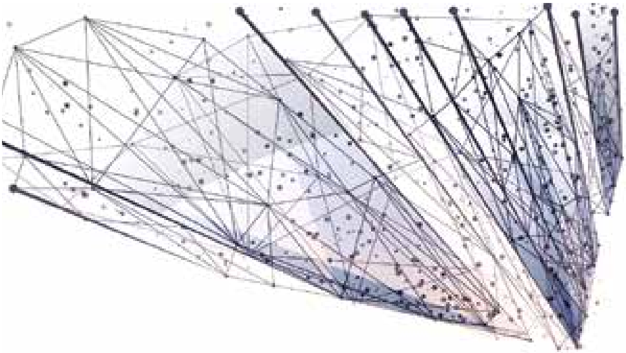
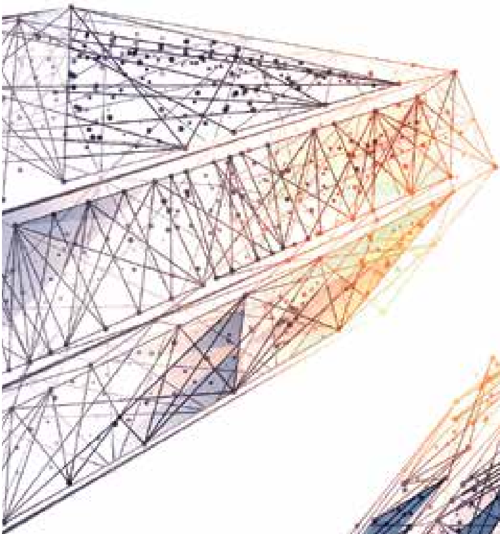
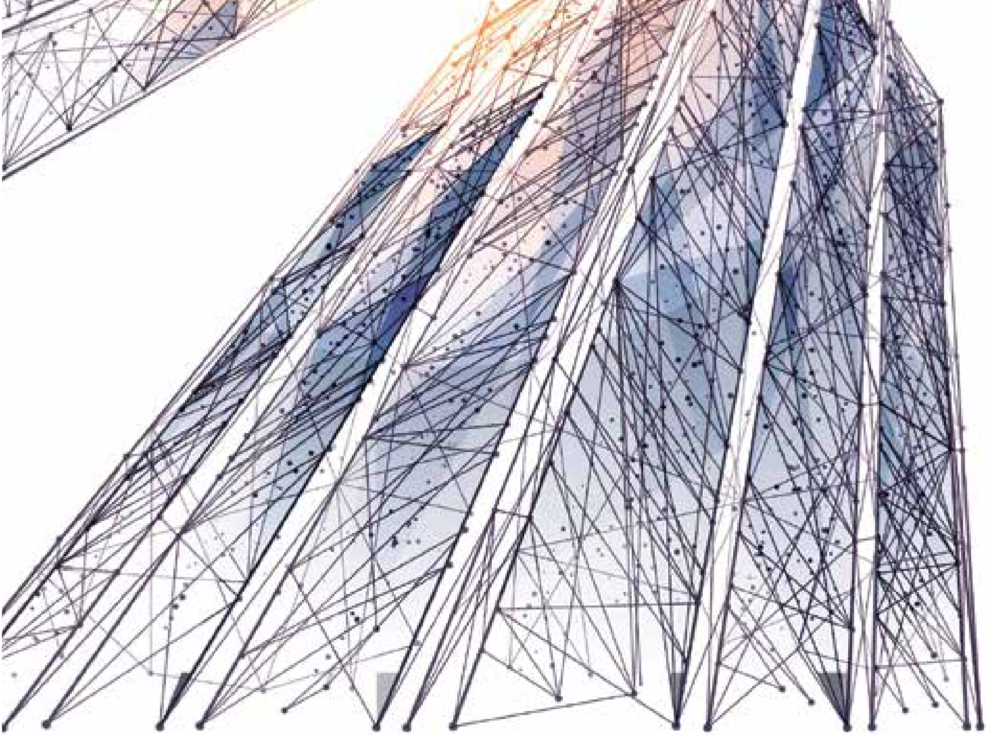
Colombo Land
& Development Company PLC



A Future of Positivity

Annual Report 2019





A Future of Positivity

At Colombo Land and Development Company PLC, we have demonstrated a future of positivity and resilience, driven by a vision to serve the people and contribute to the development of the nation.

Over the years, we have leveraged our capacity and potential to deliver optimum value to our stakeholders, whilst creating a future of positivity to drive national progress.

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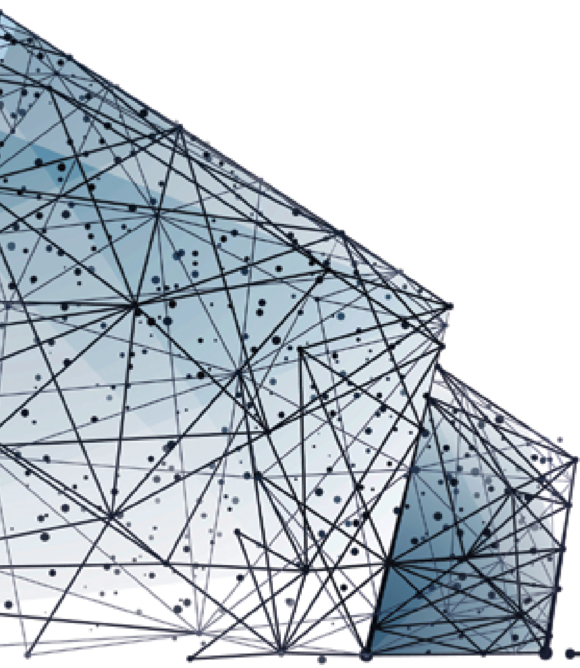
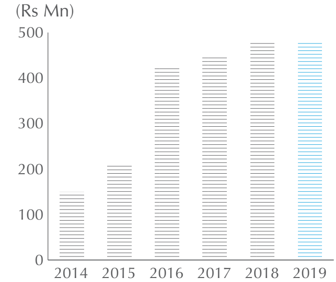


Financial Highlights

Indicator		Group			Company		
		2019	2018	%	2019	2018	%
Operating Results							
Revenue	Rs. Mn	476.85	481.95	(1.06)	162.94	152.09	7.14
Result from Operating Activities	Rs. Mn	341.02	360.47	(5.39)	114.53	107.60	6.44
FV gain from Investment Properties	Rs. Mn	591.45	424.46	39.34	555.90	462.38	20.23
FV gain from Biological Assets	Rs. Mn	0.45	43.62	(98.96)			
Net Finance cost	Rs. Mn	235.51	215.06	9.51	30.68	4.87	529.46
Profit before tax	Rs. Mn	571.86	511.01	11.91	549.04	497.65	10.33
Tax	Rs. Mn	239.36	182.67	31.03	184.41	128.62	43.38
Profit After tax	Rs. Mn	332.51	328.33	1.27	364.62	369.03	(1.19)
Financial Position							
Total Assets	Rs. Mn	13,718.54	12,955.71	5.89	11,220.46	10,540.75	6.45
Equity	Rs. Mn	7,998.73	7,687.03	4.05	6,939.59	6,576.88	5.51
Stated Capital	Rs. Mn	341.60	341.60	-	341.60	341.60	-
Net Assets Per share	Rs.	40.02	38.47	4.02	34.72	32.90	5.53
Share Information							
Earning per share	Rs.	1.66	1.65	0.61	1.82	1.85	(1.62)
Market capitalization	Rs. Mn	5,196.91	2,998.22	73.33	5,196.91	2,998.22	73.33
Price Earnings Ratio	Times	15.66	9.09	72.31	14.29	8.11	76.19
Market Price – High	Rs.	29.90	23.00	30.00	29.90	23.00	30.00
– Low	Rs.	10.10	14.20	51.41	10.10	14.20	51.41
– Last Traded	Rs.	26.00	15.00	73.33	26.00	15.00	73.33
Ratios							
Return on Assets	%	2.42	2.55	(5.10)	3.25	3.50	(7.18)
Return on Equity	%	4.16	4.27	(2.68)	5.25	5.61	(6.36)
Current Asset ratio	Times	0.38	0.21	83.60	10.64	4.81	121.07
Debt/Equity	%	22.00	21.22	3.69	25.36	24.49	3.53
Manufactured Capital							
Investment Property	Rs. Mn	13,315.81	12,631.49	5.42	8,597.70	8,020.43	7.20
Biological Assets	Rs. Mn	55.49	54.60	1.64	-	-	-
Property, Plant & Equipment	Rs. Mn	142.10	169.25	(16.04)	5.80	1.12	421.75

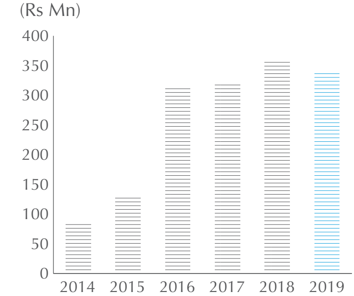
Group at a Glance

Revenue



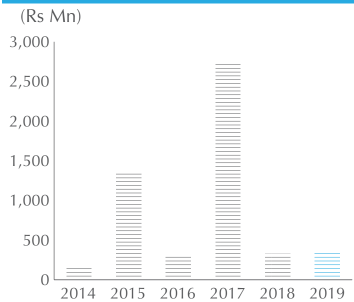
1% Rs. 477 Mn

Gross Profit



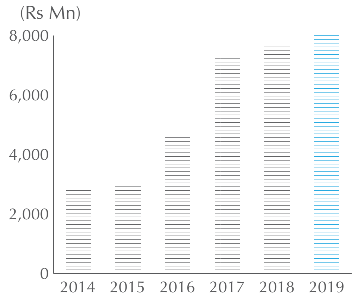
5% Rs. 341 Mn

Net Profit



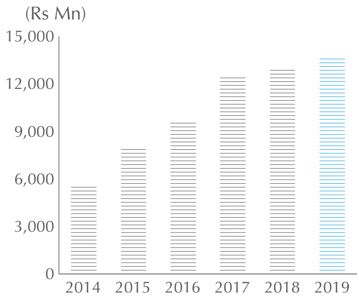
1% Rs. 333Mn

Shareholders Equity



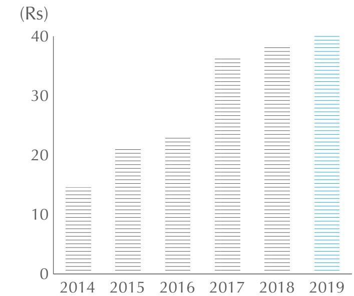
4% Rs. 8,001 Mn

Total Assets



6% Rs. 13,719 Mn

Net Asset per Share



4% Rs. 40.02

Chairman's Review

"CLDC owns a centrally located parcel of land which can be developed into a world-class transportation hub and mixed-use development in partnership with the Urban Development Authority (UDA)."

Committed to offer customers the same level of high quality, a refurbishment was undertaken to upgrade Liberty Plaza as we believed that business would return to normal with economic recovery.

I feel privileged to welcome our valued shareholders to the 38th Annual General Meeting of Colombo Land and Development Company (CLDC) PLC and to present to you the Annual Report and Financial Statements for the year 2019. As one of the oldest quoted companies in Sri Lanka, we have witnessed the march of the nation's history over three decades and surmounted many seemingly impossible obstacles with courage and fortitude. The year 2019 will be remembered as one such difficult year which an experienced and established entity like ours managed with great care and prudence.

Challenges Faced and Mitigation Strategies

Although 2019 began on an optimistic note, the Easter attacks in April adversely impacted your Company and the entire country. For several months, people were fearful of stepping out for activities such as shopping and recreation, which had a negative impact on earnings for mall tenants, which placed undue financial pressures on your Company. Our overall profitability declined but we managed to sustain operations as a result of longstanding tenants and our pioneering status in the retail market. CLDC was created to establish the first-ever shopping mall almost four decades ago, establishing itself as a landmark building and pioneer in shopping mall history.

Committed to offer customers the same level of high quality, a refurbishment was undertaken to upgrade Liberty Plaza as we believed that business would return to normal with economic recovery. At all times, CLDC has maintained the superlative quality our customers have come to expect of us while also gearing up for competition with new malls mushrooming around the city. I am happy to state that Liberty Plaza has its own select clientele who remain steadfastly loyal and have come to trust in us.

