Colombo Land
& Development Company PLC

what's the Difference?

Annual Report 2015

Content>>>

what's the Difference?

At Colombo Land, we believe that the fundamental principle of our business is value. We have been a pioneer in the Sri Lankan real estate sector for over 34 years and today we are recognized as a company that is vibrant, evolving and strong. While we are responsible for the high profile Liberty Plaza re-development project, our business portfolio has expanded to include a broad range of opportunities in leasing and developing investment properties. Today we look to the future with anticipation and confidence that the dynamic strategies we have followed will continue to deliver growing value to our many stakeholders into the years ahead.

We have always dared to be different, going boldly forward to explore new opportunities for business development and stakeholder value creation. And that, in the end, is what makes the difference, and will make the difference.

Colombo Land and Development Company PLC is a real estate development company, primarily engaged in leasing investment property under operating leases, developing investment properties and renting developed properties in Sri Lanka. The company also owns and manages a mahogany plantation. Colombo Land and Development Company Plc was incorporated in 1981
and is based in Colombo, Sri Lanka.

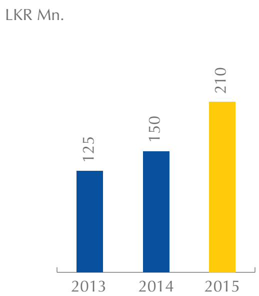
Liberty Plaza
oppo
Camera Phone
F1 Selfie Expert
Neo7
Rise and Shine
OPPO Neo 7
UPTOWN
KANDY
HAMMER BTL
UPTOWN
KANDY
UNEXPECTED
SHOPPING
EXPERIENCE
ATM
octa

KEELLS SUPER
NOW at
Liberty Plaza
Basement
Open Every Day
UPTOWN

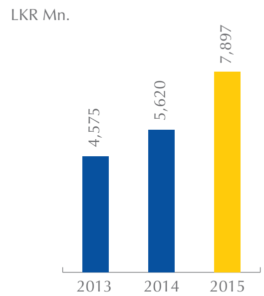
Financial Highlights

	Group			Company		
	2015 Rs'000	2014 Rs'000	Change %	2015 Rs'000	2014 Rs'000	Change %
Revenue	210,592	149,681	41	89,214	79,535	12
Profit From Operations	2,032,404	257,979	688	597,642	208,658	186
Net Finance (Cost)/Income	(64,433)	(35,672)	81	(11,042)	(35,663)	(69)
Revenue to Government	17,081	10,135	69	5,790	1,443	301
Profit/(Loss) before Tax	1,967,971	222,307	785	586,600	172,996	239
Profit/(Loss) for the Year	1,356,836	153,083	786	409,986	120,300	241
Non Current Assets	7,835,383	5,548,607	41	4,236,407	3,648,871	16
Current Assets	62,025	71,064	(13)	1,480,055	1,206,430	23
Total Assets	7,897,409	5,619,671	41	5,716,463	4,855,300	18
Shareholders Equity	4,269,880	2,913,951	47	2,942,273	2,532,639	16
No. of Employees (Persons)	29	29	-	22	22	-
Revenue per Employee (Rs.000')	7,262	5,161	41	4,055	3,615	12
Profit/(Loss) per Employee (Rs.000')	46,787	5,279	786	18,636	5,468	241
Per Share						
Earnings/(Loss) per Share (Rs.)	6.79	0.77	782	2.05	0.60	242
Net Asset per Share (Rs.)	21.36	14.58	47	14.72	12.67	16
Dividend per Share (Rs.)	-	-	-	-	-	-
Market Capitalization (Rs.000)	5,116,953	7,355,620	(30)	5,116,953	7,355,620	(30)
Ratios						
Profit/(Loss)for the year on Revenue (%)	644.30	102.27	530	459.55	151.25	204
Asset Turnover Ratio(%)	2.67	2.66	0	1.56	1.64	(5)
Return on Capital Employed (ROCE) (%)	31.78	5.25	505	13.93	4.75	193

Revenue



Total assets



Total Assets

7.9

Total Assets (LKR. Bn)

Total Revenue

210

Total Revenue (LKR. Mn)

Performance Highlights 2015

Operational

28%
Increase in parking areas

39%
Increase in no. of retail shops

170%
Increase in sq.ft area for retail shops

85,781 sq.ft
Increase of retail spaces from Liberty Plaza Revamping Project

136,348 sq.ft
Total retail area owned by the Group

Financial

786%
Growth in profit after tax

505%
Growth in ROCE

41%
Growth in total assets

47%
Growth in shareholders' fund

6.79
Earnings Per Share (Rs.)

782%
Increase in Earnings Per Share

21.36
Net assets per share (Rs.)

47%
Growth in net assets per share

Management Reviews

Another year of outstanding success on many fronts of our expanding business...


REVLON
GOLD

Chairman's Message

The improvements Your Company implemented in expanding the retail area and the introduction of new tenants, chiefly, reputed international brands and exclusive stores, have made it a one-stop shopping destination.

Dear Shareholders,

I take pleasure in welcoming our valued shareholders to the 34th Annual General Meeting and in placing before you the Annual Report and Financial Statements for the year 2015.

The period under consideration has been exceptionally fulfilling for Your Company, underscored by a spirit of innovation, as we achieved our objectives for the Liberty Plaza revamping project we had set out on.

Mining Potential of Liberty Plaza

Today, the Liberty Plaza and the adjoining Liberty Arcade have become hubs for shopping and recreation. The improvements Your Company implemented in expanding the retail area and the introduction of new tenants, chiefly, reputed international brands and exclusive stores, have made it a one-stop shopping destination. The Liberty Plaza revamping project has increased the retail space area by over 136,348 sq.ft. The fashion retail market in Sri Lanka is experiencing rapid development and Your Company is playing a vital role in growing the sector.

The Liberty Arcade, is now fully operational and has added 30,000 sq.ft additional retail spaces to the complex. The entire Liberty Plaza area now exudes exclusivity and has reaffirmed its iconic status in the city.

Inbound tourists saw an increase in numbers during 2015 and our Liberty Plaza revamping project has been completed in a timely manner considering the proliferation of hotels and influx of tourists into Colombo.

Sri Lanka's construction sector has performed strongly during the year and there is a flurry of activity in the sector, with luxury condominiums and star class hotels under construction. We expect many economic related opportunities to arise as a result of these rapid developments and believe that Your Company has a pivotal role to play in transforming the city.

Appreciation

I would like to take this opportunity to thank my colleagues on the Board for their support. The management and employees of Your Company have worked tirelessly to implement our corporate objectives, duly supported by our business partners. Our shareholders deserve our gratitude for their continued confidence in our abilities to pioneer a new chapter in the development of the city.

Sgd.
Prof.
C. Krishan M. Deheragoda
Chairman

30th May 2016

CEO/Director's Message

Your Company has demonstrated its unfailing ability to design and build projects ahead of its time. In keeping with this legacy, your Company is committed to upholding its pioneering spirit by innovating new concepts in real estate development going ahead.

As the 2015 year ends on a successful note for the company, I take pride in conveying the new aspirations that define our future strategy. While the company has been focused on the now completed Liberty Plaza revamping project, we would like to reiterate the identity of the company as a visionary organization far ahead of its time.

Colombo Land & Development Company PLC (CLDC) was set up as a visionary organization to promote urban development in Colombo in partnership with the Urban Development Authority and one of Singapore's foremorst real estate developers three decades ago. We take pride in the fact that our Singaporean stakeholders were instrumental in helping the UDA 30 years ago to formulate Sri Lanka's Condominium Act. It gives me pleasure to announce that we are now re-energized and poised to achieve that vision more fully.

As the Megapolis plan of the government is unveiled, the time is ripe for the development of the Company's 13-acre land parcel in Pettah, to be implemented. This strategically located extensive land parcel and our architectural design for a mixed development project on the site is completed and awaiting final approval from the relevant urban authorities.

We are hopeful that the governments' renewed commitment to revamp Colombo City will take into consideration the economic importance of this land extent in Pettah. The area is a hub for trading and commercial activities and our project is envisioned as one that will be developed keeping in mind the dignity and well-being of all stakeholders in the area. CLDC is poised to reinforce its leadership in the real estate development sector with the development of this upscale project that will uplift the profile of the area and infuse it with the superior facilities and infrastructure it merits.

For decades now, the area and its tenants have been deprived of modern infrastructure that will help to appreciate the value of their establishments in this commercial and trading hub. We believe this project will be an ideal investment for the city and a lucrative investment venture once developed.

CLDC is poised for take-off in more ways than one as we are exploring developing projects in other key areas. Just as Liberty Plaza did 30 years ago and the new additions have in the present-day, our proposed projects will breathe new life into the city. Our ambitious plans to diversify our real estate property portfolio and shape Colombo urban planning are within reach.

Since its inception in 1981, your Company has demonstrated its unfailing ability to design and build projects ahead of its time. In keeping with this legacy, your Company is committed to upholding its pioneering spirit by innovating new concepts in real estate development going ahead.

I wish to thank the Board of Directors for their guidance and counsel and I wish to thank the Management and employees of the Company for their dedication and commitment, and for sharing in the vision of the Board. I also wish to thank the business partners, from both the public and private sector, for their assistance at all times. And finally, I thank you our stakeholders, for your faith in the Company and its Board.

Sgd.
Vasula S. Premawardhana
CEO/Director

30th May 2016

Board of Directors

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 an Emeritus Professor at the Department 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 served as an Advisor to several Ministries including 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 is also a Consultant to the Western Region Megapolis Project (2015-2016).

He 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 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 Sustainable Township Programme, Founder Project Director of the Special Projects Unit of Ministry of Finance and Planning (2006-2008) etc.

Prof. Deheragoda has served as a member in over 30 Governing and Advisory Boards of both State and Private sector statutory and corporate institutions. He has held over 20 Senior Academic positions during his 30 year 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) and currently serving as the Consultant to the Research Council of University of Sri Jayewardenepura.

He attended as member 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). A Number of research and scientific works are to the credit of Prof. Deheragoda. 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, and the incumbent President of the Sri Lankan Alumni & Professionals Association (SLAPA).

