Expect More.

Colombo Land
& Development Company PLC

Colombo Land & Development Company PLC
Annual Report 2016

CONTENTS

Expect More.

Here at Colombo Land, we are excited about the future. We have many plans in store as we strive to reach new heights, and explore new opportunities that would see us generate incredible value in the years to come. As an organization founded on a spirit of innovation, vibrancy, and dynamism, we constantly seek to better ourselves and venture into new horizons.

While the past was challenging, the company has shown steady growth in spite of adversity. Having overcome these challenges, the years to come show immense promise, and we are eager to see what the future holds. It's time to expect more.

FINANCIAL HIGHLIGHTS

	Group			Company		
	2016	2015	Change	2016	2015	Change
	Rs'000	Rs'000	%	Rs'000	Rs'000	%
Revenue	422,435	210,592	101	132,180	89,214	48
Profit From Operations	745,287	2,032,404	(63)	1,059,181	597,642	77
Net Finance (Cost)/Income	(234,312)	(64,433)	264	(43,037)	(11,042)	290
Revenue to Government	50,953	17,081	198	15,671	5,790	171
Profit/(Loss) before Tax	510,975	1,967,971	(74)	1,016,144	586,600	73
Profit/(Loss) for the Year	307,244	1,356,836	(77)	932,258	409,986	127
Non Current Assets	8,530,537	7,835,383	9	5,129,832	4,236,407	21
Current Assets	1,079,046	62,025	1,640	2,687,196	1,480,055	82
Total Assets	9,609,584	7,897,409	22	7,817,028	5,716,463	37
Shareholders Equity	4,582,153	4,269,880	7	3,877,750	2,942,273	32
No.of Employees (Persons)	26	29	(10)	20	22	(9)
Revenue per Employee (Rs.000')	16,248	7,262	124	6,609	4,055	63
Profit/(Loss) per Employee (Rs.000')	11,817	46,787	(75)	46,613	18,636	150
Per Share						
Earnings/(Loss) per Share (Rs.)	1.54	6.79	(77)	4.66	2.05	127
Net Asset per Share (Rs.)	22.92	21.36	7	19.40	14.72	32
Market Capitalization (Rs.000)	5,376,798	5,116,953	5	5,376,798	5,116,953	5
Ratios						
Profit/(Loss)for the year on Revenue (%)	72.73	644.30	(89)	705.29	459.55	53
Asset Turnover Ratio(%)	4.40	2.67	65	1.69	1.56	8
Return on Capital Employed (ROCE) (%)	6.71	31.78	(79)	24.04	13.93	73

The refurbishment process and new additions of our retail podium have been completed satisfactorily and the premises are fully functional.

I am pleased to welcome our valued shareholders to the 35th Annual General Meeting of Colombo Land & Development Company PLC and in placing before you the Annual Report and Financial Statements for the year 2016. As you may know, the refurbishment process and new additions of our retail podium have been completed satisfactorily and the premises are fully functional.

This refurbishment was a huge investment and we are proud to say that the outcome has ensured that Liberty Plaza is the most modern and state-of-art commercial space in the city. Liberty Plaza and the adjoining Liberty Arcade have become preferred hubs for shopping and recreation. The Company remains committed to enhancing the Liberty Plaza premises, to extend a superlative shopping experience to consumers.

Now that the newly refurbished premises are well underway to achieve profitability, we are turning our attention to diversifying into new real estate projects several proposals are presently under discussion.

Despite the emerging opportunities, our main asset remains the 13-acre land parcel in Pettah, for which we are already prepared with structural designs and plans for a mixed development project that will blend in with the government's Megapolis development plans. We remain hopeful that the Urban Development Authority and the Western Region Megapolis Development Authority will expedite the approvals sooner rather than later. Our ambitious plans for this area will truly enhance and transform the profile of Pettah, along with the upcoming Colombo Port City. We are expecting many opportunities to emerge in the months ahead and are poised to leverage on them.

Appreciation

My fellow directors on the Board need to be commended for their unstinted support and the management and employees for putting in their best efforts, ably supported by our valued business partners. The confidence placed in us by our shareholders inspires us to sustain our status as a pioneering real estate development company.

Sgd.
C. Krishan M. Deheragoda
Chairman

31st May 2017

CLDC is poised to take the Pettah project to the next level as we await the nod from the authorities.

Your Company has stayed true to its reputation as a visionary developer with a proven track record of transforming the face of Colombo.

Colombo Land & Development Company PLC (CLDC) was set up as a pioneering organisation to promote urban development in Colombo in partnership with the Urban Development Authority and one of Singapore's foremost real estate developers three decades ago.

In the same vein, CLDC went on to develop People's Park and Liberty Plaza decades ago, when such modern infrastructure was not available in Colombo. We continue to be led by a vision to enhance the lifestyle of people in Sri Lanka by providing contemporary, modern and convenient facilities.

The Western Region Megapolis Project of the Government plans to transform Sri Lanka into a high-income developed nation by spatial transformation of the more urban areas of the Western Region, which the Government believes will eventually lead to a structural transformation of the national economy as a whole. We believe that our visionary plan for developing our 13-acre land extent in Pettah into a mixed development one is the right project to raise the profile of Pettah, which is a commercial and trading hub. This size and scope of our project will dovetail nicely with the objectives of the Megapolis, raising the profile of Pettah and its surrounding precincts. CLDC is poised to take the Pettah project to the next level as we await the nod from the authorities and are more than prepared to take on the challenge of what will be a mega development project. We are taking structural manoeuvres to position ourselves accordingly, while at the same time exploring other lucrative investment avenues that will deliver value to our stakeholders.

In addition, the proposed Colombo Port City Project in the vicinity of our Pettah project will transform the area completely. As such, we envisage greater demand for mixed development projects over the next decade as Sri Lanka emerges as an attractive investment destination with world-class infrastructure. In keeping with our pioneering legacy, the Company is committed to upholding its pioneering spirit by innovating new concepts in real estate development going ahead.

We have our eyes on embarking on this real estate story and are committed to leveraging on opportunities for real estate development inside and outside Colombo in other key cities. CLDC has taken a decision to expand its influence into regional development and is scouting for suitable opportunities.

Our strategic move to enhance the facade of Liberty Plaza and to expand and modernise its shopping spaces has borne fruit and we have streamlined our operations to gain improved efficiencies and greater cost controls. During the 2016 year, revenues from Liberty Plaza grew. Our decision to invite large brands into our premises has increased footfalls. Our proximity to luxury hotels positions us ideally as the foremost shopping mall in Colombo.

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. Our ambitious plans to diversify our real estate property portfolio and shape Colombo urban planning are within reach.

Acknowledgements

I take this opportunity to thank the Board of Directors for their support and guidance. The management and the staff of CLDC have demonstrated their commitment to achieve our common goals. I also wish to thank our stakeholders and business partners across both public and private sectors for the confidence they place in us.

Sgd.
Vasula S. Premawardhana
CEO/Director

31st May 2017

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 an entrepreneur and a 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. an Executive Director of Colombo Land & Development Co. PLC. Mr. Jayaweera is also the Chairman TV Derana and FM Derana – Sri Lanka's premium entertainment channels and runs around 30 other companies with diverse business interests. 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 P. V. S. Premawardhana
Chief Executive Officer
(Executive Director)

Mr. Vasula Premawardhana is the Director / Chief Executive Officer to Colombo Land & Development Co. PLC. He is an accomplished professional with over 20 years of comprehensive management experience comprising local and international hands-on experience in the fields of Capital Markets and Risk Management. He holds an MA in Financial Economics from the University of Colombo and a BSc in Computer Science from the University of Southern California- USA.

Mr. Premawardhana serves as a Director on the Boards of several listed and unlisted Companies and he is a former Director of the Securities and Exchange Commission of Sri Lanka.

Mr W. M. C. S. Welegama
(Non Executive Director)

Mr Welegama has worked in the Plantation Industry for 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 26 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. 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.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE 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 2016.

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

The principal activity of the company was 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 teak and 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 18 to 24.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company and its subsidiaries is given on pages 16 to 17.

Accounting Policies

The accounting policies adopted in preparation of the financial statements are given on pages 25 to 41 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 page13.

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 6 to 7.

Executive Directors

Mr. D S Jayaweera
Mr. P V S Premawardhana

Non-Executive Directors

Mr. NG Yao Xing Eugene*
Mr. NG Yew Tong
Mr. W M C S Welegama

Independent Non-Executive Directors

Prof. C K M Deheragoda
Mr. M D S Goonatilleke**

**Alternate Director – Mr. N H C Clement*
***Alternate Director – Mr. S A Ameresekere*

Mr. R M S Fernando who served as a Director of the Company resigned with effect from 24th August 2016.

In terms of Articles 86 and 87 of the Articles of Association of the Company, Mr NG Yew Tong 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 67.

Directors' Interests in Contracts

Directors Interests in contracts or proposed contracts with the Company both direct and indirect are disclosed on pages 66 and 67.

Interests Register

The Company maintains an Interests Register in terms of the Companies Act, No. 7 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the provisions of the Companies Act.

The Directors declare that the company is in compliance with rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transaction during the financial year ended 31st December 2016.

Corporate Donations

Donations made by the Company during the year amounted to Rs. 13,000/- (2015 : Rs. 40,000/-)

Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provided non-audit/consultancy services. 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 and non-audit services is Rs 720,000 (Rs. 684,000/- in 2015).

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 19th May 2017 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.

Stated Capital

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

The number of shares issued by the Company stood at 199,881,008 fully paid ordinary shares as at 31st December 2016 (which was the same as at 31st December 2015).

