,663)	-
MBSL	38,000,000	-	-	-	38,000,000
Commercial Bank	26,000,000	40,000,000	-	(66,000,000)	-
George Steaurt	20,000,000	15,000,000	-	(35,000,000)	-
	90,458,663	155,000,000	252,000	(107,710,663)	138,000,000

14.4 Finance Leases

					Current	Non Current
	As at	New Leases	Repayments	As at	As at	As at
	01.01.2014	Obtained		31.12.2014	31.12.2014	31.12.2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank of Ceylon	-	24,146,880	(1,104,031)	23,042,849	6,048,377	16,994,472
Gross Liability	-	24,146,880	(1,104,031)	23,042,849	6,048,377	16,994,472
Finance Charges allocated to Future Periods	-	(4,146,880)	161,667	(3,985,213)	(1,710,519)	(2,274,694)
Net Liability	-	20,000,000	(942,364)	19,057,636	4,337,858	14,719,778

INTEREST BEARING LOANS & BORROWINGS (Contd...)
Details of Long Term Loans

Bank	Purpose	Facility Amount	Interest	Grace Period	Repayment Terms	Security
Commercial Bank	**Facility 1** Part Finance purchase cost of land and 4 storied building at Kollupitiya	Rs. 200 Mn			45 Instalment of Rs. 3,334,000 & Final instalment of Rs. 3,294,000	- Floating Primary Registered Mortgage Bond for Rs. 200 Mn on land in Kollupitiya - Floating Secondary Registered Mortgage Bond for Rs. 50 Mn on above - Floating Tertiary Mortgage Bond for Rs. 103,324,000/- on above land - CG for Rs. 200 Mn from LHL - CG for Rs. 200 Mn from LDL
	Facility 2 Part finance refurbishment of LP building and abosorb short term loan of Rs. 40 Mn.	Rs. 200 Mn	PLR + 2.5% PLR as at 01.08.2014 - 7.60% p.a.	6 Months	59 Instalment of Rs. 3,334,000 & Final instalment of Rs. 3,294,000	

Bank	Purpose	Facility Amount	Interest	Grace Period	Repayment Terms	Security
Sampath Bank	Facility 1 - Short-term Bridging loan Part Finance the remaining work of LA and additional funding for LP revamping project	Rs. 100 Mn	AWPLR + 2.5% or minimum of 12% p.a.	1 month from the date of first draw down	Bullet repayment upon infusion of capital from proposed private placement which is to be taken place on or before 30.09.2014	- Existing Primary Mortgage Bond for Rs. 600 Mn on 13 units of LP owned by CLDC - Existing Primary Mortgage Bond for Rs. 600 Mn on 99 units of LP owned by LHL - Secondary Mortgage Bond for Rs. 100 Mn on 99 units of LP owned by LHL - Tripartite Agreement - CG of LHL for Rs. 100 Mn.
	Facility 2 - Medium Term Loan (Existing) To part finance LP revamping project	Rs. 450 Mn		9 months from the date of first draw down (30.06.2014)	16 equal quarterly installments of Rs. 28.125 Mn commencing after grace period of 16 months (i.e. January 2015)	Security for Facilities 2 and 3 - CG for Rs. 600 Mn from LHL - CG for Rs. 600 Mn from LDL
	Facility 3 - Medium Term Loan (Existing) Retire documentary credit drawn from facility 4 to import material required for the LP project	Rs. 150 Mn		9 months from the date of first draw down (30.06.2014)	16 equal quarterly installments of Rs. 9.375 Mn commencing after grace period of 14 months (i.e. January 2015)	

Bank	Purpose	Facility Amount	Interest	Grace Period	Repayment Terms	Security
Bank of Ceylon	Facility 1 - Term Loan Complete Construction of LP revamping project	Rs. 190 Mn	AWPLR + 3.5% or minimum of 12% p.a.	-	12 Months Rs. 15,833,335/- + Interest	CG of LHL of Rs. 290 Mn.
	Facility 2 - Term Loan Settle urgent payments under LP revamping project	Rs. 100 Mn		-	12 Months Rs. 8,333,335/- + Interest	
Management Corporation	Short-term Loan	Rs. 6 Mn	16.80%		1 month	-
MBSL	Short-term loan Part Finance construction cost of LA	Rs. 38 Mn	16.50%		12 Months	- Primary mortgage over property called Orukanda Estate - CG of CLDC - CG of Agrispice (Pvt) Ltd

15. DEFERRED TAX LIABILITIES

15.1 Gross Movement on the Deferred Tax Liabilities is as follows:

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
As at January	1,043,509,724	990,714,401	855,396,204	803,771,638
Deferred Tax impact on depreciation of Revalued Assets	1,055,848	(98,441)	-	-
Income Statement charge	68,175,040	53,326,923	52,653,706	52,056,555
Deferred Tax impact on acturarial losses on retirement benefit obligations	(546,545)	(433,159)	(510,133)	(431,989)
As at December	1,112,194,067	1,043,509,724	907,539,777	855,396,204