Mr. D. S. Jayaweera

(Executive Director)

Mr. Dilith Susantha Jayaweera is a leading business personality in Sri Lanka and was named one of LMD's Ten Business People of the Year 2011. Mr. Jayaweera began his foray into the Sri Lankan business landscape with the establishment of Triad – a small advertising agency – in 1993. Epitomizing the spirit of the new generation of Sri Lankan entrepreneurs, less than two decades later Mr. Jayaweera's vision and entrepreneurship have driven Triad to become the largest and most awarded Sri Lankan communication powerhouse extensively diversified to offer integrated communication solutions and he now sits on the boards of thirty six companies in diversified sectors of the economy. He is the Group Chairman of George Steuart & Company Limited, and is a Board Director of Citrus Leisure PLC. Mr. Jayaweera is also the Chairman of Power House (Pvt) Ltd. – TV Derana and FM Derana – Sri Lanka's premium entertainment channels.

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.

Mr W. M. C. S. Welegama

(Non Executive Director)

Mr Welegama has worked in the Plantation Industry state and the private sector in Senior Managerial capacity. He stated carrier as a planter Trainee in 1989 and held senior position in the Industry. He has served as a Board Director at Sri Lanka state Plantation Corporation.

Current status – Jt Managing Director of Cimbalanka Holdings (Pvt) Ltd. Involved in trading petroleum products.

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 (U.K.), since 1987. 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 as well. He currently serves as a Group Executive Director of DSL Group of Companies.

Mr. S. 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

Ng Yew Tong,

(Non Executive Director)

Ng Yew Tong, a Singaporean 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. He is also a Director of Methodist Schools' Foundation a Singapore registered charity with IPC status.

Mr. R. M. S. Fernando

(Non Executive Director)

Mr. Ranjit Fernando, has been a veteran Banker and a former Secretary of the Ministry of Industries and Constitutional Affairs as well as the Ministry of Enterprise Development, Industrial Policy, Investment and Constitutional Affairs. He has been a Director and the CEO of the National Development Bank having served the bank from its inception in 1979, till his retirement in 2001. He is also a Director of several Public and Private Companies. He was also the former Chairman of United Motors Lanka PLC. and an Independent Director of the Commercial Bank of Ceylon.

He is an Attorney-at-Law and possesses a Bachelor of Laws (Hons) Degree from the University of Ceylon. He is a Fellow of the Chartered Institute of Management Accountants (UK), Chartered Institute of Bankers (UK) and a Companion of the Chartered Institute of Management (UK).

Mr. M U M Ali Sabry (resigned w.e.f 24.03.2016)

(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. Ng Yao Xing, Eugene

(Non Executive Director)

Ng Yao Xing, Eugene is a director from Singapore. He is a graduate of Singapore Management University. He holds several Directorships in property development and management companies in Singapore and Malaysia. In addition he oversees several technical and IT related start up's in Singapore.

Mr. Ng Heng Chye Clement

(Alternate Director to Mr. Ng Yao Xing, Eugene)

Clement Ng has 20 years of management experience in Multi-National Companies as corporate executive. He has an MBA with a double major in Finance and Marketing from the University of Western Australia.

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

The Directors of Colombo Land and Development Company PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company and its subsidiaries for the year ended 31st December 2015.

The information included in this report are in accordance with the requirements of section 168 (1) of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

General

Colombo Land and Development Company PLC is a public limited liability company which was incorporated under the Companies Ordinance (Cap.145) as a limited company on 8th December 1981 and listed on the Colombo Stock Exchange on 19th March 1986 and re-registered as per the Companies Act No.7 of 2007 on 3rd July 2008 under Registration No. PQ 173.

Principal Activities of the Company and review of performance during the year

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 subsidiary companies are renting out developed property, cultivating plantation of mahogany trees, IT solutions, software development and e-marketing.

Financial Statements

The Financial statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries, duly signed by two Directors on behalf of the Board are given on pages 24 to 28

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company and its subsidiaries is given on page 23.

Accounting Policies

The accounting policies adopted in preparation of the financial statements are given on pages 29 to 40 and are consistent with those of the previous period.

Directors' responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 17.

Directors

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 12 to 13.

Executive Directors

Mr. D S Jayaweera

Non-Executive Directors

Mr. NG Yao Xing, Eugene*

Mr. NG Yew Tong

Mr. R M S Fernando

Mr. W M C S Welegama

Independent Non-Executive Directors

Prof. C K M Deheragoda

Mr. M D S Goonatilleke**

Mr. M U M Ali Sabry (resigned on 24th March 2016).

*Alternate Director – Mr. N H C Clement

**Alternate Director – Mr. S A Ameresekere

Resignations during the year

Mrs. C L Jayawardena (on 19th June 2015).

Mr. M U M Ali Sabry (on 24th March 2016).

Consequent to the resignation of Mr. D Jayadeva as the Alternate Director to Mr. Ng Yao Xing, Mr.N H C Clement was appointed as the Alternate Director to Mr. Ng Yao Xing from 12th November 2015.

Appointments

Mr. R M S Fernando (on.5th August 2015)

Mr. W M C S Welegama (on 12th November 2015)

Mr. P V S Premawardhana (on 24th March 2016)

Messrs R M S Fernando, W M C S Welegama and P V S Premawardhana are due to retire at the forthcoming Annual General Meeting under Article 94 of the Articles of Association of the Company and being eligible offer themselves for re-election.

In terms of Articles 86 and 87 of the Articles of Association of the Company, Mr M D S Goonatilleke retires by rotation and being eligible offers himself for re-election.

The names of Directors of subsidiary companies as at the end of the accounting period and persons who ceased to hold office as Directors of those companies are set out in Annex "A" to this Report.

Directors' Remuneration

The Directors' remuneration is disclosed under key management personnel compensation in Note 25.2 to the Financial Statements on page 62.

Directors' Interests in Contracts

Except for the transactions referred to in Note 25.2 to the Financial Statements, none of the Directors had a direct or indirect interest in any contracts or proposed contracts with the Company other than as disclosed in Note 25.2 to the Financial Statements.

Corporate Donations

Donations made by the Company during the year amounted to Rs. 40,000 (2014 : Rs. 69,900)

Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year. As far as the Directors are aware the Auditors do not have any relationship with the Company other than that of Auditor.

The fee payable to the Auditors for audit. Rs. 675,000 and (Rs. 600,000 in 2014)

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 30th May 2016 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Dividends

The Directors do recommend a dividend for the year under review.

Stated Capital

The Stated Capital of the Company is Rs.341,602,342.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st December 2015 and 31st December 2014 are as follows.

Shareholding	As at 31.12.2015	As at 31.12.2014
Prof. C K M Deheragoda	Nil	Nil
Mr. D S Jayaweera	2,600	2,600
Mr. M D S Goonatilleke	Nil	Nil
(Alternate Director – Mr. S A Ameresekere)	Nil	Nil
Mr. M U M Ali Sabry	Nil	Nil
Mr. Ng Yew Tong	6,006,876	6,006,876
Mr. Ng Yao Xing	Nil	Nil
Mr. D Jayadeva (Alternate to Mr.Ng Yao Xing)	Nil	Nil
Mr. R M S Fernando	Nil	Nil
Mr. W M C S Welgama	Nil	Nil

Shareholders

There were 3,172 of shareholders registered as at 31st December 2015. The details of distribution are given on page 72 of this Report.

Major Shareholders, Distribution Schedule and other information

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings, dividends, net assets per share, twenty largest shareholders of the Company, public holding as per the Listing Rules of the Colombo Stock Exchange are given on pages 71 to 72 under Investor Information and the Ten Year Summary of the Company.

Employment Policy

The Company's employment policy is totally non-discriminatory which respects individuals and provides career opportunities irrespective of the gender, race or religion.

As at 31st December 2015, 29 persons were in employment (29 persons as at 31st December 2014)

Reserves

The reserves of the Company and the Group with the movements during the year are given in Note 13 to the Financial Statements on page 50.

Property, Plant and Equipment

Details of the movement of property, plant and equipment are given under Note 03 to the Financial Statements on pages 41 to 44.

Investments

Details of the Company's and Group's investments as at 31st December 2015 are given in Notes 05 and 06 to the Financial Statements on page 46.

Dividends

The Directors do not recommend a dividend for the year under review.

Material foreseeable risk factors

This statement should be included in terms of Rule 7.6 (vii) of the Listing Rules, refer Note 27.

Statutory Payments

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

Contingent Liabilities

Except as disclosed in Note 30 to the Financial Statements on page 67, there were no material Contingent Liabilities as at the Reporting date.

Corporate Governance

The Company has established systems and procedures for sound corporate governance.

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

An Audit Committee, Remuneration Committee and a Related Party Transactions Review Committee function as Board sub committees, with Directors who possess the requisite qualifications and experience. The composition of the said Committees are as follows.

Audit Committee

Mr. M D S Goonatilleke - Chairman
Prof. C K Deheragoda
Mr. M U M Ali Sabry (resigned w.e.f 24.03.2016)

Remuneration Committee

Prof. C K Deheragoda - Chairman
Mr. M U M Ali Sabry (resigned w.e.f 24.03.2016)
Mr. Ng Yew Tong

Related Party Transactions Review Committee

Prof. C K Deheragoda - Chairman
Mr. M D S Goonatilleke
Mr. W M C S Welgama

The Reports of the Audit and Remuneration Committees appear on pages 18 to 19.

Taxation

The tax position of the Company is given in Note 23 to the Financial Statements on page 59.

Environment, Health and Safety

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

Events occurring after the Reporting date

Except for the matters disclosed in Note 28 to the Financial Statements on page 65 there are no material events as at the date of the Auditors' Report which requires adjustments to , or disclosure in the Financial Statements.

Annual General Meeting

The Thirty Fourth (34th) 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 Thursday 30th June 2016 at 10.30 a.m. and the Notice of Meeting appears on page 73

This Annual Report is signed for and on behalf of the Board of Directors by

Sgd. Sgd.
Chairman *Director*

Sgd.
P W Corporate Secretarial (Pvt) Ltd
Secretaries

30th May 2016

Annexure A to the Annual Report of the Board of Directors on the Affairs of the Company

Directors of the subsidiary Companies

Liberty Holdings Limited

Prof. C K Deheragoda
Mr. D Jayadeva
Mr. D S Jayaweera
Mr. P V S Premawardhana (Appointed w.e.f. 24.03.2016)
Mr. J M B Pilimatalawwe (Appointed w.e.f. 11.05.2016)

Liberty Developers (Private) Limited

Prof. C K Deheragoda
Mr. D S Jayaweera
Mr. D Jayadeva
Mr. P V S Premawardhana (Appointed w.e.f. 24.03.2016)
Mr. J M B Pilimatalawwe (Appointed w.e.f. 11.05.2016)

Agrispice (Private) Limited

Prof. C K Deheragoda
Mr. D S Jayaweera
Mr. D Jayadeva
Mr. P V S Premawardhana (Appointed w.e.f. 24.03.2016)
Mr. J M B Pilimatalawwe (Appointed w.e.f. 11.05.2016)

Anantaya Global Solutions (Private) Limited

Prof. C K Deheragoda
Mr. D S Jayaweera
Mr. D Jayadeva

There were no resignation of Directors of the subsidiary during the year.