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st December 2016 and 31st December 2015 are as follows.

	As at 31.12.2016	As at 31.12.2015
Prof. C K M Deheragoda	Nil	Nil
Mr. D S Jayaweera	2,600	2,600
Mr. P V S Premawardhana	Nil	Nil
Mr. M D S Goonatilleke* *(Alternate Director - Mr. S A Ameresekere)*	Nil	Nil
Mr. Ng Yew Tong	6,006,876	6,006,876
Mr. Ng Yao Xing *(Alternate Director - Mr. N H C Clement)*	Nil	Nil
Mr. W M C S Welgama	Nil	Nil

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

Mr D S Jayaweera is a Director of Kalpitiya Beach Resort PLC, which holds 40,413,200 shares constituting 20.22% of the shares representing the stated capital of the Company.

Shareholders

There were 2,988 of shareholders registered as at 31st December 2016.The details of distribution are given on page 81 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 78 to 81 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 2016. 26 persons were in employment (29 persons as at 31st December 2015).

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 52.

Property, Plant and Equipment

Details of the movement of property, plant and equipment are given under Notes 3 to the Financial Statements on pages 42 to 45.

Investments

Details of the Company's and Group's investments as at 31st December 2016 are given in Notes 5, 6 and 10 to the Financial Statements on pages 48 and 51.

Dividends

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

Material foreseeable risk factors

An on-going process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee.

There were no material issues pertaining to employees and industrial relations of the Company during the year.

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 pages 73 to 74 there were no material Contingent Liabilities as at the Reporting date.

Corporate Governance

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

An Audit Committee, Remuneration Committee and a Related Party Transaction 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 M Deheragoda
Mr. Ng Yew Tong/Mr. Ng Yao Xing

Remuneration Committee
Prof. C K M Deheragoda - *Chairman*
Mr. M D S Goonatilleke
Mr. Ng Yew Tong/Mr. Ng Yao Xing

Related Party Transactions Review Committee
Prof. C K M Deheragoda - *Chairman*
Mr. M D S Goonatilleke
Mr. W M C S Welegama

The Reports of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee appear on pages 14 to 15.

Composition of the Board
The Board of Colombo Land and Development Company PLC comprised seven (7) members as at the end of the financial year, five (5) of whom are Non-Executive Directors.

Independence of Directors
Based on the Declarations submitted by the Directors, the Board has determined that two of the five Non-Executive Directors namely, Prof. C K M Deheragoda and Mr. M D S Goonatilleke were 'independent' as per the Listing Rules of the Colombo Stock Exchange.

Taxation
The tax position of the Company is given in Note 23 to the Financial Statements on page 63 to 64.

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 72 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 Fifth (35th) 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 Friday 30th June 2017 at 11.00 am. and the Notice of Meeting appears on page 82.

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

Sgd.
Chairman

Sgd.
Director/CEO

Sgd.
P W Corporate Secretarial (Pvt) Ltd
Secretaries

31st May 2017

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

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 M Deheragoda
Mr. D S Jayaweera
Mr. P V S Premawardhana
Mr. D Jayadeva (resigned w.e.f. 28.04.2017)
Mr. J M B Pilimatalawwe

Liberty Developers (Pvt) Ltd
Prof. C K M Deheragoda
Mr. D S Jayaweera
Mr. P V S Premawardhana
Mr. D Jayadeva (resigned w.e.f. 28.04.2017)
Mr. J M B Pilimatalawwe

Agrispice (Private) Limited
Prof. C K M Deheragoda
Mr. D S Jayaweera
Mr. P V S Premawardhana
Mr. D Jayadeva (resigned w.e.f. 28.04.2017)
Mr. J M B Pilimatalawwe

Anantaya Global Solutions (Private) Limited
Prof. C K M Deheragoda
Mr. D S Jayaweera
Mr. P V S Premawardhana
Mr. J M B Pilimatalawwe
Mr. D Jayadeva (resigned w.e.f. 28.04.2017)

STATEMENT OF DIRECTORS RESPONSIBILITIES

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
Colombo Land and Development Company PLC

Sgd.
PW Corporate Secretarial (Pvt) Ltd
Secretaries

31st May 2017

BOARD AUDIT COMMITTEE REPORT

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. Ng Yew Tong/Mr. Ng Yao Xing - Member

(Non Executive Director)

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 03 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 31.12.2017, subject to approval by the shareholders at the Annual General Meeting.

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

31st May 2017

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.D.S. Goonatilleke - Member
(Non Executive Independent)

Mr. Ng Yew Tong/Mr. Ng Yao Xing - Member
(Non Executive Director)

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

31st May 2017

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Board appointed the Related Party Transactions Review Committee as stipulated by the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC).

Composition of the Committee

The Related Party Transactions Review Committee Comprises of three Directors, out of which two are Independent Non-Executive Directors as given below;

1. Prof. C K M Deheragoda - Chairman
(Independent Non-Executive Director)
2. Mr. M D S Goonatilleke
(Independent Non-Executive Director)
3. Mr. W M C S Welegama
(Non-Executive Director)

In addition to the above, Mr. P V S Premawardhana – CEO attends meetings by invitation.

Meetings

The Committee met thrice during the year.

Terms of Reference

- Assist the Board in reviewing all Related Party Transactions carried out by the Company.
- Review the Related Party Transactions of the Company to ensure that these transactions are in accordance with the Code of Best Practices on Related Party Transactions issued by the SEC.
- Update the Board of Directors through verbal briefings and tabling the minutes of Committee's meetings at Board Meetings.

Activities during the Year

Committee reviewed all the Related Parties and the nature of the Related Party Transactions of the Company and communicated the views and observations of the Committee to the Board of Directors.

Sgd.
Prof. C K M Deheragoda
Chairman
Related Party Transactions Review Committee

31st May 2017

INDEPENDENT AUDITOR'S REPORT

EY
Building a better working world

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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 2016, and the statement of profit and loss and other comprehensive income, statements of changes in equity and, cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 18 to 75.

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2016, 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 2016, 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

31st May 2017

Colombo

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayesinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principal T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2016	Note	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	3	147,237,779	164,523,344	9,643,678	29,438,858
Investment Property	4	8,383,300,000	7,670,860,000	4,303,600,000	4,003,770,000
Investments in Subsidiaries	5	-	-	816,588,483	200,000,020
Investments in Associates	6	-	-	700	3,199,110
		8,530,537,779	7,835,383,344	5,129,832,861	4,236,407,988
Current Assets					
Inventories	8	252,672	308,579	-	-
Trade and Other Receivables	7	85,083,707	49,488,733	1,624,613,463	1,403,092,138
Investment in Preference Shares					
- Loans and Receivables	9	-	-	71,969,878	74,734,292
Available-For-Sale Financial Assets	10	38,700	51,000	38,700	51,000
Income Tax Recoverable		-	4,844,587	-	-
Cash and Cash Equivalents	11	993,671,300	7,332,827	990,573,989	2,177,752
		1,079,046,379	62,025,726	2,687,196,030	1,480,055,182
Total Assets		9,609,584,158	7,897,409,069	7,817,028,891	5,716,463,170
EQUITY AND LIABILITIES					
Equity					
Stated Capital	12	341,602,342	341,602,342	341,602,342	341,602,342
Revaluation Reserves	13	48,612,787	47,079,851	-	-
Retained Earnings		4,192,851,872	3,881,198,032	3,536,148,611	2,600,670,940
Equity Attributable to Equity Holders of the Parent		4,583,067,001	4,269,880,225	3,877,750,953	2,942,273,282
Non - Controlling Interest		(913,457)	(808,346)	-	-
Total Equity		4,582,153,545	4,269,071,879	3,877,750,953	2,942,273,282
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	14	1,636,400,000	1,277,366,863	1,636,400,000	1,277,366,863
Deferred Tax Liabilities	15	1,922,650,156	1,722,672,190	1,169,325,893	1,084,127,523
Retirement Benefit Liability	16	5,832,795	9,037,445	5,299,475	8,646,554
		3,564,882,951	3,009,076,498	2,811,025,368	2,370,140,940

Year ended 31 December 2016	Note	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Current Liabilities					
Trade and Other Payables	17	190,021,461	67,660,135	40,241,800	7,829,550
Income Tax Liabilities		10,187,703	5,412,822	5,271,727	5,414,931
Interest Bearing Loans and Borrowings	14	1,055,162,041	343,966,468	1,037,333,889	343,966,468
Tenant Deposits	18	207,176,458	202,221,267	45,405,154	46,837,999
		1,462,547,662	619,260,692	1,128,252,570	404,048,948
Total Equity and Liabilities		9,609,584,158	7,897,409,069	7,817,028,891	5,716,463,170

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 25 through 75 form an integral part of the Financial Statements.

