Colombo Land
& Development Company PLC

Colombo Land & Development Company PLC
Annual Report 2017

STEPPING UP

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STEPPING UP

Here at Colombo Land, our journey has been a challenging one – and through it all we have remained resilient and strong, continuously evolving to deliver greater value year on year. We are pleased to report that the year under review has been a good one for your Company, one in which we have undoubtedly achieved stakeholder satisfaction and delivered on our promise of wealth creation to all those we serve.

Despite intense pressure and adversity in the past, your Company is now ideally positioned to drive a trajectory of growth, owing to the unwavering support and partnership of our valued stakeholders, without whom our achievements would have been impossible. Now, as we eagerly await the promise of a brighter tomorrow, we are building firmly upon our success, pursuing greater heights, and stepping up our performance both now and in the years to come.

FINANCIAL HIGHLIGHTS

	Group			Company		
	2017	2016	Change	2017	2016	Change
	Rs'000	Rs'000	%	Rs'000	Rs'000	%
Revenue	445,909	422,435	5.56	134,542	132,180	2
Profit From Operations	4,096,403	745,287	450	3,230,537	1,059,181	205
Net Finance (Cost)/Income	(243,367)	(234,312)	4	(76)	(43,037)	(100)
Revenue to Government	67,450	50,953	32	17,748	15,671	13
Profit/(Loss) before Tax	3,853,036	510,975	654	3,230,461	1,016,144	218
Profit/(Loss) for the Year	2,742,393	307,244	793	2,331,764	932,258	150
Non Current Assets	12,248,286	8,530,537	44	8,307,233	5,129,832	62
Current Assets	136,096	1,079,046	(87)	1,710,003	2,687,196	(36)
Total Assets	12,384,383	9,609,584	29	10,017,236	7,817,028	28
Shareholders Equity	7,324,971	4,582,153	60	6,208,054	3,877,750	60
No.of Employees (Persons)	26	26	-	20	20	-
Revenue per Employee (Rs.000')	17,150	16,248	6	6,727	6,609	2
Profit/(Loss) per Employee (Rs.000')	105,477	11,817	793	116,588	46,613	150
Per Share						
Earnings/(Loss) per Share (Rs.)	13.72	1.54	791	11.67	4.66	150
Net Asset per Share (Rs.)	36.65	22.92	60	31.06	19.40	60
Dividend per Share (Rs.)	-	-		-	-	-
Market Capitalization (Rs.000)	3,957,644	5,376,798	(26)	3,957,644	5,376,798	(26)
Ratios						
Profit/(Loss)for the year on Revenue (%)	615.01	72.73	746	1,733.11	705.29	146
Asset Turnover Ratio (%)	3.60	4.40	(18)	1.34	1.69	(21)
Return on Capital Employed (ROCE) (%)	37.44	6.71	458	37.56	24.04	56

CHAIRMAN'S REVIEW

We are still waiting with anticipation for the approved final "Fort and Pettah Area" Commercial Development Plan of UDA to launch the development of our prime 3-acre land parcel in possession at Pettah.

I am pleased to welcome our valued shareholders to the 36th Annual General Meeting of Colombo Land & Development Company PLC and in placing before you the Annual Report and Financial Statements for the year 2017. We can be pleased with the many successes the Company has achieved, and as we look forward we can be confident that the strong foundation that has already been laid along with the refurbishment of the mall and new value additions, will enable the organization to grow from strength to strength.

We are happy to note that, despite the volatile economic conditions prevailed in the country during the corresponding year, CLDC have been able to sustain its commercial operations, while absorbing all the negative shocks in our business sector. We are proud to report that the outcome of our investments in the Liberty Plaza, New Retail Podium and the Liberty Arcade to create the most modern and state-of-art commercial space in the city, has been very successful. Today Liberty Plaza Complex has become one of the most preferred and popular hubs for shopping and recreation. We are committed to enhancing the Liberty Plaza Complex to extend an unbeatable shopping experience to our valued consumers.

We are still waiting with anticipation for the approved final "Fort and Pettah Area" Commercial Development Plan of UDA to launch the development of our prime 3-acre land parcel in possession at Pettah. We are ready with the structural designs and plans for a mixed development project in compliance with the Western Region Megapolis Development Plan. We remain hopeful that the Urban Development Authority will accord the necessary approvals. This will not only truly enhance and transform the profile of Pettah, along with the upcoming Colombo Port City; but also, will have a positive impact on the net asset value of the shareholdings of the CLDC.

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

30th May 2018

CEO / DIRECTOR'S MESSAGE

Our proposed mixed development project will complement the fast-developing Colombo Port City Project and also facilitate transformation of Pettah into a major commercial hub of the region.

The performance of the Company in the year 2017 reinforced the acuity of our visionary initiatives to develop, expand and modernize Liberty Plaza and Liberty Arcade over the past few years. During the period under review, the company recorded a 205% growth in operational profitability. The Company was able to increase the square-foot rate rental during the period under consideration. In addition, revenue from our car park services also grew during the period, adding to our overall profitability. Cost cutting initiatives too were quite successful and helped the group enhance its operational margins. The strong performance by the company reflects the changing demographics and rising importance of Liberty Plaza and Liberty Arcade as a premier shopping destination in Colombo for locals and tourists who seek to shop for quality brands.

Negotiations are also underway to introduce more high profile international brands that will increase overall mall footfall as well as further establish Liberty Plaza its dominant place as a main shopping destination in Colombo.

Our visionary plan for developing over 3 acres of land in possession in Pettah and a phased development of the larger 11 acres extent yet to be released hangs in the balance as the authorities are yet to fully implement the Western Province Region Megapolis development plan which is envisaged to transform Pettah into a modern commercial, transport and trading hub. CLDC is eagerly awaiting final approvals from the Urban Development Authority to proceed with our development project. It is quite evident that Pettah is urgently in need of an overhaul in infrastructure and facilities to meet the evolving needs of the greater Colombo area and as a wholesale hub of the country. Your company with its ownership of a large extent of property in this area is ready - as it has always been, to engage, and work hand-in-hand in partnership with the government of Sri Lanka in its envisaged infrastructural development plans and contribute to the transformation of the city and help Sri Lanka step up and take its rightful place as a major commercial and trade hub in South Asia.

Our proposed mixed development project will complement the rapidly developing Colombo Port City Project and facilitate transformation of Pettah which will serve as a gateway and be the conduit which will connect the city to the rest of Sri Lanka's other regions. As the Colombo Port City and other major infrastructral development takes place across the country Pettah will play a central role in the final metamorphosis of Sri Lanka into a modern major commercial hub of the region. Colombo will play an integral and key role in China's ambitious development plans underway to install and expand its trade routes in the south Asian region. With cordial and close relationships built with India which certainly has plan of its own, being the regional giant that it is, as well as with rapidly developing economies such as Pakistan and Bangladesh, we are confident that over the medium to long term Sri Lanka can not help but emerge as an attractive real estate investment destination in South Asia with world-class infrastructure. Your company is well placed to take advantage and play a key role in Sri Lanka's long awaited post war transformation in the coming decades.

We are ready to step up and play our part in the transformation of the country to its rightful place as a leading economic hub in the South Asian region.

Acknowledgements

I am grateful to the Chairman and the Board of Directors for their valuable advice. The management and staff of CLDC need to be thanked for their dedication to grow the business. I express my thanks to all our stakeholders and business partners in the public and private sector for their continued support.

Sgd.

Vasula S. Premawardhana

CEO/Director

30th May 2018

BOARD OF DIRECTORS

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

Emeritus 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 was also a Consultant to the Western Region Megapolis Project (2015-2016), Expert Consultant to the Ministry of Hill Country New Villages Infrastructure and Community Development (2016 to 2017) and the Lead Consultant to the Ministry of Disaster Management for Preparation of National Disaster Management Plan -2018-2030 (2017-2018).

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 yearlong 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 was the President of the Sri Lankan Alumni & Professionals Association (SLAPA) from 2013 to 2016.

Mr. D. S. Jayaweera
(Executive Director)

Mr Dilith Susantha Jayaweera is a leading entrepreneur in Sri Lanka with interests in several key economic sectors. In 1993, Mr Jayaweera founded Triad (Pvt) Ltd., which has grown from a small advertising agency to Sri Lanka's largest and most awarded communications powerhouse, extensively diversified to offer integrated communications solutions.

Mr Jayaweera is Group Chairman of George Steuart & Co., Sri Lanka's oldest mercantile establishment, and a Board Director of Citrus Leisure PLC. He is also the Chairman of Powerhouse (Pvt) Ltd., the holding company of Sri Lanka's premium entertainment offering, Derana.

An Attorney at Law, Mr Jayaweera holds an LLB from the University of Colombo and an MBA from the University of Wales.

BOARD OF DIRECTORS

Mr P. V. S. Premawardhana
(Director/Chief Executive Officer)

Mr. Premawardhana was appointed to the Board of Colombo Land and Development Company PLC on 24th March 2016. He is an accomplished professional with over 15 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 W. M. C. S. Welegama
(Non Executive Director)

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

Mr. Welegama currently serves as the Joint Managing Director of Cimbalanka Holdings (Pvt) Ltd. involved in trading petroleum products and the Country Director of Hyrax oil Malaysia.