Unfortunately, the year 2020 had an even worse shock as the global outbreak of COVID-19 also brought Sri Lanka's economy to a grinding halt for two months coupled with a curfew, which saw the closure of the

52%
Longstanding tenants

61%
Space occupied by Longstanding tenants

Chairman's Review

CLDC also possesses a 100-acre land parcel in Avisawella, which contains a vast swathe of natural granite rock.

mall for that period. However, after seeing the positive way in which the outbreak has been managed in Sri Lanka, economic activity is expected to resume soon. The opening of the international airports will give a further boost to the return of tourists, thereby providing impetus to the tourism and retail industry. Now that political stability has been restored post-election, we can expect greater stability in the period ahead.

Future Outlook

As the new government embarks on landmark infrastructure projects, we believe its flagship project should be to transform the central business district of Colombo - Pettah - where CLDC owns a centrally located parcel of land which can be developed into a world-class transportation hub and mixed-use development in partnership with the Urban Development Authority (UDA). This would be a prime example of a strategic Public Private Partnership that has a beneficial socio-economic impact and serves to enhance the commercial and urban profile of Pettah, whilst also serving the future transportation needs of the Colombo International Financial City. We believe the new government will be more proactive and open to such strategically important real estate development projects as an important legacy.

As experienced due to the Easter Sunday attacks and the COVID-19 outbreak, diversification into related business areas would help build new revenue streams and towards achieving this aim we are exploring diversification into related areas such as real estate development and construction of mixed development or commercial projects as the demand for condominium apartments is lean due to oversupply. CLDC

also possesses a 100-acre land parcel in Avisawella, which contains a vast swathe of natural granite rock. In order to capitalise on this asset we are considering a quarrying operation to supply the resource for the Colombo Maritime Development projects however, our timing has to be just right.

Growing a sustainable business is our core strategy and we have adopted a suitable environmental and social governance philosophy. We hope our bold ambitions will be greatly supported by some clear-cut and long-term policy decisions, which render it easy to accomplish our vision for your Company.

Acknowledgements

I would like to thank my colleagues on the Board for their support through a trying period. The team at CLDC has been dedicated to carving out a satisfactory performance for your Company. I would also like to express my gratitude to our valued shareholder for placing their confidence in our ability to stand our ground against the strongest headwinds.

Sgd.
Professor Krishan Deheragoda
Chairman

14th September 2020

CEO's Review

"The introduction of REITs will help broad-base investment and capital formulation and encourage more private sector involvement, while paving the way for the next level of its infrastructural development, both at national and provincial levels."

The mall continues to generate footfalls as opposed to newer luxury destinations which can be afforded only by a miniscule customer segment.

Amidst the uncertain economic, political and security environment that prevailed through the year under consideration, the retail industry remained constrained and a holistic economic recovery remained elusive. The Easter Sunday attacks of April 2019, followed by the presidential election in November and the COVID-19 outbreak in the first quarter of the 2020 calendar year were critical events that slowed the industry and the wider economy. As a result, despite having some bold plans for the year we were unable to achieve our envisaged growth. CLDC's total revenue declined by 1% YoY to Rs. 476.85 Mn as opposed to Rs. 481.95 Mn achieved in the previous year. At the same time, Group Gross Profit achieved was Rs. 341.02 Mn, reflecting a dip of 5.4% against weak conditions.

On an upbeat note, these adverse conditions further reinforced the goodwill and loyalty that Liberty Plaza enjoys amongst the public and we continued to see patrons frequent the mall through the year. As a trusted and established retail space occupying a unique niche in the industry, customers feel comfortable to shop with us as they can avail our affordable price points at a time when disposable incomes too were affected due to slowdown in economic activity. The mall continues to generate footfalls as opposed to newer luxury destinations which can be afforded only by a miniscule customer segment. In the last few years we have undertaken a series of refurbishments to bring the facilities on par with the highest standards and to give it a fresh outlook. The ample parking space Liberty Plaza offers gives it a clear competitive edge.

Our Response to COVID-19

Although footfalls picked up by end of 2019, the outbreak of COVID-19 and the prospects of its fallout were at the forefront of our strategizing. Some tenants vacated due to low business volumes but we found it easy to replace those and in fact experienced a faster recovery than

477Mn
Revenue

333Mn
PAT

CEO's Review

Urban Development Authority (UDA)-CLDC Public Private Partnership model will transform 14 acres in the Central Business District.

anticipated thanks to loyal patrons. During the year, we discounted rents for tenants during the lockdown period and have in fact negotiated comfortable payment terms to accommodate them. We believe that the current impacts from COVID-19 related obstacles will be resolved in 12-18 months, and having the advantage of no stalled projects, will put us in a better market position in timing our entry and taking advantage to be ready with marketable products over the next three to five-year term.

Ambitious Plans

We are hopeful that with political stability restored we will see a more sustained economic growth over the medium to long term. Over the next few years we believe the current government will go into an accelerated city and infrastructure development phase where logistical and transport development will be a top priority. As CLDC has been reiterating tirelessly on various occasions, the development of Pettah as a transport hub under the Urban Development Authority (UDA)-CLDC Public Private Partnership model will transform 14 acres in the Central Business District of Pettah into a modern and technologically advanced key transportation hub to feed the economic growth that is forecasted for the medium term. We are hopeful that the authorities will revisit this project and understand the powerful implications of having a modernised and centralised transportation hub for the city which acts as a nerve centre of economic activity.

Future Prospects

In keeping with its pioneering status, CLDC is exploring new opportunities with the operation of Real Estate Investment Trusts (REITs) into the capital market, creating a new asset class as CLDC remains one of the few real estate sector companies to see immense opportunities in facilitating real estate investment and broad basing it within the public. The announcement by the Colombo Stock Exchange (CSE) with regard to the introduction of REITs is certainly great news and supports our pioneering ambitions. The introduction of REITs will help broad-base investment and capital formulation and encourage more private sector involvement, while paving the way for the next level of its infrastructural development, both at national and provincial levels. Not only will it facilitate participation, but will also allow the public to directly benefit and profit from the economic and infrastructural development of the country.

Given market conditions remain positive, CLDC aims to embark on a dynamic journey that will define a new path for the Company over the future decades. Real estate needs a long term outlook and ample reserves and at CLDC we have the necessary financial backing and visionary leadership to aim for some truly transformative projects.

We believe the Sri Lankan economy is poised for transformational growth in the medium term and with it, the real estate sector too will experience a phenomenal boom. Sri Lanka will see many emerging opportunities that will shape the economy with new vibrancy. I have faith that Liberty Plaza and its residents will enjoy the distinction of remaining amongst the top residential and shopping destinations for locals and foreign tourists.

Appreciation

I would like to thank the Chairman and Directors of the Board for their visionary leadership and guidance through the year. The incredible support and contribution of my team has enabled us tide over the events of the year with grace. We are also grateful for the continued support from all our shareholders and other stakeholders as we look ahead with optimism.

Sgd.
Vasula Premawardhana
CEO

14th September 2020

Directors' Profile

Professor Krishan Deheragoda
Chairman
(Non-Executive Independent Director)

Professor C. K. M. Deheragoda is the Chairman Colombo Land and Development Company PLC (CLDC) and its Group of Companies 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 of the Government of Sri Lanka including Ports & Aviation; Transport; Media & Information; Urban Development & Housing; Founder National Advisor to the Samurdhi Movement etc. He was also a Consultant to the Western Region Megapolis Project. Recently his service was outsourced by the World Bank as the Lead Consultant to prepare a National Disaster Management Plan (2018-2030) for the Disaster Management Centre of Government of Sri Lanka. He was also the Team Leader in Preparation of Tourism and Coastal Resources Conservation Master Plan from Negombo to Mirissia (2018-2028), jointly sponsored by the Coast Conservation Department and Sri Lanka Tourism Development Authority.

He has held the Chairmanship in a number of public and corporate sector institutions including the Sri Lanka Sustainable Energy Authority, Ceylon Shipping Corporation, Real Estate Exchange (Pvt.) Limited (REEL), Urban Development Authority, Onali Holdings (Pvt.) Ltd., Ocean View Development (Pvt.) Ltd., Peliyagoda Warehouse Complex (Pvt.) Ltd., Vice Chairman - Sri Lanka Ports Authority, Founder Project Director Sustainable Township Programme, Founder Project Director of the Special Projects Unit of Ministry of Finance and Planning etc.

Prof. Deheragoda has served as a member in over 30 Governing and Advisory Boards of both State and Private sector statutory and corporate institutions. He has held over 20 Senior Academic positions during his 30 year long academic and research career and was the Consultant to the "Higher Education for Twenty First Century Project" of the Ministry of Higher Education and currently serving as the Consultant to the Research Council of the University of Sri Jayewardenepura.

He attended as a member in a number of State Delegations to International Conventions and Forums such as UN Habitat

General Assembly-NY-2001. Prof. Deheragoda has delivered 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 rest to the credit of Prof. Deheragoda. He is a member of the International Association of Scientific Experts in Tourism, St. Galen, formally the President of Sri Lanka Association of Geographers, and the Past President of the Sri Lankan Alumni & Professionals Association (SLAPA).

Mr. Dilith Jayaweera
(Executive Director)

Mr Dilith Susantha Jayaweera is a Sri Lankan corporate leader with over three decades of experience in building businesses that have grown to enjoy industry leadership.

He is the Group Chairman of George Steuart & Co., Sri Lanka's oldest mercantile establishment in which he took a controlling interest in 2011. He also sits on the Boards of Citrus Leisure PLC and Colombo Land and Development Company PLC, which are listed on the Colombo Stock Exchange.

He first rose to prominence in the advertising industry by co-founding Triad (Pvt) Ltd., in 1993. Triad is Sri Lanka's largest and most awarded communications entity today, and is the single largest indigenous provider of brand building, advertising, and creative services through its extensive diversification into many related services.

Mr Jayaweera is the Chairman of Powerhouse (Pvt) Ltd., the holding Company of Derana, Sri Lanka's preeminent media offering a wide presence across multiple platforms. He also established Liberty Publishers (Pvt) Limited, which is the publisher of two national broadsheets – the Sinhala language daily "Aruna" and the weekly English language "The Morning".

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

Directors' Profile

Mr. Vasula 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 of 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 BSc in Computer Science from the University of Southern California – USA.

Mr. Harshan De Silva
(Non-Executive Director)

Archt. Harshan De Silva is the Chairman of the Urban Development Authority (UDA), an institution at the forefront of Sri Lanka's emerging urban transformation. He has graduated from the Sri Lanka Institute of Architects (SLIA) and completed the SLIA Part I, SLIA Part II and SLIA Part III and Diploma in Civil Engineering in Stafford Institute, Sri Lanka. He is an Associate Member of SLIA, Member of the Organization of Professional Association, Sri Lanka and a Member of the Sri Lanka Chamber of Construction Industry. He has over 25 years in the profession, in various capacities with all round experience in innovative modern designs.

He is also a Board Member of the Urban Investment & Development Company (Pvt.) Ltd (UNIDEP), Waters Edge Limited and Lanka Rest Houses Limited which are subsidiary companies of the UDA. In addition, he has been appointed to the Board of the Urban Settlement Development Authority, Sri Lanka Land Development Corporation and On'ally Holdings PLC.

Archt. De Silva has a wealth of experience working as the Chairman of the Sri Lanka Land Reclamation & Development Corporation, Chairman of the L. R. D. C. Services (Pvt.) Ltd., Chairman of the Land Reclamation & Development Co. Ltd. (Subsidiary Companies of the SLLR & DC) from 12th May 2010 to 09th January 2015 and worked as the Director General of the UDA , Board Director of the Lanka Rest Houses Limited, Board Director, UNIDEP, Board Director, Condominium Management

Authority, Board Director, CLND. (Subsidiary Companies of the UDA) from 25th February 2014 to 09th January 2015.

He has worked as an Observer of the Project Implementation Unit, Ministry of Defense from 30th March 2011 to 09th January 2015 and served as a Consultant Architect, Ministry of Defense from April 2011 to 09th January 2015. He has also worked as an Organizing Committee Member/Chartered Architect of the Commonwealth Games Bid – 2018 in Hambantota from January 2011 to November 2011 and as a Joint-Chairman of Committee on Venues for Asian Youth Games – 2017 from April 2014 to 09th January 2015.