31st May 2017
Colombo

INCOME STATEMENT

Year ended 31 December 2016	Note	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Revenue	19	422,435,628	210,592,378	132,180,439	89,214,233
Direct Expenses		(110,593,026)	(83,838,857)	(38,696,906)	(29,666,978)
Net Rental Income		311,842,602	126,753,521	93,483,533	59,547,255
Other Income and Gains	20	7,567,326	4,324,351	737,702,072	5,884,625
Change in value of Investment Properties		548,200,080	2,027,447,458	298,357,717	592,179,928
Selling and Distribution Costs		(3,719,433)	(3,955,466)	(1,370,117)	(1,611,709)
Administrative Expenses		(118,602,572)	(122,165,226)	(68,990,786)	(58,357,983)
Finance Cost	21.1	(234,312,872)	(64,433,449)	(43,037,451)	(17,553,612)
Finance Income	21.2	-	119	-	6,511,131
Profit/ (Loss) Before tax	22	510,975,131	1,967,971,308	1,016,144,968	586,599,635
Income Tax Expense	23	(203,730,690)	(611,135,004)	(83,885,982)	(176,613,783)
Profit/ (Loss) for the year		307,244,440	1,356,836,303	932,258,986	409,985,852
Attributable to:					
Equity Holders of the Parent		307,349,551	1,356,868,127	932,258,986	409,985,852
Non-Controlling Interests		(105,111)	(31,823)	-	-
Earnings Per Share - Restated	24	1.54	6.79	4.66	2.05

The accounting policies and notes on pages 25 through 75 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016	Note	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Profit/ (Loss) for the year		307,244,440	1,356,836,304	932,258,986	409,985,852
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		(12,300)	(289,460)	(12,300)	(289,460)
Other comprehensive income not to be classified to profit or loss in subsequent periods					
Actuarial Gain/(Loss) on Defined Benefit Plans	16	4,618,123	(33,098)	4,543,374	(86,828)
Deferred Tax attributable to actuarial losses/ (gains) on retirement benefit obligations		(1,333,319)	9,268	(1,312,389)	24,312
Surplus on Revaluation of Property, Plant & Equipment	13	-	(762,647)	-	-
Deferred Tax on depreciation of revalued assets	13	136,918	136,918	-	-
Total of Other Comprehensive Income		3,409,422	(939,019)	3,218,685	(351,976)
Total Comprehensive income for the year, net of tax		310,653,862	1,355,897,285	935,477,671	409,633,876
Attributable to:					
Equity Holders of the Parent		310,685,685	157,326,094	409,633,876	118,840,629
Non-Controlling Interests		(31,823)	(13,523)	-	-

The accounting policies and notes on pages 25 through 75 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Non Controlling Interest Rs.	Total Rs.
Group					
As at 01 January 2015	341,602,342	48,194,571	2,524,154,204	(776,523)	2,913,174,594
Net Profit/(Loss) for the Year	-	-	1,356,836,303	(31,823)	1,356,804,480
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	3,881,166,209	(808,346)	4,269,040,056
Net Profit/(Loss) for the Year	-	-	310,653,862	(105,111)	310,548,752
Revaluation of Property, Plant and Equipment	-	2,374,000	-	-	2,374,000
Transferred to / from	-	(488,991)	488,991	-	-
Other Comprehensive Income for the Year	-	(352,073)	542,810	-	190,737
As at 31 December 2016	341,602,342	48,612,787	4,192,851,872	(913,457)	4,582,153,545
Company					
As at 01 January 2015	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
Net Profit/(Loss) for the Year	-	-	932,258,986	-	932,258,986
Other Comprehensive Income for the Year	-	-	3,218,685	-	3,218,685
As at 31 December 2016	341,602,342	-	3,536,148,611	-	3,877,750,953

The accounting policies and notes on pages 25 through 75 form an integral part of the Financial Statements.

CASH FLOW STATEMENTS

Year ended 31 December 2016	Note	Group 2016 Rs.	2015 Rs.	Company 2016 Rs.	2015 Rs.
Cash Flows From / (Used in) Operating Activities					
Profit before Tax from continuing operations		510,975,131	1,967,971,308	1,016,144,968	586,599,635
Adjustments for					
Depreciation	3	13,204,689	13,679,855	8,430,575	10,413,196
Income from Investments	20	-	(455)	(3,479,929)	(3,908,155)
Profit on Disposal of Investments		-	-	(728,489,647)	-
(Increase) / Decrease in fair value of Investments Property		(548,200,080)	(2,027,447,458)	(298,357,717)	(592,179,928)
(Profit)/ Loss on disposal of Property, Plant & Equipment		(4,853,333)	37,983	(4,853,333)	37,980
Finance Costs	21	234,312,872	64,433,449	43,037,451	17,553,612
Bad Debt Provision		2,422,825	1,159,137	1,060,707	84,750
Interest Income		-	(119)	-	(6,511,131)
Provision for Defined Benefit Plans	16	1,557,223	1,530,080	1,340,045	1,460,647
Operating Profit/(Loss) before Working Capital Changes		209,419,327	21,363,780	34,833,120	13,550,606
(Increase)/ Decrease in Inventories		55,907	(149,056)	-	-
(Increase)/ Decrease in Trade and Other Receivables		(40,539,121)	1,460,435	(222,582,032)	(299,908,361)
Increase/ (Decrease) in Tenant Deposits		4,955,191	19,971,062	(1,432,845)	16,539,759
Increase/ (Decrease) in Trade and Other Payables		116,474,511	34,152,679	28,940,083	1,178,421
Cash Generated from Operations		290,365,814	76,798,900	(160,241,674)	(268,639,575)
Finance Cost Paid		(218,288,934)	(63,220,589)	(43,037,451)	(17,553,612)
Defined Benefit Plan Costs Paid		(143,750)	-	(143,750)	-
Income Tax Paid		(517,655)	(603,764)	-	-
Net Cash From/(Used in) Operating Activities		71,415,475	12,974,547	(203,422,875)	(286,193,187)
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant & Equipment	3	(7,611,389)	(7,888,684)	(301,800)	(4,044,252)
Proceeds from Sale of Property, Plant & Equipment	3	16,545,597	66,600	16,519,738	66,600
Subsequent expenditure on Investment Property	4	(164,239,920)	(267,200,713)	(1,472,283)	(1,830,765)
Acquisition of Investments	5	-	-	(613,389,393)	-
Increase in Value of Investment		-	-	728,489,687	-
Proceeds from disposal of Other investments		-	1,734,572	-	1,734,572
Interest Received		-	-	-	6,511,131
Dividend Received		-	455	3,479,929	3,908,155
Net Cash Flows from/(Used in) Investing Activities		(155,305,712)	(273,287,770)	133,325,878	6,345,441

CASH FLOW STATEMENTS

Year ended 31 December 2016	Note	Group 2016 Rs.	2015 Rs.	Company 2016 Rs.	2015 Rs.
Cash Flows from (Used in) Financing Activities					
Proceeds From Redemption of Preference Shares	9	-	-	2,764,414	17,198,193
Proceeds From Interest Bearing Loans & Borrowings	14	2,207,704,431	1,041,907,746	2,198,032,693	1,041,907,746
Repayment of Interest Bearing Loans & Borrowings	14	(1,140,140,090)	(617,670,000)	(1,140,140,090)	(617,670,000)
Principal Payment under Finance Lease Liabilities	14	(14,549,884)	(4,507,752)	(14,549,884)	(4,507,752)
Net Cash Flows from/(Used in) Financing Activities		1,053,014,457	419,729,994	1,046,107,133	436,928,187
Net Increase/(Decrease) in Cash and Cash Equivalents		969,124,220	159,416,771	976,010,136	157,080,441
Cash and Cash Equivalents at the beginning of the Year	11	5,455,049	(153,961,722)	299,974	(156,780,467)
Cash and Cash Equivalents at the end of the Year	11	974,579,269	5,455,049	976,310,110	299,974

The accounting policies and notes on pages 25 through 75 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

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

1.2 Principal Activities and Nature of Operations

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

1.3 Consolidated Financial Statements

The Consolidated financial statements of the Company for the year ended 31 December 2016 comprise the Company and its Subsidiaries whose accounts have been consolidated there in (the 'Group').

1.4 Parent Entity and Ultimate Parent Entity

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

1.5 Date of Authorization for Issue

The Consolidated Financial Statements of Colombo Land and Development Company PLC for the year ended 31 December 2016 were authorized for issue in accordance with a resolution of the board of directors on 31st May 2017.

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 2016. 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 qualify 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 2016 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 profit or loss.

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

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

2.3.2 Investment in associates

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

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

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

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

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

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

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

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

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

2.3.3 *Current versus non-current classification*

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

2.3.4 *Fair value measurement*

The Group measures financial instruments such as 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, and 4
- 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. 118,665,554/- (2015 – Rs. 108,176,985/-) 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. 423,805,553/- (2015 – Rs. 386,346,375/-) 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, as Financial Assets at Fair Value Through Profit or Loss.

De-recognition

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

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

ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the company's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

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

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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

AFS Financial Investments
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement, is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairments are recognised directly in other comprehensive income.

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

In the case of debt instruments classified as AFS, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

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

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

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

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

Financial Liabilities at Fair Value Through Profit or Loss
Financial liabilities at Fair Value Through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as Fair Value Through Profit or Loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

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

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

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

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

iv) Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. (bid price for long position and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details of measurement is provided in note 29.

2.3.10 Impairment of Non - Financial Assets

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

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

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the 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%

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

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

2.3.13 Leases

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

Group/Company as a lessee

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

2.3.14 Investment Properties

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

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

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

2.3.15 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

2.3.16 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

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

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of 5 years of continued service.

The gratuity liability is not externally funded.

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

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

2.3.17 Operating segment and segment information

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

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

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

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

2.3.18 Biological assets - immature plantations

The cost of land preparation, rehabilitation, new planting, re-planting, crop diversification, inter - planting and fertilising, etc. incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are carried at cost less accumulated impairment losses as their fair value cannot be readily determined without undue cost or effort. 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

Certain new accounting standards and amendments / improvements to existing standards have been published, that are not mandatory for 31 December 2016 reporting periods. None of those have been early adopted by the group/Company.

(a) 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.

The company completed the diagnostic phase of IFRS 9 adaptation in FY2016 with the assistance of external consultants. The gaps identified will be addressed during FY2017. Also the framework on financial asset classification and model on impairment, being the key areas under review with the new standard will be formalized in 2017.