Statement of the Directors' Responsibility for Financial Reporting

The Directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with the Companies Act, No.7 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and are required to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and the income and expenditure of the Company for the accounting year ending on that reporting date.

The Directors are also responsible in ensuring that the Financial Statements comply with any regulations made under the Companies Act, which specifies the form and content of Financial Statements and any other requirements which apply to the Company's Financial Statements under any other law.

The Directors have ensured that the Financial Statements presented in this Annual Report have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments' and estimates and in compliance with the Sri Lanka Financial Reporting Standards, Companies Act No.7 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

The Directors are responsible for keeping sufficient accounting records, which disclose with reasonable accuracy the financial position of the Company and its subsidiaries, which will enable them to have the Financial Statements prepared and presented as aforesaid.

They are also responsible for taking measures to safeguard the assets of the Company and its subsidiaries and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors are also confident that the Company and the group have adequate resources to continue in operation and have applied the going concern basis in preparing the financial statements.

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

By order of the Board of Directors of

Colombo Land & Development Company PLC

Sgd.
P W Corporate Secretarial (Pvt) Ltd
Secretaries
Colombo

30th May 2016

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 two 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.M. Deheragoda - Member

(Non Executive Independent)

Mr. M.U.M Ali Sabry - Member (resigned w.e.f 24.03.2016)

(Non Executive Independent)

The Chief Operating Officer functions as the Secretary to the Audit Committee. For the year under review P W Corporate Secretarial (Pvt) Ltd function as the secretaries.

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, Finance Manager also attended these meetings by invitation. The other executives and external auditors 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 31.12.2016, 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

30th May 2016

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 two non- executive Directors namely;

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

Mr. M U M Ali Sabry - Member (resigned w.e.f 24.03.2016)
(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

30th May 2016

Financial Information

We understand that a winning organisation leads to winning stakeholders.


The Coffee Bean & Tea Leaf
BETTER VALUE
ARABICA

Financial Statements >>>

Independent Auditor's Report

Building a better working world

Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
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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 ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group") which comprise the statement of financial position as at 31 December 2015, and the income statement and statement of 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 29 to 68.

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 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 2015, 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.

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, 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 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
- The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

Sgd.
Chartered Accountants

30th May 2016
Colombo

Statement of Financial Position

As at 31 December	Note	Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	3	164,523,344	1,225,992,814	29,438,858	35,912,382
Investment Property	4	7,670,860,000	4,322,613,858	4,003,770,000	3,409,759,307
Investments in Subsidiaries	5	-	-	200,000,020	200,000,020
Investments in Associates	6	-	-	3,199,110	3,199,110
		7,835,383,344	5,548,606,672	4,236,407,988	3,648,870,819
Current Assets					
Inventories	8	308,579	159,523	-	-
Trade and Other Receivables	7	49,488,733	52,108,305	1,403,092,138	1,103,268,527
Investment in Preference Shares - Loans and Receivables	9	-	-	74,734,292	91,932,485
Available-For-Sale Financial Assets	10	51,000	2,075,032	51,000	2,075,032
Income Tax Recoverable		4,844,587	4,749,249	-	-
Cash and Cash Equivalents	11	7,332,827	11,972,356	2,177,752	9,153,611
		62,025,726	71,064,465	1,480,055,182	1,206,429,655
Total Assets		7,897,409,070	5,619,671,137	5,716,463,170	4,855,300,474
EQUITY AND LIABILITIES					
Equity					
Stated Capital	12	341,602,342	341,602,342	341,602,342	341,602,342
Revaluation Reserves	13	47,079,851	48,194,571	-	-
Retained Earnings		3,881,198,032	2,524,154,204	2,600,670,940	2,191,037,064
Equity Attributable to Equity Holders of the Parent		4,269,880,225	2,913,951,117	2,942,273,282	2,532,639,406
Non - Controlling Interest		(808,346)	(776,523)	-	-
Total Equity		4,269,071,879	2,913,174,594	2,942,273,282	2,532,639,406
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	14	1,277,366,863	662,373,701	1,277,366,863	662,373,701
Deferred Tax Liabilities	15	1,722,672,190	1,112,194,067	1,084,127,523	907,539,777
Retirement Benefit Liability	16	9,037,445	7,474,267	8,646,554	7,099,079
		3,009,076,498	1,782,042,035	2,370,140,940	1,577,012,557
Current Liabilities					
Trade and Other Payables	17	67,660,135	47,689,073	7,829,550	6,651,129
Income Tax Liabilities		5,412,823	5,410,911	5,414,931	5,413,206
Interest Bearing Loans and Borrowings	14	343,966,468	703,285,936	343,966,468	703,285,936
Tenant Deposits	18	202,221,267	168,068,588	46,837,999	30,298,240
		619,260,693	924,454,508	404,048,948	745,648,511
Total Equity and Liabilities		7,897,409,070	5,619,671,137	5,716,463,170	4,855,300,474

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 29 through 68 form an integral part of the Financial Statements.

30th May 2016
Colombo

Income Statement

Year ended 31 December		Group		Company	
	Note	2015	2014	2015	2014
		Rs.	Rs.	Rs.	Rs.
Revenue	19	210,592,378	149,680,915	89,214,233	79,534,521
Direct Expenses		(78,472,417)	(65,054,974)	(29,666,978)	(30,603,869)
Net Rental Income		132,119,961	84,625,941	59,547,255	48,930,652
Other Income and Gains	20	4,324,351	1,094,118	5,884,625	5,376,421
Change in value of Investment Properties		2,027,447,458	269,500,365	592,179,928	215,416,906
Selling and Distribution Costs		(3,955,466)	(8,832,088)	(1,611,709)	(7,941,657)
Administrative Expenses		(127,531,666)	(88,409,279)	(58,357,983)	(53,124,172)
Finance Cost	21.1	(64,433,449)	(35,941,125)	(17,553,612)	(35,931,955)
Finance Income	21.2	119	269,453	6,511,131	269,453
Profit/ (Loss) Before tax	22	1,967,971,308	222,307,385	586,599,635	172,995,647
Income Tax Expense	23	(611,135,004)	(69,224,210)	(176,613,783)	(52,695,897)
Profit/(Loss) for the year		1,356,836,304	153,083,175	409,985,852	120,299,750
Attributable to:					
Equity Holders of the Parent		1,356,868,127	153,096,698	409,985,852	120,299,750
Non-Controlling Interests		(31,823)	(13,523)	-	-
Earnings Per Share	24	6.79	0.77	2.05	0.60

The accounting policies and notes on pages 29 through 68 form an integral part of the Financial Statements.

Statement of Comprehensive Income

Year ended 31 December		Group		Company	
		2015	2014	2015	2014
	Note	Rs.	Rs.	Rs.	Rs.
Profit/ (Loss) for the year		1,356,836,304	153,083,175	409,985,852	120,299,750
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		(289,460)	(147,349)	(289,460)	(147,349)
Other comprehensive income not to be classified to profit or loss in subsequent periods					
Actuarial Loss on Defined Benefit Plans	16	(33,098)	(1,951,947)	(86,828)	(1,821,905)
Deferred Tax attributable to actuarial losses/ (gains) on retirement benefit obligations		9,268	546,545	24,312	510,133
Surplus on Revaluation of Property, Plant & Equipment	13	(762,647)	6,837,995	-	-
Deferred Tax on depreciation of revalued assets	13	136,918	(1,055,848)	-	-
Total of Other Comprehensive Income		(939,019)	4,229,396	(351,976)	(1,459,121)
Total Comprehensive income for the year, net of tax		1,355,897,285	157,312,571	409,633,876	118,840,629
Attributable to:					
Equity Holders of the Parent		1,355,929,108	157,326,094	409,633,876	118,840,629
Non-Controlling Interests		(31,823)	(13,523)	-	-

The accounting policies and notes on pages 29 through 68 form an integral part of the Financial Statements.

Statement of Changes in Equity

Year ended 31 December Group	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Non-Controlling Interest Rs.	Total Rs.
As at 1 January 2014	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
Net Profit/(Loss) for the Year	-	-	1,356,868,127	(31,823)	1,356,836,304
Transferred (to) / from	-	(488,991)	488,991	-	-
Other Comprehensive Income for the Year	-	(625,729)	(313,290)	-	(939,019)
As at 31 December 2015	341,602,342	47,079,851	3,881,198,032	(808,346)	4,269,071,879

Company	Stated Capital Rs.	Retained Earnings Restated Rs.	Total Rs.
As at 1 January 2014	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
Net Profit/(Loss) for the Year	-	409,985,852	409,985,852
Other Comprehensive Income for the Year	-	(351,976)	(351,976)
As at 31 December 2015	341,602,342	2,600,670,940	2,942,273,282

The accounting policies and notes on pages 29 through 68 form an integral part of the Financial Statements.