Archt. De Silva served as a Consultant/Chartered Architect and the Country Head to Seychelles and, Bahrain. Furthermore, he worked in Architects TEAM 3 in Singapore and in the Maldive Islands. In Sri Lanka, he worked as a Principal Architect of LEAD Architectural Consultants, a Director and a Chartered Architect in Pinnacle Consortium (Pvt.) Ltd., Principal Architect in Asian Arc., Chartered Architect in Chandra Gunawardena Associates, Architectural Assistant and CAD Operator in Surath Wickramasinghe Associates.

Mr. Lalith Abeysiriwardana
(Non-Executive Director)

Mr. Abeysiriwardana is an Attorney-at-Law of the Supreme Court of Sri Lanka and specializes in Civil and Criminal Law.

Mr. Abeysiriwardana served as a Director during the period of 2005 to 2010 on the Board of Shipping & Aviation Information and Research (Pvt) Ltd (previously of Central Freight Bureau) under the Ministry of Port and Aviation. He also served as a Director on the Board of the Foreign Employment Agency (Pvt) Ltd under the Ministry of Foreign Employment and as a Trustee in the Board of Lady Lochore Loan Fund under the Ministry of Finance.

Directors' Profile

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. 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 Hend Chye Clement
(Alternate Director to
Mr. NG Yao Xing, Eugene)

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

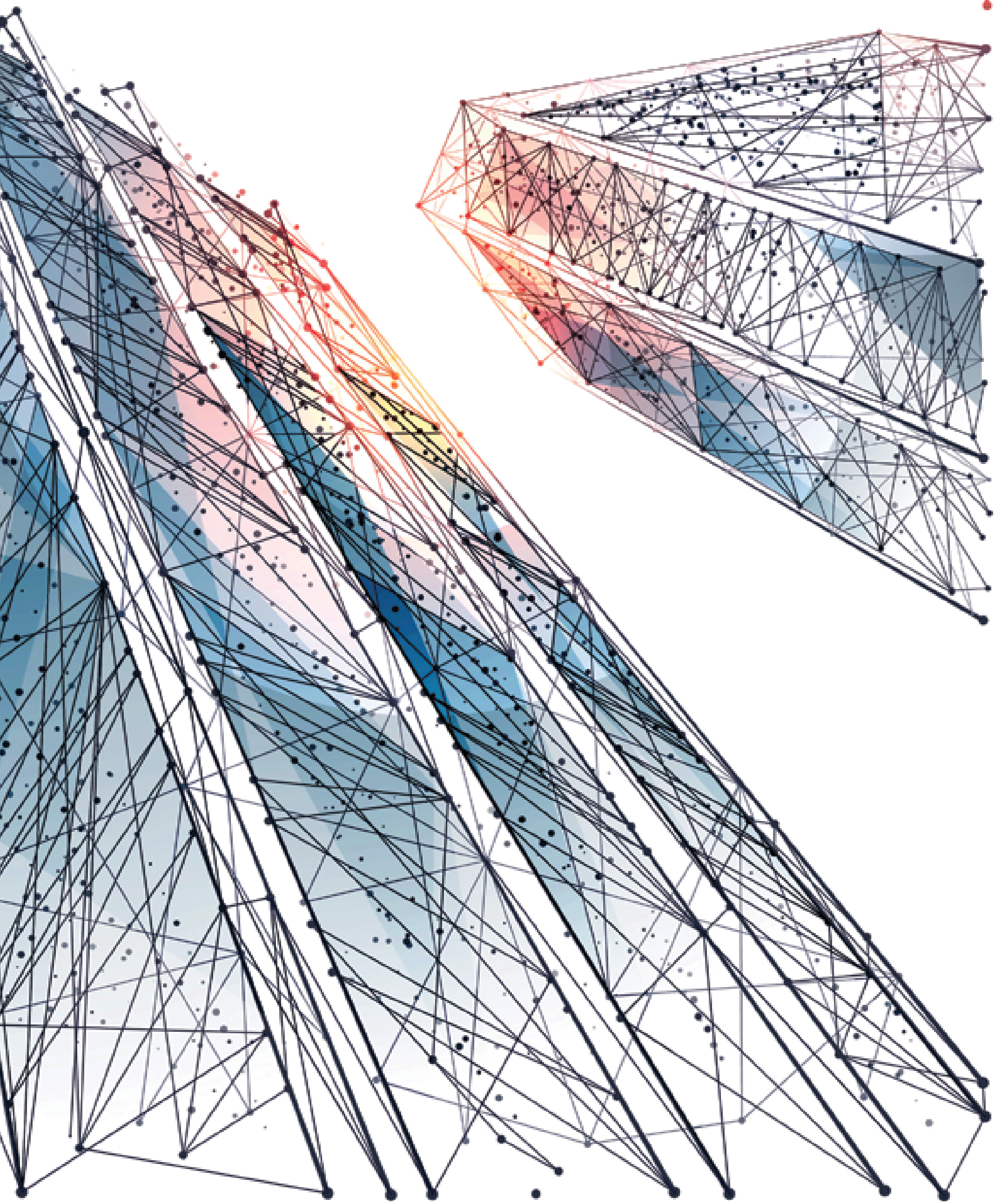
Mr. Sarva Ameresekere
(Alternate Director to
Mr. M. D. S. Goonetilleke)

Mr. Sarva Ameresekere is Director/CEO of the Triad Group, one of Sri Lanka's leading communication clusters. Triad together with its group of companies offer clients an unmatched integrated communication solution.

Mr. Ameresekere is also engaged in the macro management and strategic planning of the Group's diversified portfolio of investments. Accordingly, he plays a pivotal role as a Board Director of George Steuart & Company, Sri Lanka's oldest business entity, established in 1835. Furthermore he holds several other key positions at Group level including on the Boards of its listed entities such as Citrus Leisure PLC.

Qualified in both business and engineering, Sarva has extensive local and foreign exposure in the areas of business, fund management, operations, research and analysis. He holds a Masters degree in Engineering Management from the University of Southern California, Los Angeles and a Bachelor's Degree in Industrial and Operations Engineering from the University of Michigan, Ann Arbor.

Performance and Value Creation



Our Value Creation Model

Capital Inputs

Financial Capital
Shareholders fund Rs. 8,001 Mn
Long Term Borrowings
Rs. 1,760 Mn

Manufactured Capital
Investment Property Rs. 13,316 Mn
Commercial, Corporate spaces & Apartments
Biological Assets Rs. 55 Mn
Property Plant & Equipment 142 Mn

Human Capital
Mix skilled and experienced employees
Total of 27 employees

Social & Relationship Capital
Government & Regulators
Long term relationship with tenants, suppliers and business partners

Intellectual Capital
Liberty Plaza brand
Our organization values
Tacit knowledge

Natural Capital
Ongoing efforts to improve energy efficiency through the use of invertor air conditioners, LED lighting and employee engagement

Value Creation

Vision & Mission

Strategies & Governance

Marketing Channels

Providing Commercial, Corporate, Residential Accommodations & Allied Services

Value Delivered to

Resource Allocation

Shareholders

PAT 333 Mn
EPS Rs. 1.66

Employees

Staff cost 69.80 Mn

Tenants/customers

Rental revenue 396 Mn
Car Park income 64 Mn

Supplies

Premises maintenance and value related Rs. 75 Mn

Community

Continuous contributions for CSR Projects

Government

Taxes over Rs 239 Mn

Stakeholder Engagement

Key to success of the organisation is how well the organisation manages its stakeholders.

We at Colombo Land and Development Company PLC, believe that the success of the organisation depends on how effectively it manages its stakeholder groups and satisfies them. Both formal and informal mechanisms are used in order to engage with diverse stakeholders which allows the Company to identify priorities of stakeholder groups that need to be satisfied. The stakeholder engagement process is outlined below:

- Identification of stakeholders who need to be engaged
- Priorities stakeholder groups
- Engagement via formal and informal platforms
- Feedback analysis and priorities
- Address issues
- Strategy formulation

Key Stakeholders and their expectations

The Company identifies their key stakeholders as shareholders/investors, tenants, suppliers, employees, government/regulatory bodies and the society. Our stakeholder Engagement process is illustrated below:

2,863 Shareholders

8,001 Mn Shareholders Fund

Stakeholder	Key Topic & Concerns raised	Company's response	Why they are key Stakeholders and importance of engaging with them	Current level of Engagement
Investors/ Shareholders	• ROI • Liquidity • Good Governance • Risk Management • Shareholders Confidence • Transparency	• Company maintains transparent and ongoing engagement with all shareholders and ensures that our material information is communicated in a timely and accurate manner • Deliver sustainable growth in the business • Incorporate proper internal controls and manage the risk effectively • Compliance with regulatory framework	• Providers of the capital to the Company • Represent the ownership of the Company • Increasing the wealth of the shareholders • Business Ethics	• Annual General Meeting • Annual Report • Interim Financial Statements • Web uploading/ CSE announcements
Tenants	• Affordable price • Service standards • Facilities • Credit facilities	• Providing modern and high standard space at an affordable price • Providing security, maintenance and customer service • Rent waived off and grace period because of Covid -19	• Main income generation Group to the Company • Cordial relationship which helps to maximize the wealth of the shareholders	• Discussions • Meetings • Customer feedback
Suppliers	• Price fluctuation • Product quality • Delay in delivery	• Establish procurement policies • Negotiation with the suppliers • Maintain an inventory management system	• Better relationship will help to avoid delays in providing the services	• Registration of suppliers • Meetings & Discussions

Stakeholder Engagement

Stakeholder	Key Topic & Concerns raised	Company's response	Why they are key Stakeholders and importance of engaging with them	Current level of Engagement
Employees	• Employee development • Better perks • Health & safety	• Employee welfare, staff loans and insurance • Performance linked rewards	• Employees are the key force that will drive the Company	• Staff welfare • Staff meetings
Government, Legal & regulatory bodies	• Compliance with laws • Loss of reputation	• Compliance with laws and regulations • Maintain better governance • Conduct compliance review at various levels	• Compliance for legal and regulatory requirements are important to the wellbeing of the society	• Acts and circulars
Society	• Waste disposal • Potential of future growth • Energy efficiency	• Initiatives such as internal paper recycling, energy saving lighting (LED) etc. • Effective maintenance of AC system, generators, water supply etc.	• Help for sustainable developments	• Discussions • Media coverage

Management Discussion and Analysis

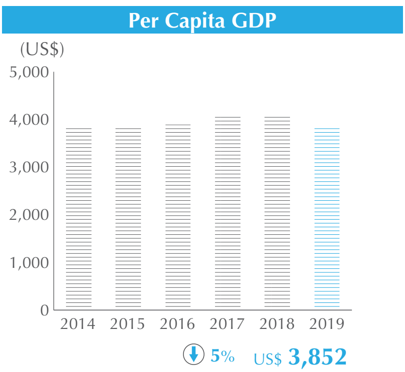
Sri Lanka graduated to the upper middle-income country status as per the World Bank classification of countries published in July 2019.

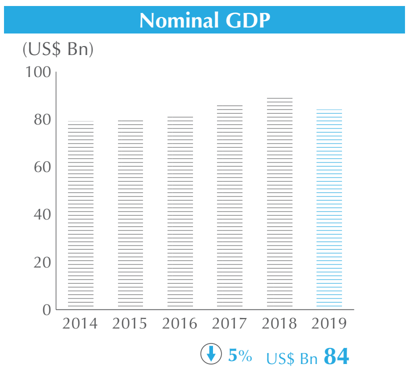
Sri Lankan Economy

Sri Lanka's economy grew only by 2.3% in 2019, an 18-year low compared to a GDP growth of 3.3% in 2018, mainly due to the devastating Ester Sunday attacks in April 2019, which slowed activities in the most of the subsectors. Following the 30-year civil war which ended in 2009, the economy grew at an average of 5.3% during the period from 2010-2019.