Mr. M. D. S. Goonatilleke
(Non Executive Independent Director)

Mr. Goonatilleke is a Financial Professional with over 30 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 Non- Executive Director of DSL Group of Companies and as the Chairman of Summit Finance PLC.

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

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.

Mr. W.D.A. Sunil Perera

(Non Executive Director)

Mr. W D A S Perera holds a BSc (Business Administration) special with second class upper division from the University of Sri Jayawardenapura.

He is also a Fellow member of Institute of Chartered Accountants of Sri Lanka, Fellow member of Chartered Institute of Management Accountants-U.K.CGMA, Fellow member of Association of Accounting Technicians. Mr. Perera also holds a Post graduate Diploma in Business and Financial Administration-ICASL and a Diploma in Import and Exports.

Mr. Perera is currently the Financial Consultant-Ministry of Megapolis and Western Development - Sri Lanka Land Reclamation and Development Corporation and the Acting General Manager Lanka Land Reclamation Company Ltd (REDECO)

He presently serves as a Board member of the Urban Development Authority, Urban Investment and Development Company, Urban Investment and Hotel Development Company, LRDC (Services) Ltd – a subsidiary of the Sri Lanka Land Reclamation and Development Corporation. He is also the Chairman of the Audit and Management Committee of the Urban Development Authority and a Member of the Audit and Management Committee-LRDC (Services) Ltd

Mr. Perera previously served as the Chief Financial Officer of the Lanka Electricity Company (Pvt) Ltd during the period 2011-2016, the Finance Manager of the Ceylon Electricity Board -2008-2011 and the Additional Finance Manager (Distribution) of the Ceylon Electricity Board 1999-2008.

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 2017.

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 principle activities of the company were the development and leasing out of investment property under operating leases and renting of vehicle parking.

The principal activities of subsidiary companies are renting out developed property, cultivating plantation of 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 40 and are consistent with those of the previous period.

Directors' responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 13.

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 5 to 7.

Executive Directors

Mr. D S Jayaweera
Mr. P V S Premawardhana

Non-Executive Directors

Mr. NG Yao Xing Eugene*
Mr. W M C S Welegama
Mr. W D A S Perera

Independent Non-Executive Directors

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

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

Mr NG Yew Tong who served as a Director of the Company resigned with effect from 30th June 2017.

In terms of Articles 86 and 87 of the Articles of Association of the Company, Mr. NG Yao Xing Eugene retires by rotation and being eligible offers himself for re-election.

Mr. W D A S Perera was appointed as a Director of the Company with effect from 12th December 2017 and shall retire in terms of Article 94 of the Articles of Association of the Company and being eligible is recommended by the Directors for 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 24.2 to the Financial Statements on page 64.

Directors' Interests in Contracts

Directors Interests in contracts or proposed contracts with the Company both direct and indirect are disclosed on pages 63 to 64.

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.

Corporate Donations

Donations made by the Company during the year amounted to Rs. Nil (Rs. 13,000/- in 2016)

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. 788,400/- (Rs. 720,000/- in 2016)

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 30th May 2018 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 2017 (which was the same as at 31st December 2016).

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st December 2017 and 31st December 2016 are as follows.

	As at 31.12.2017	As at 31.12.2016
Prof. C K Deheragoda	Nil	Nil
Mr. D S Jayaweera	2,600	2,600
Mr. P V S Premawardana	Nil	Nil
Mr. M D S Goonatilleke*	Nil	Nil
Mr. Ng Yao Xing**	Nil	6,006,876
Mr. W.M.C.S. Welegama	Nil	Nil
Mr. W D A S Perera	Nil	Nil

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

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.

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

Shareholders

There were 2898 of shareholders registered as at 31st December 2017. The details of distribution are given on page 78 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 75 to 78 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 2017 26 persons were in employment (26 persons as at 31st December 2016)

Reserves

The reserves of the Company and the Group with the movements during the year are given in Note 12 to the Financial Statements on page 51.

Property, Plant and Equipment

Details of the movement of property, plant and equipment are given under Note 3 to the Financial Statements on pages 41 to 44.

Investments

Details of the Company's and Group's investments as at 31st December 2017 are given in Notes 4, 5 and 9 to the Financial Statements on pages 45 to 47 and 50.

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 29 to the Financial Statements on pages 70 to 71 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 Deheragoda
Mr. Ng Yao Xing

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

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

The Directors declare that the Company is in compliance with Section 09 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st December 2017.

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 Deheragoda and Mr. M D S Goonatilleke are 'independent' as per the Listing Rules of the Colombo Stock Exchange.

Taxation

The tax position of the Company is given in Note 22 to the Financial Statements on pages 60 to 61.

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 27 to the Financial Statements on page 69 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 Sixth (36th) 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 29th June 2018 at 2.00 p m and the Notice of Meeting appears on page 79.

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

30th May 2018

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 Deheragoda
Mr. D S Jayaweera
Mr. P V S Premawardhana
Mr. J M B Pilimatalawwe

Liberty Developers (Pvt) Ltd
Prof. C K Deheragoda
Mr. D S Jayaweera
Mr. P V S Premawardhana
Mr. J M B Pilimatalawwe

Agrispice (Private) Limited
Prof. C K Deheragoda
Mr. D S Jayaweera
Mr. P V S Premawardhana
Mr. J M B Pilimatalawwe

Anantaya Global Solutions Company Limited
Prof. C K Deheragoda
Mr. D S Jayaweera
Mr. P V S Premawardhana
Mr. J M B Pilimatalawwe

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.
P W Corporate Secretarial (Pvt) Ltd
Secretaries

30th May 2018

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 Yao Xing - Member

(Non Executive Director)

The Chief Executive 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.

Meetings

The Audit Committee met two times during the year. The Chief Executive 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 31.12.2018, 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

30th May 2018

REMUNERATION COMMITTEE REPORT

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

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

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

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

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 is involved in deciding his or her own remuneration.

Sgd.
Prof. C K M Deheragoda
Chairman
Remuneration Committee

30th May 2018

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 four times 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

The 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

30th May 2018

INDEPENDENT AUDITOR'S REPORT

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 2017, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 2017, 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 29.2 (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 2017, 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

30 May 2018

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 Ms. P V K N Sajeewani 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

As at 31st December 2017	Note	Group 2017 LKR	Group 2016 LKR	Company 2017 LKR	Company 2016 LKR
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	3	143,272,361	147,237,779	5,113,877	9,643,678
Investment Properties	4	12,105,014,000	8,383,300,000	7,485,530,000	4,303,600,000
Investments in Subsidiaries	5	-	-	816,589,183	816,589,183
		12,248,286,362	8,530,537,779	8,307,233,061	5,129,832,861
Current Assets					
Inventories	7	331,655	252,672	-	-
Trade and Other Receivables	6	114,102,930	85,083,707	1,622,730,622	1,624,613,463
Investment in Preference Shares	8	-	-	69,140,326	71,969,878
Available-For-Sale Financial Assets	9	22,500	38,700	22,500	38,700
Cash and Cash Equivalents	10	21,639,330	993,671,300	18,110,081	990,573,989
		136,096,416	1,079,046,379	1,710,003,529	2,687,196,030
Total Assets		12,384,382,777	9,609,584,158	10,017,236,590	7,817,028,891
EQUITY AND LIABILITIES					
Equity					
Stated Capital	11	341,602,342	341,602,342	341,602,342	341,602,342
Revaluation Reserves	12	50,286,787	48,612,787	-	-
Retained Earnings		6,934,889,105	4,192,851,873	5,866,452,080	3,536,148,611
Equity Attributable to Equity Holders of the Parent		7,326,778,234	4,583,067,002	6,208,054,422	3,877,750,953
Non - Controlling Interest		(1,807,448)	(913,457)	-	-
Total Equity		7,324,970,785	4,582,153,545	6,208,054,422	3,877,750,953

As at 31st December 2017	Note	Group 2017 LKR	2016 LKR	Company 2017 LKR	2016 LKR
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	13	**1,423,550,000**	1,636,400,000	**1,423,550,000**	1,636,400,000
Deferred Tax Liabilities	14	**3,021,597,303**	1,922,650,155	**2,064,161,815**	1,169,325,894
Defined Benefit Obligations	15	**5,356,824**	5,832,795	**3,976,051**	5,299,475
		4,450,504,127	3,564,882,950	**3,491,687,865**	2,811,025,369
Current Liabilities					
Trade and Other Payables	16	**161,164,509**	190,021,461	**46,501,531**	40,241,800
Income Tax Liabilities		**17,089,926**	10,187,703	**9,132,286**	5,271,727
Interest Bearing Loans and Borrowings	13	**223,706,911**	1,055,162,041	**215,706,911**	1,037,333,889
Tenant Deposits	17	**206,946,519**	207,176,458	**46,153,575**	45,405,153
		608,907,865	1,462,547,662	**317,494,303**	1,128,252,569
Total Equity and Liabilities		**12,384,382,777**	9,609,584,158	**10,017,236,590**	7,817,028,891

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

Sgd.
CEO - Director

The board of directors are responsible for these Financial Statements and signed for and on behalf of the board by:

Sgd.
Director

Sgd.
Director

The accounting policies and notes on pages 25 through 72 form an integral part of the Financial Statements.