15.2 Deferred Tax Assets, Liabilities and Income Tax relates to the followings - Group

Deferred Tax Liabilities	Revaluation of Land and Building	Capital Allowances for Tax purposes	Revaluation of Investment Property	Total
	Rs.	Rs.	Rs.	Rs.
As of 31 December 2012	3,150,120	2,915,295	1,046,590,240	1,052,655,655
Charged to income statement	-	1,678,073	49,683,202	51,361,275
Deferred tax on depreciation transfer	(98,441)	-	-	(98,441)
As of 31 December 2013	3,051,679	4,593,368	1,096,273,442	1,103,918,489
Charged to income statement	-	2,014,908	66,835,288	68,850,196
Deferred tax on depreciation transfer	(98,441)	-	-	(98,441)
Deferred tax on revaluation gain	1,154,289	-	-	1,154,289
As of 31 December 2014	4,107,527	6,608,276	1,163,108,730	1,173,824,533

Deferred tax assets	Tax losses	Defined Benefit Obligation	Total
	Rs.	Rs.	Rs.
As of 31 December 2012	(61,269,479)	(671,775)	(61,941,254)
Credited/ (Debited) to income statement	2,186,034	(220,386)	1,965,648
Charged to Other Comprehensive Income	-	(433,159)	(433,159)
As of 31 December 2013	(59,083,445)	(1,325,320)	(60,408,765)
Credited/ (Debited) to income statement	(454,035)	(221,121)	(675,156)
Charged to Other Comprehensive Income	-	(546,545)	(546,545)
As of 31 December 2014	(59,537,480)	(2,092,986)	(61,630,466)

15.3 Deferred Tax Assets, Liabilities and Income Tax relates to the followings - Company

Deferred Tax Liabilities	Capital Allowances for Tax purposes	Revaluation of Investment Property	Total
	Rs.	Rs.	Rs.
As of 31 December 2012	290,227	804,055,011	804,345,238
Charged to income statement	(16,544)	52,261,505	52,244,961
As of 31 December 2013	273,683	856,316,516	856,590,199
Charged to income statement	1,744,375	51,192,940	52,937,315
As of 31 December 2014	2,018,058	907,509,456	909,527,514

Deferred tax assets	Defined Benefit Obligation	Total
	Rs.	Rs.
As of 31 December 2012	(573,600)	(573,600)
Credited/ (Debited) to income statement	(188,406)	(188,406)
Charged to Other Comprehensive Income	(431,989)	(431,989)
As of 31 December 2013	(1,193,996)	(1,193,996)
Credited/ (Debited) to income statement	(283,609)	(283,609)
Charged to Other Comprehensive Income	(510,133)	(510,133)
As of 31 December 2014	(1,987,738)	(1,987,738)

16. RETIREMENT BENEFIT LIABILITY

Retirement Benefits Obligation-Gratuity	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
As at 1 January	4,934,000	2,441,000	4,264,270	2,048,995
Current service cost	485,639	604,000	664,525	434,831
Interest cost	370,101	285,000	348,379	237,625
Actuarial losses	1,951,947	1,604,000	1,821,905	1,542,818
Payments made during the Year	(267,420)	-	-	-
As at 31 December	7,474,267	4,934,000	7,099,079	4,264,269

16.1 Post Employee Benefit Expense for

Current service cost	485,639.00	604,000.00	664,525.00	434,831.00
Interest cost	370,101.00	285,000.00	348,379.00	237,625.00
Post Employment Benefit Expense	855,740.00	889,000.00	1,012,904.00	672,456.00

16.2 An actuarial valuation was carried out by the Company using the projected unit credit method at 31 December 2014 as per recommendations made in the LKAS 19; Employee Benefits.

	2014	2013
Discount rate assumed (%)	8%	12%
Further salary increase (%)	15%	10%
Staff turnover factor (%)	16%	18%

16.3 Sensitivity of Assumptions Used in the Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions used with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Income Statement and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

	Group		Company	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate assumed	239,824	(231,919)	257,899	(251,091)
Further salary increase	(246,371)	259,961	(265,661)	278,477
Staff turnover factor	91,822	(89,008)	90,467	(90,467)

Notes to the Consolidated Financial Statement

17. TRADE AND OTHER PAYABLES

Summary	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Other Payables - Related Parties (17.1)	39,687,160	21,234,000	-	-
- Others	1,830,132	526,000	897,846	930,047
Sundry Creditors Including Accrued Expenses	6,171,781	11,511,000	5,753,283	9,352,240
	47,689,073	33,271,000	6,651,129	10,282,287

17.1 Other Payables - Related Parties

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Liberty Plaza Management Corporation	39,687,160	21,234,000	-	-
	39,687,160	21,234,000	-	-

18. TENANT DEPOSITS

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
As at 1 January	73,008,000	36,894,000	35,632,123	4,207,369
Deposits Received	100,394,471	46,354,000	5,571,418	31,424,754
Repayments	(5,333,883)	(10,240,000)	(10,905,301)	-
As at 31 December	168,068,588	73,008,000	30,298,240	35,632,123

19. REVENUE

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Rental Income from Investment Property	148,302,415	123,730,000	79,534,521	65,758,688
Rendering of Services	1,378,500	1,740,000	-	-
	149,680,915	125,470,000	79,534,521	65,758,688

20. OTHER INCOME AND GAINS

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Dividend Income	-	-	4,668,043	5,742,796
Advertising Income	-	2,057,000	-	1,100,000
Interest of Staff Loans	230,235	-	230,235	230,442
Sundry Income	863,883	-	478,143	423,615
	1,094,118	2,057,000	5,376,421	7,496,853