Reflecting on the subdued economic activities, the unemployment rate increased to 4.8% in 2019 compared to 4.4% in 2018. Agricultural sector accounted for 7% of the overall GDP in 2019, recorded a modest growth of 0.6% versus 6.5% in 2018. The industrial sector accounted for 26.4% of the country's GDP, recording a marginal growth of 2.7% in 2019 against 1.2% in 2018. Reflecting the dire impact of the tragic event in April 2018, the growth of the Service sector halved to 2.3% in comparison to the previous year. The Service sector accounted for 57.4% of GDP.

Sri Lanka graduated to the upper middle-income country status as per the World Bank classification of countries published in July 2019.





Management Discussion and Analysis

COVID-19 Impact on the Retail & Office Space Market

As a result of the reduction in domestic retail spending on non-essential goods as well as the drop in tourism, retail stores and shopping malls will suffer. Domestic buying may also be affected to some extent due to reluctance or inability to visit shopping malls. Restaurants are also running limited operations. The outbreak will put pressure on the office space market and rental growth will suffer in the short and medium term, as a result of low economic activity and negative corporate sector performance. Office occupancy rates are likely to drop. Properties on short-term leasing options and expiring leases are the most vulnerable.

Mall Operation

During the past few years, mall operations are coming into greater prominence in the country, with a few super-malls being launched a few months ago. This sector is now attracting more investment and resources. Change in lifestyles, increased purchasing power and availability of branded goods combined have begun to fuel the growth of this sector. The offering of a wide choice of goods and services under one roof has been embraced by customers. Additionally, the growth of the tourism sector also offers spin-off benefits to mall operators. We see the growth trend in this sector being sustained in the foreseeable future. Some developers are turning malls into experience centres where the family can enjoy movies, activities and restaurants, while others are converting them into office spaces. Then there are some developers who are planning to build an entire community around the malls, which are in the suburbs. They are building residential blocks, office spaces and even schools and medical centres – all components of a small town built around the mall. Therefore, the future mall may not be a collection of department stores and shops but experience centres where shopping, eating, watching movies and activities all happen in equal measure as more of them are being built as mixed-use developments with residential, commercial, retail and hospitality all included.

Liberty Plaza is one of the Sri Lanka's first iconic shopping complexes and a well-known landmark situated in the heart of Colombo and recognised as the premier shopping complex in the country. The location offers ease-of-access via public transport as well as private vehicles - with ample parking space in a three-floor car park. The mall offers a wide choice in retail, fashion ware, food and entertainment including prestigious international brands. Due to these factors this location has been an attraction with tourists and local customers. The mall sustained an occupancy exceeding 82% during the year, which is an indication of the continuous demand for space in this mall. Further, we enjoy very cordial relations with most of our tenants and many have operated from Liberty Plaza since its inception. We are confident that our tenants would continue to remain at Liberty Plaza and together we would reap the rewards of long-lasting relationships.

Financial Review

The property development industry was forced to operate in a very challenging environment in the year under review mainly due to the Easter Sunday attacks in April 2019 which slowed the growth of the sector. The Company's rental revenue dropped to Rs. 396 Mn in 2019 from Rs. 415 Mn in 2018. Income from car parks increased by 50% during the year under review to Rs. 64 Mn. The occupancy dropped to 82% in 2019, when compared to 95% in 2018. Prime location of the properties, the quality-oriented tenants and the long-term relationship based rent agreements have allowed us to maintain the consistency in terms of occupancy even during the difficult period.

Rental Yield

Rental Yield provides a valuable insight into the quality of investment properties owned by the Group and their growth over time. The Group's rental yield is in line with the industry averages since 2016 with minor variations. The Company was able to maintain a rental yield of above 5% since 2016. This shows that the Group's investment properties are generating sufficient returns consistently.

Operating Expenses

Direct costs increased by 11.8% YoY to reach Rs. 135.8 Mn mainly due to increase in maintenance cost for the car park of around Rs. 10 Mn. Administrative and other operating expenditure increased by 7.8% compared to the previous year, mainly due to higher staff related cost compared with the prior year. Selling and marketing expenses increased due to the provision of bad debts.

Gross Profit

The Group Gross Profit of Rs. 341 Mn was 5.4% lower than the previous year mainly due to low occupancy than the previous year and rent reviews.

Changes in Fair Value of Investment Properties

During the year, a valuation exercise was carried out to determine the fair value of investment properties of the Group in line with the current market conditions as required by the Accounting Standards. In the said valuations, the investment properties of the Group were valued at Rs. 13,316 Mn resulting in a net gain on change in fair value of investment properties amounting to Rs. 591 Mn during the year in the Statement of Profit or Loss.

Finance Cost

The Group financing costs increased by 9.5% since the Company borrowed an additional Rs. 312 Mn towards working capital requirements.

Profit Before Tax (PBT)

The Profit Before Tax of the Group increased by 11.9% during the year, reaching Rs. 572 Mn in comparison to Rs. 511 Mn recorded during the previous financial year, mainly due to higher revaluation gain on investment properties.

Taxation

The income tax expense of the Group and the Company for 2019 were Rs. 239 Mn. (2018 – Rs.183 Mn) and Rs. 184 Mn (2018– Rs. 129 Mn) respectively. The group has accumulated tax losses of Rs. 1 Bn which can be utilised against future taxable income of the Group.

Management Discussion and Analysis

Current year taxable income of the Company could be fully recovered against carry forward losses as per section 19 of the Inland Revenue Act No. 24 of 2017. Current year taxation expense shown in income statement entirely consist of tax liability arising out of investment property revaluation.

Cash and Borrowings

The Group's cash balance as at 31st December 2019 stood at Rs. 7.1 Mn. (2018 – Rs. 7.7 Mn) which was a decrease of 8% over the previous year. The Group's total borrowing was Rs. 1,760 Mn. (2018 – Rs. 1,631 Mn), which mainly includes Rs. 1,700 Mn in loans obtained from Peoples' Bank to fund the construction of New Retail Podium by Liberty Developers (Pvt) Ltd.

Net Assets

The Group Net Asset value per share as at 31st December 2019 stood at Rs 40.02 (2018 – Rs 38.45).

Earnings per Share

The Group Earnings per share for the year 2019 decreased to Rs. 1.66 per ordinary share (2018 – Rs 1.65) mainly due to high gain recorded on revaluation of investment properties in the previous year

Price Earnings Ratio

The Price Earnings ratio of the Group as at 31st December 2019 was 15.66 times (2018 – 9.09 times).

Return on Equity (ROE)

The Group Return on Equity (ROE) was 4.16% for the year 2019 (2018– 4.27%). The increase in ROE is mainly due to high gain arising out of revaluation of investment properties in 2019.

Assets

The total Group asset base increased from Rs. 12.995 Mn to Rs. 13,719 Mn. in 2019. The increase was mainly derived from Investment Property fair valuation.

Liabilities

Total Liabilities as at 31st December 2019 increased to Rs. 5,720 Mn. compared to Rs. 5,309 Mn in the previous year mainly due to increases in defined benefit obligations, deferred tax liabilities, loan, trade and other payables and tenant deposits.

Total Equity

Total Equity of the Group increased by Rs 312 Mn to Rs. 8,001 Mn (2018 - Rs 7,687 Mn) mainly due to Profit After Tax of Rs. 333 Mn which mainly consists of revaluation gains recorded for the year

Debt to Equity Ratio (Gearing)

Group's debt consists of Rs. 1,700 Mn obtained on behalf of Liberty Developers Pvt Ltd for the development of New Retail Podium. The Group has requested the People's Bank to reschedule the loans as we are struggling to meet original repayment periods with the increased cost of borrowings and tightened cash flows. Our calculations show that a duration of 10-12 years would be ideal for repayment of debt.

Accounting Policies

The Financial Statements contained in this report are prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS), the requirements of the Colombo Stock Exchange and the Companies Act No 07 of 2007.

Sustainability at Colombo Land

As a sustainable business for over three decades, Colombo Land has been successful in striking the right balance between shareholder expectations and the needs and concerns of our employees and the environment.

Sustainability Focus

The United Nations (UN) set out the Sustainable Development Goals (SDGs) to eradicate poverty, promote prosperity and protect the environment. As a responsible corporate citizen, Colombo Land Development PLC plays a vital role in achieving these goals and towards this end has adopted certain principles such as quality of life; fairness and equity; participation and partnership; care for environment and respect for ecological constraints.

About the Report

Colombo Land is pleased to present its Integrated Annual Report prepared for the benefit of stakeholders. The report provides a broad and succinct overview of the Group's performance over the 12-month period ended 31st December 2020, by providing a holistic and integrated discussion of the Company's performance. The reporting is aligned to the Global Reporting Initiative (GRI) guidelines, which define the contents, quality and the boundaries outlined in the GRI reporting principles. All mandated financial information of our operations is provided in the report.

Group Sustainability Strategy

As a sustainable business for over three decades, Colombo Land has been successful in striking the right balance between shareholder expectations and the needs and concerns of our employees and the environment. Our enduring economic success is a reflection of our sustainable outlook and we are pleased that as a corporate body involved in the property development and management business, we have operated our business in a sustainable manner while making our stakeholders part of our journey of progress.

Our Contribution to Sustainability Development Goals (SDGs)

- Employment Generation: Direct and indirect employment
- Occupational Health & Safety: Good health and well being of employees and families and maintenance of healthy hygiene conditions at Liberty Plaza, New Retail Podium, Liberty Arcade and all other facilities managed by the Company.
- Equal opportunity employer.

- Adoption of energy efficient practices such as inverter air conditioners and LED lighting in the main Mall and other properties.
- Great Place to work: Ensuring rewarding and dynamic work environment for all employees while investing in training and development and career progression.
- Key contributor to shape Colombo as a sustainable city through landmark developments of Liberty Plaza, Liberty Arcade and the new Retail Podium.
- Provider of sustainable services: Our Mall provides access to quality food and shopping under one roof along with clean water and sanitation for all stakeholders.

Our Sustainability Efforts

As a leader in the real estate industry, Colombo Land has adopted sustainability principles befitting its market leadership position and pioneering status. The Company's social and economic contribution over the decades has demonstrated leadership and helped it to respond to regulatory and other external pressures in an agile manner.

The Company's stewardship on social and natural capitals further reflects its commitment to sustainable operations. Our leadership has been notable in the area of meeting sustainable development goals.

Colombo Land fulfills the highest expectations for unmatched commercial space located in the Central Business District and contributes towards community building and enhances convenience for all its stakeholders.

Also a diversified group, Colombo Land's fully-owned subsidiary, Agri Spice (Pvt) Ltd, operates a 102-acre Mahogany, Rubber and Alstoniya plantation at Avissawella, reflecting its commitment to sustainable development through investments in environment-friendly sectors.

Our Sustainability Policy

At Colombo Land we are committed to being a responsible corporate citizen by living our values and demonstrating how we improve living standards of our tenants, customers, building users, shareholders and our employees. Our commitment to having a positive impact on the environment is evident in the slew of measures we have taken to conserve energy while reducing our carbon footprint. In line with our sustainability vision, our goal is a net positive impact across the resources that create optimal value for all our stakeholders.

Our employees are the strength behind our success which is why we have engendered a work environment that values knowledge workers, equal opportunity and modern technology. The Group continues to strategically integrate sustainable practices across every aspect of its operation by adopting best practices in economic, environmental and social governance for all its stakeholders.

Sustainability at Colombo Land

	Challenges	Opportunities	Risk	Strategies
Economic	Market Competition	Investment Opportunities	Loss of key customers	Constant improvements in services & facilities
	Price fluctuations on supplies and labor	Well-known brand name like Liberty Plaza	Undesirable capital expenditure	Enhance Research & Development
Environmental	Emerging high rise multi-purpose developments	Proactive measures are taken on system improvements	Threats of environmental pollution due to waste emissions	Effective Building Management Systems
	Outdated systems and Procedures.	Enhanced Energy & Waste Management	Increase in the carbon footprint	Energy audit & monitoring
Social	Aging work population	Developing multi skilled workers	Possibilities for higher employee retention within a competitive labor market	Performance Incentives
	Lack of skilled blue collar workers in the market	Structured Training Programmes		Industry-based training.
	High labour turnover	Participating in community development programs	Cost reduction and stained employee relationships.	Active CSR participation

Assessing Performance and Management Perspective

Despite the major macroeconomic challenges faced by the Company in 2019/20, Colombo Land continued to demonstrate high sustainability standards. Our operations have a beneficial impact on social and natural environments and various aspects of sustainable development. Colombo Land takes into account the interests and needs of key stakeholders in order to strengthen its reputation as a reliable partner in the real estate industry. By following the core principles of the UNSDGs, the Company ensures strict compliance with laws and ethical business practices and also through consistent and long-term social investments. The key performance indicators of the Group are customer satisfaction levels, improved living conditions, energy efficiency, employee satisfaction, economic growth, increased market share, environmental consciousness etc. We have accelerated our efforts to improve energy efficiency in partnership with tenants and customers, bringing down energy, water and paper consumption during the year.