30 May 2018
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017	Note	Group 2017 LKR	Group 2016 LKR	Company 2017 LKR	Company 2016 LKR
Revenue	18	**445,908,605**	422,435,628	**134,542,119**	132,180,439
Direct Expenses		**(127,606,741)**	(110,593,026)	**(50,326,182)**	(38,696,906)
Net Rental Income		**318,301,864**	311,842,602	**84,215,936**	93,483,533
Other Income and Gains	19	**16,627,810**	7,567,326	**11,029,223**	737,702,072
Change in value of Investment Properties	4	**3,862,524,447**	548,200,080	**3,202,430,000**	298,357,717
Selling and Distribution Costs		**(7,547,301)**	(3,719,433)	**(5,448,307)**	(1,370,117)
Administrative Expenses		**(93,503,902)**	(118,602,572)	**(61,689,810)**	(68,990,786)
Finance Cost	20.1	**(243,367,048)**	(234,312,872)	**(75,690)**	(43,037,451)
Profit Before Tax	21	**3,853,035,871**	510,975,131	**3,230,461,353**	1,016,144,968
Income Tax Expense	22	**(1,110,642,834)**	(203,730,690)	**(898,697,626)**	(83,885,981)
Profit for the year		**2,742,393,037**	307,244,440	**2,331,763,728**	932,258,987
Attributable to:					
Equity Holders of the Parent		**2,743,287,029**	307,349,551	**2,331,763,728**	932,258,987
Non-Controlling Interests		**(893,992)**	(105,111)	**-**	-
Earnings Per Share	23	**13.72**	1.54	**11.67**	4.66

The accounting policies and notes on pages 25 through 72 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017	Note	Group 2017 LKR	Group 2016 LKR	Company 2017 LKR	Company 2016 LKR
Profit/ (Loss) for the year		2,742,393,037	307,244,440	2,331,763,728	932,258,987
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		(16,200)	(12,300)	(16,200)	(12,300)
Other comprehensive income not to be classified to profit or loss in subsequent periods					
Actuarial Gain/(Loss) on Defined Benefit Plans	15	(1,004,830)	4,618,123	(1,446,461)	4,543,374
Deferred Tax attributable to actuarial gains on defined benefit obligations		(123,657)	(1,333,319)	-	(1,312,389)
Revaluation Gain of the Property Plant and Equipments		1,674,000	-	-	-
Deferred Tax on depreciation of revalued assets	14.2	-	136,918	-	-
Total of Other Comprehensive Income		529,313	3,409,422	(1,462,661)	3,218,685
Total Comprehensive income for the year, net of tax		2,742,922,350	310,653,863	2,330,301,067	935,477,672
Attributable to:					
Equity Holders of the Parent		2,743,816,342	310,685,686	2,330,301,067	935,477,672
Non-Controlling Interests		(893,992)	(31,823)	-	

The accounting policies and notes on pages 25 through 72 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

	Stated Capital LKR	Revaluation Reserve LKR	Retained Earnings LKR	Non Controlling Interest LKR	Total LKR
Group					
As at 01 January 2016	341,602,342	47,079,851	3,881,166,209	(808,346)	4,269,040,056
Net Profit/(Loss) for the Year	-	-	310,653,863	(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	4,192,851,873	(913,457)	4,582,153,545
Net Profit/(Loss) for the Year	-	-	2,743,181,919	(893,992)	2,742,287,927
Other Comprehensive Income for the Year	-	1,674,000	(1,144,687)	-	529,313
As at 31 December 2017	341,602,342	50,286,787	6,934,889,105	(1,807,448)	7,324,970,785

	Stated Capital LKR	Retained Earnings LKR	Total LKR
Company			
As at 01 January 2016	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
Net Profit/(Loss) for the Year	-	2,331,763,728	2,331,763,728
Other Comprehensive Income for the Year	-	(1,462,661)	(1,462,661)
As at 31 December 2017	341,602,342	5,866,452,080	6,208,054,421

The accounting policies and notes on pages 25 through 72 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

Year ended 31 December 2017	Note	Group 2017 LKR	Group 2016 LKR	Company 2017 LKR	Company 2016 LKR
Cash Flows From / (Used in) Operating Activities					
Profit before Tax from continuing operations		3,853,035,871	510,975,131	3,230,461,353	1,016,144,968
Adjustments for					
Depreciation	3	9,777,135	13,204,689	4,815,909	8,430,576
Dividend Income from Investments	19	-	-	-	(3,479,929)
Profit on Disposal of Investments		-	-	-	(728,489,647)
(Increase) / Decrease in fair value of Investments Property		(3,862,524,447)	(548,200,080)	(3,202,430,000)	(298,357,717)
(Profit)/ Loss on disposal of Property, Plant & Equipment		105,835	(4,853,333)	105,835	(4,853,333)
(Profit)/ Loss on disposal of Investment Properties	19	(10,700,000)	-	(5,500,000)	
Finance Costs	20	243,367,048	234,312,872	75,690	43,037,451
Bad Debt Provision		5,231,880	2,422,825	4,407,399	1,060,707
Provision for Defined Benefit Plans	15	1,064,699	1,557,223	733,197	1,340,045
Operating Profit/(Loss) before Working Capital Changes		239,358,020	209,419,327	32,669,383	34,833,121
(Increase)/ Decrease in Inventories		(78,983)	55,907	-	-
(Increase)/ Decrease in Trade and Other Receivables		2,402,141	(40,539,121)	(651,332)	(222,582,032)
Increase/ (Decrease) in Tenant Deposits		(229,939)	4,955,191	748,422	(1,432,845)
Increase/ (Decrease) in Trade and Other Payables		(28,856,952)	116,474,511	6,259,731	28,940,083
Cash Generated from Operations		212,594,288	290,365,814	39,026,203	(160,241,673)
Finance Cost Paid		(243,367,048)	(218,288,934)	(75,690)	(43,037,451)
Defined Benefit Plan Costs Paid		(2,545,500)	(143,750)	(2,545,500)	(143,750)
Income Tax Paid		(4,915,975)	(517,655)	-	-
Net Cash From/(Used in) Operating Activities		38,234,234	71,415,475	36,405,014	(203,422,874)

STATEMENT OF CASH FLOWS

Year ended 31 December 2017	Note	Group 2017 LKR	Group 2016 LKR	Company 2017 LKR	Company 2016 LKR
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant & Equipment		**(4,312,621)**	(7,611,389)	**(413,013)**	(301,800)
Proceeds from Sale of Property, Plant & Equipment		**21,070**	16,545,597	**21,070**	16,519,738
Proceeds from Disposal of Investment Properties		**124,000,000**	-	**26,000,000**	-
Subsequent expenditure on Investment Property	4	**(9,201,054)**	(164,239,920)	**-**	(1,472,283)
Acquisition of Equity Shares	5	**-**	-	**-**	(613,389,393)
Increase in Value of Investment		**-**	-	**-**	728,489,687
Dividend Received on Investment		**-**	-	**-**	3,479,929
Net Cash Flows from/(Used in) Investing Activities		**110,507,395**	(155,305,712)	**25,608,056**	133,325,878
Cash Flows from (Used in) Financing Activities					
Proceeds From Redemption of Preference Shares	8	**-**	-	**-**	2,764,414
Proceeds From Interest Bearing Loans & Borrowings	13	**2,500,000**	2,207,704,431	**2,500,000**	2,198,032,693
Repayment of Interest Bearing Loans & Borrowings	13	**(1,028,070,010)**	(1,140,140,090)	**(1,023,070,010)**	(1,140,140,090)
Repayment of Finance Lease Liabilities	13	**-**	(14,549,884)	**-**	(14,549,884)
Net Cash Flows from/(Used in) Financing Activities		**(1,025,570,010)**	1,053,014,457	**(1,020,570,010)**	1,046,107,133
Net Increase/(Decrease) in Cash and Cash Equivalents		**(953,296,849)**	969,124,220	**(958,556,940)**	976,010,137
Cash and Cash Equivalents at the beginning of the Year	10	**974,579,269**	5,455,049	**976,310,111**	299,974
Cash and Cash Equivalents at the end of the Year	10	**21,282,420**	974,579,269	**17,753,170**	976,310,111

The accounting policies and notes on pages 25 through 72 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 are disclosed in Note 30 to the financial statements

1.3 Consolidated Financial Statements

The Consolidated financial statements of the Company for the year ended 31 December 2017 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 2017 were authorized for issue in accordance with a resolution of the board of directors on 30th May 2018.