Cash Flow Statements

Year ended 31 December		Group		Company	
	Note	2015	2014	2015	2014
		Rs.	Rs.	Rs.	Rs.
Cash Flows From / (Used in) Operating Activities					
Profit before Tax from continuing operations		1,967,971,308	222,307,385	586,599,635	172,995,647
Adjustments for					
Depreciation	3	13,679,855	3,708,335	10,413,196	2,157,926
Income from Investments	20	(455)	-	(3,908,155)	(4,668,043)
(Increase) / Decrease in fair value of Investments Property		(2,027,447,458)	(269,500,365)	(592,179,928)	(215,416,906)
Loss on disposal of Property, Plant & Equipment		37,983	201,864	37,980	201,846
Finance Costs	21.1	64,433,449	35,941,125	17,553,612	35,931,955
Bad Debt Provision		1,159,137	2,200,000	84,750	2,200,000
Interest Income		(119)	(269,453)	(6,511,131)	(269,453)
Provision for Defined Benefit Plans	22	1,530,080	855,740	1,460,647	1,012,904
Operating Profit/(Loss) before Working Capital Changes		21,363,780	(4,550,988)	13,550,606	(5,854,124)
(Increase)/ Decrease in Inventories		(149,056)	30,477	-	-
(Increase)/ Decrease in Trade and Other Receivables		1,460,435	1,006,835	(299,908,361)	(622,053,967)
Increase/ (Decrease) in Tenant Deposits		19,971,062	95,060,588	16,539,759	(5,333,883)
Increase/ (Decrease) in Trade and Other Payables		34,152,679	14,418,073	1,178,421	(3,631,158)
Cash Generated from Operations		76,798,900	105,964,985	(268,639,575)	(636,873,132)
Finance Cost Paid		(63,220,589)	(35,941,125)	(17,553,612)	(35,931,955)
Defined Benefit Plan Costs Paid		-	(267,420)	-	-
Income Tax Paid		(603,764)	(2,976,954)	-	-
Net Cash From/(Used in) Operating Activities		12,974,547	66,779,486	(286,193,187)	(672,805,087)
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant & Equipment	3	(7,888,684)	(724,412,998)	(4,044,252)	(13,102,152)
Proceeds from Sale of Property, Plant & Equipment	3	66,600	186,980	66,600	186,998
Subsequent expenditure on Investment Property	4	(267,200,713)	(20,333,469)	(1,830,765)	(18,551,401)
Acquisition of Investments	10	-	(5,417,849)	-	(5,417,849)
Proceeds from disposal of Other investments		1,734,572	5,490,019	1,734,572	5,490,019
Interest Received		-	1,596	6,511,131	1,596
Dividend Received		455	-	3,908,155	4,668,043
Net Cash Flows from/(Used in) Investing Activities		(273,287,770)	(744,485,721)	6,345,441	(26,724,746)
Cash Flows from (Used in) Financing Activities					
Proceeds From Redemption of Preference Shares	9	-	-	17,198,193	20,737,515
Proceeds From Interest Bearing Loans & Borrowings	14	1,041,907,746	703,486,007	1,041,907,746	703,486,007
Repayment of Interest Bearing Loans & Borrowings	14	(617,670,000)	(154,386,663)	(617,670,000)	(154,386,663)
Principal Payment under Finance Lease Liabilities	14	(4,507,752)	(942,364)	(4,507,752)	(942,364)
Net Cash Flows from/(Used in) Financing Activities		419,729,994	548,156,980	436,928,187	568,894,495
Net Increase/(Decrease) in Cash and Cash Equivalents		159,416,771	(129,549,255)	157,080,441	(130,635,338)
Cash and Cash Equivalents at the beginning of the Year	11	(153,961,722)	(24,412,467)	(156,780,467)	(26,145,129)
Cash and Cash Equivalents at the end of the Year	11	5,455,049	(153,961,722)	299,974	(156,780,467)

The accounting policies and notes on pages 29 through 68 form an integral part of the Financial Statements.

Notes to the Financial Statement

1. CORPORATE INFORMATION

1.1 General

Colombo Land and Development Company PLC ("Company") is a public limited liability company listed on the 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 2015 comprise the Company and its Subsidiaries whose accounts have been consolidated therein (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 2015 were authorized for issue in accordance with a resolution of the board of directors on 30 May 2016.

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 2015. 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 in 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.

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 quality as investment property.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation 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 2015 for investment properties and land and buildings. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model and market based evidence was used, using comparable prices adjusted for specific market factors such as nature, location and condition of the property and 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, The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 4 and 29.

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 the income statement.

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 the income statement.

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 income statement 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 income statement.

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 the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- 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 non-financial assets such as investment properties, at fair value at each reporting 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 2.2, 3, 4 and 29
- Quantitative disclosures of fair value measurement hierarchy Note 29
- 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.

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. The first year of commercial operations of Liberty Developers (Private) Limited began from September 2015.

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.

Deferred tax assets arising from brought forward tax losses of Colombo Land and Development Company PLC amounting to Rs. 108,176,985/- (2014 – Rs. 96,031,311/-) has not been recognized due to the Company being unable to assess with reasonable certainty that taxable profits would be available to recover the asset in the foreseeable future, against which the tax losses amounting to Rs. 386,346,375/- (2014 – Rs. 342,968,967/-) can be utilized.

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 2.3
- 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 Group 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%
Tools and utensils	- on replacement basis

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 14% 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. Immature plantation consists of spices. 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:

Certain new accounting standards and amendments / improvements to existing standards have been published,that are not mandatory for 31 December 2015 reporting periods. None of those have been early adopted by the group/Company.

(a) SLFRS 9 Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

(b) SLFRS 14 Regulatory Deferral Accounts

SLFRS 14 is an interim standard which provides relief for first time -adopters of SLFRS in relation to the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). The standard permits these entities to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts.

SLFRS 14 is effective for annual periods beginning on or after 1 January 2016.

(c) 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.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Management believes that the SLFRS 14 would not be applicable for the Group, as it is an existing SLFRS preparer/does not involve in rate regulatory activities. Pending the completion of the detailed impact analysis, possible Impact from SLFRS 9 and SLFRS 15 is not reasonably estimable as of the reporting date.

The following amendments and improvements are not expected to have a significant impact on the Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations (Amendments to SLFRS 11).
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to LKAS 16 and LKAS 38).
- Equity Method in Separate Financial Statements (Amendments to LKAS 27).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SLFRS 10 and LKAS 28).
- Annual Improvements to SLFRSs 2012–2014 Cycle – various standards.
- Investment Entities: Applying the Consolidation Exception (Amendments to SLFRS 10, SLFRS 12 and LKAS 28).
- Disclosure Initiative (Amendments to LKAS 1).

3. PROPERTY, PLANT & EQUIPMENT

3.1 Group

At Cost	Balance As at 01.01.2015 Rs.	Additions Rs.	Disposals/ Writeoffs Rs.	Balance As at 31.12.2015 Rs.
3.1.1 Gross Carrying Amounts - Group				
Land	43,406,375	3,043,625	-	46,450,000
Buildings	2,740,381	-	(1,505,625)	1,234,756
Plant & Machinery	81,250	-	-	81,250
Furniture and Fittings	8,647,221	158,930	(2,557,065)	6,249,086
Motor Vehicles	290,000	-	-	290,000
Office Equipment	18,651,344	7,381,698	(235,789)	25,797,253
Tools and Utensils	103,930	15,217	-	119,147
Permanent land & development cost	2,355,000	-	(2,355,000)	-
Media Wall	-	30,055,740	-	30,055,740
Immature Plantation	9,325,339	285,128	-	9,610,467
Total Value of Depreciable Assets	85,600,840	40,940,338	(6,653,479)	119,887,699
3.1.2 At Valuation				
Buildings	26,817,501	22,000,000	-	48,817,501
3.1.3 Assets on Finance Lease				
Motor Vehicles	20,000,000	-	-	20,000,000
3.1.4 In the Course of Construction				
Capital Work in Progress	1,106,818,860	307,028,587	(1,413,847,447)	-
Total Gross Carrying Amount	1,239,237,201	369,968,925	(1,420,500,926)	188,705,200

3. PROPERTY, PLANT & EQUIPMENT (Contd...)

3.1 Group (Contd ...)

At Cost	Balance As at 01.01.2015 Rs.	Charge Rs.	Disposals/ Writeoffs Rs.	Balance As at 31.12.2015 Rs.
3.1.5 Depreciation and Impairment				
Buildings	-	54,112	(54,112)	-
Plant & Machinery	63,299	5,887	-	69,186
Furniture and Fittings	5,819,900	900,394	(2,557,065)	4,163,229
Motor Vehicles	278,400	10,349	-	288,749
Office Equipment	7,082,788	5,278,728	(131,209)	12,230,307
Media Wall	-	1,502,787	-	1,502,787
	13,244,387	7,752,257	(2,742,386)	18,254,258
3.1.6 At Valuation				
Buildings	-	927,598	-	927,598
3.1.7 Assets on Finance Lease				
Motor Vehicles	-	5,000,000	-	5,000,000
	13,244,387	13,679,855	(2,742,386)	24,181,856

At Cost	2015 Rs.	2014 Rs.
3.1.8 Net Book Values		
Land	46,450,000	43,406,375
Buildings	1,234,756	2,740,381
Plant & Machinery	12,064	17,951
Furniture and Fittings	2,085,857	2,827,321
Motor Vehicles	1,251	11,600
Office Equipment	13,566,946	11,568,556
Tools and Utensils	119,147	103,930
Permanent land & development cost	-	2,355,000
Media Wall	28,552,953	-
Immature Plantation	9,610,467	9,325,339
	101,633,441	72,356,453
At Valuation		
Buildings	47,889,903	26,817,501
Assets on Finance Lease		
Motor Vehicles	15,000,000	20,000,000
In the Course of Construction		
Capital Work in Progress	-	1,106,818,860
Total Carrying Amount of Property, Plant & Equipment	164,523,344	1,225,992,814

3.2 Company

At Cost	Balance As at 01.01.2015 Rs.	Additions Rs.	Disposals Rs.	Balance As at 31.12.2015 Rs.
3.2.1 Gross Carrying Amounts				
Furniture and Fittings	3,296,400	78,152	-	3,374,552
Motor Vehicles	166,000	-	-	166,000
Office Equipment	16,700,338	6,962,014	(199,600)	23,462,752
Total Value of Depreciable Assets	20,162,738	7,040,166	(199,600)	27,003,304
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	43,158,652	7,040,166	(3,195,514)	47,003,304

At Cost	Balance As at 01.01.2015 Rs.	Charge Rs.	Disposals Rs.	Balance As at 31.12.2015 Rs.
3.2.4 Depreciation and Impairment				
Furniture and Fittings	1,451,428	454,877	-	1,906,305
Motor Vehicles	154,400	10,349	-	164,749
Office Equipment	5,640,442	4,947,970	(95,020)	10,493,392
	7,246,270	5,413,196	(95,020)	12,564,446
3.2.5 Assets on Finance Lease				
Motor Vehicles	-	5,000,000	-	5,000,000
	7,246,270	10,413,196	(95,020)	17,564,446

3. PROPERTY, PLANT & EQUIPMENT (Contd...)

3.2 Company (Contd ...)

	At Cost	2015 Rs.	2014 Rs.
3.2.6	**Net Book Values**		
	At Cost or Valuation		
	Furniture and Fittings	1,468,247	1,844,972
	Motor Vehicles	1,251	11,600
	Office Equipment	12,969,360	11,059,896
		14,438,858	12,916,468
	Assets on Finance Lease		
	Motor Vehicles	15,000,000	20,000,000
	In the Course of Construction		
	Capital Work in Progress	-	2,995,914
	Total Carrying Amount of Property, Plant & Equipment	29,438,858	35,912,382

3.3 The fair value of land and buildings was determined by means of a revaluation during the financial year 2015 and 2014 respectively by Messrs. Ariyathilake & Company, an independent valuer in reference to market based evidence and DCF model respectively. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31st December 2015 and 31st December 2104 respectively. 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 Rs.	Cumulative Depreciation If assets were carried at cost Rs.	Net Carrying Amount 2015 Rs.	Net Carrying Amount 2014 Rs.
Land and Buildings	43,041,000	(8,319,000)	34,722,000	35,583,000

3.4 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs. 7,888,684/- (2014 - Rs. 744,412,998/-) of which Rs. Nil (2014 - Rs. 20,000,000/-) was acquired by means of finance leases. Cash payments amounting to Rs. 7,888,684/- (2014 - Rs. 724,412,998/-) 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. 8,176,379/- (2014 - Rs. 6,412,089/-) which are still in use.