(b) SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes principles for recognizing revenue and will be applicable for all contracts with customers except interest and fee income related to financial instruments and leases which will continue to fall outside the scope of SLFRS 15 and be regulated by other applicable standards.

SLRFS 15 replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Revenue under SLFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard will also specify a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers. The entity does not anticipate early adopting SLFRS 15.

A preliminary evaluation of the existing contracts been performed in relation to the adoption of SLFRS 15. The Company's current assessment has not revealed a significant change to the revenue recognition pattern. However, the company is currently in the process of evaluating and quantifying the accounting impact and any impacts on the current systems and processors will be modified where necessary.

		Balance As at 01.01.2016 Rs.	Additions Rs.	Disposals/ Write-offs Rs.	Balance As at 31.12.2016 Rs.
3.	**PROPERTY, PLANT & EQUIPMENT**				
3.1	Group				
3.1.1	*Gross Carrying Amounts - Group*				
	At Cost				
	Land	46,450,000	2,350,000	-	48,800,000
	Buildings	1,234,756	24,000	(24,000)	1,234,756
	Plant & Machinery	81,250	-	-	81,250
	Furniture and Fittings	6,249,086	-	-	6,249,086
	Motor Vehicles	290,000	409,384	-	699,384
	Office Equipment	25,797,253	484,450	-	26,281,703
	Tools and Utensils	119,147	-	-	119,147
	Permanent land & development cost	-	880,434	(191,365)	689,069
	Media Wall	30,055,740	9,915	-	30,065,655
	Immature Plantation	9,610,467	453,206	-	10,063,673
	Total Value of Depreciable Assets	119,887,699	4,611,389	(215,365)	124,283,723
3.1.2	*At Valuation*				
	Buildings	48,817,501	-	-	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	-	3,000,000	-	3,000,000
	Total Gross Carrying Amount	188,705,200	7,611,389	(20,215,365)	176,101,224

		Balance As at 01.01.2016 Rs.	Charge Rs.	Disposals/ Write-offs Rs.	Balance As at 31.12.2016 Rs.
3.1.5	*Depreciation and Impairment*				
	At Cost				
	Buildings	-	24,000	-	24,000
	Plant & Machinery	69,186	5,888	-	75,074
	Furniture and Fittings	4,163,229	386,114		4,549,343
	Motor Vehicles	288,749	404,531		693,280
	Office Equipment	12,230,307	4,924,181	(141,767)	17,012,721
	Media Wall	1,502,787	3,005,574		4,508,361
		18,254,258	8,750,288	(141,767)	26,862,779
3.1.6	*At Valuation*				
	Buildings	927,598	1,121,068	-	2,048,666
3.1.7	*Assets on Finance Lease*				
	Motor Vehicles	5,000,000	3,333,333	(8,333,333)	0
		24,181,856	13,204,689	(8,475,101)	28,911,445

		2016 Rs.	2015 Rs.
3.1.8	*Net Book Values*		
	At Cost		
	Land	48,800,000	46,450,000
	Buildings	1,258,756	1,234,756
	Plant & Machinery	6,176	12,064
	Furniture and Fittings	1,699,743	2,085,857
	Motor Vehicles	6,104	1,251
	Office Equipment	9,268,982	13,566,946
	Tools and Utensils	119,147	119,147
	Permanent land & development cost	689,069	-
	Media Wall	25,557,294	28,552,953
	Immature Plantation	10,063,673	9,610,467
		97,468,945	101,633,441
	At Valuation		
	Buildings	46,768,835	47,889,903
	Assets on Finance Lease		
	Motor Vehicles	(0)	15,000,000
	In the Course of Construction		
	Capital Work in Progress	3,000,000	-
	Total Carrying Amount of Property, Plant & Equipment	147,237,779	164,523,344

		Balance As at 01.01.2016 Rs.	Additions Rs.	Disposals/ Write-offs Rs.	Balance As at 31.12.2016 Rs.
3.	**PROPERTY, PLANT & EQUIPMENT CONTD.**				
3.2	Company				
3.2.1	*Gross Carrying Amounts*				
	At Cost				
	Furniture and Fittings	3,374,552	160,650	-	3,535,202
	Motor Vehicles	166,000	-	-	166,000
	Office Equipment	23,462,752	141,150	(130,000)	23,473,902
	Total Value of Depreciable Assets	27,003,304	301,800	(130,000)	27,175,104
3.2.2	*Assets on Finance Lease*				
	Motor Vehicles	20,000,000	-	(20,000,000)	-
	Total Gross Carrying Amount	47,003,304	301,800	(20,130,000)	27,175,104

		Balance As at 01.01.2016 Rs.	Charge Rs.	Disposals/ Write-offs Rs.	Balance As at 31.12.2016 Rs.
3.2.4	*Depreciation and Impairment*				
	At Cost				
	Furniture and Fittings	1,906,305	390,682	-	2,296,987
	Motor Vehicles	164,749	-	-	164,749
	Office Equipment	10,493,392	4,706,560	(130,261)	15,069,691
		12,564,446	5,097,242	(130,261)	17,531,426
3.2.5	*Assets on Finance Lease*				
	Motor Vehicles	5,000,000	3,333,333	(8,333,333)	-
		17,564,446	8,430,575	(8,463,595)	17,531,426

		2016 Rs.	2015 Rs.
3.2.6	*Net Book Values*		
	At Cost or Valuation		
	Furniture and Fittings	1,238,215	1,468,247
	Motor Vehicles	1,251	1,251
	Office Equipment	8,404,212	12,969,360
		9,643,678	14,438,858
	Assets on Finance Lease		
	Motor Vehicles	-	15,000,000
	Total Carrying Amount of Property, Plant & Equipment	9,643,678	29,438,858

3.3 The fair value of land and buildings was determined by means of a revaluation during the financial year 2016 by Mr. H. R. De Silva, 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 31 December 2016. 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:

	Cost Rs.	Cumulative Depreciation If assets were carried at cost Rs.	Net Carrying Amount 2016 Rs.	Net Carrying Amount 2015 Rs.
Land and Buildings and Buildings	43,041,000	(9,179,820)	33,861,180	34,722,000

3.4 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs. 7,611,389/- (2015 - Rs. 7,888,684/-) of which Rs. Nil (2015 - Rs. Nil) was acquired by means of finance leases. Cash payments amounting to Rs. 7,611,389/- (2015 - Rs. 7,888,684/-) 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. 8,804,522/- (2015 - Rs. 8,176,379/-) which are still in use.

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

		Group		Company	
		2016	2015	2016	2015
		Rs.	Rs.	Rs.	Rs.
4.	**INVESTMENT PROPERTY**				
	As at 1 January	7,670,860,000	4,322,613,858	4,003,770,000	3,409,759,307
	Additions				
	- Subsequent expenditure on investment property	164,239,920	1,830,765	1,472,283	1,830,765
	- Transferred from Property, Plant and Equipment	-	1,340,967,919	-	-
	Transferred to Property, Plant and Equipment	-	(22,000,000)	-	-
	Net gain / (loss) from fair value adjustment	548,200,080	2,027,447,458	298,357,717	592,179,928
	As at 31 December	8,383,300,000	7,670,860,000	4,303,600,000	4,003,770,000

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

4.2 Details of Investment Properties - Group/Company

Property	Extent.	Value	Valuation Date	Method
Liberty Plaza	2A - 2R - 18.40P	Rs. 4.8 Bn	20.02.2017	Income
Liberty Arcade	0A - 0R - 36.88P	Rs. 670 Mn	20.02.2017	Income
GAS Land	2A - 3R - 11.00 P	Rs. 2.7 Bn	20.02.2017	Market Value
Peoples Park	52,262 Sq. Ft	Rs. 107.6 Mn	20.02.2017	Income

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

		2016	2015
Rental rates used	- for shop units	Rs. 400 – Rs. 450 p. sq.ft	Rs. 200 – Rs. 300 p. sq.ft
	- for parking area	Rs. 15 p. sq.ft	Rs. 15 p. sq.ft
Anticipated maintenance cost:		40% - 50% of rentals	40% - 50% of rentals
Yield/Discount rate :		5.5% - 6.0% p.a.	5.5% - 6.0% p.a.

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 (DCF Model), 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.