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 2017. 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 26
- Financial risk management and policies Note 26
- Sensitivity analyses disclosures Notes 15 and 26

Judgments

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

Deferred Tax Assets:

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

Owner Occupied Properties and Investment Property:

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

Estimates and Assumptions

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

Fair value of Property, Plant and Equipment and Investment Property:
The Group carries its investment properties at fair value, with changes in fair value being recognised in the income statement. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2017 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 28.

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 acquire 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.

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, 4 and 26
- Quantitative disclosures of fair value measurement hierarchy Note 26 and 28
- 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.

Sales tax

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

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

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

2.3.7 *Borrowing Costs*

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

2.3.8 *Inventories*

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

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

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

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

2.3.9 *Financial Instruments- Initial Recognition and Subsequent Measurement*

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

i) Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at Fair Value Through Profit or Loss, Loans and Receivables, Held-To- Maturity investments and Available-For-Sale financial assets, as appropriate and determine the classification of its financial assets at initial recognition.

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

Subsequent Measurement

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

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

Financial assets at fair value through profit or loss

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

Loans and Receivables

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

Held to Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as Held To-Maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement, Held- To-Maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised as finance cost in the income statement.

AFS financial assets

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

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

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

De-recognition

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

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

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

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

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

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

Impairment of Financial Assets

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

Financial assets carried at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Loans and Borrowings

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

Financial guarantee contracts

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

De-recognition

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

iii) Offsetting of financial instruments

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

iv) Fair value of financial instruments

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

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

An analysis of fair values of financial instruments and further details of measurement is provided in Note 28.

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
- Property, plant and equipment

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 except for land and building are 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 revalued amount 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 with sufficient frequency 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	- 25%
Furniture and Fittings	- 12.5%
Motor Vehicles	25%
Office Equipment	- 25% - 12.5%
Media Wall	- 10%

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.

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 Effect of Sri Lanka Accounting Standards Issued But Not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

NOTES TO THE FINANCIAL STATEMENTS

SLFRS 9 – Financial Instruments

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

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

SLFRS 15 – Revenue from Contracts with Customers
SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

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

SLFRS 16 Leases

SLFRS 16 provides a single lessee accounting model, requiring leases to recognise assets and liabilities for all leases un less the lease term is 12 months or less or the underlying asset has a low value even though lessor accounting remains similar to current practice. This supersedes: LKAS 17 Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC 15 Operating Leases- Incentives; and SIC 27 Evaluating the substance of Transactions Involving the Legal form of a Lease. Earlier application is permitted for entities that apply SLFRS 15 Revenue from Contracts with customers.

SLFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

Pending the comprehensive study, possible impact/effects that would result in initial application of SLFRS 16 is not yet estimable.

		Balance As at 01.01.2017 LKR	Additions LKR	Revaluation LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2017 LKR
3.	**PROPERTY, PLANT & EQUIPMENT**					
3.1	Group					
3.1.1	*Gross Carrying Amounts - Group*					
	At Cost / Valuation					
	Land	48,800,000	-	1,650,000	-	50,450,000
	Buildings	50,052,257	-	24,000	(24,000)	50,052,257
	Plant & Machinery	81,250	-	-	-	81,250
	Furniture and Fittings	6,938,155	602,097	-	(718,152)	6,822,100
	Motor Vehicles	699,384	-	-	-	699,384
	Office Equipment	26,281,703	512,590	-	(334,000)	26,460,293
	Tools and Utensils	119,147	-	-	-	119,147
	Media Wall	30,065,655	2,810,582	-	-	32,876,237
	Immature Plantation	10,063,673	387,352	-	-	10,451,025
	Total Value of Depreciable Assets	173,101,224	4,312,621	1,674,000	(1,076,152)	178,011,693
3.1.2	*In the Course of Construction*					
	Capital Work in Progress	3,000,000	-	-	-	3,000,000
	Total Gross Carrying Amount	176,101,224	4,312,621	1,674,000	(1,076,152)	181,011,693

		Balance As at 01.01.2017 LKR	Charge LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2017 LKR
3.	**PROPERTY, PLANT & EQUIPMENT CONTD.**				
3.1.3	*Depreciation and Impairment*				
	At Cost / Valuation				
	Buildings	**2,072,665**	1,000,350	(24,000)	**3,049,015**
	Plant & Machinery	**75,074**	4,366	-	**79,440**
	Furniture and Fittings	**4,549,343**	804,697	(629,922)	**4,724,118**
	Motor Vehicles	**693,280**	1,251	-	**694,531**
	Office Equipment	**17,012,721**	4,726,039	(295,325)	**21,443,435**
	Media Wall	**4,508,361**	3,240,431	-	**7,748,792**
	Tools and Utensils	**-**	-	-	**-**
		28,911,444	9,777,134	(949,247)	**37,739,331**

		2017 LKR	2016 LKR
3.1.4	*Net Book Values*		
	At Cost		
	Land	**50,450,000**	48,800,000
	Buildings	**47,003,242**	48,027,837
	Plant & Machinery	**1,810**	6,176
	Furniture and Fittings	**2,097,982**	2,388,812
	Motor Vehicles	**4,853**	6,104
	Office Equipment	**5,016,858**	9,268,982
	Tools and Utensils	**119,147**	119,147
	Media Wall	**25,127,445**	25,557,048
	Immature Plantation	**10,451,025**	10,063,673
		140,272,361	144,237,779
	In the Course of Construction		
	Capital Work in Progress	**3,000,000**	3,000,000
	Total Carrying Amount of Property, Plant & Equipment	**143,272,361**	147,237,779

		Balance As at 01.01.2017 LKR	Additions LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2017 LKR
3.2	Company				
3.2.1	*Gross Carrying Amounts*				
	At Cost				
	Furniture and Fittings	3,535,200	34,093	(718,152)	2,851,143
	Motor Vehicles	166,000	-	-	166,000
	Office Equipment	23,473,902	378,921	(334,000)	23,518,823
	Total Value of Depreciable Assets	27,175,104	413,014	(1,052,152)	26,535,966

		Balance As at 01.01.2017 LKR	Charge LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2017 LKR
3.2.2	*Depreciation and Impairment*				
	At Cost				
	Furniture and Fittings	2,296,987	385,237	(629,922)	2,052,301
	Motor Vehicles	164,749	1,251	-	166,000
	Office Equipment	15,069,691	4,429,420	(295,325)	19,203,786
		17,531,427	4,815,908	(925,247)	21,422,087

		2017 LKR	2016 LKR
3.	**PROPERTY, PLANT & EQUIPMENT CONTD.**		
3.2.3	*Net Book Values*		
	At Cost or Valuation		
	Furniture and Fittings	798,841	1,238,215
	Motor Vehicles	-	1,251
	Office Equipment	4,315,037	8,404,212
	Total Carrying Amount of Property, Plant & Equipment	5,113,878	9,643,678

3.3 The fair value of land and buildings was determined by means of a revaluation during the financial year 2017 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 2017. 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 LKR	Cumulative Depreciation If assets were carried at cost LKR	Net Carrying Amount 2017 LKR	Net Carrying Amount 2016 LKR
Land and Buildings and Buildings	43,041,000	(10,040,640)	33,000,360	33,861,180

3.4 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of LKR.4,312,621/- (2016 - Rs. 7,611,389/-). Cash payments amounting to LKR.4,312,621 /- (2016 - LKR 7,611,389/-) were made during the year for purchase of Property, Plant & Equipment.

3.5 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of LKR.413,013/- (2016 - Rs. 7,611,389/-). Cash payments amounting to LKR.413,013 /- (2016 - LKR 7,611,389/-) were made during the year for purchase of Property, Plant & Equipment.

3.6 The Group Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 10,667,812/- (2016 - Rs. 8,804,522/-) which are still in use.

3.7 The Company Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 7,456,446/- (2016 - Rs. 5,471,346/-) which are still in use.

	Group 2017 LKR	Group 2016 LKR	Company 2017 LKR	Company 2016 LKR
4. INVESTMENT PROPERTY				
As at 1 January	8,383,300,000	7,670,860,000	4,303,600,000	4,003,770,000
Additions				
- Subsequent expenditure on investment property	9,201,054	164,239,920	-	1,472,283
Disposals of the Investment Properties	(150,011,501)	-	(20,500,000)	-
Net gain / (loss) from fair value adjustment	3,862,524,447	548,200,080	3,202,430,000	298,357,717
As at 31 December	12,105,014,000	8,383,300,000	7,485,530,000	4,303,600,000

4.1 Investment property consists of leasehold land and unsold commercial units given on Operating leases in buildings constructed on leasehold land at Pettah and Kolpetty which have been obtained from the Urban Development Authority under 99 year lease agreement commencing from the year 1981.The Company also been acquired a 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	LKR. 5.44 Bn	31.12.2017	Income
Liberty Arcade	0A - 0R - 36.88P	LKR. 775 Mn	31.12.2017	Income
GAS Land	3A - 0R - 3.00 P	LKR. 5.86 Bn	31.12.2017	Market Value
Peoples Park	52,262 Sq. Ft	LKR. 107.37 Mn	31.12.2017	Income

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

		2017	2016
Rental rates used	- for shop units	Rs. 433 - Rs. 550 p. sq.ft	Rs. 400 - Rs. 450 p. sq.ft
	- for parking area	Rs. 17.5 p. sq.ft	Rs. 15 p. sq.ft
Anticipated maintenance cost:		40% - 50% of rentals	40% - 50% of rentals
Yield/Discount rate :		5.5% - 6.5% p.a.	5.5% - 6.0% p.a.