3.6 The assumptions used in the fair valuation of Buildings are disclosed in Note 4.3.

4. INVESTMENT PROPERTY

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
As at 1 January	4,322,613,858	4,032,780,024	3,409,759,307	3,175,791,000
Additions				
- Direct acquisitions of investment property	-	-	-	-
- Subsequent expenditure on investment property	1,830,765	20,333,469	1,830,765	18,551,401
- transferred from Property, Plant and Equipment	1,340,967,919	-	-	-
Transferred to Property, Plant and Equipment	(22,000,000)	-	-	-
Disposals/Transfers	-	-	-	-
Net gain / (loss) from fair value adjustment	2,027,447,458	269,500,365	592,179,928	215,416,906
As at 31 December	7,670,860,000	4,322,613,858	4,003,770,000	3,409,759,307

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.

4.2 Details of Investment Properties - Group/Company

Property	Extent.	Value	Valuation Date	Method
Property				
Liberty Plaza	2A - 2R - 18.40P	Rs. 4.47 Bn	10.03.2016	Income
Liberty Arcade	0A - 0R - 36.88P	Rs. 620 Mn	10.03.2016	Income
GAS Land	2A - 3R - 11.00P	Rs. 2.5 Bn	22.03.2016	Market Value
Peoples Park	52,262 Sq. Ft	Rs. 100.3 Mn	22.03.2016	Income

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

	2015	2014
Growth in future rentals:	-	8.2% p.a.
Rental rates used - for shop units	Rs. 200 – Rs. 300 p. sq.ft	-
- for parking area	Rs. 15 p. sq.ft	-
Anticipated maintenance cost:	40% - 50% of rentals	62.5% of rentals
Yield/Discount rate :	5.5% - 6.0% p.a.	6.0% p.a.

Notes to the Financial Statement

4. INVESTMENT PROPERTY (Contd...)

4.4 Fair value of the investment property is ascertained by annual independent valuations carried out by Messrs. H. R. De Silva. 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 behaviour that is a characteristic of the class of real estate 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 % 2015	Holding % 2014	At Cost 2015 Rs.	At Cost 2014 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 % 2015	Holding % 2014	At Cost 2015 Rs.	At Cost 2014 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

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
7.1 Summary				
Trade Debtors	36,352,979	34,629,243	9,627,717	17,133,746
Less: Allowances for Doubtful Debts (7.2)	(2,010,797)	(3,579,956)	(260,443)	(2,903,989)
	34,342,182	31,049,287	9,367,274	14,229,757
Other Debtors - Related Parties (7.3)	378,761	745,256	1,380,464,406	1,070,516,687
Prepayments	5,656,082	4,048,481	3,341,657	2,546,677
Staff Loans (7.4)	6,066,070	5,668,428	6,034,369	5,630,181
Other Receivables	3,045,638	10,596,853	3,884,432	10,345,225
	49,488,733	52,108,305	1,403,092,138	1,103,268,527
7.2 Allowance for Doubtful Debts				
As at 1 January	3,579,956	869,649	2,903,989	118,113
(Reversal of provision)/provision for Impairment	(1,569,159)	2,710,307	(2,643,546)	2,785,876
As at 31 December	2,010,797	3,579,956	260,443	2,903,989

		Group		Company	
		2015	2014	2015	2014
	Relationship	Rs.	Rs.	Rs.	Rs.
7.3 Other Debtors - Related Parties					
Liberty Holdings Limited	Subsidiary	-	-	48,412,800	13,076,693
Agrispice (Private) Limited	Associate	-	-	46,469,514	43,129,121
Anantaya Global Solutions (Private) Limited	Affiliate	224,650	224,650	3,422,272	3,766,722
Liberty Plaza Management Corporation	Affiliate	154,111	520,606	154,111	189,270
Liberty Developers (Private) Limited	Subsidiary	-	-	1,282,005,709	1,010,354,881
		378,761	745,256	1,380,464,406	1,070,516,687

7. TRADE AND OTHER RECEIVABLES (Contd...)

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% (2014 - 5%). Fair value of loans given to staff equals their carrying amount, as the impact of discounting is not significant.

As at 31 December, the Age Analysis of Trade Receivables is as follows,	Total	Current	Past due but not impaired 31-60 days	61-90 days	> 90 days
7.5 Group					
2015	34,342,182	7,342,117	6,241,792	1,105,597	19,652,676
2014	31,049,287	2,780,796	2,861,033	2,909,611	22,497,847

As at 31 December, the Age Analysis of Trade Receivables is as follows,	Total	Current	Past due but not impaired 31-60 days	61-90 days	> 90 days
Company					
2015	9,367,274	1,256,757	3,169,360	643,580	4,297,577
2014	14,229,757	1,220,068	827,888	222,600	11,959,201

8. INVENTORIES - GROUP

	2015 Rs.	2014 Rs.
Goods in Transit	308,579	159,523
	308,579	159,523

9. INVESTMENT IN PREFERENCE SHARES - LOANS AND RECEIVABLES - COMPANY

	2015 Rs.	2014 Rs.
As at 1 January	91,932,485	112,670,000
Redeemed Preference Shares	(17,198,193)	(20,737,515)
As at 31 December	74,734,292	91,932,485

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Quoted - Group/Company	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
As at 1 January	2,075,032	2,294,542	2,075,032	2,294,542
Additions	-	5,417,849	-	5,417,849
Disposals	(1,734,572)	(5,914,795)	(1,734,572)	(5,914,795)
Fair Value Gains/(Loss)	(289,460)	277,436	(289,460)	277,436
As at 31 December	51,000	2,075,032	51,000	2,075,032

	No. of Shares		2015	2014
	2015	2014	Rs.	Rs.
10.1 Quoted Shares				
Equity One PLC	-	13,532	-	13,532
Hikkaduwa Beach Resort PLC	51,000	50,400	51,000	50,400
Tess Agro PLC	-	2,011,100	-	2,011,100
	51,000	2,075,032	51,000	2,075,032

11. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

Components of Cash and Cash Equivalents	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
11.1 Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	7,332,827	10,581,543	2,177,752	7,749,322
Fixed and Call Deposits	-	1,390,813	-	1,404,289
	7,332,827	11,972,356	2,177,752	9,153,611
11.2 Unfavourable Cash and Cash Equivalents Balance				
Overdraft	(1,877,778)	(165,934,078)	(1,877,778)	(165,934,078)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	5,455,049	(153,961,722)	299,974	(156,780,467)

12. STATED CAPITAL

Group/Company	2015		2014	
	Number	Rs.	Number	Rs.
Fully Paid Ordinary Shares	199,881,000	341,602,342	199,881,000	341,602,342

Notes to the Financial Statement

13. REVALUATION RESERVE

	Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
As at 1 January	48,194,571	42,764,000	-	-
Surplus on Revaluation of Property, Plant & Equipment	(762,647)	4,122,460	-	-
Deferred Tax on Revaluation Gain	-	(1,154,289)	-	-
Realised Surplus on usage transferred to Accumulated Profit	(488,991)	2,363,959	-	-
Deferred Tax effect of depreciation transfer	136,918	98,441	-	-
As at 31 December	47,079,851	48,194,571	-	-

Revaluation reserve of Group includes revaluation of land and buildings owned by the subsidiaries, Agrispice (Private) Limited and Liberty Holdings Limited valued on 10 March 2016 by an independent professional valuer.

14. INTEREST BEARING LOANS & BORROWINGS

	2015 Amount Repayable Within 1 Year Rs.	2015 Amount Repayable After 1 Year Rs.	2015 Total Rs.	2014 Amount Repayable Within 1 Year Rs.	2014 Amount Repayable After 1 Year Rs.	2014 Total Rs.
14.1 Group/Company						
Bank Loans (14.2)	289,196,602	1,267,609,067	1,556,805,669	395,014,000	647,653,923	1,042,667,923
Term Loans (14.3)	48,100,000	-	48,100,000	138,000,000	-	138,000,000
Bank Overdrafts (11.2)	1,877,778	-	1,877,778	165,934,078	-	165,934,078
Finance Lease (14.4)	4,792,088	9,757,796	14,549,884	4,337,858	14,719,778	19,057,636
	343,966,468	1,277,366,863	1,621,333,331	703,285,936	662,373,701	1,365,659,637

		Balance As At 01.01.2015 Rs.	Loan Obtained Rs.	Accrued Interest Rs.	Over Provision of Interest Rs.	Repayment Rs.	Balance As At 31.12.2015 Rs.	Current Rs.	Non-current Rs.
14.2 Bank Loans									
Sampath Bank	- Term Loan 1	455,372,580	-	3,782,837	(5,928,264)	-	453,227,153	93,782,836	359,444,317
	- Term Loan 11	150,000,000	-	1,279,932	-	-	151,279,932	31,279,932	120,000,000
	- Term Loan 111	-	252,969,000	1,890,494	-	-	254,859,494	55,890,494	198,969,000
Commercial Bank	- Term Loan 1	134,774,795	-	-	(1,454,795)	(26,670,000)	106,650,000	28,000,000	78,650,000
Commercial Bank	- Term Loan 11	200,000,000	290,873,030	-	-	(200,000,000)	290,873,030	36,000,000	254,873,030
Bank of Ceylon	- Term Loan	102,520,548	24,467,530	-	(2,520,548)	(100,000,000)	24,467,530	4,893,540	19,573,990
Bank of Ceylon	- Term Loan 11	-	465,448,530	-	-	(190,000,000)	275,448,530	39,349,800	236,098,730
		1,042,667,923	1,033,758,090	6,953,263	(9,903,607)	(516,670,000)	1,556,805,669	289,196,602	1,267,609,067

	Balance As At 01.01.2015 Rs.	Loan Obtained Rs.	Repayment Rs.	Balance As At 31.12.2015 Rs.
14.3 Short Term Loans				
Sampath Bank	100,000,000	-	(100,000,000)	-
Commercial Leasing Company	-	7,500,000	(1,000,000)	6,500,000
MBSL	38,000,000	-	-	38,000,000
Loans from Directors	-	3,600,000	-	3,600,000
	138,000,000	11,100,000	(101,000,000)	48,100,000