		Holding % 2016 Rs.	Holding % 2015 Rs.	At Cost 2016 Rs.	At Cost 2015 Rs.
5.	**INVESTMENTS IN SUBSIDIARIES**				
	Company - Nonquoted				
	Liberty Holdings Limited	100%	100%	808,289,373	199,999,980
	Liberty Developers (Private) Limited	0%	100%	-	40
	Agrispice (Private) Limited	100%	49%	8,299,110	-
	Total Investments in Subsidiaries			816,588,483	200,000,020

		Holding % 2016 Rs.	Holding % 2015 Rs.	At Cost 2016 Rs.	At Cost 2015 Rs.
6.	**INVESTMENTS IN ASSOCIATES**				
	Company - Nonquoted				
	Agrispice (Private) Limited	0%	49%	-	3,199,110
	Ananthaya	70%	0%	700	-
	Total Investments in Associates			700	3,199,110

		Group		Company	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
7.	**TRADE AND OTHER RECEIVABLES**				
7.1	Summary				
	Trade Debtors	68,126,018	36,352,979	13,366,034	9,627,717
	Less: Allowances for Doubtful Debts (7.2)	(4,783,500)	(2,010,797)	(1,321,150)	(260,443)
		63,342,518	34,342,182	12,044,884	9,367,274
	Other Debtors - Related Parties (7.3)	222,500	224,650	1,596,288,952	1,380,464,406
	Prepayments	8,838,602	5,656,082	3,646,540	3,341,657
	Staff Loans (7.4)	4,166,417	6,066,070	4,126,417	6,034,369
	Other Receivables	8,513,670	3,199,749	8,506,670	4,038,543
		85,083,707	49,488,733	1,624,613,463	1,403,092,138

	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
7.2 Allowance for Doubtful Debts				
As at 1 January	2,010,797	3,579,956	260,443	2,903,989
(Reversal of provision)/provision for Impairment	2,772,703	(1,569,159)	1,060,707	(2,643,546)
As at 31 December	4,783,500	2,010,797	1,321,150	260,443

	Relationship	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
7.3 Other Debtors - Related Parties					
Liberty Holdings Limited	Subsidiary	-	-	1,443,274,569	48,412,800
Agrispice (Private) Limited	Subsidiary	-	-	47,073,484	46,469,514
Anantaya Global Solutions (Private) Limited	Affiliate	222,500	224,650	3,540,618	3,422,272
Liberty Plaza Management Corporation	Affiliate	-	-	-	154,111
Liberty Developers (Private) Limited	Subsidiary	-	-	102,400,281	1,282,005,709
		222,500	224,650	1,596,288,952	1,380,464,406

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% (2015 - 5%). Fair value of loans given to staff equals their carrying amount, as the impact of discounting is not significant.

		Total	Current	Past due but not impaired 31-60 days	61-90 days	> 90 days
7.	**TRADE AND OTHER RECEIVABLES**					
7.5	Group					
	As at 31 December, the Age Analysis of Trade Receivables is as follows,					
	2016	63,342,518	13,151,058	6,019,395	14,314,525	29,857,540
	2015	34,342,182	7,342,117	6,241,792	1,105,597	19,652,676
7.6	Company					
	2016	12,044,884	4,450,089	2,473,273	1,899,558	3,221,964
	2015	9,367,274	1,256,757	3,169,360	643,580	4,297,577

		2016 Rs.	2015 Rs.
8.	**INVENTORIES - GROUP**		
	Goods in Transit	252,672	308,579
		252,672	308,579

		2016 Rs.	2015 Rs.
9.	**INVESTMENT IN PREFERENCE SHARES - LOANS AND RECEIVABLES - COMPANY**		
	As at 1 January	74,734,292	91,932,485
	Redeemed Preference Shares	(2,764,414)	(17,198,193)
	As at 31 December	71,969,878	74,734,292

		Group		Company	
		2016	2015	2016	2015
		Rs.	Rs.	Rs.	Rs.
10.	**AVAILABLE-FOR-SALE FINANCIAL ASSETS**				
	Quoted - Group/Company				
	As at 1 January	51,000	2,075,032	51,000	2,075,032
	Disposals	-	(1,734,572)	-	(1,734,572)
	Fair Value Gains/(Loss)	(12,300)	(289,460)	(12,300)	(289,460)
	As at 31 December	38,700	51,000	38,700	51,000

		Group		Company	
		2016	2015	2016	2015
		Rs.	Rs.	Rs.	Rs.
10.1	Quoted Shares				
	Hikkaduwa Beach Resort PLC	38,700	51,000	38,700	51,000
		38,700	51,000	38,700	51,000

		Group		Company	
		2016	2015	2016	2015
		Rs.	Rs.	Rs.	Rs.
11.	**CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT**				
	Components of Cash and Cash Equivalents				
11.1	Favourable Cash and Cash Equivalents Balance				
	Cash and Bank Balances	993,671,300	7,332,827	990,573,989	2,177,752
		993,671,300	7,332,827	990,573,989	2,177,752
11.2	Unfavourable Cash and Cash Equivalents Balance				
	Overdraft	(19,092,031)	(1,877,778)	(14,263,879)	(1,877,778)
	Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	974,579,269	5,455,049	976,310,110	299,974

	2016		2015	
	Number	Rs.	Number	Rs.
12. STATED CAPITAL				
Group/Company				
Fully Paid Ordinary Shares	199,881,008	341,602,342	199,881,008	341,602,342

	Group		Company	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
13. REVALUATION RESERVE				
As at 1 January	47,079,851	48,194,571	-	-
Surplus on Revaluation of Property, Plant & Equipment	1,885,009	(762,647)	-	-
Deferred Tax on Revaluation Gain	-	-	-	-
Realised Surplus on usage transferred to Accumulated Profit	(488,991)	(488,991)	-	-
Deferred Tax effect of depreciation transfer	136,918	136,918	-	-
As at 31 December	48,612,787	47,079,851	-	-

Revaluation reserve of the Group includes revaluation of land and buildings owned by the subsidiaries, Agrispice (Private) Limited and Liberty Holdings Limited valued on 20 February 2017 by an independent professional valuer.

		2016 Amount Repayable Within 1 Year Rs.	2016 Amount Repayable After 1 Year Rs.	2016 Total Rs.	2015 Amount Repayable Within 1 Year Rs.	2015 Amount Repayable After 1 Year Rs.	2015 Total Rs.
14.	**INTEREST BEARING LOANS & BORROWINGS**						
14.1	Group						
	Bank Loans (14.3)	955,070,010	1,636,400,000	2,591,470,010	289,196,602	1,267,609,067	1,556,805,669
	Term Loans (14.4)	81,000,000	-	81,000,000	48,100,000	-	48,100,000
	Bank Overdrafts (11.2)	19,092,031	-	19,092,031	1,877,778	-	1,877,778
	Finance Lease (14.5)	-	-	-	4,792,088	9,757,796	14,549,884
		1,055,162,041	1,636,400,000	2,691,562,041	343,966,468	1,277,366,863	1,621,333,331
14.2	Company						
	Bank Loans (14.3)	955,070,010	1,636,400,000	2,591,470,010	289,196,602	1,267,609,067	1,556,805,669
	Term Loans (14.4)	68,000,000	-	68,000,000	48,100,000	-	48,100,000
	Bank Overdrafts (11.2)	14,263,879	-	14,263,879	1,877,778	-	1,877,778
	Finance Lease (14.5)	-	-	-	4,792,088	9,757,796	14,549,884
		1,037,333,889	1,636,400,000	2,673,733,889	343,966,468	1,277,366,863	1,621,333,331

			Balance				Balance		
		Balance As At 01.01.2016 Rs.	Loan Obtained Rs.	Capital on Due Rs.	Over Provision of Interest Rs.	Repayment Rs.	Balance As At 31.12.2016 Rs.	Current Rs.	Non-current Rs.
14.	**INTEREST BEARING LOANS & BORROWINGS (Group/Company)**								
14.3	Bank Loans								
	Sampath Bank - Term Loan I	453,227,153	-	1,875,000	(3,782,837)	(22,500,000)	428,819,316	428,819,316	-
	- Term Loan I I	151,279,932	-	625,000	(1,279,932)	(7,500,000)	143,125,000	143,125,000	-
	- Term Loan I I I	254,859,494	15,509,438	1,125,000	(1,890,493)	(13,500,000)	256,103,439	256,103,439	-
	- Term Loan I I I I	-	63,422,255	-	-	-	63,422,255	63,422,255	-
	Commercial Bank - Term Loan I	106,650,000	-	-	-	(106,650,000)	-	-	-
	Commercial Bank - Term Loan I I	290,873,030	5,601,000	-	-	(296,474,030)	-	-	-
	Bank of Ceylon - Term Loan	24,467,530	-	-	-	(24,467,530)	-	-	-
	Bank of Ceylon - Term Loan I I	275,448,530	-	-	-	(275,448,530)	-	-	-
	Peoples Bank - Term Loan I	-	370,000,000	-	-	(370,000,000)	-	-	-
	Peoples Bank - Term Loan 2	-	100,000,000	-	-	-	100,000,000	33,600,000	66,400,000
	Peoples Bank - Term Loan 03	-	1,600,000,000	-	-	-	1,600,000,000	30,000,000	1,570,000,000
		1,556,805,669	2,154,532,693	3,625,000	(6,953,262)	(1,116,540,090)	2,591,470,010	955,070,010	1,636,400,000

		Group				Company			
		Balance As At 01.01.2016 Rs.	Loan Obtained Rs.	Repayment Rs.	Balance As At 31.12.2016 Rs.	Balance As At 01.01.2016 Rs.	Loan Obtained Rs.	Repayment Rs.	Balance As At 31.12.2016 Rs.
14.4	Short Term Loans								
	Commercial Leasing and Company PLC	6,500,000	23,500,000	(15,000,000)	15,000,000	6,500,000	23,500,000	(15,000,000)	15,000,000
	MBSL	38,000,000	-	-	38,000,000	38,000,000	-	-	38,000,000
	Loans from Directors	3,600,000	33,000,000	(8,600,000)	28,000,000	3,600,000	20,000,000	(8,600,000)	15,000,000
		48,100,000	56,500,000	(23,600,000)	81,000,000	48,100,000	43,500,000	(23,600,000)	68,000,000

14. INTEREST BEARING LOANS & BORROWINGS

14.5 Finance Leases

	As at 01.01.2016 Rs.	New Leases Obtained Rs.	Repayments Rs.	As at 31.12.2016 Rs.	Current As at 31.12.2016 Rs.	Non Current As at 31.12.2016 Rs.
Bank of Ceylon	17,005,423	-	(17,005,423)	-	-	-
Gross Liability	17,005,423	-	(17,005,423)	-	-	-
Finance Charges allocated to Future Periods	(2,455,539)	-	2,455,539	-	-	-
Net Liability	14,549,884	-	(14,549,884)	-	-	-