Economic Performance

The Company pursues efficiency and delivers the highest returns to shareholders while fulfilling its obligations in a timely and compliant manner such as paying taxes, fulfilling agreements with other stakeholders, compliance with all rules and regulations, and generally adopting an ethical approach to all business transactions. The Company also considers the evolving economic situation in the country, for example, it has facilitated tenants by reducing rents and instalment payments of rentals during lockdown measure taken by authorities to combat COVID-19.

Value Addition

Despite the external challenges faced during the period under consideration, the Company continued to generate value for shareholders and to support wealth creation for tenants by upgrading facilities and consolidating key synergies that set it apart from the rest of the industry.

Value Added Statement	2019 Rs. Mn.	2018 Rs. Mn.
Operating income	476.85	481.95
Cost of Services	(135.83)	(121.48)
Added Value to the Group	341.02	360.46
Non-Operating income	593.38	472.86
	934.40	833.33

Value Added Statement	2019 Rs.	2018 Rs.
Value allocated to Employees		
Salaries, Wages & other benefits	69.81	56.85
To Government		
Tax & Deferred Tax	239.36	182.67
VAT & NBT	59.11	4.14
To Borrowers		
Interest	235.51	215.06
To Expansion & Growth		
Surplus/(Deficit)	324.05	328.33
Depreciation	6.56	8.91
	934.40	833.33

Management of Capital

This section describes how the Company manages its capitals, which are divided into six major areas: financial, manufactured, intellectual, human, social relationship and natural as well as the strategic focus with regard to each of them.

Financial Capital

One of the main factors that will important for the long-term success of the Company is how well it manages its financial capital. The Company's financial capital consists of shareholders' funds, internally generated funds, borrowings and is nurtured through prudent cost management and profit generation. The Financial Statements and financial highlights appearing on pages 86 to 94 provide information on the role of the financial capital in value creation and the ways in which the capital has been utilised to generate results achieved.

Financial Capital	Amount
Shareholders fund (Rs. Mn)	8,001
Borrowings (Rs. Mn)	1,760
Earning Per share (Rs.)	1.66
Net Asset Per share (Rs.)	40.02
Share Price Closing (Rs.)	26.00
Market capitalization (Rs Mn)	5,196

Manufactured Capital

The Company is in the process of upgrading premises and other facilities with the intention of providing a better service to customers. Furthermore, the Company is constructing a Rooftop parking for People's Park and thereby providing a better service to the customers. Manufacturing Capital is represented by the physical infrastructure which facilitates our value creation. Our Manufactured Capital enables us to facilitate our customers in a satisfactory manner while maintaining longstanding relationships with them. It ensures we deliver high quality service efficiently and responsibly and continue to invest in maintaining and upgrading these assets for optimal performance. Manufactured Capital is about 98% of total assets of the Company. The Company emphasises importance of effective management of assets. Furthermore, it continuously invests in upgrading commercial spaces, offices, residential apartments and other facilities to meet the growing competition in the market.

Our Manufactured Capital and Human Capital combine to drive our business objectives in todays' competitive market environment.

Manufactured Capital	Amount (Rs. Mn)
Liberty Plaza	5,731
Liberty Arcade	992
People's Park	133
Gas Land	6,459
Property Plant & Equipment	142
Biological Assets	55
Total	13,512

Intellectual Capital

The Liberty Plaza brand, our organisational values, collective tacit knowledge, improved systems and processes, and governance and risk management play a key role in aligning our team, culture and operations to our strategic aspirations of sustainable growth and enhancing stakeholder's confidence.

At Colombo Land, we take pride in owning one of the most iconic and celebrated brand names in the real estate domain in Sri Lanka - The Liberty Plaza. It is the first and the oldest shopping complex in Sri Lanka dating back to 1980s and still remains the country's most sought-after shopping destination. For a group which provides commercial spaces and residential accommodation, tenants' confidence is a pre-requisite for growth. Our intellectual capital plays a key role in inspiring tenants' confidence and sound policies of corporate governance, risk management frameworks, business ethics and safety standards are the foundation for sustaining tenants' confidence in today's competitive environment.

Human Capital

We seek to attract, develop and retain a dynamic and diverse workforce by defining a strong corporate identify, creating a culture of excellence and helping employees create the best place to work. Our well-experienced and skilled employee base will continue to improve the facilities and services in our properties while enhancing customers' experiences to maintain our reputation. We believe that, our employees' contribution drives our success and healthy relationship with customers is important in today's environment.

Defined Contribution Plans-Employees' Provident Fund and Employees' Trust Fund

The Company & the Group provide a retirement plan for the workforce by using general resources to fulfill obligations to retired employees. According to the terms of Employees' Provident Fund (EPF) Act No. 15 of 1958 and its subsequent amendments and Employees' Trust Fund (ETF) Act No. 46 of 1980 and its subsequent amendments, employees are eligible for EPF and ETF contributions. The Group contributes the relevant percentages of the eligible gross emoluments of employees to the respective provident funds and to the trust fund respectively. In relation to the rules of the provident fund, to which such contributions are made, the Company contributes 14% as the employers' contribution which is 2% higher

Management of Capital

than what is required by the law. Also, the employees contribute 8% to their respective provident funds managed by the Central Bank of Sri Lanka. Further, the Company also contributes 3% to the Employees' Trust Fund.

	2019	2018	2017
Employer contribution to the Trust Fund	659,575	609,915	611,554
Employer contribution to the Provident Fund	3,078,019	2,846,270	2,853,922

Defined Benefit Plan- Gratuity

Employees are entitled to gratuity payment under the Gratuity Act No. 12 of 1983 and its subsequent amendments as No.41 of 1990. The Company has duly carried out an actuarial valuation on retirement benefit obligations as at the year-end and the actuary has used the projected unit credit method as prescribed in Sri Lanka Accounting Standards.

Category of Employment

Category	No. of Employees	Percentage (%)
Permanent	19	70%
Contract	08	30%
Total	27	100%

Breakdown of employees according to gender

Gender	Executive	Non-Executive	Total
Male	05	16	21
Female	02	04	06
Total	07	20	27

Social and Relationship Capital

Collaborative relationships with customers, business partners, communities and other stakeholders underpin our social license to operate. The Company nurtures these relationships through unique value propositions, sound governance practices and integration of identified needs into corporate strategy to create long-term value and support individual and collective growth. Colombo Land recognises that the quality of today's relationships may significantly influence our ability to sustain the generation of monetised value in the future. We recognise that the viability of our enterprise depends on our ability to sustain strong relationships with customers and the wider community for whom we create value. These cooperative relationships shape crucial perceptions of the Company and the Group.

Natural Capital

Our approach to sustainability is based on business principles to achieve long-term value for shareholders and broader stakeholder groups without compromising the ability of future generations to meet their own needs. We ensure that all our processes and systems function within specified environmental parameters. The Company has taken initiatives to reduce energy demand by raising awareness among its tenants and employees and implementing Energy Efficiency Measures.

Energy Management

The Group has been implementing several energy efficiency initiatives over the last few years, thereby significantly reducing the single-largest cost component in the operating cost structure-'electricity cost'. It is important to sustain the benefits of the initiatives via efficient and consistent plant operations. The Group understands its priorities towards national initiatives as a service provider in a key location. Towards this, installation of highly efficient air handling units for air-conditioning and replacement of fluorescent lights with energy efficient LED lightings were implemented to improve the energy efficiency to align with our long-term sustainable goal of reducing the carbon footprint of our operations. In addition, the Company is continuously investing in refurbishment of commercial and other spaces, replacing appliances with advance technology to improve the quality standards and to meet the emerging competition as well as to improve the energy efficiency.

Waste Management

Our strategy for managing waste is to reuse, recycle and replenish wherever possible. A waste segregation system enables the Company to dispose waste responsibly which is either reused or recycled. A segregation system with colour-coded bins is maintained for waste as paper, glass, scrapped iron, polythene and organic. Food-waste is handed over to a third party for use as animal feed. We have fully cooperated with the Colombo Municipal Council's collection process of segregated garbage. We are happy to say that necessary steps have been taken in contributing to minimise the carbon footprint in the immediate environment.

Noise Management

Noise Emissions are strictly monitored to ensure the comfort and safety of persons in the vicinity. We have also taken steps to soundproof all Air Handling Unit rooms within the premises.

Our Business Model

Stakeholders

Shareholders

Customers

Employees

Regulators

Society

Suppliers

Key Activities

Property development,
Management,
Maintenance and Car
Park Operations

Key Resources

Equity 8 Bn
Investment Property
13.3 Bn
Employees 27

Liberty Plaza Brand
Prime Location

Cost Structure

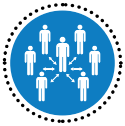
- Building, equipment, Plant and machinery maintenance costs
- Administrative & staff related costs
- Finance and other overhead costs

Products & Services

Commercial, Office and Residential spaces

Car Parking spaces

Advertising Spaces

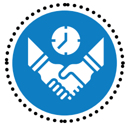


Customer Relationships

Long-term & short term relationships with our customers to satisfy their expectations.