21. FINANCE COST AND INCOME

		Group		Company	
		2014	2013	201 4	2013
		Rs.	Rs.	Rs.	Rs.
21.1	**Finance Cost**				
	Interest Expense on Overdrafts	10,851,944	2,487,849	10,842,774	2,487,849
	Interest Expense on Interest Bearing Loans & Borrowings	24,927,514	18,504,379	24,927,514	18,504,379
	Interest on Finance Leases	161,667	-	161,667	-
		35,941,125	20,992,228	35,931,955	20,992,228
21.2	**Finance Income**				
	Interest on Treasury Bills	1,596	2,225	1,596	2,225
	Interest income on financial assets measured at fair value	267,857	774,872	267,857	774,872
		269,453	777,097	269,453	777,097

Notes to the Consolidated Financial Statement

22. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

Stated after Charging /(Crediting)	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Included in Cost of Sales				
Depreciation	491,148	491,148	491,148	19,708
Included in Administrative Expenses				
Employees Benefits including the following	38,760,757	30,222,922	27,969,440	29,968,556
- Defined Benefit Plan Costs - Gratuity	855,740	888,629	1,012,904	672,456
- Defined Contribution Plan Costs - EPF & ETF	2,548,530	2,722,240	2,269,539	2,181,711
Depreciation	3,221,568	2,967,627	1,666,778	1,398,780
Loss on Disposal of Property, Plant and Equipment	201,864	205,288	201,846	205,288
Auditor's Fees and Expenses	1,167,097	1,114,500	600,000	620,000
Included in Selling and Distribution Costs				
Advertising Costs	545,148	545,751	545,148	545,751

23. INCOME TAX

The major components of income tax expense for the years ended 31 December are as follows :

	Group		Company	
Income Statement	2014	2013	2014	2013
Current Income Tax				
	Rs.	Rs.	Rs.	Rs.
Current Income Tax charge	1,049,170.00	3,117,265.00	42,191.00	141,432.00
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (15)	68,175,040	53,326,923	52,653,706	52,056,555
Income tax expense reported in the Income Statement	69,224,210	56,444,188	52,695,897	52,197,987

23.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :

	Group		Company	
Income Statement	2014	2013	2014	2013
Current Income Tax				
	Rs.	Rs.	Rs.	Rs.
Accounting Profit before Tax from continuing operations	222,307,385	118,322,869	172,995,647	124,980,827
Disallowed Expenses	17,239,455	29,659,858	9,930,701	7,348,098
Allowable Expenses	(304,933,585)	(202,069,913)	(247,650,983)	(186,416,071)
Statutory Loss	(65,386,745)	(54,087,186)	(64,724,635)	(54,087,146)
Statutory Income	5,764,673	16,167,447	231,818	777,097
Tax Losses utilized during the Year	(2,017,636)	(5,034,356)	(81,136)	(271,984)
Taxable Profit	3,747,037	11,133,091	150,682	505,113
Tax at 28% (2013 - 28%)	1,049,170	3,117,265	42,191	141,432

23.2 Tax Losses

Tax Losses Brought Forward	496,013,085	443,843,030	278,325,404	224,510,306
Tax Losses Incurred During the Year	65,386,745	54,087,186	64,724,635	54,087,146
Tax Losses Utilised	(2,017,636)	(5,034,356)	(81,136)	(271,984)
Tax Losses Carried Forward	559,382,194	492,895,860	342,968,903	278,325,468

24. EARNINGS PER SHARE

24.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders (after deducting preference share dividends) by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

24.2 The following reflects the income and share data used in the Basic Earnings Per Share computation.

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Amount Used as the Numerator:				
Profit for the Year	153,083,175	61,878,681	**120,299,750**	**72,782,840**
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	153,096,698	61,904,053	**120,299,750**	**72,782,840**

	2014	2013	2014	2013
	Number	Number	Number	Number
Number of Ordinary Shares Used as Denominator:				
Number of Shares at the Beginning of the Year	199,881,000	199,881,000	**199,881,000**	**199,881,000**
Number of Shares at the End of the Year	199,881,000	199,881,000	**199,881,000**	**199,881,000**

24.3 There were no potentially dilutive ordinary shares outstanding at any time during the year.

25. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

25.1 Transaction with the parent and related entities

	Subsidiaries		Other		Total	
	2014	2013	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Nature of Transaction						
As at 1 January	436,982,955	49,707,000	26,871	97,000	437,009,826	49,804,000
Sale of Assets	-	(221,000)	-	-	-	(221,000)
Rendering of Services	721,317	-	720,000	720,000	1,441,317	720,000
Central Cost Allocated	21,458,771	14,686,101	-	-	21,458,771	14,686,101
Purchase of Services	-	-	1,989,531	-	1,989,531	-
Finance Charges	111,307,296	27,730,549	-	-	111,307,296	27,730,549
Finance Charges paid on behalf of others	(6,375,548)	(1,082,221)	-	-	(6,375,548)	(1,082,221)
Receipt/(Transfer) of Services	(13,100,000)	(23,700,000)	-	-	(13,100,000)	(23,700,000)
Settlement of Liabilities by the Company on bahalf of others	9,611,181	355,036,169	-	-	9,611,181	355,036,169
Payments for Services	1,100,000	-	-	-	1,100,000	-
Management Fees	2,400,000	-	-	-	2,400,000	-
Service Charges	-	-	(2,547,132)	(790,129)	(2,547,132)	(790,129)
Rental Deposits Received	(50,795,880)	-	-	-	(50,795,880)	-
Transfers under finance arrangements	561,682,647	17,223,555	-	-	561,682,647	17,223,555
Settlement of Liabilities on bahalf of the	(4,665,322)	(2,397,238)	-	-	(4,665,322)	(2,397,238)
As at 31 December	1,070,327,417	436,982,955	189,270	26,871	1,070,516,687	437,009,786
Included in *			Trade and Other Receivables			

Terms and Conditions :
Purchase/sales of services to related parties were made on the basis of the price lists in force with non related parties. Management Fees were made at agreed prices. Outstanding balance with related parties at balance sheet date are unsecured and interest free. Settlement will take place in cash.