14. INTEREST BEARING LOANS & BORROWINGS CONTD.

14.6 Details of Long Term Loans

Bank	Purpose	Facility Amount	Interest	Grace Period	Repayment Terms	Security
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 Securities for Facilities 02 and 03 - CG of LHL for Rs. 600 Mn. - CG of LDL for Rs. 600 Mn."
	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	

Bank	Purpose	Facility Amount	Interest	Grace Period	Repayment Terms	Security
	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	
People's Bank	Bank Loan Facility - Settlement of outstanding facilities	Rs. 1.6 Bn	SLIBOR + 3.5% or minimum of 10.5% p.a.	-	1st Year - Rs. 2.5Mn p.m. 2nd Year - Rs. 15 Mn p.m. 3 - 8 Years - Rs. 19 Mn p.m. (71 months) Rs. 19.7 Mn (last installment)	Mortgage over leased hold property of LP owned by CLDC Mortgage over leased hold property of LP owned by LHL Mortgage over leased hold property of LP owned by LDPL Cross Corporate Guarantee
	Short Term Loan - Payments to creditors related to refurbishment work	Rs. 100 Mn	SLIBOR + 3.5% or minimum of 10.5% p.a.	-	Rs. 2.8 Mn for 35 Months Rs. 2.0 Mn for 1 Month	
MBSL	Short-term loan Part Finance construction cost of LA	Rs. 38 Mn	16.50%		12 Months	Primary mortgage over property called Orukanda Estate - CG of CLDC - CG of Agrispice (Pvt) Ltd

		Group		Company	
		2016	2015	2016	2015
		Rs.	Rs.	Rs.	Rs.
15.	**DEFERRED TAX LIABILITIES**				
15.1	Gross Movement on the Deferred Tax Liabilities is as follows:				
	As at January	1,722,672,190	1,112,194,067	1,084,127,523	907,539,777
	Deferred Tax impact on depreciation of Revalued Assets	(136,918)	(136,918)	-	-
	Income Statement charge	198,781,565	610,624,309	83,885,981	176,612,058
	Deferred Tax impact on actuarial losses on retirement benefit obligations	1,333,319	(9,268)	1,312,389	(24,312)
	As at December	1,922,650,156	1,722,672,190	1,169,325,893	1,084,127,523

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

Deferred Tax Liabilities	Revaluation of Land and Building Rs.	Capital Allowances for Tax purposes Rs.	Revaluation of Investment Property Rs.	Total Rs.
As of 31 December 2014	4,107,527	6,608,275	1,163,108,730	1,173,824,532
Charged to income statement	-	821,434	610,171,261	610,992,695
Deferred tax on depreciation transfer	(136,918)	-	-	(136,918)
Deferred tax on revaluation gain	-	-	-	-
As of 31 December 2015	3,970,609	7,429,709	1,773,279,991	1,784,680,309
Charged to income statement	-	(798,300)	197,334,743	196,536,443
Deferred tax on depreciation transfer	(136,918)	-	-	(136,918)
As of 31 December 2016	3,833,691	6,631,409	1,970,614,734	1,981,079,834

Deferred Tax Liabilities	Tax losses Rs.	Defined Benefit Obligation Rs.	Total Rs.
As of 31 December 2014	(59,537,480)	(2,092,985)	(61,630,465)
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)	(2,527,875)	(62,008,119)
Credited/ (Debited) to income statement	2,639,145	(394,023)	2,245,122
Charged to Other Comprehensive Income	-	1,333,319	1,333,319
As of 31 December 2016	(56,841,099)	(1,588,579)	(58,429,678)

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

Deferred Tax Liabilities	Capital Allowances for Tax purposes Rs.	Revaluation of Investment Property Rs.	Total Rs.
As of 31 December 2014	2,018,058	907,509,456	909,527,514
Charged to income statement	845,052	176,175,987	177,021,039
As of 31 December 2015	2,863,110	1,083,685,443	1,086,548,553
Charged to income statement	(900,922)	85,162,116	84,261,194
As of 31 December 2016	1,962,188	1,168,847,559	1,170,809,747

Deferred Tax Liabilities	Defined Benefit Obligation Rs.	Total Rs.
As of 31 December 2014	(1,987,737)	(1,987,737)
Credited/ (Debited) to income statement	(408,981)	(408,981)
Charged to Other Comprehensive Income	(24,312)	(24,312)
As of 31 December 2015	(2,421,030)	(2,421,030)
Credited/ (Debited) to income statement	(375,213)	(375,213)
Charged to Other Comprehensive Income	1,312,389	1,312,389
As of 31 December 2016	(1,483,854)	(1,483,854)

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
16. RETIREMENT BENEFIT LIABILITY				
Retirement Benefits Obligation-Gratuity				
As at 1 January	9,037,445	7,474,267	8,646,554	7,099,079
Current service cost	524,011	781,472	352,624	749,627
Interest cost	1,033,212	748,608	987,421	711,020
Actuarial losses (Gain)	(4,618,123)	33,098	(4,543,374)	86,828
Payments made during the Year	(143,750)	-	(143,750)	-
As at 31 December	5,832,795	9,037,445	5,299,475	8,646,554

	Year ended 31 December 2016	Group		Company	
		2016	2015	2016	2015
		Rs.	Rs.	Rs.	Rs.
16.	**RETIREMENT BENEFIT LIABILITY CONTD.**				
16.1	Post Employee Benefit Expense for				
	Current service cost	524,011	781,472	352,624	749,627
	Interest cost	1,033,212	748,608	987,421	711,020
	Post Employment Benefit Expense	1,557,223	1,530,080	1,340,045	1,460,647

16.2 The management carried out its own valuation using the projected unit credit method at 31 December 2016 as per recommendations made in the LKAS 19; Employee Benefits. The assumptions used are as follows,

Year ended 31 December 2016	2016	2015
Discount rate assumed (%)	12%	10%
Salary increase (%)	8%	15%
Staff turnover factor (%)	10.5%	11%

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.

Year ended 31 December 2016	Group		Company	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs.	Rs.	Rs.	Rs.
Discount rate assumed	6,065,631	5,316,418	5,706,173	4,927,113
Further salary increase	5,332,648	6,053,492	4,942,912	5,694,697
Staff turnover factor	5,673,490	5,673,493	5,299,475	5,299,475

Year ended 31 December 2016	Group		Company	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
17. TRADE AND OTHER PAYABLES				
Summary				
Trade Payables - Others	60,662,381	-	-	-
- Others	110,935,728	57,263,279	29,486,536	995,100
Sundry Creditors Including Accrued Expenses	18,423,352	10,396,856	10,755,264	6,834,450
	190,021,461	67,660,135	40,241,800	7,829,550

Year ended 31 December 2016	Group		Company	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
18. TENANT DEPOSITS				
As at 1 January	201,725,690	168,068,588	46,837,999	30,298,240
Deposits Received	15,805,919	54,596,377	4,262,934	29,995,440
Repayments	(10,355,151)	(20,443,698)	(5,695,779)	(13,455,681)
As at 31 December	207,176,458	202,221,267	45,405,154	46,837,999

Year ended 31 December 2016	Group		Company	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
19. REVENUE				
Rental Income from Investment Property	422,435,628	210,592,378	132,180,439	89,214,233
	422,435,628	210,592,378	132,180,439	89,214,233

Year ended 31 December 2016	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
20. OTHER INCOME AND GAINS				
Dividend Income	-	455	3,479,929	3,908,155
Advertising Income	360,360	1,430,000	360,360	1,430,000
Interest of Staff Loans	-	9,351	-	9,351
Overdue Interest	782,936	1,812,138	1,803	-
Profit on Disposal of Investments	-	118,519	728,489,647	118,519
Sundry Income	1,570,697	953,888	517,000	418,600
Gain on Fixed Assets Disposal	4,853,333	-	4,853,333	-
	7,567,326	4,324,351	737,702,072	5,884,625

Year ended 31 December 2016	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
21. FINANCE COST AND INCOME				
21.1 Finance Cost				
Interest Expense on Overdrafts	1,388,486	489,954	406,256	152,443
Interest Expense on Interest Bearing Loans & Borrowings	40,077,039	62,413,821	40,077,039	15,871,495
Interest on Finance Leases	192,847,347	1,529,674	2,554,156	1,529,674
	234,312,872	64,433,449	43,037,451	17,553,612
21.2 Finance Income				
Interest on Treasury Bills	-	119	-	119
Interest on Financial Guarantees	-	-	-	6,511,012
	-	119	-	6,511,131

Year ended 31 December 2016	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
22. PROFIT/(LOSS) FROM CONTINUING OPERATIONS				
Stated after Charging /(Crediting)				
Included in Cost of Sales				
Depreciation	4,093,884	3,709,621	3,711,708	3,709,621
Included in Administrative Expenses				
Employees Benefits including the following	47,521,850	35,835,083	43,803,670	28,037,213
- Defined Benefit Plan Costs - Gratuity	1,407,223	1,530,080	1,340,045	1,460,647
- Defined Contribution Plan Costs - EPF & ETF	4,076,835	3,333,699	3,865,933	3,023,017
Depreciation	9,082,398	9,970,236	4,718,864	6,703,575
Loss on Disposal of Property, Plant and Equipment	-	37,983	-	37,980
Auditor's Fees and Expenses	1,344,000	1,741,578	720,000	684,500
Included in Selling and Distribution Costs				
Advertising Costs	689,038	390,683	659,288	390,683