Channels

Advertising
Internet
Brokering Agency
Postal Service
Personal Contacts



Customer Segments

Banks & Financial Institutions

Local & Foreign Start-ups

International retail brands

Local & International restaurant chains

Major FMCG Retailers in the country

Major mobile and electronic retailers

Revenue Streams

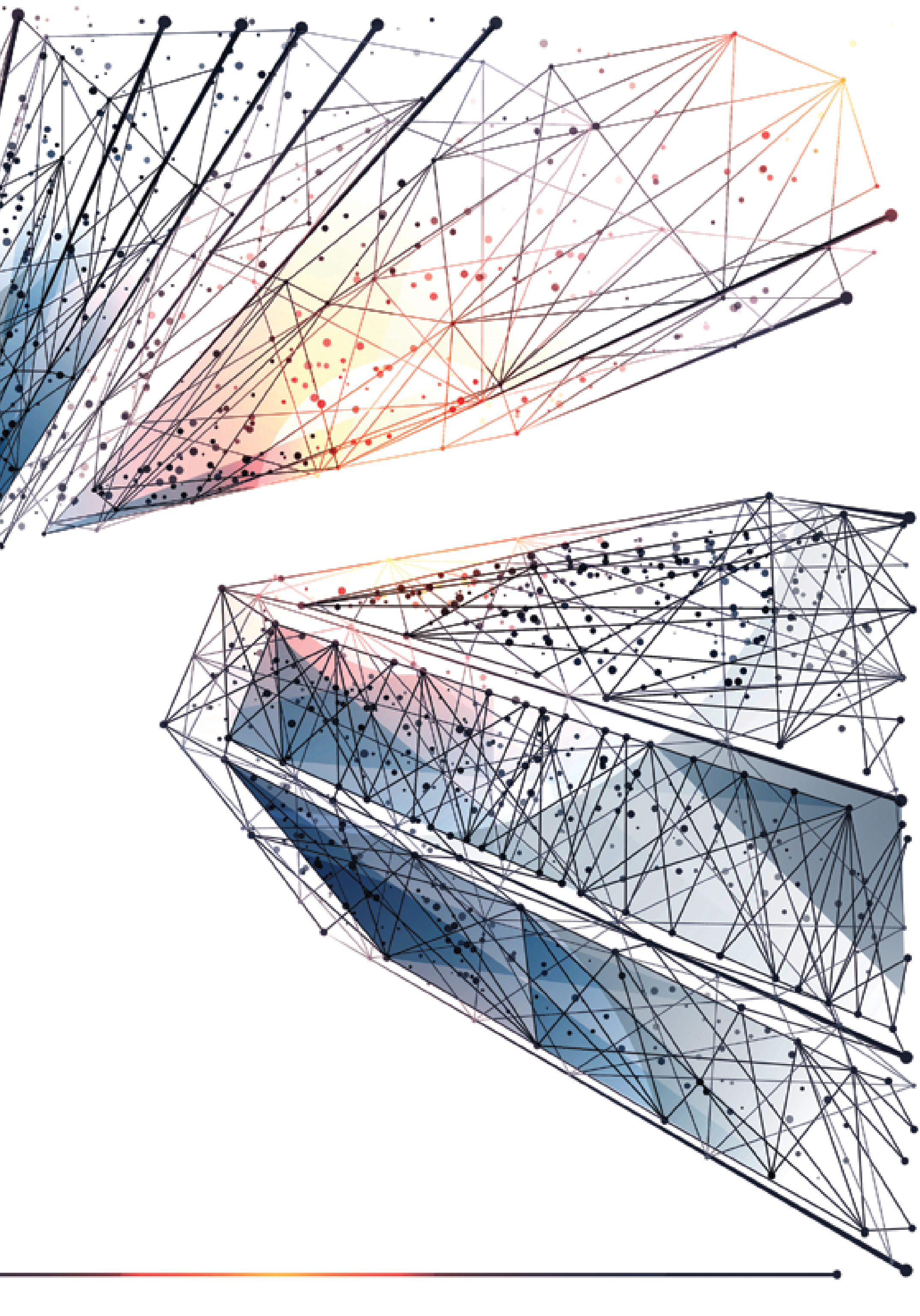
Rent Income

Advertising Income

Car Park Income

Interest & other income

Enterprise Governance and Risk Management



Corporate Governance Report

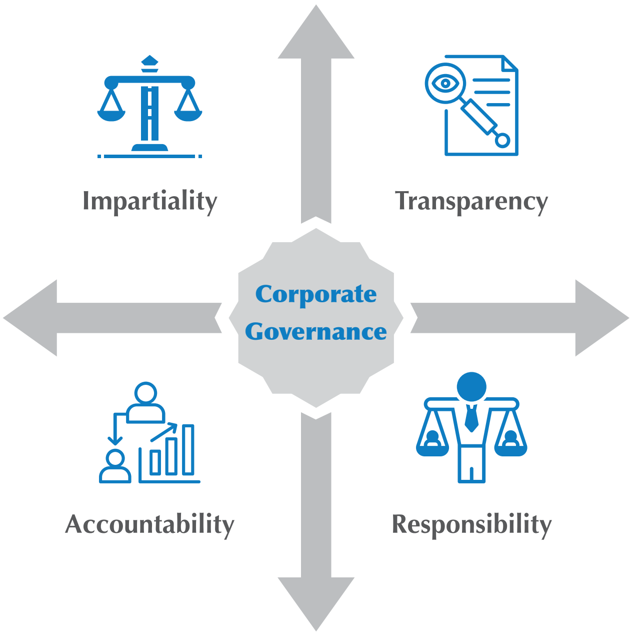
We, at Colombo Land and Development Company PLC, uphold corporate governance as a system that will direct and manage the business affairs of the Company towards promoting corporate impartiality, transparency, accountability and responsibility in the best interests of the stakeholders.

Colombo Land and Development Company PLC

Colombo Land and Development Company PLC is a Public Company listed on the Colombo Stock Exchange. The Company is primarily engaged in leasing out investment properties under operating leases, managing the car park operations and the development of investment properties in Sri Lanka.

Statement of Corporate Governance

The Board of Directors of Colombo Land and Development Company PLC is committed to achieving its goal while maintaining strict adherence to Corporate Governance rules, to ensure greater transparency in Management Reporting and enhance stakeholders' confidence. In doing so, the Board has given its highest priority to adhere to a strong framework of Corporate Governance. The objective of this Annual Report including the Financial and Non-Financial Statements is to indicate to the stakeholders and the general public in a transparent manner the activities of the Company during 2019.



Division of Responsibilities between the Chairman and CEO

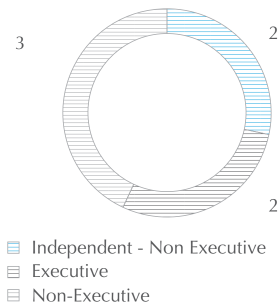
The roles of the Chairman and the Chief Executive Officer are separate with a clear distinction of responsibilities, which ensures balance of power and authority. Professor C K M Deheragoda is the Chairman of the Board of Directors and Mr. P V S Premawardhana functions as a Director/Chief Executive Officer.

Board of Directors

Board Composition and Attendance at Meetings

During the year under review, the Board of the Colombo Land and Development Company PLC consisted of seven Directors and five of them were Non-Executive Directors. Two of the Non-Executive Directors were Independent Non-Executive Directors. The Board portrays a balance between Executive and Non-Executive Directors each of whom bring a strong and in-depth mix of knowledge, business skills and experience to the Board's deliberations. The Board is collectively responsible for the long-term success of the Company and is accountable to shareholders for the financial and operational performance.

Board Composition



Board Meeting Attendance

Category	Name	28/03/2019	20/09/2019	12/12/2019	Eligibility	Attended
Non – Executive Independent	Prof.C.K.M.Deheragoda	✓	✓	✓	3	3
	Mr.M.D.S.Goonatilleke	✓	✓	✓	3	3
Non-Executive	Mr.Ng Yao Xing,Eugene	✓	✓	✓	3	3
	Mr.W.M.C.S.Welegama*	✓	✓	N/A	2	2
	Mr.W.D.A.Sunil Perera**	✓	✓	N/A	2	2
Executive	Mr.D.S.Jayaweera	✓	✓	✓	3	3
	Mr.P.V.S.Premawardhana	✓	✓	✓	3	3

**Resigned w.e.f. 01/12/2019*
***Resigned w.e.f. 02/12/2019*

Corporate Governance Report

Board Sub-Committees

The Board has delegated certain authorities to the Board sub-committees while holding the final authorities in order to manage the affairs of the Board. The members of the Board sub-committees concentrate on their designated scope of responsibility and impart knowledge and oversight in areas where they have great expertise.

Colombo Land and Development Company PLC consists three sub-committees.

I. Audit committee

II. Related Party Transaction review committee

III. Remuneration committee

Composition of Board Sub-Committees

Board Member	Sub Committees		
	Audit Committee	Related Party Transactions Review Committee	Remuneration Committee
Independent – Non-Executive Directors			
Prof.C.K.M.Deheragoda	✓	✓	✓
Mr.M.D.S.Goonatilleke	✓	✓	✓
Non-Executive Directors			
Mr.Ng Yao Xing,Eugene	✓		✓
Mr.W.M.C.S.Welegama*		✓	
Mr.W.D.A.Sunil Perera**			
Executive Directors			
Mr.D.S.Jayaweera			
Mr.P.V.S.Premawardhana			

**Resigned w.e.f. 01/12/2019*
***Resigned w.e.f. 02/12/2019*

Re-Election

According to the provision of the Articles of Association of the Company and Section 142 of the Companies Act, shareholders are entitled to propose any person for election as a Director, if the required notice of the same has been given. The Board possesses the power to appoint any person, at any time as a Director, either to fill a casual vacancy or as an additional member of the Board. All Directors who are appointed by the Board to fill a casual vacancy are required to be elected by the shareholders at the next Annual General Meeting following their appointment, thereby providing the shareholders with the right to vote for or against such election. The re-election of a Director safeguards the right of the shareholders by providing a regular re-assessment of the composition of the Board. The names of the Directors submitted for re-election are provided to the shareholders along with the notice of the Annual General Meeting, enabling them to make informed decisions on such appointments. In the event any Director over the age of seventy years is being reappointed, regulations stipulated in the Companies Act No.7 of 2007 will be complied with.

Corporate Disclosure and Shareholder Relationship

Financial and non-financial information in relation to the affairs of the Company is immediately announced via Colombo Stock Exchange (CSE) to the stakeholders. Moreover, the Board of Directors believes that any stakeholder should have been granted an opportunity to communicate their grievances to find solutions for their concerns. The Annual General Meeting can be used as a platform to express views of shareholders. Quarterly financial reports are uploaded in the website of the Colombo Stock Exchange for the shareholders' information and updated financial and non-financial information is available on the Company's website for public reference.

Annual Reports are prepared to provide information pertaining to the Company's affairs in a transparent manner according to the best practices of Corporate Governance. It is a great pleasure to mention that Colombo Land and Development Company PLC won an Award "Best Real Estate Corporate Governance Sri Lanka 2018" organized by the Capital Finance International.

Accountability and Internal Control in Financial Reporting

Colombo Land and Development Company PLC has taken necessary steps to provide sensitive financial and non-financial information to its stakeholders for every quarter in compliance with the Sri Lanka Accounting Standards (SLFRS/LKAS), Listing Rules of Colombo Stock Exchange (CSE) and Companies Act No 07 of 2007. Directors are responsible for operations and performance of the Company. As such, Directors of the Company and the Management focus their attention to disclose all information in relating to the affairs of the Company in a transparent manner, complying with the best practices on Corporate Governance.

Corporate Governance Report

Compliance with the Colombo Stock Exchange Rules on Corporate Governance.

Disclosures required by section 7.10 of the listing rules of Colombo Stock Exchange.

Listing Rule No.	Subject	Applicable Requirement	Status	Reference
7.10.1(a)	Non-Executive Directors	At least one-third of the total number of Directors should be Non-Executive Directors	Compliant	Refer page 47
7.10.2 (a)	Independent Directors	Two or one- third of Non- Executive Directors, whichever is higher should be independent	Compliant	Refer page 47
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence /non-independence in the prescribed format	Compliant	Independence of the Directors has been determined in accordance with CSE Listing Rules and the two Independent NEDs have submitted signed confirmation of their independence
7.10.3 (a)	Disclosure relating to Directors	The Board shall annually make a determination as to the independence of the Non-Executive Directors and the names of the independent Directors should be disclosed in the Annual Report	Compliant	Based on the declarations provided, Prof. C.K.M. Deheragoda & Mr. M.D.G. Gunathilake are independent as per listing rules

Listing Rule No.	Subject	Applicable Requirement	Status	Reference
7.10.3 (b)	Disclosure relating to Directors	The basis for the Board to determine a Director is independent, if criteria specified for independence is not met	Not Applicable	The period of service of Professor C.K.M. Deheragoda exceeds nine years. However, the Board is of the view that the period of service of Professor Deheragoda does not compromise his independence and objectivity in discharging his functions as a Director and therefore based on declarations submitted by the said Director, has determined that Professor Deheragoda shall nevertheless be "independent" as per the Listing Rules
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report and should include the Director's areas of expertise	Compliant	Refer Directors' profile on pages 16 to 21
7.10.3 (d)	Disclosure relating to Directors	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the rules of the Colombo Stock Exchange	Not Applicable	No new Directors were appointed during the year 2019

Corporate Governance Report

Listing Rule No.	Subject	Applicable Requirement	Status	Reference
7.10.4 (a) - (h)	Criteria for Defining 'Independence'	Requirement for meeting criteria to be independent	Compliant	Mr. Goonatilleke met the criteria for independence specified in this rule and the Board determined that Professor C. K. M. Deheragoda be "Independent" regardless of his period of service exceeding 9 years.
7.10.5	Remuneration Committee	A listed Company shall have a Remuneration Committee	Compliant	Refer on page 80 to 81
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise Non-Executive Directors, of which a majority whom shall be independent	Compliant	Refer on page 80
	Remuneration Committee	One Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors	Compliant	The Chairman of the Remuneration Committee is a Independent Non-Executive Director
7.10.5 (b)	Function of Remuneration Committee.	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors	Compliant	Refer Report of the Board Remuneration Committee on page 80

Listing Rule No.	Subject	Applicable Requirement	Status	Reference
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee.	The Annual Report should set out; a. Names of Directors comprising the Remuneration Committee. b. Statement of remuneration policy. c. Aggregate remuneration paid to Executive & Non-Executive Directors	Compliant	Refer on page 80 to 81 Refer Directors emoluments on page 156
7.10.6	Audit Committee.	The Company shall have an Audit Committee	Compliant	Names of the members of the Audit Committee are stated on pages 77 to 79.
7.10.6 (a)	Composition of Audit Committee.	Functions shall include: a. Overseeing of the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards	Compliant	Refer on pages 77 to 79 for the functions of the Audit Committee