4. INVESTMENT PROPERTY (CONTD.)

4.4 Fair value of the investment property is ascertained by annual independent valuations carried out by Messrs. H. R. De Silva. In determining the fair value the capitalisation of net income method have been used (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 behavior 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 % 2017	Holding % 2016	At Cost 2017 LKR	At Cost 2016 LKR
5. INVESTMENTS IN SUBSIDIARIES				
Company - Nonquoted				
Liberty Holdings Limited	100%	100%	808,289,373	808,289,373
Agrispice (Private) Limited	100%	100%	8,299,110	8,299,110
Anantaya Global Solutions Company Limited	70%	70%	700	700
Total Investments in Subsidiaries			816,589,183	816,589,183

	Group 2017 LKR	Group 2016 LKR	Company 2017 LKR	Company 2016 LKR
6. TRADE AND OTHER RECEIVABLES				
6.1 Summary				
Trade Debtors	94,495,432	68,126,018	26,745,947	13,366,034
Less: Allowances for Doubtful Debts (Note 6.2)	(12,360,878)	(4,783,500)	(8,074,047)	(1,321,150)
	82,134,554	63,342,518	18,671,900	12,044,884
Other Debtors - Related Parties (Note 6.3)	-	-	1,593,086,014	1,596,288,952
Prepayments	4,060,513	8,838,602	3,978,474	3,646,540
Staff Loans (Note 6.4)	2,289,566	4,166,417	2,142,749	4,126,417
Other Receivables	25,618,298	8,736,170	4,851,486	8,506,670
	114,102,930	85,083,707	1,622,730,622	1,624,613,463

		Group 2017 LKR	Group 2016 LKR	Company 2017 LKR	Company 2016 LKR
6	**TRADE AND OTHER RECEIVABLES (CONTD.)**				
6.2	Allowance for Doubtful Debts				
	As at 1 January	**4,783,500**	2,010,797	**1,321,150**	260,443
	Provision for Impairment	**7,577,378**	2,772,703	**6,752,897**	1,060,707
	As at 31 December	**12,360,878**	4,783,500	**8,074,047**	1,321,150

		Relationship	Group 2017 LKR	Group 2016 LKR	Company 2017 LKR	Company 2016 LKR
6.3	Other Debtors - Related Parties					
	Liberty Holdings Limited	Subsidiary	-	-	**1,350,963,709**	1,443,274,569
	Agrispice (Private) Limited	Subsidiary	-	-	**47,151,724**	47,073,484
	Anantaya Global Solutions Company Limited	Subsidiary	-	-	**3,869,087**	3,540,618
	Liberty Developers (Private) Limited	Subsidiary	-	-	**191,101,495**	102,400,281
			-	-	**1,593,086,014**	1,596,288,952

6.4 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% (2016 - 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
6.5	Group					
	As at 31 December, the Age Analysis of Trade Receivables is as follows,					
	2017	82,134,554	25,308,918	13,392,547	8,599,586	34,833,504
	2016	63,342,518	13,151,058	6,019,395	14,314,525	29,857,540
	Company					
	As at 31 December, the Age Analysis of Trade Receivables is as follows,					
	2017	18,671,900	7,760,817	3,764,120	3,123,471	4,023,493
	2016	12,044,884	4,450,089	2,473,273	1,899,558	3,221,964

		2017 **LKR**	2016 LKR
7.	**INVENTORIES - GROUP**		
	Goods in Transit	**331,655**	252,672
		331,655	252,672

		2017 **LKR**	2016 LKR
8.	**INVESTMENT IN PREFERENCE SHARES - LOANS AND RECEIVABLES - COMPANY**		
	As at 1 January	**71,969,878**	74,734,292
	Redeemed Preference Shares	**(2,829,552)**	(2,764,414)
	As at 31 December	**69,140,326**	71,969,878

		Group 2017 LKR	Group 2016 LKR	Company 2017 LKR	Company 2016 LKR
9.	**AVAILABLE-FOR-SALE FINANCIAL ASSETS**				
	Quoted - Group/Company				
	As at 1 January	38,700	51,000	38,700	51,000
	Disposals	-	-	-	-
	Fair Value Gains/(Loss)	(16,200)	(12,300)	(16,200)	(12,300)
	As at 31 December	22,500	38,700	22,500	38,700

		Group 2017 LKR	Group 2016 LKR	Company 2017 LKR	Company 2016 LKR
9.1	Quoted Shares				
	Hikkaduwa Beach Resort PLC	22,500	38,700	22,500	38,700
		22,500	38,700	22,500	38,700

		Group 2017 LKR	Group 2016 LKR	Company 2017 LKR	Company 2016 LKR
10.	**CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT**				
	Components of Cash and Cash Equivalents				
10.1	Favourable Cash and Cash Equivalents Balance				
	Cash and Bank Balances	21,639,330	993,671,300	18,110,081	990,573,989
		21,639,330	993,671,300	18,110,081	990,573,989
10.2	Unfavourable Cash and Cash Equivalents Balance				
	Bank Overdraft	(356,911)	(19,092,031)	(356,911)	(14,263,879)
	Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	21,282,419	974,579,269	17,753,171	976,310,111

	2017 Number	2017 LKR	2016 Number	2016 LKR
11. STATED CAPITAL				
Group/Company				
Fully Paid Ordinary Shares	**199,881,000**	**341,602,342**	199,881,000	341,602,342

	Group 2017 LKR	Group 2016 LKR	Company 2017 LKR	Company 2016 LKR
12. REVALUATION RESERVE				
As at 1 January	**48,612,787**	47,079,851	-	-
Fair value increase on Property, Plant & Equipment	**1,674,000**	1,885,009	-	-
Realised Surplus on usage transferred to Accumulated Profit	-	(488,991)	-	-
Deferred Tax effect of depreciation transfer	-	136,918	-	-
As at 31 December	**50,286,787**	48,612,787	-	-

Revaluation reserve of the Group includes revaluation of land and buildings owned by the subsidiaries, Agrispice (Private) Limited and Liberty Holdings Limited valued on 31st December 2017 by an independent professional valuer.

		2017 Amount Repayable Within 1 Year LKR	2017 Amount Repayable After 1 Year LKR	2017 Total LKR	2016 Amount Repayable Within 1 Year LKR	2016 Amount Repayable After 1 Year LKR	2016 Total LKR
13.	**INTEREST BEARING LOANS & BORROWINGS**						
13.1	Group						
	Bank Loans (13.3)	215,350,000	1,423,550,000	1,638,900,000	955,070,010	1,636,400,000	2,591,470,010
	Term Loans (13.4)	8,000,000	-	8,000,000	81,000,000	-	81,000,000
	Bank Overdrafts (10.2)	356,911	-	356,911	19,092,031	-	19,092,031
		223,706,911	1,423,550,000	1,647,256,911	1,055,162,041	1,636,400,000	2,691,562,041
13.2	Company						
	Bank Loans (13.3)	215,350,000	1,423,550,000	1,638,900,000	955,070,010	1,636,400,000	2,591,470,010
	Short Term Loans (13.4)	-	-	-	68,000,000	-	68,000,000
	Bank Overdrafts (10.2)	356,911	-	356,911	14,263,879	-	14,263,879
		215,706,911	1,423,550,000	1,639,256,911	1,037,333,889	1,636,400,000	2,673,733,889

		Balance As At 01.01.2017 LKR	Balance Loan Obtained LKR	Capital on Due LKR	Over Provision of Interest LKR	Repayment LKR	Balance Balance As At 31.12.2017 LKR	Current LKR	Non-current LKR
13.3	**Bank Loans**								
	Sampath Bank - Term Loan I	428,819,316	-	-	-	(428,819,316)	-	-	-
	- Term Loan I I	143,125,000	-	-	-	(143,125,000)	-	625,000	(625,000)
	- Term Loan I I I	256,103,439	-	-	-	(256,103,439)	-	1,125,000	(1,125,000)
	- Term Loan I I I I	63,422,255	-	-	-	(63,422,255)	-	-	-
	Peoples Bank - Term Loan 2	100,000,000	-	-	-	(33,600,000)	66,400,000	33,600,000	32,800,000
	Peoples Bank - Term Loan 03	1,600,000,000	-	2,500,000	-	(30,000,000)	1,572,500,000	180,000,000	1,392,500,000
		2,591,470,010	-	2,500,000	-	(955,070,010)	1,638,900,000	215,350,000	1,423,550,000