	As at 01.01.2015 Rs.	New Leases Obtained Rs.	Repayments Rs.	As at 31.12.2015 Rs.	Current As at 31.12.2015 Rs.	Non Current As at 31.12.2015 Rs.
14.4 Finance Leases						
Bank of Ceylon	23,042,849	-	(6,037,426)	17,005,423	6,048,377	10,957,046
Gross Liability	23,042,849	-	(6,037,426)	17,005,423	6,048,377	10,957,046
Finance Charges allocated to Future Periods	(3,985,213)	-	1,529,674	(2,455,539)	(1,256,289)	(1,199,250)
Net Liability	19,057,636	-	(4,507,752)	14,549,884	4,792,088	9,757,796

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

	Bank	Purpose	Facility Amount	Interest	Grace Period	Repayment Terms	Security
14.5	**Details of Long Term Loans**						
	Commercial Bank	**Facility 1** Part Finance purchase cost of land and 4 storied building at Kollupitiya	Rs. 200 Mn	PLR + 2.5% PLR as at 01.11.2015 - 7.24% p.a.	6 Months extended from 19.07.2015 to 19.12.2015	46 Installments of Rs. 2 Mn first 27 months, Rs. 2.8 Mn next 10 months, Rs. 3.2 Mn next 08 months & Final instalment of Rs. 3.05 Mn.	- Floating Primary Registered Mortgage Bond for Rs. 200 Mn on land in Kollupitiya - Floating Secondary Registered Mortgage Bond for Rs. 50 Mn on above land - Floating Tertiary Mortgage Bond for Rs. 103,324,000/- on above land - Floating Quarternary Mortgage Bond for Rs. 66,000,000/- on above land - CG for Rs. 200 Mn & Rs. 220 Mn from LHL - CG for Rs. 200 Mn & Rs. 220 Mn from LDL
		Facility 2 Part finance refurbishment of LP building and absorb term loan of Rs. 200 Mn.	Rs. 296 Mn	PLR + 2.5% PLR as at 01.11.2015 - 7.24% p.a.	6 Months extended from 19.07.2015 to 19.12.2015	66 Installments of Rs. 3 Mn first 24 months, Rs. 3.8 Mn next 12 months, Rs. 5.2 Mn next 12 months, Rs. 6.2 Mn next 12 months, Rs. 6.8 Mn next 05 months & Final instalment of Rs. 7.6 Mn.	
	Sampath Bank	Facility 1 - Medium Term Loan (Fresh) To part finance the cost overrun and cost of construction of increased commercial space of "LP Revamping Project" and settle existing Bridging Loan of Rs. 100 Mn	Rs. 270 Mn	AWPLR + 2.5% or minimum of 8.5% p.a.	-	60 monthly installments of Rs. 4.5 Mn commencing from January 2016	Securities for all facilities - Existing Primary Mortgage Bond for Rs. 600 Mn and proposed Secondary Bond for Rs. 300 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 - Tripartite Agreement
		Facility 2 - Medium Term Loan (Existing) To part finance LP revamping project	Rs. 450 Mn	AWPLR + 3% or minimum of 8.5% p.a.	-	60 monthly installments of Rs. 7.5 Mn commencing from January 2016	Securities for Facilities 02 and 03 - CG of LHL for Rs. 600 Mn. - CG of LDL for Rs. 600 Mn.
		Facility 3 - Medium Term Loan (Existing) To part finance the "LP Revamping Project)	Rs. 150 Mn	AWPLR + 3% or minimum of 8.5% p.a.	-	60 monthly installments of Rs. 2.5 Mn commencing from January 2016	

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	AWPLR + 3.5% or minimum of 12% p.a.	-	12 Months Rs. 8,333,335/- + Interest	
	Facility 3 - Reschedule Term Loan To reschedule capital amount of Facility 1 & 2 and overdrawn balance of BOC C/A	Rs. 275,448,530	AWPLR + 3.0% or minimum of 10% p.a.	-	84 Months capital Rs. 3,279,150/- + Interest	Tertiary Mortgage over 112 units in Liberty Plaza Shopping Complex owned by Liberty Holdings Limited (99) and Colombo Land and Development Company PLC (13)
	Facility 3 - Reschedule Term Loan To reschedule total interest amount of Facility 1 & 2 and accumulated interest on overdrawn balance of BOC C/A	Rs. 24,467,530	Fixed Rate 4.0% p.a.	-	60 Months capital Rs. 407,795/- + Interest	
MBSL	Short-term loan Part Finance construction cost of LA	Rs. 38 Mn	16.50%		12 Months	- Primary mortgage over property called Orukanda Estate

15. DEFERRED TAX LIABILITIES

	Group 2015 Rs.	Group 2014 Rs.	Company 2015 Rs.	Company 2014 Rs.
15.1 Gross Movement on the Deferred Tax Liabilities is as follows:				
As at January	1,112,194,067	1,043,509,724	907,539,777	855,396,204
Deferred Tax impact on depreciation of Revalued Assets	(136,918)	1,055,848	-	-
Income Statement charge	610,624,309	68,175,040	176,612,058	52,653,706
Deferred Tax impact on actuarial losses on retirement benefit obligations	(9,268)	(546,545)	(24,312)	(510,133)
As at December	1,722,672,190	1,112,194,067	1,084,127,523	907,539,777

Deferred Tax Liabilities	Revaluation of Land and Building Rs.	Capital Allowances for Tax purposes Rs.	Revaluation of Investment Property Rs.	Total Rs.
15.2 Deferred Tax Assets, Liabilities and Income Tax relates to the followings - Group				
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
Charged to income statement	-	821,434	610,171,261	610,992,695
Deferred tax on depreciation transfer	(136,918)	-	-	(136,918)
As of 31 December 2015	3,970,609	7,429,710	1,773,279,991	1,784,680,310

Deferred tax assets	Tax losses Rs.	Defined Benefit Obligation Rs.	Total Rs.
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)
(Credited)/Debited to income statement	57,236	(425,622)	(368,386)
Charged to Other Comprehensive Income	-	(9,268)	(9,268)
As of 31 December 2015	(59,480,244)	(2,527,876)	(62,008,120)

Deferred Tax Liabilities	Capital Allowances for Tax purposes Rs.	Revaluation of Investment Property Rs.	Total Rs.
15.3 Deferred Tax Assets, Liabilities and Income Tax relates to the followings - Company			
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
Charged to income statement	845,052	176,175,987	177,021,038
As of 31 December 2015	2,863,110	1,083,685,443	1,086,548,552

Deferred tax assets	Defined Benefit Obligation Rs.	Total Rs.
As of 31 December 2013	(1,193,995)	(1,193,995)
(Credited)/Debited to income statement	(283,609)	(283,609)
Charged to Other Comprehensive Income	(510,133)	(510,133)
As of 31 December 2014	(1,987,737)	(1,987,737)
(Credited)/Debited to income statement	(408,980)	(408,980)
Charged to Other Comprehensive Income	(24,312)	(24,312)
As of 31 December 2015	(2,421,029)	(2,421,029)

16. RETIREMENT BENEFIT LIABILITY

Retirement Benefits Obligation-Gratuity	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
As at 1 January	7,474,267	4,934,000	7,099,079	4,264,270
Current service cost	781,472	485,639	749,627	664,525
Interest cost	748,608	370,101	711,020	348,379
Actuarial losses	33,098	1,951,947	86,828	1,821,905
Payments made during the Year	-	(267,420)	-	-
As at 31 December	9,037,445	7,474,267	8,646,554	7,099,079
16.1 Post Employee Benefit Expense for				
Current service cost	781,472	485,639	749,627	664,525
Interest cost	748,608	370,101	711,020	348,379
Post Employment Benefit Expense	1,530,080	855,740	1,460,647	1,012,904

Notes to the Financial Statement

16. RETIREMENT BENEFIT LIABILITY (Contd...)

16.2 The management carried out it's own valuation using the projected unit credit method at 31 December 2015 as per recommendations made in the LKAS 19; Employee Benefits. The assumptions used are as follows,

	2015	2014
Discount rate assumed (%)	10%	8%
Salary increase (%)	15%	15%
Staff turnover factor (%)	11%	16%

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
	Rs.	Rs.	Rs.	Rs.
Discount rate assumed	8,673,050	9,346,647	8,331,828	8,976,091
Salary increase	9,330,131	8,682,742	8,958,985	8,342,330
Staff turnover factor	9,004,992	8,998,951	8,646,553	8,646,553

17. TRADE AND OTHER PAYABLES

Summary	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Other Payables - Related Parties (17.1)	39,720,586	39,687,160	-	-
- Others	17,542,693	1,830,132	995,100	897,846
Sundry Creditors Including Accrued Expenses	10,396,856	6,171,781	6,834,450	5,753,283
	67,660,135	47,689,073	7,829,550	6,651,129

		Group		Company	
		2015	2014	2015	2014
	Relationship	Rs.	Rs.	Rs.	Rs.
17.1 Other Payables - Related Parties					
Liberty Plaza Management Corporation	Affiliate	39,720,586	39,687,160	-	-
		39,720,586	39,687,160	-	-

18. TENANT DEPOSITS

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
As at 1 January	168,068,588	73,008,000	30,298,240	35,632,123
Deposits Received	54,596,377	100,394,471	29,995,440	5,571,418
Repayments	(20,443,698)	(5,333,883)	(13,455,681)	(10,905,301)
As at 31 December	202,221,267	168,068,588	46,837,999	30,298,240

19. REVENUE

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Rental Income from Investment Property	210,592,378	148,302,415	89,214,233	79,534,521
Rendering of Services	-	1,378,500	-	-
	210,592,378	149,680,915	89,214,233	79,534,521

20. OTHER INCOME AND GAINS

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Dividend Income	455	-	3,908,155	4,668,043
Advertising Income	1,430,000	-	1,430,000	-
Interest of Staff Loans	9,351	230,235	9,351	230,235
Overdue Interest	1,812,138	-	-	-
Profit on Disposal of Investments	118,519	-	118,519	-
Sundry Income	953,888	863,883	418,600	478,143
	4,324,351	1,094,118	5,884,625	5,376,421