Notes to the Consolidated Financial Statement

25.2 Transactions with Key Management Personnel of the Company or its parent

The key management personnel of the Company are the members of its Board of Directors and that of its parent .

Key Management Personnel Compensation

	2014 Rs.	2013 Rs.
Short-term employee benefits	11,371,367	11,431,325
Post-employment benefits	747,668	962,692
	12,119,035	12,394,017

Other Transactions with Key Management Personnel

Loans to Key Management Personnel

As at 1 January	3,069,541	2,300,649
Loans advanced during the year	1,000,000	1,386,935
Loans repayments received	(1,275,064)	(647,262)
Interest charged	276,246	159,665
Interest received	(116,100)	(130,446)
As at 31 December	2,954,623	3,069,541

Loans advanced to Key Management Personne were provided for the purpose of housing which are unsecured and carry an interest rate of 5% p.a. and are repayable monthly.

26. ASSETS PLEDGED

The company's property (Orukanda Estate) at Maniyamgama, Avissawella is pledged as a security for the short-term loan facility, amounting to Rs. 38,000,000/-, obtained by Liberty Holdings Limited. Further, the company has provided a corporate guarantee for the said facility.

The assets pledged as at 31.12.2014 have been disclosed in Note 14.5 to these financial statements.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, comprise loans and borrowings, trade and other payables, and tenant deposits. 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 short-term deposits that arrive directly from its operations. The Group also holds available-for-sale investments.

The Group is exposed to market risk, credit risk and liquidity risk. Risk management is carried out by the finance department under the policies approved by the Board of Directors. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include: loans and borrowings, deposits and AFS investments.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2014 and 2013.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed-to-floating interest rates of the debt and all other factors remain constant as at 31 December 2014.

The analyses exclude the impact of movements in market variables on the carrying value of post-retirement obligations, provisions and the non-financial assets.

The following assumptions have been made in calculating the sensitivity analyses:

The statement of financial position sensitivity relates to derivatives and available-for-sale debt instruments

The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2014 and 2013 including the effect of hedge accounting

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's exposure to the risk of changes in market intererst rates relates to primarily to the Company's long-term debt obligations with floating rates. The Group manages its interest rate risk by daily monitoring and managing cash flows, keeping borrowings to a minimum, negotiating favourable rates on borrowings and deposits.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd...)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings, with all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	"Increase/ decrease in basis points"	"Effect on profit before tax"
2014		
Borrowings	+10/-10	2,770,086
2013		
Borrowing	+10/-10	2,504,547

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Equity price risk

The Group's listed equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

The investments in equity of other entities that are publicly traded are included in the All Share Price Index (ASPI) and S&P Sri Lanka 20 (S&P SL 20).

The table below summarises the impact of increase/ decrease of the equity indices on the Group's profit after tax for the year. The analysis is based on the assumptions that the equity indices had increased/ decreased by 5% with all other variables held constant:

	Impact on Group profit after tax
ASPI	204,469
S&P SL 20	109,376

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. The Company has policies in place to ensure that rental contracts are enteres into only with lessees with an appropriate credit history, but the Company does not monitor the credit quality of receivables on an on going basis.

Deposits refundable to tenants may be withheld by the Company in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

Financial instruments and cash deposits

The fair value of cash and cash equivalents at 31 December 2014 approximates the carrying value. There is no significant concentration of credit risk with respect to cash and cash equivalents, as the Company holds accounts in a number of financial institutions.

Liquidity risk

The Company's finance department aims to maintain flexibility in funding by keeping committed credit lines available.

The Company's liquidity position is monitored on a monthly basis by the management and is reviewed quarterly by the Board of Directors. A summary table with maturity of financial liabilities is presented below. The amounts disclosed below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position as the impact of discounting is not significant.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 31 December 2014	On demand	1 to 12 Months	From 2 to 5 years	Total
Interest Bearing Loans and Borrowings (Note 14)	-	703,285,936	662,373,701	1,365,659,637
Tenant Deposits (Note 18)	-	168,068,588	-	168,068,588
Trade and Other Payables (Note 17)	-	47,689,073	-	47,689,073
Year ended 31 December 2013	**On demand**	**1 to 12 Months**	**From 2 to 5 years**	**Total**
Interest Bearing Loans and Borrowings (Note 14)	-	201,132,970	458,771,802	659,904,772
Tenant Deposits (Note 18)	-	73,008,000	-	73,008,000
Trade and Other Payables (Note 17)	-	33,271,000	-	33,271,000

Capital management

For the purpose of the Group's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value by maintaining a strong credit rating and healthy capital ratios.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 20% and 40%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits and inter-company receivables.

Notes to the Consolidated Financial Statement

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd...)

	2014 Rs.	2013 Rs.
Interest Bearing Loans and Borrowings (Note 14)	1,365,659,637	659,904,772
Trade and Other Payables (Note 1`7)	47,689,073	10,282,287
Less: Cash and Cash Equivalents (Note 11)	(11,972,356)	(3,923,725)
Net debt	1,401,376,354	666,263,334
Equity	2,913,174,594	2,755,862,023
Capital and net debt	4,314,550,948	3,422,125,357
Gearing ratio	32%	19%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 2013.

28. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the financial statements.

29. FAIR VALUES

29.1 Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying Amount		Fair Value	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Financial Assets				
Trade and Other Receivables	52,108,305	55,021,000	52,108,305	55,021,000
Available-For-Sale Financial Assets	2,075,032	2,294,542	2,075,032	2,294,542
Cash and Cash Equivalents	11,972,356	3,923,725	11,972,356	3,923,725
Financial Liabilities				
Trade and Other Payables	47,689,073	33,271,000	47,689,073	33,271,000
Interest Bearing Loans and Borrowings	1,365,659,637	659,904,772	1,365,659,637	659,904,772
Tenant Deposits	168,068,588	73,008,000	168,068,588	73,008,000

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

- The fair values of the remaining AFS financial assets are derived from quoted market prices in active markets.

- The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2014 was assessed to be insignificant.

29. FAIR VALUES (CONTD...)

29.2 The following table provides the fair value measurement hierachy of the Group's assets and liabilities:

The fair value measurement hierarchy for assets as at 31 December 2014:

		Date of valuation	Total	Fair value measurement using "Quoted prices in active markets (Level 1) "	"Significant observable inputs (Level 2)"	"Significant unobservable inputs (Level 3)"
Assets measured at fair value						
Investment Properties (Note 4)						
	Properties	31-Dec-14	4,322,613,858	-	-	4,322,613,858
AFS financial assets						
	Quoted Equity Shares	31-Dec-14	2,075,032	2,075,032	-	-
Revalued Property, Plant and Equipment						
	Buidlings	10-Jan-15	26,817,501	-	-	26,817,501
Liabilities measured at fair value						
Liabilities for which fair values are disclosed (Note 14.4)						
Obligations under finance leases		31-Dec-14	19,057,636	-	19,057,636	-
Floating rate borrowings		31-Dec-14	1,346,602,001	-	1,346,602,001	-

The fair value measurement hierarchy for assets as at 31 December 2013:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	"Significant observable inputs (Level 2)"	"Significant unobservable inputs (Level 3)"
Assets measured at fair value					
Investment Properties (Note 4)					
Properties	31-Dec-13	4,032,780,024	-	-	4,032,780,024
AFS financial assets					
Quoted Equity Shares	31-Dec-13	2,294,542	2,294,542	-	-
Liabilities measured at fair value					
Liabilities for which fair values are disclosed (Note 14.4)					
Floating rate borrowings	31-Dec-13	659,904,773	-	659,904,773	-

There have been no transfers from level 1 and level 2 during the period.

30. COMMITMENTS AND CONTINGENCIES

30.1 Capital Expenditure Commitments

a) **Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:**

	2014	2013
Investment Property	121,000,000	307,611,000
	121,000,000	307,611,000

b) **Financial Commitments**

Under the agreement between the Company and the Urban Development Authority, on completion of the development of the People's Park Complex the Company is liable to meet the under mentioned commitments on relocation of Gas Works, Bus Terminal and Electrical Sub-Station.

- A relocation cost amounting to Rs. 30 Million to be incurred, provided it does not exceed 50% of the relocation cost of the Gas Works.

- A built-up space of not more than 5,000 Sq.ft. at an estimated cost of Rs. 7.018 Million to be provided free of charge by the Company for an electrical sub-station.

- An estimated relocation cost of Rs. 20 Million to be incurred for the construction of bus bays for the new Bus Terminal.

- A further sum of Rs. 11.5 Million is payable to the Urban Development Authority of Sri Lanka, spread over Phase II of the People's Park (Pettah) Project.

Notes to the Consolidated Financial Statement

30. COMMITMENTS AND CONTINGENCIES (CONTD...)

b) Financial Commitments

The balance land in Pettah includes a land approximately 2 Acres in extent, occupied by the Colombo Municipal Council. The Company released eighty four perches of this land to the Urban Development Authority upon request to construct a temporary shopping promenade, and operate for six years, on the condition that it will be returned free of encumbrances at the end of this period.

The Company pays a monthly rental and service charge of Rs. 204,664 to Liberty Holdings (Private) Limited for the use of two units in the Liberty Plaza.

Under the 99 year operating lease lands, obtained from UDA, the Company will incur lease rentals of Rs. 149,832,288 for the remaining lease period.

c) Operating Commitments

Ground lease rent of Rs. 732,000/= and annual rent of Rs. 8,784,000 is payable to Colombo Land & Development Company commencing from last day of February 2014 to last day of February 2063 by Liberty developers (Pvt) Ltd.

Apart from the above, there are no material operating commitments that would require disclosures in the financial statements.

30.2 Contingencies

a) No provision has been made in the financial statements for contingent liabilities in respect of legal action and other claims against the Company, estimated at Rs. 105 million in respect of a claim made by a former occupant who has appealed against the order for ejectment and is claiming Rs. 105 million as damages together with interest and costs. The Company is contesting the claim, having denied liability, and the appeal continues to be pending as hearing had been postponed.

b) The Company was a defendant together with the Urban Development Authority in an action that had been instituted by a tenant at People's Park for damages caused to the stock in trade in his shop as a result of flooding. The damages claimed amounts to Rs. 3,712,768 with further damages at the rate of Rs. 7,500 per day from 4 June 1992 till payment of the claimed amount. The Company has denied liability and on the death of the plaintiff the substituted plaintiff has appealed against the order by the court to dismiss the action with costs. The substituted plaintiffs appeal against the order of the court was also dismissed due to the failure to deposit monies in court to meet the cost of the Brief in respect of the demand.