		Group Balance As At 01.01.2017 LKR	Group Loan Obtained LKR	Group Repayment LKR	Group Balance As At 31.12.2017 LKR	Company Balance As At 01.01.2017 LKR	Company Loan Obtained LKR	Company Repayment LKR	Company Balance As At 31.12.2017 LKR
13.4	**Short Term Loans**								
	Commercial Leasing and Company PLC	15,000,000	-	(15,000,000)	-	15,000,000	-	(15,000,000)	-
	Merchant Bank of Sri Lanka	38,000,000	-	(38,000,000)	-	38,000,000	-	(38,000,000)	-
	Temporary Loans from Directors	28,000,000	-	(20,000,000)	8,000,000	15,000,000	-	(15,000,000)	-
		81,000,000	-	(73,000,000)	8,000,000	68,000,000	-	(68,000,000)	-

13. INTEREST BEARING LOANS & BORROWINGS CONTD.

13.5 Details of Long Term Loans

Bank	Purpose	Revised Facility Amount	Interest	Grace Period	Repayment Terms	Security
People's Bank	**Bank Loan Facility - Settlement of outstanding facilities**	**LKR 1.5725 Bn**	AWPLR +2% (Rate Review bi-annually) minimum of 12.5% p.a.	-	1st Year - Rs. 5 Mn p.m. 2nd Year - Rs. 10 Mn p.m. 3rd Year - Rs. 23 Mn p.m. Next four years Rs. 23.5 Mn p.m. x47 Months, last installment Rs. 9.5 Mn	"Mortgage over leased hold property of Liberty Plaza owned by CLDC Mortgage over leased hold property of Liberty Plaza owned by LHL Cross Corporate Guarantee"
	Short Term Loan - Payments to creditors related to refurbishment work	**LKR 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"	

		Group		Company	
		2017	2016	2017	2016
		LKR	LKR	LKR	LKR
14.	**DEFERRED TAX LIABILITIES**				
14.1	Gross Movement on the Deferred Tax Liabilities is as follows:				
	As at 01 January	**1,922,650,155**	1,722,672,190	**1,169,325,894**	1,084,127,524
	Deferred Tax impact on depreciation of Revalued Assets	**-**	(136,918)	**-**	-
	Income Statement charge	**1,098,823,491**	198,781,564	**894,835,922**	83,885,981
	Deferred Tax impact on acturarial Gain on retirement benefit obligations	**123,657**	1,333,319	**-**	1,312,389
	As at 31 December	**3,021,597,303**	1,922,650,155	**2,064,161,815**	1,169,325,894

14.2 Deferred Tax Assets, Liabilities - Group

Deferred Tax Liabilities	Revaluation of Land and Building LKR	Capital Allowances for Tax purposes LKR	Revaluation of Investment Property LKR	Total LKR
As of 31 December 2015	3,970,608	7,429,709	1,773,263,014	1,784,663,331
Charged to income statement	-	(798,300)	197,334,743	196,536,443
Deferred tax on depreciation transfer	(136,918)	-	-	(136,918)
Deferred tax on revaluation gain	-	-	-	-
As of 31 December 2016	3,833,690	6,631,409	1,970,597,757	1,981,062,857
Charged to income statement	-	(483,864)	1,095,394,254	1,094,910,390
As of 31 December 2017	3,833,690	6,147,545	3,065,992,011	3,075,973,247

Deferred Tax Assets	Tax losses LKR	Defined Benefit Obligation LKR	Total LKR
As of 31 December 2015	(59,480,244)	(2,527,875)	(62,008,119)
Credited/ (Debited) to income statement	2,639,145	(394,024)	2,245,121
Charged to Other Comprehensive Income	-	1,333,319	1,333,319
As of 31 December 2016	(56,841,099)	(1,588,580)	(58,429,679)
Credited/ (Debited) to income statement	3,922,658	(9,557)	3,913,101
Charged to Other Comprehensive Income	-	123,657	123,657
As of 31 December 2017	(52,918,441)	(1,474,480)	(54,392,921)

14 DEFERRED TAX LIABILITIES (CONTD.)

14.3 Deferred Tax Assets, Liabilities - Company

Deferred Tax Liabilities	Capital Allowances for Tax purposes LKR	Revaluation of Investment Property LKR	Total LKR
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
Charged to income statement	(590,023)	895,060,559	894,470,536
As of 31 December 2017	1,372,165	2,063,908,118	2,065,280,283

Deferred Tax Assets	Defined Benefit Obligation LKR	Total LKR
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)
Credited/ (Debited) to income statement	365,386	365,386
As of 31 December 2017	(1,118,468)	(1,118,468)

	Group		Company	
	2017 LKR	2016 LKR	2017 LKR	2016 LKR
15. DEFINED BENEFIT OBLIGATION				
Gratuity				
As at 1st January	5,832,795	9,037,445	5,299,475	8,646,554
Current service cost	620,670	524,011	477,706	352,624
Interest cost	444,029	1,033,212	255,491	987,421
Actuarial losses/(Gain)	1,004,830	(4,618,123)	1,446,461	(4,543,374)
Liability Transfer Between Parent and Subsidiary	-	-	(957,583)	-
Payments Made During The Year	(2,545,500)	(143,750)	(2,545,500)	(143,750)
As at 31st December	5,356,824	5,832,795	3,976,051	5,299,475

		Group		Company	
		2017	2016	2017	2016
		LKR	LKR	LKR	LKR
15.1	**Post Employee Benefit Expense for**				
	Current service cost	620,670	524,011	477,706	352,624
	Interest cost	444,029	1,033,212	255,491	987,421
		1,064,699	1,557,223	733,197	1,340,045

15.2 The Management of Group/Company carried out its own Defined Benefit Liability valuation using the Projected Unit Credit Method as at 31 December 2017 as per guidelines made in the LKAS 19; Employee Benefits.The assumptions used are as follows,,

	2017	2016
Discount rate assumed (%)	10%	12%
Salary increase (%)	8%	8%
Staff turnover factor (%)	13%	10.5%

15.3 Sensitivity of Assumptions Used in the Actuarial Valuation

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

The sensitivity reflected the change of the figures in Income Statement and Statement of Financial Position with the effect of the assumed key assumptions as,

		Group		Company	
		1% Increase	1% Decrease	1% Increase	1% Decrease
		LKR	LKR	LKR	LKR
15.3.1	2017				
	Discount rate assumed	3,851,602	4,106,815	3,851,602	4,106,815
	Further salary increase	4,108,119	3,848,132	4,108,119	3,848,132
	Staff turnover factor	3,976,050	3,976,050	3,976,050	3,976,050
	2016				
	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

		Group		Company	
		2017	2016	2017	2016
		LKR	LKR	LKR	LKR
16.	**TRADE AND OTHER PAYABLES**				
	Summary				
	Trade Payables	88,594,764	60,662,381	-	-
	Other Payable	54,558,715	110,935,728	36,736,866	29,486,536
	Sundry Creditors Including Accrued Expenses	18,011,030	18,423,352	9,764,665	10,755,264
		161,164,509	190,021,461	46,501,531	40,241,800

		Group		Company	
		2017	2016	2017	2016
		LKR	LKR	LKR	LKR
17.	**TENANT DEPOSITS**				
	As at 1st January	207,176,458	201,725,690	45,405,153	46,837,999
	Deposits received during the period	18,022,313	15,805,919	10,140,994	4,262,934
	Repayments made during the period	(18,252,252)	(10,355,151)	(9,392,573)	(5,695,780)
	As at 31st December	206,946,519	207,176,458	46,153,575	45,405,153

		Group		Company	
		2017	2016	2017	2016
		LKR	LKR	LKR	LKR
18.	**REVENUE**				
	Rental Income from Investment Properties	445,908,605	422,435,628	134,542,119	132,180,439
		445,908,605	422,435,628	134,542,119	132,180,439

		Group		Company	
		2017	2016	2017	2016
		LKR	LKR	LKR	LKR
19.	**OTHER INCOME AND GAINS**				
	Dividend Income	-	-	3,322,818	3,479,929
	Interest on Staff Loans	67,053	-	67,053	-
	Overdue Interest on Rentals due past	2,167,808	782,936	5,727	1,803
	Profit on Disposal of Investments	-	-	-	728,489,647
	Sundry Income	3,798,785	1,931,057	2,239,461	877,360
	Gain on Disposal of Property, Plant and Equipment / Investment Properties	10,594,165	4,853,333	5,394,165	4,853,333
		16,627,810	7,567,326	11,029,223	737,702,072

		Group		Company	
		2017	2016	2017	2016
		LKR	LKR	LKR	LKR
20.	**FINANCE COST**				
	Interest on Overdrafts	75,690	1,388,486	75,690	406,256
	Interest on Loans & Borrowings	243,291,358	40,077,039	-	40,077,039
	Interest on Finance Leases	-	192,847,347	-	2,554,156
		243,367,048	234,312,872	75,690	43,037,451