Corporate Governance Report

Listing Rule No.	Subject	Applicable Requirement	Status	Reference
		b. Overseeing of the compliance with financial requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements	Compliant	Refer on pages 77 to 79
		c. Overseeing the process to ensure that the internal controls and risk management processes are adequate to meet the requirements of the Sri Lanka Auditing Standards	Compliant	Refer on pages 77 to 79
		d. Assessment of the independence and performance of the external Auditors	Compliant	Refer on pages 77 to 79
		e. Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approve the fees and terms of engagement of the external Auditors		Refer on pages 77 to 79

Listing Rule No.	Subject	Applicable Requirement	Status	Reference
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	a. Names of Directors comprising the Audit Committee		Refer on pages 77
		b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determinations		Refer Annual Report of the Board of Colombo Land and Development Company PLC on the state of affairs of the Company for the year on pages 84 to 86
		c. The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions		Refer on pages 77 to 79 for the functions of the Audit Committee

Corporate Governance Report

Compliance with Requirements of listing rule 7.6 of the Colombo Stock Exchange

Rule No.	Subject	Status	Reference
7.6 Contents of Annual Report			
	All listed entities must include in its Annual Reports and accounts, inter alia;		
i)	Names of persons who were Directors of the entity during the year	Complied with	Please refer page 16 to 21
ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein	Complied with	Please refer page 84 of the Board of Directors Report
iii)	The names and the number of shares held by the 20 largest voting and non-voting shareholders and percentages	Complied with	Please refer page 170
iv)	The Public Holding percentage	Complied with	Please refer page 171
v)	A statement of each Director's holding and Chief Executive Officer's holdings in shares of the entity at the beginning and end of each year	Complied with	Please refer page 171
vi)	Information pertaining to material foreseeable risk factors of the entity	Complied with	Please refer page 92 to 95
vii)	Details of material issues pertaining to employees and industrial relations of the entity	N/A	No material issues pertaining to employees and industrial relations.
viii)	Extents, locations, valuations and other number of buildings of the entity's and investment properties	Complied with	Please refer page 138
ix)	Number of shares representing the entity's stated capital	Complied with	Please refer page 170
x)	A distribution schedule of the number of holders in each class of equity security and the percentage of their total holdings in the specified categories	Complied with	Please refer page 170

Rule No.	Subject	Status	Reference
xi)	Following ratios and market price information. 1. Dividend per share 2. Dividend pay out 3. Net asset value per share 4. Market value per share highest and the lowest value recorded. Value as at the end of the year	Complied with	Please refer page 171
xii)	Significant changes in the entity or its subsidiary's fixed asset and the market value of land, if the value differs substantially from the book value	Complied with	Please refer Note 3 to 4 to the Financial statement on page 132 to 140 of this report
xiii)	If during the year the entity has raised funds either through a public issue, Rights Issue and private placement	N/A	
xiv)	Information in respect of Employee Share Ownership or Stock Option schemes	N/A	
xv)	Disclosure pertaining to Corporate Governance practices In terms of Rules 7.10.3, 7.10.5c and 7.10.6 c of Section 7 of the Rules	Complied with	Please refer pages 46 to 47
xvi)	Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower	Complied with	Please refer note 24 on page 155 to 156 for the related party

Corporate Governance Report

Compliance with the code of best practice on Corporate Governance issued jointly by the Securities & Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (ICASL).

Section No.		Status	Company Commitment
1 The Company			
A Directors			
A.1 The Board	Every public Company should be headed by an effective Board, which should direct, lead and control the Company	Compliant	The Company is headed by an effective Board. Please refer Pages 16 to 21
A.1.1 Regular Board Meetings	Frequency of Board meetings (at least once every quarter)	Compliant	Regular Board meetings to review the Company's performance. Please refer page 47
A.1.2 Board Responsibilities	Ensure formulation and implementation of a sound business strategy	Compliant	The Board assumes the primary responsibility for the overall success of the Company. The Board is involved in formulating the overall strategy and ensuring, that it is implemented by the CEO. The CEO, together with the management team develops corporate strategies, annual budgets and action plans to implement corporate strategies on an annual basis. The corporate plan and annual budget are approved by the Board every year and achievement of the objectives set in the plan is monitored closely by the Board.
	Ensure that the CEO and the management team possess the necessary skills, experience and knowledge for effective implementation of the strategy	Compliant	The Board actively works to ensure that the CEO and the management team continue to have the right balance of skills, experience and knowledge necessary to discharge their responsibilities in accordance with the highest standards of governance.

Section No.		Status	Company Commitment
	Adapt effective CEO and senior management succession strategy	Compliant	Succession plans are in place for the CEO and for other key managerial positions and are monitored continuously.
	Ensure that effective systems are in place to secure integrity of information, internal controls, business continuity and risk management	Compliant	Effective systems and procedures are in place to ensure the integrity of information, internal controls and information security. Such systems are continuously monitored by the management, external auditors and at times by independent experts.
	Ensure that the Company's activities are conducted in compliance with laws, regulations and ethical standards	Compliant	The Board has adopted a compliance policy to give direction to the management with regard to compliance activities.
	Ensure that all stakeholder interests are considered in corporate decisions	Compliant	The Board ensures that the interest of all stakeholders is considered and safeguarded in making corporate decision.
	Recognised sustainable business development in corporate strategy, decisions and activities	Compliant	The Board recognizes the necessity of sustainable business development in the corporate strategy, decisions and activities. Please refer sustainability report on pages 34 to 37.
	Ensure that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations	Compliant	The Company's accounting policies are fully in line with Sri Lanka Accounting Standards (SLFRS/ LKAS). Further the accounting policies are reviewed annually to be in line with the changing business requirements and best practices in the industry. Please refer independent auditor's report given on pages 99 to 103.

Corporate Governance Report

Section No.		Status	Company Commitment
	Fulfill other Board functions that are vital, given the scale, nature and complexity of the business concerned	Compliant	The Board takes all its decisions paying due attention to the interest of all stakeholders. The Board also intervenes when necessary, in any other function that is vital given the scale, nature and the complexity of the Company's business
A.1.3 Compliance with Laws and Access to Independent Professional Advice	Act in accordance with the laws of the country and seek professional advice whenever required	Compliant	The Board act in accordance with the laws in the Country. The Board has permitted all Directors to seek independent professional advice.
A.1.4 Access to Advice and the Services of a Company Secretary	Advice and Services of the Company Secretary	Compliant	P W Corporate Secretarial (Pvt). Ltd act as the Company Secretaries, and are accessible by any Director for the services of the Company. The Company Secretaries advices the Board and ensures that matters concerning the Companies Act, Board procedures and other applicable rules and regulations are followed. They also serve as the secretary to the Audit Committee and the Remuneration Committee.
A.1.5 Independent Judgment of Directors	Bring Independent judgment on various business issues and standards of business conduct	Compliant	All Directors exercise independent judgment on decisions made by the Board on issues of strategy, performance, resource allocation and the conduct of business.

Section No.		Status	Company Commitment
A 1.6 Dedication of adequate time and effort to matters of the Board and the Company	Every Director should dedicate adequate time and effort to matters of the Board and the Company, to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged	Compliant	To ensure that the duties and responsibilities to the Company are satisfactorily discharged, the Directors attend quarterly Board meetings and discuss the matters. As far as possible the Company endeavors to circulate the Board papers amongst its members prior to each Board meeting in order to enable the Directors to analyse and call for additional information and clarification. The number of meetings attended by each Director is given on page 47.
A 1.7 Training and continuous Development of Directors	Every Director should receive appropriate training when first appointed to the Board and subsequently as necessary	Compliant	All Directors in the Company are highly qualified and well experienced personalities. The Directors are also kept abreast of applicable legislation and regulations, changes to Rules, latest trends, standards and codes as well as relevant regulatory changes and development.
A.2 Chairman and Chief Executive Officer	Chairman and CEO are two different positions and need to be divided responsibilities	Compliant	The functions of the Chairman and CEO are clearly separated to ensure balance of power and authority
A.2.1	Disclosure required if the positions of the Chairman and the CEO are combined	Compliant	The positions of the Chairman and CEO are separated
A.3 Chairman's Role	The Chairman's role in preserving good Corporate Governance	Compliant	The Chairman is responsible for leading the Board and ensuring that it operates under the highest standards of governance.

Corporate Governance Report

Section No.		Status	Company Commitment
A.4 Financial Acumen	Availability of sufficient financial acumen and knowledge to offer guidance on matters of finance	Compliant	The following members of the Board, are knowledgeable and experienced individuals who can provide guidance on matters of finance. All Directors possess qualifications and/or experience in accounting and finance. Mr. M. D. S. Goonatilleke is a qualified Accountant. Please refer profiles of Directors on pages 16 to 21.
A.5 Board Balance	The Board should have a balance of Executive and Non-Executive Directors	Compliant	During the year, the Board comprised seven Directors and five of them are Non-Executive, thereby promoting critical review and control. Please refer Pages 16 to 21 of the Profile of Directors.
A.5.1	Presence of Non-Executive Directors	Compliant	Five of the seven Board members are Non-Executive, which is in excess of one third of the total number of Directors.
A.5.2	Independent Directors	Compliant	Two Non-Executive Directors are independent, which is in excess of one third of the Non-Executive Directors.

Section No.		Status	Company Commitment
A.5.3	Criteria to evaluate "Independence" of Non-Executive Directors	Compliant	Two independent Non-Executive Directors meet the criteria for independence as per the code of best practices, corporate governance (code) and listing rules and free of business or other relationships that could moderately influence the exercise of their unfettered and independent judgment
A.5.4	Annual Declaration of Non-Executive Directors	Compliant	All Non-Executive Directors have submitted the declaration of independence or Non-Independence as per the code.
A.5.5	Annual determination of 'Independence' of Non-Executive Directors by the Board	Compliant	The Note on page 88 of this Annual Report has determined the Independence or Non-Independence of each Director.
A.5.6	Appointment of an Alternate Director by a Non-Executive/ Independent Directors	Compliant	Two Non-Executive Directors have appointed alternate Directors, such alternate Directors are not executives or employees of the Company.
A.5.7	Appointment of Senior Independent Director	Not Applicable	Since the role of the Chairman and the CEO of the Company are separated, this requirement does not arise.
A.5.8	Availability of the Senior Independent Director for confidential discussions with other Directors	Not Applicable	Since the role of the Chairman and the CEO of the Company are separated, this requirement does not arise.

Corporate Governance Report

Section No.		Status	Company Commitment
A 5.9	Responsibility of Chairman to hold meetings only with Non-Executive Directors	Compliant	The Chief Executive Officer functions as the apex executive in charge of the day to day management of the Company. The Chairman holds meetings with Non-Executive Directors whenever necessary.
A.5.10	Recording of concerns which cannot be unanimously resolved in Board minutes	Compliant	All decisions of the Board were taken unanimously and there are no concerns raised by the Directors during the year which needed to be recorded in the Board minutes. However if such concerns do arise the Company's policy is to record them accordingly.
A.6 Supply of Information	The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties	Compliant	Financial and non-financial information are analyzed and presented to the Board to make accurate decisions.
A.6.1	Management's responsibility to provide the Board with appropriate and timely information	Compliant	The Management ensures that a set of timely accurate relevant and comprehensive information is provided to the Directors before the Board Meeting every quarter, with adequate time for them to review same and prepare for discussions. All significant financial and non-financial information for the period are included in this analysis.