In the opinion of the directors, after taking appropriate legal advice, there are no other legal actions against or instituted by the Company, the outcome of which will give rise to significant losses.

31. GROUP INFORMATION

31.1 The consolidated financial statements of the Group include:

Name	Group Holding	Company Holding	Principal Activity
Liberty Holdings Limited	100%	100%	Renting out developed property
Agrispice (Private) Limited	100%	49%	Cultivating plantation of teak and mahogany trees
Anantaya Global Solutions (Private) Limited	70%	-	IT solutions, software development and e-marketing
Liberty Developers (Private) Limited	100%	100%	Renting out developed property

The above companies have been incorporated in Sri Lanka.

31.2 Summarised financial information of subsidiaries

Colombo Land and Development Company PLC and Liberty Holdings (Private) Limited jointly hold 49% and 51% respectively of the share capital of Agrispice (Private) Limited. Agrispice (Private) Limited carries on, inter-alia, the business of cultivating plantations of teak and mahogany trees. The results, assets and liabilities of Agrispice (Private) Limited have been included in the consolidated financial statements of the Group using the purchase method.

Set out below are the summarised financial information for each subsidiary

	Liberty Holdings Limited		Agrispice (Private) Limited		Anantaya Global Solutions (Private) Limited		Liberty Developers (Private) Limited	
	2014	2013	2014	2013	2014	2013	2014	2013
Current								
Assets	69,145,491	51,135,185	560,551	675,803	1,508,297	515,324	234,810	89,866
Liabilities	226,226,103	208,897,009	45,463,446	42,275,808	4,098,221	2,921,757	1,108,829,288	394,755,005
Total current net assets	(157,080,612)	(157,761,824)	(44,902,895)	(41,600,005)	(2,589,924)	(2,406,433)	(1,108,594,478)	(394,665,139)
Non-current								
Assets	944,337,033	887,516,376	57,956,492	54,958,745	-	-	1,103,838,330	393,100,633
Liabilities	209,627,604	188,582,533	-	63,000	-	138,413	-	-
Total non-current net assets	734,709,429	698,933,843	57,956,492	54,895,745	-	(138,413)	1,103,838,330	393,100,633
Net assets	577,628,817	541,172,019	13,053,597	13,295,740	(2,589,924)	(2,544,846)	(4,756,148)	(1,564,506)
Revenue	71,246,964	60,646,342	-	-	1,378,500	1,739,860	-	-
Profit/(Loss) before income tax	57,725,040	161,072	(2,957,677)	(3,488,350)	(45,078)	(1,824,431)	(3,191,642)	(1,564,546)
Income Tax	(21,273,052)	(4,247,322)	-	-	-	-	-	-
Profit/(Loss) after income tax	107,698,952	56,560,092	(2,957,677)	(3,488,350)	1,333,472	(84,571)	(3,191,642)	(1,564,546)
Other Comprehensive income/(expense)	4,811	95,433	2,715,535	-	-	-	-	-
Total comprehensive (loss)/income	107,703,763	56,655,525	(242,142)	(3,488,350)	1,333,472	(84,571)	(3,191,642)	(1,564,546)

During the year ended 31 December 1994 the Company acquired the entirety of the share capital (with the exception of the two subscriber shares) of Liberty Holdings (Private) Limited. Liberty Holdings (Private) Limited carries on, inter-alia, the leasing of properties developed by the Company. The results, assets and liabilities of Liberty Holdings (Private) Limited, have been included in these financial statements using the purchase method.

Ten Year Summary

	2005	2006	2007	2008	2009	2010	2011	2011	2012	2013	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Restate	Rs.'000	Rs.'000	Rs.'000
Trading Results											
Turnover	687,636	728,166	87,041	92,403	90,408	88,863	94,752	94,752	104,912	125,470	149,681
Operating Income	130,178	140,814	61,376	64,483	58,960	57,553	63,827	65,317	72,966	77,790	84,626
Operating Expenses	(117,181)	(201,888)	(58,948)	(57,309)	(71,143)	(78,937)	(128,356)	(129,624)	(80,283)	(94,934)	(97,241)
Operating Profit/(Loss)	16,808	185,185	3,967	8,468	(11,504)	(16,838)	(32,088)	277,273	(16,340)	137,733	257,979
Non Operating Income	3,811	246,259	1,539	1,294	679	4,546	32,441	2,076	2,179	2,057	1,094
Net Finance Income/(Cost)	(34,472)	(62,508)	1,734	17,509	13,975	7,887	11,137	12,769	6,655	(20,215)	(35,672)
Share of results of associates	300	Nil	(8,518)	(17,348)	(16,710)	Nil	Nil	Nil	Nil	Nil	Nil
Profit/(Loss)before Tax	(17,364)	122,677	82,711	8,629	166	491,363	306,309	290,042	(9,685)	117,518	222,307
Income Tax	(14,018)	(6,099)	(7,252)	(3,553)	(2,507)	(5,931)	(2,078)	44,993	(80,284)	(56,444)	(69,224)
Profit(Loss)after Tax	(31,382)	116,578	75,459	5,076	(2,341)	485,432	304,231	335,035	(89,969)	61,074	153,083
Minority Interest	Nil	5,240	Nil	Nil	Nil	Nil	Nil	Nil	(216)	(530)	(13)
Profit /(Loss) of the Year	(31,382)	121,818	75,459	5,076	(2,341)	485,432	304,231	335,035	(89,753)	61,604	153,096

Glossary of Financial Terms

Earnings per Share

Profit/(Loss) attribute to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year.