		Group		Company	
		2017	2016	2017	2016
		LKR	LKR	LKR	LKR
21.	**PROFIT/(LOSS) FROM CONTINUING OPERATIONS**				
	Stated after Charging /(Crediting)				
	Included in Direct Expenses				
	Depreciation	3,942,634	4,093,884	3,693,781	3,711,708
	Included in Administrative Expenses				
	Employees Benefits including the following	44,205,512	49,593,739	39,437,923	43,803,670
	- Defined Benefit Plan Costs - Gratuity	1,064,699	1,557,222	733,197	1,340,045
	- Defined Contribution Plan Costs - EPF & ETF	3,485,757	4,334,133	3,035,470	3,865,933
	Depreciation	5,834,500	9,126,144	1,122,127	4,718,864
	Auditor's Fees	1,660,080	1,344,000	788,400	720,000
	Included in Selling and Distribution Costs				
	Advertising and Promotional Expenses	1,579,878	1,296,608	813,158	659,288

22. INCOME TAX

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

	Group		Company	
	2017	2016	2017	2016
	LKR	LKR	LKR	LKR
Income Statement				
Current Income Tax				
Current Income Tax charge	11,146,639	4,892,583	3,861,704	-
Tax on Distributable Profits	672,704	56,543	-	-
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (Note 15)	1,098,823,491	198,781,565	894,835,922	83,885,981
Income tax expense reported in the Income Statement	1,110,642,834	203,730,690	898,697,626	83,885,981

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

	Group		Company	
	2017	2016	2017	2016
	LKR	LKR	LKR	LKR
Accounting Profit before Tax from continuing operations	3,858,426,229	510,975,131	3,230,461,353	1,016,144,968
Disallowed Expenses	34,293,960	140,961,877	24,809,715	13,109,636
Allowable Expenses	(4,050,623,586)	(889,102,511)	(3,234,052,916)	(1,062,093,110)
Statutory Profit/(Loss)	(157,903,397)	(237,165,503)	21,218,152	(32,838,506)
Statutory Income	(157,903,397)	26,882,322	21,218,152	-
Tax Losses utilized during the Year	(21,435,845)	(9,408,813)	(7,426,353)	-
Taxable Profit/(Loss)	(179,339,242)	17,473,509	13,791,799	-
Tax at 28% (2016 - 28%)	11,146,639	4,892,583	3,861,704	-

		Group		Company	
		2017	2016	2017	2016
		LKR	LKR	LKR	LKR
22.2	**Tax Losses**				
	Tax Losses Brought Forward	787,138,885	559,382,194	423,805,553	379,716,780
	Adjustments on Finalisation of brought forward tax losses	215,628,492	-	-	11,250,267
	Tax Losses Incurred During the Year	219,148,668	237,165,503	-	32,838,506
	Tax Losses Utilised	(21,435,845)	(9,408,813)	(7,426,353)	-
	Tax Losses Carried Forward	1,200,480,200	787,138,885	416,379,200	423,805,553

23. EARNINGS PER SHARE

23.1 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.

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

	Group		Company	
	2017	2016	2017	2016
	LKR	LKR	LKR	LKR
Amount Used as the Numerator:				
Profit for the Year	2,743,287,029	307,349,551	2,331,763,728	932,258,987
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	2,743,287,029	307,349,551	2,331,763,728	932,258,987

	Group		Company	
	2017	2016	2017	2016
	Number	Number	Number	Number
Number of Ordinary Shares Used as Denominator:				
Number of Shares at the Beginning of the Year	199,881,000	199,881,000	199,881,000	199,881,000
Number of Shares at the End of the Year	199,881,000	199,881,000	199,881,000	199,881,000

24. RELATED PARTY DISCLOSURES

24.1 Details of significant related party disclosures are as follows:

	Subsidiaries		Total	
	2017	2016	2017	2016
	LKR	LKR	LKR	LKR
Nature of Transaction				
As at 1 January	1,596,288,952	1,380,310,295	1,596,288,952	1,380,310,295
Purchase of Assets	-	-	-	-
Rendering/(Purchase) of Services	-	9,384,000	-	9,384,000
Central Cost Allocated	60,195,414	288,960,283	60,195,414	288,960,283
Finance Charges	242,925,408	42,285,819	242,925,408	42,285,819
Finance Charges paid on behalf of others	-	-	-	-
Receipt/(Transfer) of Services	-	-	-	-
Settlement of Liabilities by the Company on behalf of others	548,691	-	548,691	-
Payments for Services	-	-	-	-
Management Fees	-	700,000	-	700,000
Collection of Cash on behalf of Company	(84,295)	(88,336,156)	(84,295)	(88,336,156)
Fund Transfers	(305,830,577)	(125,574,200)	(305,830,577)	(125,574,200)
Settlement of Service Charges	-	(20,169,031)	-	(20,169,031)
Service Charges	-	-	-	-
Rental Deposits Received	-	-	-	-
Transfers under finance arrangements	-	-	-	-
Settlement / Transfer of Liabilities	(957,583)	(6,371,647)	(957,583)	(6,371,647)
Investment/(Disposal) of Subsidiaries	-	115,099,589	-	115,099,589
As at 31 December	1,593,086,014	1,596,288,952	1,593,086,014	1,596,288,952

Included in * Trade and Other Receivables

Terms and Conditions :

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

24. RELATED PARTY DISCLOSURES (CONTD.)

24.2 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.

	2017 LKR	2016 LKR
Key Management Personnel Compensation		
Short-term employee benefits	**28,420,000**	25,370,500
Post-employment benefits	**587,083**	918,000
	29,007,083	26,288,500

Loans obtained from Related Parties

	2017 LKR	2016 LKR
Other Transactions with Key Management Personnel		
Loans to Key Management Personnel		
As at 1 January	**2,491,827**	2,954,623
Loans advanced during the year		650,000
Loans repayments received	**(2,491,827)**	(1,208,177)
Interest charged		(4,369)
Interest received		99,750
As at 31 December	**Nil**	2,491,827

25. ASSETS PLEDGED

The assets pledged as at 31.12.2017 have been disclosed in Note 13.5 to these financial statements..

26. 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 2017 and 2016.

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 2017.

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 2017 and 2016.

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.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

Interest rate sensitivity

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

	Increase/ decrease in basis points	Effect on profit before tax
2017		
Borrowings	+10/-10	17,941,841
2016		
Borrowing	+10/-10	2,558,414

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.

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 2017 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.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

	On demand	From 1 to 5 years	Total
Year ended 31 December 2017			
Interest Bearing Loans and Borrowings (Note 13)	223,706,911	1,423,550,000	1,647,256,911
Tenant Deposits (Note 17)	206,946,519	-	206,946,519
Trade and Other Payables (Note 16)	161,164,509	-	161,164,509
Year ended 31 December 2016			
Interest Bearing Loans and Borrowings (Note 13)	1,055,162,041	1,636,400,000	3,047,280,589
Tenant Deposits (Note 17)	207,176,458	-	207,176,458
Trade and Other Payables (Note 16)	190,021,461	-	190,021,461

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 45%. 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.

	2017	2016
Interest Bearing Loans and Borrowings (Note 13)	**1,647,256,911**	2,691,562,041
Trade and Other Payables (Note 16)	**161,164,509**	190,021,461
Less: Cash and Cash Equivalents (Note 10)	**(21,639,330)**	993,671,300
Net debt	**1,786,782,090**	3,875,254,802
Equity	**7,324,970,785**	4,582,153,545
Capital and net debt	**9,111,752,875**	8,457,408,347
Gearing ratio	**20%**	46%

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 2017 and 2016.

27. 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.

28. FAIR VALUES

28.1 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 2017 was assessed to be insignificant.

28.2 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 2017:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Investment Properties (Note 4)					
Properties	31-Dec-17	12,105,014,000	-	-	12,105,014,000
AFS financial assets					
Quoted Equity Shares	31-Dec-17	22,500	22,500	-	-
Revalued Property, Plant and Equipment					
Buildings	31-Dec-17	50,450,000	-	-	50,450,000

28. FAIR VALUES (CONTD.)

The fair value measurement hierarchy for assets as at 31 December 2017:

	Date of valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Investment Properties (Note 4)					
Properties	31-Dec-16	8,383,300,000	-	-	8,383,300,000
AFS financial assets					
Quoted Equity Shares	31-Dec-16	38,700	38,700	-	-
Revalued Property, Plant and Equipment					
Buildings	31-Dec-16	48,500,000	-	-	48,500,000

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

29. COMMITMENTS AND CONTINGENCIES

29.1 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.

29.2 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.

30. GROUP INFORMATION

30.1 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 Company 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.