Notes to the Financial Statement

21. FINANCE COST AND INCOME

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
21.1 Finance Cost				
Interest Expense on Overdrafts	489,954	10,851,944	152,443	10,842,774
Interest Expense on Interest Bearing Loans & Borrowings	62,413,821	24,927,514	15,871,495	24,927,514
Interest on Finance Leases	1,529,674	161,667	1,529,674	161,667
	64,433,449	35,941,125	17,553,612	35,931,955
21.2 Finance Income				
Interest on Treasury Bills	119	1,596	119	1,596
Interest on Financial Guarantees	-	-	6,511,012	-
Interest income on financial assets measured at fair value	-	267,857	-	267,857
	119	269,453	6,511,131	269,453

22. PROFIT/(LOSS) FROM CONTINUING OPERATIONS

Stated after Charging /(Crediting)	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Included in Cost of Sales				
Depreciation	3,709,621	491,148	3,709,621	491,148
Included in Administrative Expenses				
Employees Benefits including the following	35,835,083	38,760,757	28,037,213	27,969,441
- Defined Benefit Plan Costs - Gratuity	1,530,080	855,740	1,460,647	1,012,904
- Defined Contribution Plan Costs - EPF & ETF	3,333,699	2,548,530	3,023,017	2,269,539
Depreciation	9,970,236	3,221,568	6,703,575	1,666,778
Loss on Disposal of Property, Plant and Equipment	37,983	201,864	37,980	201,846
Auditor's Fees and Expenses	1,335,000	1,167,097	675,000	600,000
Included in Selling and Distribution Costs				
Advertising Costs	390,683	545,148	390,683	545,148

23. INCOME TAX

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

Income Statement Current Income Tax	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Current Income Tax charge	510,695	1,049,170	1,725	42,191
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (15)	610,624,309	68,175,040	176,612,058	52,653,706
Income tax expense reported in the Income Statement	611,135,004	69,224,210	176,613,783	52,695,897

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

Income Statement Current Income Tax	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Accounting Profit before Tax from continuing operations	1,967,971,308	222,307,385	586,599,635	172,995,647
Disallowed Expenses	26,826,225	17,239,455	15,962,430	9,930,701
Allowable Expenses	(2,021,972,271)	(304,933,585)	(622,747,869)	(247,650,983)
Statutory Loss	(27,174,738)	(65,386,745)	(20,185,804)	(64,724,635)
Statutory Income	2,806,013	5,764,673	9,483	231,818
Tax Losses utilized during the Year	(982,105)	(2,017,636)	(3,319)	(81,136)
Taxable Profit	1,823,908	3,747,037	6,164	150,682
Tax at 28% (2015 - 28%)	510,694	1,049,170	1,725	42,191
23.2 Tax Losses				
Tax Losses Brought Forward	559,382,194	496,013,085	342,968,903	278,325,404
Tax Losses Incurred During the Year	27,174,738	65,386,745	20,185,804	64,724,635
Tax Losses Utilised	(982,105)	(2,017,636)	(3,319)	(81,136)
Adjustments on Finalisation of Liability	13,560,329	-	16,565,392	-
Tax Losses Carried Forward	599,135,156	559,382,194	379,716,780	342,968,903

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.

Income Statement Current Income Tax	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
24.2 The following reflects the income and share data used in the Basic Earnings Per Share computation.				
Amount Used as the Numerator:				
Profit for the Year	1,356,836,304	153,083,175	409,985,852	120,299,750
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	1,356,836,304	153,083,175	409,985,852	120,299,750

	2015	2014	2015	2014
	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	
	2015	2014	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Nature of Transaction						
As at 1 January	1,070,327,417	436,982,955	189,270	26,871	1,070,516,687	437,009,826
Purchase of Assets	219,778	-	-	-	219,778	-
Rendering of Services	(350,000)	721,317	720,000	720,000	370,000	1,441,317
Central Cost Allocated	24,093,047	21,458,771	-	-	24,093,047	21,458,771
Purchase of Services	-	-	3,744,671	1,989,531	3,744,671	1,989,531
Finance Charges	(2,276,375)	111,307,296	-	-	(2,276,375)	111,307,296
Finance Charges paid on behalf of others	128,543,264	(6,375,548)	-	-	128,543,264	(6,375,548)
Receipt/(Transfer) of Services	(56,920,000)	(13,100,000)	-	-	(56,920,000)	(13,100,000)
Settlement of Liabilities by the Company onbehalf of others	42,019,673	9,611,181	-	-	42,019,673	9,611,181
Payments for Services	-	1,100,000	-	-	-	1,100,000
Management Fees	1,200,000	2,400,000	-	-	1,200,000	2,400,000
Service Charges	3,000,000	-	(7,499,831)	(2,547,132)	(4,499,831)	(2,547,132)
Rental Deposits Received	(41,552,101)	(50,795,880)	-	-	(41,552,101)	(50,795,880)
Transfers under finance arrangements	198,140,870	561,682,647	3,000,000	-	201,140,870	561,682,647
Settlement of Liabilities on behalf of the Company	7,353,710	(4,665,322)	-	-	7,353,710	(4,665,322)
As at 31 December	1,373,799,283	1,070,327,417	154,110	189,270	1,373,953,393	1,070,516,687

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.

25. RELATED PARTY DISCLOSURES (Contd...)

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	2015 Rs.	2014 Rs.
Short-term employee benefits	12,830,500	11,371,367
Post-employment benefits	918,000	747,668
	13,748,500	12,119,035
Other Transactions with Key Management Personnel		
Loans to Key Management Personnel		
As at 1 January	2,954,623	3,069,541
Loans advanced during the year	650,000	1,000,000
Loans repayments received	(1,208,177)	(1,275,064)
Interest charged	(4,369)	276,246
Interest received	99,750	(116,100)
As at 31 December	2,491,827	2,954,623

Loans advanced to Key Management Personnel 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 31.12.2015 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 2015 and 2014.

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 2015.

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 2015 and 2014.

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 interest 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.

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"
2015		
Borrowings	+10/-10	1,898,016
2014		
Borrowing	+10/-10	2,770,086

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	(893)
S&P SL 20	(77)

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.

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

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 entered 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 2015 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 2015	On demand	1 to 12 Months	From 2 to 5 years	Total
Interest Bearing Loans and Borrowings (Note 14)	1,877,778	355,718,548	1,630,901,731	1,988,498,057
Tenant Deposits (Note 18)	202,221,267	-	-	202,221,267
Trade and Other Payables (Note 17)	-	67,660,135	-	67,660,135

Year ended 31 December 2014	On demand	1 to 12 Months	From 2 to 5 years	Total
Interest Bearing Loans and Borrowings (Note 14)	165,934,078	314,323,303	963,170,644	1,443,428,025
Tenant Deposits (Note 18)	168,068,588	-	-	168,068,588
Trade and Other Payables (Note 17)	-	47,689,073	-	47,689,073

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 on 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.

	2015	2014
Interest Bearing Loans and Borrowings (Note 14)	1,621,333,331	1,365,659,637
Trade and Other Payables (Note 17)	67,660,135	47,689,073
Less: Cash and Cash Equivalents (Note 11)	(7,332,827)	(11,972,356)
Net debt	1,681,660,639	1,401,376,354
Equity	4,269,071,879	2,913,174,594
Capital and net debt	5,950,732,518	4,314,550,948
Gearing ratio	28%	32%

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 2015 and 2014.

28. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Company (Colombo Land and Development Company PLC) financed the Liberty Plaza Revamping Project undertaken by Liberty Developers (Private) Limited (LDPL) where such amounts have been recognized as a related party payable by LDPL to the Company.

In order to carry out a group restructuring process along with the completion of the aforesaid development project, the Board of Directors of the Company, by a resolution passed on 16th May 2016, approved the capitalization of the said related party payable to the Company from LDPL followed by the transfer of LDPL shares held by the Company to Liberty Holdings Limited (LHL) thus enabling significant rental income generating assets to operate under LHL.

Accordingly, as part of the group restructuring process, the Company entered into the following related party transactions on 19th May 2016:

(i) A sum of Rs. 1,310,046,593.34 (out of the related party payable from LDPL to the Company as at March 31, 2016 of Rs. 1,310,046,598.97) was capitalized by the issue of 71,941,054 ordinary shares of LDPL to the Company at an issue price of Rs.18.21 per share for a total consideration of Rs.1,310,046,593.34 and the remaining residual was settled in cash

(ii) 100% of the shares held by the Company in LDPL of 111,941,054 shares were sold and transferred to LHL at the Net Asset Value of LDPL (unaudited) of Rs.2,038,536,280.50 as at March 31, 2016 which was partially settled by LHL by the issue of 14,997,273 ordinary shares of LHL to the Company at an issue price of Rs. 40.56 per share, for a total consideration of Rs. 608,289,392.88 and the balance consideration amounting to Rs.1,430,246,887.62 is payable by LHL to the Company at an issue price of Rs. 40.56 per share, for a total consideration of Rs. 608,289,392.88 and the balance consideration amounting to Rs.1,430,246,887.62 is payable by LHL to the Company on or before December 31, 2016.

(iii) The Company acquired 510,000 shares (51% shareholding) in Agrispice (Private) Limited ("Agrispice") held through LHL for a total consideration of Rs.5,100,000.00 thereby increasing the Company's stake in Agrispice to 100%

(iv) The Company acquired 70 shares (70% shareholding) in Anantya Global Solutions Company Limited ("Anantya") held through LHL for a total consideration of Rs.700.00

LHL, with the strength of its incremental assets and cash flows, intends to leverage the balance sheet of LHL with a view to settling the amount payable to the Company as aforesaid and is evaluating the possibility of raising the requisite funds to settle the Company via a listed debt instrument through the capital market subject to regulatory approvals, amongst other funding sources.

Notes to the Financial Statement

29. FAIR VALUES

29.1 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:

- 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 2015 was assessed to be insignificant.

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

The fair value measurement hierarchy for assets as at 31 December 2015:

			Fair value measurement using		
	Date of valuation	Total	"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	22-Mar-16	7,670,860,000	-	-	7,670,860,000
AFS financial assets					
Quoted Equity Shares	31-Dec-15	51,000	51,000	-	-

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

			Fair value measurement using		
	Date of valuation	Total	"Quoted prices in active markets (Level 1)	"Significant observable inputs (Level 2)	"Significant unobservable inputs (Level 3)
Investment Properties (Note 4)					
Properties	10-Jan-15	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					
Buildings	10-Jan-15	26,817,501	-	-	26,817,501

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

30. COMMITMENTS AND CONTINGENCIES

30.1 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.

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.

Apart from the above, there are no material 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. GROUP INFORMATION (Contd...)