Net Asset

Total Asset minus Liabilities

Net Asset per Share

Net Asset divided by number of shares

Dividend per Share

Total dividend divided by number of shares

Market Capitalisation

Number of ordinary shares in issue multiplied by market value per share

Asset Turnover Ratio

Total revenue divided by Total Assets

Capital Employed

Stated capital plus Reserves

Return on Capital Employed

Profit/(Loss) for the year divided by Capital Employed

Investor Information

List Of 20 Major Shareholders based On Their Shareholding As At 31St December 2014			
No.	Name	No. of Shares	Percentage %
1	Mr. Ng Eng Ghee / Mrs. Ng Siew Luan	46,900,000	23.46
2	Kalpitiya Beach Resort Limited	40,413,200	20.22
3	Urban Development Authority of Sri Lanka	34,872,675	17.45
4	Bank of Ceylon A/C Ceybank Unit Trust	8,158,909	4.08
5	Mr. Yew Tong Ng	6,006,876	3.01
6	Mr. Eng Soon Ng	4,945,716	2.47
7	Mr. Yew Chuan Ng	4,715,502	2.36
8	Commercial Bank of Ceylon /Capital Trust Holdings Limited	4,376,971	2.19
9	Seylan Bank PLC / N.H. Godahewa	2,301,000	1.15
10	Mr. Kang Poay Hong	2,251,625	1.13
11	Pan Asia Banking Corporation PLC / Harshada Holdings (Private) Limited	2,019,102	1.01
12	Mr. Yew Hui Ng	1,920,000	0.96
13	Mr. Teruaki Ono	1,836,237	0.92
14	Pan Asia Banking Corporation PLC / Nawaloka Construction Company (Private) Limited	1,808,960	0.91
15	Mr. Yew Khim Dennis Ng	1,605,600	0.8
16	Pan Asia Banking Corporation PLC / Mr. A.S.R. Silva	1,520,079	0.76
17	Est of Late M. Radhakrishnan (Deceased)	1,500,000	0.75
18	Pan Asia Banking Corporation PLC / U.H. Dharmadasa	1,430,047	0.72
19	Mr. Thoradeniya	1,254,190	0.63
20	Mr. Amirally Lukmanjee	1,013,110	0.51

Directors Shareholdings	No. of Shares
Mr. D. S. Jayaweera	2,600
Mr. Yew Tong Ng	6,006,876

Over 10% Shareholdings	No. of Shares
Mr. Ng Eng Ghee	46,900,000
Kalpitiya Beach Resort Limited	40,413,200
Urban Development Authority of Sri Lanka	34,872,675

Public Holding - Shares 27.79%

Analysis of shareholders according to the number of shares as at 31-Dec-2014

	Resident			Non - Resident			Total		
Shareholdings	Number of shareholders	No of shares	Percentages %	Number of shareholders	No of shares	Percentages %	Number of shareholders	No of shares	Percentages %
1 to 1000 shares	1,743	655,215	0.33	15	8,530	0.00	1,758	663,745	0.34
1001 to 10,000 shares	971	3,728,676	1.87	25	95,645	0.05	996	3,824,321	1.92
10,001 to 100,000 shares	328	10,110,013	5.06	16	545,695	0.27	344	10,655,708	5.33
100,001 to 1,000,000 shares	52	11,819,314	5.91	7	2,068,121	1.03	59	13,887,435	6.94
Over 1,000,000 shares	12	100,668,243	50.36	8	70,181,556	35.11	20	170,849,799	85.47
	3,106	126,981,461	63.54	71	72,899,547	36.46	3,177	199,881,008	100.00

Categories of Shareholders	No of Shareholders	No of Shares
Individual	2,969	94,142,521
Institutional	208	105,738,487
	3,177	199,881,008

Notice of Meeting

NOTICE is hereby given that the Thirty Third Annual General Meeting of Colombo Land and Development Company PLC will be held at the Raja Bojun (Roof Top), "Liberty Arcde" 282 R. A. de Mel Mawatha, Colombo 03 on Tuesday 30th June 2015 at 10.30 a.m.

AGENDA

1. To receive and consider the Annual Report of the Board of Directors on the State of Affairs of the Company and the Consolidated Financial Statements for the year ended 31st December 2014 with the Report of the Auditors thereon.

2. To re-elect Mr. M. U. M. Ali Sabry who retires by rotation in terms of Article 86 and 87 of the Articles of Association of the Company.

3. To re-elect Mrs. C. L. Jayawardena who retires in terms of Article 94 of the Articles of Association.

4. To re-appoint M/s. Earnst & Young, Chartered Accountants as Auditors to the Company and authorise the Directors to determine their remuneration.

5. To authorise the Directors to determine donations for the year 2015.

By Order of the Board of Directors of
Colombo Land and Development Company PLC
S S P CORPORATE SERVICES (PRIVATE) LIMITED
SECRETARIES

Colombo

Date : 29th May 2015

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her. Such Proxy need not be a member of the Company.