30. GROUP INFORMATION (CONTD.)

30.2 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 Company 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 Company Limited		Liberty Developers (Private) Limited	
	2017	2016	2017	2016	2017	2016	2017	2016
Current								
Assets	104,768,143	94,027,207	572968	348,756	430,316	1,151,300	65,273,165	36,535,008
Liabilities	(1,549,774,382)	1,662,878,546	55,960,360	52,614,609	7,662,546	5,043,600	423,001,954	353,664,153
Total current net assets	(1,445,006,239)	(1,568,851,339)	(55,387,392)	(52,665,820)	(7,232,236)	(3,892,300)	(357,728,789)	(317,129,145)
Non-current								
Assets	3,804,378,256	3,383,126,529	62,236,456	60,213,403	1,156,714	785,931	2,928,431,925	2,811,681,105
Liabilities	437,963,289	315,063,103	197,500	160,000	10,825	-	520,628,373	438,618,198
Total non-current net assets	3,366,419,967	3,068,063,427	62,038,956	60,053,403	1,145,889	785,931	2,407,803,552	2,373,062,907
Net assets	1,921,408,729	1,499,212,088	6,651,564	7,387,583	(6,086,342)	(3,106,369)	2,050,074,762	2,055,933,762
Revenue	87,690,486	85,534,852	-	-	329,157	34,242	240,967,060	222,500,955
Profit/(Loss) before income tax	551,813,700	116,588,689	(2,410,019)	(2,595,876)	(2,979,973)	(410,369)	76,151,175	109,677,962
Income Tax	(129,935,034)	(35,265,905)	-	-	-	-	(82,010,175)	(84,578,804)
Profit/(Loss) after income tax	(421,878,667)	81,322,783	(2,410,019)	(2,595,876)	(2,979,973)	(410,369)	(5,859,000)	25,099,156
Other Comprehensive income/ (expense)	317,975	190,737	-	-	-	-	-	-
Total comprehensive (loss)/income	422,196,642	81,513,520	(2,410,019)	(2,595,876)	(2,979,973)	(410,369)	(5,859,000)	25,099,156

TEN YEAR SUMMARY

	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	2017 Rs.'000
Trading Results										
Turnover	92,403	90,408	88,863	94,752	104,912	125,470	149,680	210,592	422,435	**445,909**
Operating Income	64,483	58,960	57,553	65,317	72,966	77,790	84,625	126,753	311,842	**318,302**
Operating Expenses	(57,309)	(71,143)	(78,937)	(129,624)	(80,283)	(94,934)	(97,241)	(126,120)	(122,321)	**(101,051)**
Operating Profit/(Loss)	8,468	(11,504)	(16,838)	277,273	(16,340)	137,733	257,979	2,032,404	745,287	**4,096,402**
Non Operating Income	1,294	679	4,546	2,076	2,179	2,057	1,094	4,324	7,567	**16,627**
Net Finance/(Cost)	17,509	13,975	7,887	12,769	6,655	(20,215)	(35,672)	(64,433)	(234,312)	**(243,367)**
Share results of associates	(17,348)	(16,710)	-	-	-	-	-	-	-	**-**
Profit/(Loss)before Tax	8,629	166	491,363	290,042	(9,685)	117,518	222,307	1,967,971	510,975	**3,853,035**
Income Tax	(3,553)	(2,507)	(5,931)	45,933	(80,284)	(56,444)	(69,224)	(611,135)	(203,730)	**(1,110,643)**
Profit(Loss) after Tax	5,076	(2,341)	485,432	335,035	(89,969)	64,074	153,083	1,356,836	307,244	**2,742,393**
Minority Interest	-	-	-	-	(216)	(530)	(13)	(32)	(105)	**(894)**
Profit /(Loss) of the Year	5,076	(2,341)	485,432	335,035	(89,753)	61,604	153,096	1,356,868	307,244	**2,742,393**

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

COLOMBO LAND & DEVELOPMENT COMPANY PLC
20 MAJOR SHAREHOLDERS OF THE COMPANY AS AT 31ST DECEMBER 2017

	Name	No. of shares	%
1	Mr E.G. Ng & Mrs S.I. Ng	46,744,516	23.386
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	17,020,972	8.516
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	Hatton National Bank PLC/Capital Trust Holdings Limited	3,389,812	1.696
9	Capital Trust Holdings Ltd	2,404,405	1.203
10	Mr N.H. Godahewa	2,342,200	1.172
11	K.P. Hong (Deceased)	2,251,625	1.126
12	Mr Y.H. Ng	1,920,000	0.961
13	Pan Asia Banking Corporation PLC/Harshada Holdings (Pvt) Ltd	1,889,955	0.946
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	Cap W. Baptista	1,392,654	0.697
18	Mr T.G. Thoradeniya	1,254,190	0.627
19	Mr T. Ono	853,174	0.427
20	Mr E.G. Ng	700,000	0.350
		177,849,645	88.978
	Other Shareholders	22,031,363	11.022
	Total	199,881,008	100.000

COLOMBO LAND & DEVELOPMENT COMPANY PLC 31.12.2017

	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 Eng Soon Ng	5241/FI/00	4,945,716
5	Mr Yew Chuan Ng	7206/FI/00	4,715,502
6	Mr Yew Hui Ng	7207/FI/00	1,920,000
7	Mr Yew Khim Dennis Ng	7385/FI/00	1,605,600
8	Mr Eng Ghee Ng	7211/FI/00	700,000
9	Mr. D S Jayaweera	672620694V	2,600
			136,075,293
	Total Shares		199,881,008
	Non Public Holding		136,075,293
	Public holding		63,805,715

COLOMBO LAND & DEVELOPMENT COMPANY PLC- NON PUBLIC SHAREHOLDERS NO. OF SHARES AS AT 31.12.2017

	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 Eng Soon Ng	5241/FI/00	4,945,716
5	Mr Yew Chuan Ng	7206/FI/00	4,715,502
6	Mr Yew Hui Ng	7207/FI/00	1,920,000
7	Mr Yew Khim Dennis Ng	7385/FI/00	1,605,600
8	Mr Eng Ghee Ng	7211/FI/00	700,000
9	Mr. D S Jayaweera	672620694V	2,600

COLOMBO LAND & DEVELOPMENT COMPANY PLC
DIRECTORS' SHAREHOLDING AS AT 31ST DECEMBER 2017

Names of Directors	No. of shares	Percentage (%)
Prof. C K Deheragoda	Nil	Nil
Mr. D S Jayaweera	2,600	0.00%
Mr. M D S Goonatilleke	Nil	Nil
Mr. Ng. Yao Xing, Eugene	Nil	Nil
Mr. W M C S Welegama	Nil	Nil
Mr. P V S Premawardhana	Nil	Nil
Mr. W D A S Perera (appointed w.e.f. 12.12.2017)	Nil	Nil
Mr. Ng. Yew Tong (resigned w.e.f. 30.6.2017)	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

	31.12.2017	Date	31.12.2016	Date
Market price per share				
Highest during the period	**Rs.29.90**	30/03/2017	Rs.32.00	17/05/2016
Lowest during the period	**Rs.18.00**	28/12/2017	Rs.18.10	16/03/2016
As at end of the period	**Rs.19.80**		Rs.26.90	

	31.12.2017	31.12.2016
No. of transactions	**2,660**	4,636
No. of Shares traded	**3,000,808**	11,007,722
Value of Shares traded (Rs.)	**71,915,738.80**	285,971,074.30

PUBLIC HOLDING

Public Holdings Percentage as at 31st December 2017 31.92%

Number of shareholders representing the above percentage 2,893

DISTRIBUTION OF SHAREHOLDING AS AT 31ST DECEMBER 2017

From	To	No. of Holders	No. of Shares	%
1	1,000	1642	595,523	0.30
1,001	10,000	900	3,309,068	1.65
10,001	100,000	297	8,688,410	4.35
100,001	1,000,000	41	10,991,536	5.50
Over 1,000,000		18	176,296,471	88.20
		2898	199,881,008	100.00

ANALYSIS OF SHAREHOLDERS AS AT 31ST DECEMBER 2017

Category	No. of Shareholders	No. of Shares	%
Local Individuals	2648	20,764,997	10.39
Local Institutions	197	106,938,831	53.50
Foreign Individuals	50	69,860,968	34.95
Foreign Institutions	3	2,316,212	1.16
Total	2898	199,881,008	100.00

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty Sixth (36th) 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 29th June 2018 at 2.00 p m for the following purposes:

1. To receive the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st December 2017 and the Report of the Auditors thereon.

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

3. To elect as a Director Mr. W D A S Perera who retires in terms of Articles 94 of the Articles of Association.

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

5. To authorize the Directors to determine payments for the year 2018 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

30th May 2018

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 2.00 p m on 27th June 2018.

NOTES

NOTES

FORM OF PROXY

*I/We .... holder of NIC

No .... of .... being a

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

.... holder of NIC No ....of

.... or failing him/her

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

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 29th June 2018 at 2.00 pm and any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To re-elect Mr. NG Yao Xing Eugene who retires in terms of Articles 86 and 87 of the Articles of Association, as a Director of the Company		
2.	To elect as a Director Mr. W D A S Perera who retires in terms of Articles 94 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 2018 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 Eighteen.

....
Signature

1) *Please delete the inappropriate words.

2) Instructions as to completion are noted on the reverse thereof.

FORM OF PROXY

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 2.00 p m on 27th June 2018.

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. W.D.A. Sunil Perera
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
Anantya Global Solutions Company Limited
Liberty Developers (Private) Limited

Designed & produced by
emagewise
Printed by Printage (Pvt) Ltd

COLOMBO LAND & DEVELOPMENT COMPANY PLC

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