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 equity 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	
	2015	2014	2015	2014	2015	2014	2015	2014
Current								
Assets	81,581,206	69,145,491	160,395	560,551	1,100,697	1,508,297	9,508,838	234,810
Liabilities	239,627,125	226,226,103	49,923,042	45,463,446	3,796,699	4,098,221	1,425,700,837	1,108,829,288
Total current net assets	(158,045,919)	(157,080,612)	(49,762,647)	(44,902,895)	(2,696,002)	(2,589,924)	(1,416,191,999)	(1,108,594,478)
Non-current								
Assets	1,252,764,977	944,337,033	58,182,013	57,956,492	-	-	2,497,530,416	1,103,838,330
Liabilities	291,012,906	209,627,604	10,000	-	-	-	691,264,000	-
Total non-current net assets	961,752,071	734,709,429	58,172,013	57,956,492	-	-	1,806,266,416	1,103,838,330
Net assets	803,706,152	577,628,817	8,409,366	13,053,597	(2,696,002)	(2,589,924)	390,074,417	(4,756,148)
Revenue	75,569,543	71,246,964	-	-	-	1,378,500	47,224,750	-
Profit/(Loss) before income tax	307,015,688	57,725,040	(4,643,570)	(2,957,677)	(106,076)	(45,078)	1,086,094,565	(3,191,642)
Income Tax	(86,607,871)	(21,273,052)	-	-	-	-	(691,264,000)	-
Profit/(Loss) after income tax	220,407,817	36,451,988	(4,643,570)	(2,957,677)	(106,076)	(45,078)	394,830,565	(3,191,642)
Other Comprehensive income/ (expense)	175,604	4,811	-	2,715,535	-	-	-	-
Total comprehensive (loss)/ income	220,583,420	36,456,799	(4,643,570)	(242,142)	(106,076)	(45,078)	394,830,565	(3,191,642)

Ten Year Summary

	2006 Rs.'000	2007 Rs.'000	2008 Rs.'000	2009 Rs.'000	2010 Rs.'000	2011 Restate	2012 Rs.'000	2013 Rs.'000	2014 Rs.'000	2015 Rs.'000
Trading Results										
Turnover	728,166	87,041	92,403	90,408	88,863	94,752	104,912	125,470	149,681	210,592
Operating Income	140,814	61,376	64,483	58,960	57,553	65,317	72,966	77,790	84,626	132,120
Operating Expenses	(201,888)	(58,948)	(57,309)	(71,143)	(78,937)	(129,624)	(80,283)	(94,934)	(97,241)	(131,487)
Operating Profit/(Loss)	185,185	3,967	8,468	(11,504)	(16,838)	277,273	(16,340)	137,733	257,979	2,032,285
Non Operating Income	246,259	1,539	1,294	679	4,546	2,076	2,179	2,057	1,094	4,324
Net Finance/(Cost)	(62,508)	1,734	17,509	13,975	7,887	12,769	6,655	(20,215)	(35,672)	(64,433)
Share of results of associates	-	(8,518)	(17,348)	(16,710)	-	-	-	-	-	
Profit/(Loss) before Tax	122,677	82,711	8,629	166	491,363	290,042	(9,685)	117,518	222,307	1,967,971
Income Tax	(6,099)	(7,252)	(3,553)	(2,507)	(5,931)	44,993	(80,284)	(56,444)	(69,224)	(611,135)
Profit/(Loss) after Tax	116,578	75,459	5,076	(2,341)	485,432	335,035	(89,969)	61,074	153,083	1,356,836
Minority Interest	5,240	-	-	-	-	-	(216)	(530)	(13)	(32)
Profit/(Loss) of the Year	121,818	75,459	5,076	(2,341)	485,432	335,035	(89,753)	61,604	153,096	1,356,868

Glossary of Financial Terms

Earnings per Share

Profit/(Loss) attribute to ordinary shareholders for the year (after deducting preference share dividends) 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 Shareholdings as at 31st December 2015			
No.	**Name**	**Shareholding**	**Percentage (%)**
1	Mr. Ng Eng Ghee/ Mrs. S.l. Ng Siew Luan	46,900,000	23.46
2	Kalpitiya Beach Resort Limited	40,413,200	20.22
3	Urban Development Authority of Sri Lank	34,872,675	17.45
4	Bank of Ceylon A/C Ceybank Unit Trust	12,363,034	6.19
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	Sampath Bank PLC/Capital Trust Holdings Limited	3,861,643	1.93
9	Seylan Bank PLC/ Nalaka Harshajeeva Godahewa	2,297,800	1.15
10	Kang Poay Hong	2,251,625	1.13
11	Mr. Yew Hui Ng	1,920,000	0.96
12	Pan Asia Banking Corporation PLC/Harshada Holdings (Pvt) Ltd	1,914,460	0.96
13	Seylan Bank PLC/Capital Trust Holdings (Pvt) Ltd	1,860,061	0.93
14	Mr. Teruaki Ono	1,836,337	0.92
15	Pan Asia Banking Corporation PLC/Nawaloka Construction Company (Private) Limited	1,668,460	0.83
16	Mr. Yew Khim Dennis Ng	1,605,600	0.80
17	Mr. Arrumadura Samantha Rayynor Silva	1,524,074	0.76
18	Est of Late Radhakrishnan (Deceased)	1,500,000	0.75
19	Pan Asia Banking Corporation PLC/ U.H. Dharmadasa	1,426,547	0.71
20	Mr. Thoradeniya	1,254,190	0.63

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

Public Shareholding

The Percentage of ordinary shares held by the public - 27.79% and the number of public shareholders were 3,161.

Analysis of shareholders according to the number of shares as at 31-Dec-2015

Shareholdings	Resident			Non - Resident			Total		
	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	1,759	664,670	0.34	15	8030	0	1,774	672,700	0.34
1001 to 10,000 shares	989	3,656,870	1.83	20	75,545	0.04	1,009	3,732,415	1.87
10,001 to 100,000 shares	311	9,158,116	4.58	14	480,412	0.24	325	9,638,528	4.82
100,001 to 1,000,000 shares	38	8,193,919	4.1	6	2,505,646	1.25	44	10,699,565	5.35
Over 1,000,000 shares	12	104,956,144	52.51	8	70,181,656	35.11	20	175,137,800	87.62
	3,109	126,629,719	63.36	63	73,251,289	36.64	3,172	199,881,008	100

Categories of Shareholders	No of Shareholders	No of Shares
Individual	2,977	93,208,668
Institutional	195	106,672,340
	3,172	199,881,008

Disclosure as per Colombo Stock Exchange Rule No.7.6

	Shares	
	31.12.2015	31.12.2014
Market price per shares as at 31st December	25.60	36.80
Highest share price during the year	38.80	47.00
Lowest share price during the year	22.50	33.00

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty Fourth (34th) Annual General Meeting of Colombo Land and Development Company PLC will be held at the Raja Bojun (Roof Top), "Liberty Arcade" 282 R. A. de Mel Mawatha, Colombo 03 on Thursday 30th June 2016 at 10.30 a.m. for the following purposes:

1. To receive the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st December 2015 and the Report of the Auditors thereon.

2. To elect Mr. R M S Fernando, as a Director in terms of Article 94 of the Articles of Association.

3. To elect Mr. W M C S Welegama, as a Director in terms of Article 94 of the Articles of Association.

4. To elect Mr. P V S Premawardhana, as a Director in terms of Article 94 of the Articles of Association.

5. To re-elect as a Director, Mr M D S Goonatilleke who retires by rotation in terms of Articles 86 and 87 of the Articles of Association.

6. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.

5. To authorize the Directors to determine payments for the year 2016 and upto the date of the next Annual General Meeting for charitable and other purposes as set out in the Companies Donations Act (Cap 147).

By Order of the Board of Directors of
COLOMBO LAND AND DEVELOPMENT COMPANY PLC

Sgd.
P W Corporate Secretarial (Pvt) Ltd
Director / Secretaries
At Colombo

30th May 2016

Notes:

1) A shareholder entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a shareholder, to attend and vote instead of him/her. A Proxy may vote on a poll (and join in demanding a poll) but not on a show of hands.

2) A Form of Proxy is enclosed in this Report.

3) The completed Form of Proxy should be deposited at the Registered Office of the Company, 250-3/8 (Third Floor) Liberty Plaza, R A De Mel Mawatha, Colombo 03, by 10.30 am on 28th day of June 2016.

Notes

Form of Proxy

*I/We .... holder of NIC No ....

of .... being a *Shareholder /Shareholders of Colombo Land and Development Company PLC do hereby appoint

.... holder of NIC No .... of .... or failing him/her

Prof. C K M Deheragoda	or failing him
Mr. D S Jayaweera	or failing him
Mr. M D S Goonatilleke	or failing him
(Alternate Director – Mr. S A Amarasekere)	
Mr. NG Yew Tong	or failing him
Mr. NG Yao Xing, Eugene	or failing him
(Alternate Director - NG H C Clement)	
Mr. R M S Fernando	or failing him
Mr. W M C S Welegama	or failing him
Mr. P V S Premawardhana	

as *my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 30th June 2016 at 10.30 a.m and any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To elect Mr. R M S Fernando, who retires by rotation in terms of Article 94 of the Articles of Association, as a Director of the Company		
2.	To elect Mr. W M C S Welegama, who retires in terms of Article 94 of the Articles of Association, as a Director of the Company		
3.	To elect Mr. P V S Premawardhana, who retires in terms of Article 94 of the Articles of Association, as a Director of the Company		
4.	To re-elect Mr. M. D. S. Goonatilleke who retires in terms of Articles 86 and 87 of the Articles of Association, as a Director of the Company		
5.	To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.		
6.	To authorize the Directors to determine payments for the year 2016 and up to the date of the next Annual General Meeting for Charitable and other purposes as set out in the Companies Donations Act (Cap 147).		

Signed this .... day of .... Two Thousand and Sixteen.

....

Signature

1) *Please delete the inappropriate words.
2) Instructions as to completion are noted on the reverse thereof.

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

3. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.

4. To be valid the completed Form of Proxy should be deposited at the Registered Office of the Company, 250-3/8 (Third Floor) Liberty Plaza, R A De Mel Mawatha, Colombo 03, by 10.30 am on 28th June 2016

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
Mr. S.A. Amarasekera
(Alternate to Mr. M.D.S. Goonatilleke)
Mr. R.M.S. Fernando
Mr. W.M.C.S. Welegama
Mr. Ng Heng Chye Clement
(Alternate to Mr.Ng Yao Xing, Eugene)

Secretaries

P W Corporate Secretarial (Pvt) Ltd
3/17, Kynsey Road, Colombo 08.
Tel: 4640360

Lawyers

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

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

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