2. A Form of Proxy accompanies this notice.

3. The completed Form of Proxy should be deposited at the Registered Office of the Company, 3rd Floor, Liberty Plaza, 250, R A De Mel Mawatha, Colombo 3 not later than 48 hours before the time appointed for the meeting.

4. Shareholders attending the meeting are kindly requested to bring with them their National Identity Card or other similar form of identification for production at the reception desk.

Form of Proxy

I/We*..........…….................………...…..(NIC No.……………………)
……..……...………...……….........…….…
..........being a member/*members of Colombo Land and Development Company PLC hereby appoint

Prof. Chandrakumar Krishan Manohara Deheragoda	of Colombo or failing him
Mr. Dilith Susantha Jayaweera	of Colombo or failing him
Mr. Mohamed Uvaise Mohamed Ali Sabry	of Colombo or failing him
Mr. Mestiyage Don Saddhamangala Goonatilleke	of Colombo or failing him
Mr. Ng Yew Tong	of Singapore or failing him
Mr. Ng Yao Xing, Eugene	of Singapore or failing him
Ms. Crishanthi Lucilla Jayawardena	of Colombo or failing him
Mr. Devadarshan Jayadeva [Alternate to Mr. Ng Yao Xing, Eugene]	of Colombo or failing him
Mr. Sharvajana Anandaraj Ameresekere [Alternate to Mr. M.D. S. Goonatilleke]	of Colombo or failing him

Mr/Ms.………....………..............………………..………...…(NIC No.……………………..…)

of.……………………………………………………………..……………………………………… … as my/*our Proxy to represent me/*us and to vote as indicated below on my/*our behalf at the Annual General Meeting of the Company to be held on the 30th June 2015 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

	FOR	AGAINST
1. To receive and consider the Annual Report of the Board of Directors on the State of Affairs of the Company and the Consolidated Financial Statements for the year ended 31st December 2014 with the Report of the Auditors thereon.		
2. To re-elect Mr. M. U. M. Ali Sabry who retires by rotation in terms of Article 86 and 87 of the Articles of Association of the Company.		
3. To re-elect Mrs. C. L. Jayawardena who retires in terms of Article 94 of the Articles of Association.		
4. To re-appoint M/s. Ernst & Young, Chartered Accountants as Auditors to the Company and authorise the Directors to determine their remuneration.		
5. To authorise the Directors to determine donations for the year 2015.		

As witness my/our hand/this …………. day of ……….……….. Two Thousand and Fifteen.

Signature ……….………………

Note:

Instructions as to completion appear on the reverse hereto. Please delete the inappropriate words, and mark 'X' in the appropriate cages to indicate your instructions as to voting.

A proxy need not be a member of the Company.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, your instructions as to voting, by signing in the space provided and filling in the date of signature.

2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given the Proxy in his/her discretion may vote as he/she thinks fit.

2. The completed Form of Proxy should be deposited at the Registered Office of the Company, 3rd Floor. Liberty Plaza, 250 R A De Mel Mawatha Colombo 3 not less than 48 hours before the time appointed for holding the meeting.

4. If the form of proxy is signed by an attorney, the relative power of attorney should accompany the completed form of proxy for registration. If such power of attorney has not already been registered with the Company.

Note:

If the shareholder is a Company or body corporate, Section 138 of the Companies Act No. 07 of 2007 applies to shareholders of Colombo Land and Development Company PLC and Section 138 provides for representation of Companies at meeting of other Companies. A Corporation, whether a Company within the meaning of this Act or not, may where it is a member of another Corporation, being a Company within the meaning or this, Act by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company. A person authorised as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represents as that Corporation could exercise if it were an Individual shareholder of that other Company.

Corporate Information

Name of the Company

Colombo Land and Development Company PLC

Registered Office

3rd Floor, Liberty Plaza,
250, R. A. De Mel Mawatha,
Colombo 03.
Tel No. 2575935-7 Fax: 2573111
E-mail: info@colomboland.com

Board of Directors

Prof. C.K.M. Deheragoda
Mr. M.D.S. Goonatilleke
Mr. M.U.M. Ali Sabry
Mr. D.S. Jayaweera
Mr. Ng Yew Tong
Mr. Ng Yao Xing
Ms. C.L. Jayawardana
Mr. D. Jayadeva (Alternate to Mr. Ng Yao Xing)
Mr. S.A. Amarasekera (Alternate to Mr. M.D.S. Goonatilleke)

Secretaries

S S P Corporate Services (Private) Limited
101, Inner Flower road,
Colombo – 3.
Telephone: 2573894, 2576871

Lawyers

Nithi Murugesu & Associates
Attorneys-at-law & Notaries public
28 (Level 2) W A D Ramanayaka Mawatha,
Colombo 02.

Julius & Creasy
Attorney-at-Law & Notaries Public
41, Janadhipathi Mawatha, Colombo 1.

Auditors

Ernst & Young
Chartered Accountants
201, De Saram Place, Colombo 10.

Bankers

People's Bank
Nations Trust Bank PLC
Sampath Bank PLC
Commercial Bank of Ceylon PLC
Bank of Ceylon

Subsidiary Companies

Liberty Holdings (Private) Limited
Agrispice (Private) Limited
Anantya Global Solutions (Private) Limited
Liberty Developers (Private) Limited

Designed & produced by
emagewise
Printed by Ceylon Printers PLC

Colombo Land & Development Company PLC
P.O. Box 2017, Third Floor, Liberty Plaza,
250, R.A.De Mel Mawatha, Colombo 03, Sri Lanka.
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