23. INCOME TAX

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

Year ended 31 December 2016	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Income Statement				
Current Income Tax				
Current Income Tax charge	4,892,583	510,695	-	1,725
Tax on Distributable Profits	56,543	-	-	-
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (Note 15)	198,781,565	610,624,309	83,885,982	176,612,058
Income tax expense reported in the Income Statement	203,730,690	611,135,004	83,885,982	176,613,783

23. INCOME TAX CONTD.

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

	Group		Company	
Year ended 31 December 2016	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Accounting Profit before Tax from continuing operations	510,975,131	1,967,971,308	1,016,144,968	586,599,635
Disallowed Expenses	140,961,877	26,826,225	13,109,636	15,962,430
Allowable Expenses	(889,102,511)	(2,021,972,271)	(1,062,093,110)	(622,747,869)
Statutory Loss	(237,165,503)	(27,174,738)	(32,838,506)	(20,185,804)
Statutory Income	26,882,322	2,806,013	-	9,483
Tax Losses utilized during the Year	(9,408,813)	(982,105)	-	(3,319)
Taxable Profit	17,473,509	1,823,908	-	6,164
Tax at 28% (2015 - 28%)	4,892,583	510,695	-	1,725

		Group		Company	
	Year ended 31 December 2016	2016	2015	2016	2015
		Rs.	Rs.	Rs.	Rs.
23.2	**Tax Losses**				
	Tax Losses Brought Forward	559,382,194	496,013,085	379,716,780	342,968,903
	Tax Losses Incurred During the Year	237,165,503	27,174,738	32,838,506	20,185,804
	Tax Losses Utilised	(9,408,813)	(982,105)	-	(3,319)
	Adjustments on Finalisation of Liability	-	-	11,250,267	16,565,392
	Tax Losses Carried Forward	787,138,884	559,382,194	423,805,553	379,716,780

24. EARNINGS PER SHARE

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

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

Year ended 31 December 2016	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Amount Used as the Numerator:				
Profit for the Year	307,244,440	1,356,836,303	932,258,986	409,985,852
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	307,244,440	1,356,836,303	932,258,986	409,985,852

Year ended 31 December 2016	Group Number Rs.	Group Number Rs.	Company Number Rs.	Company Number Rs.
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

25.1 Details of significant related party disclosures are as follows:

Year ended 31 December 2016	Subsidiaries 2016 Rs.	Subsidiaries 2015 Rs.	Total 2016 Rs.	Total 2015 Rs.
Nature of Transaction				
As at 1 January	1,380,310,295	1,070,173,306	1,380,310,295	1,070,173,306
Purchase of Assets	-	219,778	-	219,778
Rendering/(Purchase) of Services	9,384,000	(350,000)	9,384,000	(350,000)
Central Cost Allocated	288,960,283	30,758,170	288,960,283	30,758,170
Finance Charges	42,285,819	(2,276,375)	42,285,819	(2,276,375)
Finance Charges paid on behalf of others	-	128,543,264	-	128,543,264
Receipt/(Transfer) of Services	-	(56,920,000)	-	(56,920,000)
Settlement of Liabilities by the Company on behalf of others	-	42,019,673	-	42,019,673
Payments for Services	-	-	-	-
Management Fees	700,000	1,200,000	700,000	1,200,000
Collection of Cash on behalf of Company	(88,336,156)	-	(88,336,156)	-
Fund Transfers	(125,574,200)	-	(125,574,200)	-
Settlement of Service Charges	(20,169,031)	-	(20,169,031)	-
Service Charges	-	3,000,000	-	3,000,000
Rental Deposits Received	-	(41,552,101)	-	(41,552,101)
Transfers under finance arrangements	-	198,140,870	-	198,140,870
Settlement of Liabilities	(6,371,647)	7,353,710	(6,371,647)	7,353,710
Investment/(Disposal) of Subsidiaries	115,099,589	-	115,099,589	-
As at 31 December	1,596,288,952	1,380,310,295	1,596,288,952	1,380,310,295

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.

25.2 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.

	2016 Rs.	2015 Rs.
Key Management Personnel Compensation		
Short-term employee benefits	12,830,500	11,371,367
Post-employment benefits	918,000	747,668
	13,748,500	12,119,035

Loans obtained from Related Parties have been disclosed in Note 14.4 in these financial statements.

	2016 Rs.	2015 Rs.
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 31.12.2016 have been disclosed in Note 14.6 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 2016 and 2015.

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 2016.

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 2016 and 2015.

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
2016		
Borrowings	+10/-10	2,558,414
2015		
Borrowing	+10/-10	1,898,016

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 decrease in basis points
ASPI	(793)
S&P SL 20	(1,006)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

Credit risk

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

Trade receivables

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. The Company has policies in place to ensure that rental contracts are 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 2016 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.

	On demand	From 1 to 5 years	Total
Year ended 31 December 2016			
Interest Bearing Loans and Borrowings (Note 14)	19,092,031	2,672,470,010	2,691,562,041
Tenant Deposits (Note 18)	207,176,458	-	207,176,458
Trade and Other Payables (Note 17)	-	190,021,461	190,021,461
Year ended 31 December 2015			
Interest Bearing Loans and Borrowings (Note 14)	1,877,778	1,619,455,553	1,621,333,331
Tenant Deposits (Note 18)	202,221,267	-	202,221,267
Trade and Other Payables (Note 17)	-	67,660,135	67,660,135

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.

	2016	2015
Interest Bearing Loans and Borrowings (Note 14)	2,691,562,041	1,621,333,331
Trade and Other Payables (Note 17)	190,021,461	67,660,135
Less: Cash and Cash Equivalents (Note 11)	(993,671,300)	(7,332,827)
Net debt	1,887,912,202	1,681,660,639
Equity	4,582,153,545	4,269,071,879
Capital and net debt	6,470,065,747	5,950,732,518
Gearing ratio	29%	28%

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 2016 and 2015.

28. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

29. FAIR VALUES

29.1 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 2016 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 2016:

	Date of valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Investment Properties (Note 4)	20-Feb-17	8,383,300,000	-	-	8,383,300,000
AFS financial assets	31-Dec-16	38,700	38,700	-	-
Revalued Property, Plant and Equipment	20-Feb-17	48,817,501	-	-	48,817,501

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

	Date of valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Investment Properties (Note 4)	22-Mar-16	7,670,860,000	-	-	7,670,860,000
AFS financial assets	31-Dec-15	51,000	51,000	-	-

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. COMMITMENTS AND CONTINGENCIES CONTD.

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%	70%	IT solutions, software development and e-marketing
Liberty Developers (Private) Limited	100%	100%	Renting out developed property

The above companies have been incorporated in Sri Lanka.

31.2 Summarised financial information of subsidiaries

Agrispice (Private) Limited carries on, inter-alia, the business of cultivating plantations of teak and mahogany trees. The results, assets and liabilities of Agrispice (Private) Limited have been included in the consolidated financial statements of the Group using the purchase method. Anantaya Global Solutions (Private) Limited is in the business of providing IT solutions to the group.

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	
	2016	2015	2016	2015	2016	2015	2016	2015
Current								
Assets	94,027,207	81,580,856	419,239	160,395	1,151,300	1,100,697	36,535,008	9,508,838
Liabilities	1,662,878,546	239,627,126	52,982,076	49,923,042	4,983,599	3,796,699	353,664,153	1,432,211,849
Total current net assets	(1,568,851,339)	(158,046,270)	(52,562,837)	(49,762,647)	(3,832,299)	(2,696,002)	(317,129,145)	(1,422,703,011)
Non-current								
Assets	3,383,126,530	1,252,325,327	60,213,403	58,182,013	785,931	-	2,811,681,105	2,497,530,416
Liabilities	315,063,103	284,869,883	160,000	10,000	-	-	479,428,795	354,039,394
Total non-current net assets	3,068,063,427	967,455,444	60,053,403	58,172,013	785,931	-	2,332,252,310	2,143,491,022
Net assets	1,499,212,088	809,409,174	7,490,566	8,409,366	(3,046,368)	(2,696,002)	2,015,123,165	720,788,010
Revenue	85,534,852	75,569,543	-	-	34,242	-	222,500,955	47,224,750
Profit/(Loss) before income tax	116,588,689	306,575,688	(2,492,893)	(4,643,570)	(350,369)	(106,076)	109,677,962	1,079,583,553
Income Tax	(35,265,905)	(80,464,848)	-	-	-	-	(125,389,401)	(84,578,804)
Profit/(Loss) after income tax	81,322,783	226,110,840	(2,492,893)	(4,643,570)	(350,369)	(106,076)	(15,711,439)	995,004,749
Other Comprehensive income/ (expense)	190,737	175,604	-	-	-	-	-	-
Total comprehensive (loss)/ income	81,513,520	226,286,444	(2,492,893)	(4,643,570)	(350,369)	(106,076)	(15,711,439)	995,004,749

TEN YEAR SUMMARY

	2002 Rs.'000	2003 Rs.'000	2004 Rs.'000	2005 Rs.'000	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	2016 Rs.'000
Trading Results															
Turnover	71,868	90,788	693,460	687,636	728,166	87,041	92,403	90,408	88,863	94,752	104,912	125,470	149,680	210,592	422,435
Operating Income	37,691	45,289	120,068	130,178	140,814	61,376	64,483	58,960	57,553	65,317	72,966	77,790	84,625	126,753	311,842
Operating Expenses	(35,117)	(34,325)	(105,234)	(117,181)	(201,888)	(58,948)	(57,309)	(71,143)	(78,937)	(129,624)	(80,283)	(94,934)	(97,241)	(126,120)	(122,321)
Operating Profit/(Loss)	2,574	10,964	14,834	16,808	185,185	3,967	8,468	(11,504)	(16,838)	277,273	(16,340)	137,733	257,979	2,032,404	745,287
Non Operating Income	14,336	9,361	9,013	3,811	246,259	1,539	1,294	679	4,546	2,076	2,179	2,057	1,094	4,324	7,567
Net Finance/(Cost)	4,709	6,589	(27,934)	(34,472)	(62,508)	1,734	17,509	13,975	7,887	12,769	6,655	(20,215)	(35,672)	(64,433)	(234,312)
Share results of associates	-	-	(4,545)	300	-	(8,518)	(17,348)	(16,710)	-	-	-	-	-	-	-
Profit/(Loss)before Tax	21,619	26,914	(8,632)	(17,364)	122,677	82,711	8,629	166	491,363	290,042	(9,685)	117,518	222,307	1,967,971	510,975
Income Tax	(276)	(395)	(12,548)	(14,018)	(6,099)	(7,252)	(3,553)	(2,507)	(5,931)	45,933	(80,284)	(56,444)	(69,224)	(611,135)	(203,730)
Profit(Loss) after Tax	21,343	26,519	(21,180)	(31,382)	116,578	75,459	5,076	(2,341)	485,432	335,035	(89,969)	64,074	153,083	1,356,836	307,244
Minority Interest	-	-	2,754	-	5,240	-	-	-	-	-	(216)	(530)	(13)	(32)	(105)
Profit /(Loss) of the Year	21,343	26,519	(18,426)	(31,382)	121,818	75,459	5,076	(2,341)	485,432	335,035	(89,753)	61,604	153,096	1,356,868	307,244

GLOSSARY OF FINANCIAL TERMS

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

Net Asset
Total Asset minus Liabilities

Net Asset per Share
Net Asset divided by number of shares

Dividend per Share
Total dividend divided by number of shares

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

Asset Turnover Ratio
Total revenue divided by Total Assets

Capital Employed
Stated capital plus Reserves

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

INVESTOR INFORMATION

COLOMBO LAND & DEVELOPMENT COMPANY PLC 20 MAJOR SHAREHOLDERS OF THE COMPANY AS AT 31ST DECEMBER 2016

	Name	No. of shares	%
1	Mr E G Ng & Mrs S L Ng	46,900,000	23.464
2	Kalpitiya Beach Resort Limited	40,413,200	20.219
3	Urban Development Authority of Sri Lanka	34,872,675	17.447
4	Bank of Ceylon A/c Ceybank Unit Trust	16,071,495	8.041
5	Mr Y T Ng	6,006,876	3.005
6	Mr E S Ng	4,945,716	2.474
7	Mr Y C Ng	4,715,502	2.359
8	Sampath Bank PLC/Capital Trust Holdings Limited	3,866,143	1.934
9	Seylan Bank PLC/Nalaka Harshajeeva Godahewa	2,297,800	1.150
10	Kang Poay Hong (Deceased)	2,251,625	1.126
11	Mr Y H Ng	1,920,000	0.961
12	Pan Asia Banking Corporation PLC/Harshada Holdings (Pvt) Ltd	1,913,876	0.958
13	Seylan Bank PLC/Capital Trust Holdings (Pvt) Ltd	1,778,581	0.890
14	Mr Y K D Ng	1,605,600	0.803
15	Mr K V Hewavitarne	1,602,499	0.802
16	Allnatt Investments (Private) Limited	1,524,074	0.762
17	Mr T G Thoradeniya	1,254,190	0.627
18	Mr W Baptista	1,221,303	0.611
19	Mr T Ono	1,218,339	0.610
20	Mr. E G Ng	700,000	0.350
		177,079,494	88.593
	Other Shareholders	22,801,514	11.407
	Total	199,881,008	100.000

COLOMBO LAND & DEVELOPMENT COMPANY PLC 31.12.2016

	Name	NIC/CDS Acct.	No. of shares
1	Mr E G Ng & Mrs S L Ng	7211-FI/01	46,900,000
2	Kalpitiya Beach Resort Limited	6538-LC/00	40,413,200
3	Urban Development Authority of Sri Lanka		34,872,675
4	Mr Yew Tong Ng	7210-FI/00	6,006,876
5	Mr Eng Soon Ng	5241/FI/00	4,945,716
6	Mr Yew Chuan Ng	7206/FI/00	4,715,502
7	Mr Yew Hui Ng	7207/FI/00	1,920,000
8	Mr Yew Khim Dennis Ng	7385/FI/00	1,605,600
9	Mr Eng Ghee Ng	7211/FI/00	700,000
10	Mr. D S Jayaweera	672620694V	2,600
			142,082,169
			199,881,008
	Non Public Holding		142,082,169
	Public holding		57,798,839

COLOMBO LAND & DEVELOPMENT COMPANY PLC- NON PUBLIC SHAREHOLDERS NO. OF SHARES AS AT 31.12.2016

	Name	NIC/CDS Acct.	No. of shares
1	Mr E G Ng & Mrs S L Ng	7211-FI/01	46,900,000
2	Kalpitiya Beach Resort Limited	6538-LC/00	40,413,200
3	Urban Development Authority of Sri Lanka		34,872,675
4	Mr Yew Tong Ng	7210-FI/00	6,006,876
5	Mr Eng Soon Ng	5241/FI/00	4,945,716
6	Mr Yew Chuan Ng	7206/FI/00	4,715,502
7	Mr Yew Hui Ng	7207/FI/00	1,920,000
8	Mr Yew Khim Dennis Ng	7385/FI/00	1,605,600
9	Mr Eng Ghee Ng	7211/FI/00	700,000
10	Mr. D S Jayaweera	672620694V	2,600

INVESTOR INFORMATION

COLOMBO LAND & DEVELOPMENT COMPANY PLC DIRECTOR'S SHAREHOLDINGS AS AT 31ST DECEMBER 2016

Names of Directors	No. of shares	Percentage (%)
Prof. C K M Deheragoda	Nil	Nil
Mr. D S Jayaweera	2,600	0.00%
Mr. M D S Goonatilleke	Nil	Nil
Mr. Ng. Yew Tong	6,006,876	3.01%
Mr. Ng. Yao Xing, Eugene	Nil	Nil
Mr. W M C S Welegama	Nil	Nil
Mr. P V S Premawardhana	Nil	Nil
Mr. Ng. Heng Chye Clement (Alternate Director to Ng Yao Xing, Eugene)	Nil	Nil
Mr. S A Ameresekera (Alternate Director to M D S Goonatilleke)	Nil	Nil

SHARE PRICES FOR THE YEAR

	31.12.2016	Date	31.12.2015	Date
Market price per share				
Highest during the period	**Rs.32.00**	17/05/2016	Rs.38.80	08/01/2015
Lowest during the period	**Rs.18.10**	16/03/2016	Rs.22.50	02/12/2015
As at end of the period	**Rs.26.90**		Rs.25.60	

	31.12.2016	31.12.2015
No. of transactions	**4,636**	5,681
No. of Shares traded	**11,007,722**	10,374,751
Value of Shares traded (Rs.)	**285,971,074.30**	290,098,262.40

PUBLIC HOLDING

Public Holdings Percentage as at 31st December 2016	28.92%
Number of shareholders representing the above percentage	2,978

DISTRIBUTION OF SHAREHOLDING AS AT 31ST DECEMBER 2016

From	To	No. of Holders	No. of Shares	%
1	1,000	1712	622,741	0.31
1,001	10,000	915	3,405,629	1.70
10,001	100,000	299	8,912,641	4.46
100,001	1,000,000	43	10,560,503	5.29
Over 1,000,000		19	176,379,494	88.24
		2988	199,881,008	100.00

ANALYSIS OF SHAREHOLDERS AS AT 31ST DECEMBER 2016

Category	No. of Shareholders	No. of Shares	%
Local Individuals	2725	18,807,351	9.41
Local Institutions	203	108,299,199	54.18
Foreign Individuals	57	70,458,246	35.25
Foreign Institutions	3	2,316,212	1.16
Total	2988	199,881,008	100.00

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty Fifth (35th) 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 Friday 30th June 2017 at 11.00am 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 2016 and the Report of the Auditors thereon.

2. To re-elect as a Director, Mr. NG Yew Tong who retires by rotation in terms of Articles 86 and 87 of the Articles of Association.

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

4. To authorize the Directors to determine payments for the year 2017 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
COLOMBO LAND AND DEVELOPMENT COMPANY PLC

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

31st May 2017

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, 3rd Floor, Liberty Plaza, 250 R A De Mel Mawatha, Colombo 03, by 11.00am on 28th June 2017.

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

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 2017 at 11.00.a.m and any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To re-elect Mr. NG Yew Tong who retires in terms of Articles 86 and 87 of the Articles of Association, as a Director of the Company	☐	☐
2.	To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.	☐	☐
3.	To authorize the Directors to determine payments for the year 2017 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 Seventeen.

....

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, 3rd Floor, Liberty Plaza, 250 R A De Mel Mawatha, Colombo 03, by 11.00am on 28th June 2017

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. D.S. Jayaweera
Mr P.V. S. Premawardhana
Mr. Ng Yew Tong
Mr. Ng Yao Xing
Mr. S.A. Amarasekera
(Alternate to Mr. M.D.S. Goonatilleke)
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.

Capital Law Chambers & Corporate Consultants
Attorneys-at-law, Notaries Public,
11, Arcadia Gardens, Rosmead Place,
Colombo 07.

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 Limited
Agrispice (Private) Limited
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