Section No.		Status	Company Commitment
A.6.2	Preparation of minutes, agenda and Board papers prior to the Board meetings	Compliant	The Company Secretaries ensure that the agenda and Board papers to be tabled at Board meetings are prepared and circulated prior to the Board meeting together with the minutes of the previous meeting.
A.7 Appointments to the Board	There should be a formal and transparent procedure for the appointment of new Directors to the Board	Compliant	All new appointments of the Board are made following a formal and transparent procedure. No new appointments were made during the year.
A.7.3	Disclosure of details of new Directors to shareholders	Not Applicable	All appointments of new Directors are informed to the shareholders with sufficient details via immediate notification to the CSE. No new appointments were made during the year.
A.8 Re-election	All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years	Compliant	Please refer pages 84 to 89 of the Annual Report for details of re-election of Directors.
A.8.1	Appointment and re-election of Non-Executive Directors	Compliant	Please refer pages 84 to 89 of the Annual Report.
A.8.2	Election of Directors by the shareholders	Compliant	Please refer pages 84 to 89 of the Annual Report.
A. 9 Appraisal of Board Performance	Board should periodically appraise their own performance	Not Compliant	Working towards compliance
A.10 Disclosure of Information of Directors	Shareholders should be kept advised of relevant details in respect of Directors	Compliant	

Corporate Governance Report

Section No.		Status	Company Commitment
A.10.1	Disclosures on Directors in the Annual Report	Compliant	Required information with respect to Directors are disclosed in this Annual Report, where relevant. Names, qualifications and profiles, including expertise in relevant functional areas of all Board Members are provided on pages 16 to 21. Details of Directors interest in contracts are given on pages 155 to 156. Details of related party transactions are provided on pages 155 to 156. Details on Directors attendance and other sub committees are provided on pages 47 to 48.
A.11 Appraisal of CEO	The Board should be required, at least annually, to assess the performance of the CEO	Compliant	Annually the Remuneration Committee and the Board assess the CEO's performance.
A.11.1	Setting annual target for CEO	Compliant	Based on long term strategy annual objectives are fixed by the Board.
A.11.2	Evaluation of the performance of the CEO	Compliant	Evaluations of achievement of set targets are reviewed annually by the Board.
B. Directors' Remuneration	Companies should establish a formal and transparent procedure for developing policies on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration	Compliant	

Section No.		Status	Company Commitment
B.1.1	Presence of a Remuneration Committee	Compliant	A Remuneration Committee has been appointed and functions within agreed terms of reference. Please refer page 80 to 81 for the Remuneration Committee Report.
B.1.2	Composition of Remuneration Committee	Compliant	Please refer page 80 to 81 for details of the composition of Remuneration Committee.
B.1.3	Disclosure of the members of the Remuneration Committee in the Annual Report	Compliant	Member's responsibilities and other information in respect of the remuneration committee are disclosed on page 80 to 81.
B.1.4	Determination of remuneration of Non-Executive Directors	Compliant	Non-Executive Directors are paid a nominal fee for their attendance at the Board and subcommittee meetings.
B.1.5	Ability to consult the Chairman and/ or CEO and to seek professional advice by the committee	Compliant	The committee consults the Chairman and the CEO, where necessary, has access to the professional advice from within and outside the Company.
B.2 Level and Makeup of Remuneration	The Levels of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully		
B.2.1	Remuneration packages of Executive Directors	Compliant	
B.2.2	Comparison of remuneration with other Companies	Compliant	The Remuneration Committee and the Board ensure that the CEO who is an Executive Director on the Board, is provided with an appropriate remuneration package.

Corporate Governance Report

Section No.		Status	Company Commitment
B.2.6	Designing performance based remuneration of Executive Directors	Compliant	Objectives for the CEO who is a Executive Director on the Board, are set at the beginning of the year to align his interests with those of the Company. Accordingly, his remuneration including the performance bonus is decided based upon the degree of achievement of such pre-set targets.
B.2.7 & B.2.8	Compensation commitments on early termination	Compliant	Termination of the Executive Director (CEO) is governed by his contract of service/employment
B.2.9	Remuneration of Non-Executive Directors	Compliant	Non-Executive Directors are paid only on their attendance at meetings.
B.3 Disclosure of Remuneration	The Company's Annual Report should contain a statement of Remuneration policy and details of Remuneration of the Board as a whole	Compliant	
B.3.1	Disclosure of Remuneration	Compliant	The aggregate remuneration paid to the CEO and Non-Executive Directors is disclosed on page 156 of this report. The Remuneration Committee's Report which highlights the remuneration policy of the Company is given on page 80 to 81.
C. Relations with Shareholders			
C.1	Constructive use of the Annual General Meeting (AGM) and Conduct of General Meeting	Compliant	Please refer page 173 for details of the Annual General Meeting.

Section No.		Status	Company Commitment
C.1.1	Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting	Compliant	The Annual Report together with notice of meeting and related documents and other resolutions if any is circulated to the shareholders at least 15 working days prior to the date of the AGM.
C.1.2	Separate Resolution to be proposed for each item	Compliant	The Company proposes separate resolutions on each item. So, shareholders are given the opportunity to vote separately on each item.
C.1.3	Use of Proxy Votes	Compliant	The Company has a mechanism to count all proxy votes to indicate to the Chairman the level of proxies lodged on each resolution and the number of votes for and against such resolution.
C.1.4	Availability of Chairmen of Board Committees at the AGM	Compliant	The Chairman of the Board ensures that the Chairmen of Board Sub-committees are present at the AGM to answer any query by shareholders.
C.1.5	Summary of procedures Governing voting at the General Meeting	Compliant	The proxy form, which includes a summary of the procedures governing voting at the General Meetings, is circulated to all shareholders.

Corporate Governance Report

Section No.		Status	Company Commitment
C.2	The Board should implement effective communication with shareholders	Compliant	The AGM and the Annual Report are the primary means of communication with shareholders. Additionally, the Company makes disclosures on material and price sensitive matters from time to time to the CSE for dissemination among the public.
C.2.1 C 2.2 C 2.3	Communication channel to reach shareholders Company's Communication policy and methodology	Compliant	All financial information are released to the shareholders through the Annual Report, Annual General Meeting, financial and other notices when required through the Colombo Stock Exchange and the Corporate website.
C 2.4	The Company should disclose the contact person for such communications	Compliant	The Company Secretaries will be the main contact person with regard to any public disclosures. Further the Finance Manager can also be contacted with regard to any clarifications on financial information published.
C 2.5	Process to make Directors aware of major issues and concerns of shareholders	Compliant	The Company Secretaries maintain a record of all correspondence received from shareholders and direct same to the appropriate channel. If there are any major issues/or concerns raised by shareholders they are referred to the Board
C 2.6		Compliant	The Company Secretaries to be contacted for shareholder matters. The Company Secretaries details are given on the inner back cover.

Section No.		Status	Company Commitment
C 2.7		Compliant	Upon receipt of instructions from the Board or other relevant channel, the Company Secretaries responds as directed.
C.3 Major and Material Transaction		Not Applicable	None during the year
D. Accountability and Audit			
D.1 Financial Reporting	The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects		
D.1.1	Board responsibility for statutory and regulatory reporting	Compliant	The Company presents its Financial Statements in line with the Sri Lanka Financial Reporting Standards (SLFRS) and other applicable laws and regulations.
D.1.2	Declarations by Directors in the Directors' report	Compliant	The Directors have made all required declarations in the Annual Report of the Board of Directors on the affairs of the Company which is given on pages 84 to 89.
D.1.3	Statements by Directors and Auditors on responsibility for financial reporting	Compliant	Page 90 Contains the statement setting out the responsibility of the Board for the preparation and presentation of Financial Statements.
D.1.4	Management Discussion Analysis	Compliant	The Management discussion and analysis are appears on pages 29 to 33.

Corporate Governance Report

Section No.		Status	Company Commitment
D.1.5	Declaration by the Board on going concern of the business	Compliant	The Board after conducting necessary reviews and enquires decided to apply the 'going concern' assumption in preparing the Company's Financial Statements for the year 2019. The declaration of the Company as a 'going concern' is given on page 115.
D.1.6	Requirement to summon an Extraordinary General Meeting (EGM) to notify serious loss of capital	Not Applicable	
D 1.7	Adequate and accurate disclosure of related party transactions	Compliant	The Company has a related party transactions policy in place. This policy provides detailed procedures on identification of related parties and related party transactions. Details of the committee are presented in the Related Party transactions Review Committee report on page 82 and 83 Related party transactions are disclosed on Page 155 to 156.
D.2 Risk Management and Internal Control	Risk Internal Controls	Compliant	The Board maintains a sound system of risk Management and internal controls to safeguard shareholders' investments and the Company assets.
D.2.1	Directors to conduct an annual review of Risk Management and internal controls	Compliant	The Board has overall responsibility for the system of risk management and internal controls and has delegated some of these responsibilities to the Audit Committee

Section No.		Status	Company Commitment
D 2.2	Robust assessment of the principal risks facing the Company	Compliant	Please refer risk management report on page 92 to 95.
D.2.3	The need for an internal audit function	Not Applicable	
D.2.4	Audit Committee to ensure carrying out the reviews of the process and effectiveness of risk management and Internal Control	Compliant	Audit Committee reviews the effectiveness of Risk management and internal control with the Management on a quarterly basis
D.3	Audit Committee	Compliant	The Board has established formal and transparent arrangement for considering how they should select and apply accounting policies, financial reporting risk management and internal control principles and maintain an appropriate relationship with the Company auditors
D 3.1	The Board should establish an Audit Committee	Compliant	Please refer Audit Committee Report on Pages 77 to 79.

Corporate Governance Report

Section No.		Status	Company Commitment
D.3.2	Duties of the Audit Committee. Terms of reference of the Audit Committee	Compliant	The Audit Committee monitors and reviews the External Auditors independence, objectivity and the effectiveness of the audit process, taking into account the relevant professional and regulatory requirements. The Audit Committee operates with clearly defined terms of reference which are reviewed annually.
D.3.3	Disclosure of names of the members of the Audit Committee. The number of meetings held and attendance of each Director. The scope of work and how its roles and responsibilities were discharged	Compliant	Names of Directors comprising the Audit Committee are set out on page 77 of the Annual Report.
D.4 Related Party Transactions Review Committee	The Board should establish a procedure to ensure that the Company does not engage in transactions with 'related parties " in a manner that would grant such parties "more favorable treatment" than that accorded to third parties in the normal course of business	Compliant	The Board has appointed a Committee to review Related Party Transactions and the committee has laid down procedures and policies to identify related party and track the transactions. The Committee met every quarter to review the Related Party Transactions Page 82 to 83 includes the Related Party Transaction Review Committee Report

Section No.		Status	Company Commitment
D.5	Code of Business Conduct & Ethics	Compliant	Companies must adopt a Code of Business Conduct and Ethics for Directors and Members of the Senior Management team and must promptly disclose any waivers of the code by Directors or others.
D.6	Corporate Governance Disclosure	Compliant	Directors should be required to disclose the extent to which the Company addresses to establish principles and practices of good corporate governance.
D.6.1	Disclosure of compliance with the Corporate Governance Code	Compliant	Page 46 to 76 set out the manner and extent to which the Company has complied with the principles and provisions of the Code of Best Practice on Corporate Governance issued jointly by the SEC and the CA Sri Lanka.

Corporate Governance Report

Section No.		Status	Company Commitment
2. Shareholders			
E. Institutional Investors			
E.1 Shareholder Voting	Should ensure institutional shareholders' voting intentions are translated into practice		
E1.1	A listed Company should conduct a regular and structured dialogue with shareholders		
E.2 Evaluation on Governance Disclosures	Institutional investors should be encouraged to give due weight to the relevant governance arrangements.		
F. Other Investors			
F.1 Investing/ Divesting Decisions Individual Shareholders are encouraged to seek independent advice on investing or divesting decisions			
F.2 Shareholder Voting	All Shareholders are encouraged to participate at the Annual General Meeting and cast their votes		
G. Interest of Things and Cybersecurity	The Board reviews the IT environment through its Audit Committee.		
H. Environment, Society and Governance (ESG)			
H.1.1 - H.1.5	Disclose the policies and procedures adopted to develop Environment, Society And Governance (ESG)	Compliant	Refer Sustainability Report on pages 34 to 37.

Report of the Board Audit Committee

The power and responsibility of the Audit Committee are governed by the Audit Committee Charter. The Audit Committee acts as a sub-committee to the Main Board in relation to assist in over-viewing the financial related functions. The terms of reference comply with the requirements of the Corporate Governance Rules as per section 7.10 of the Listing Rules of Colombo Stock Exchange (CSE). The Audit Committee's functions and scope are in compliance with the requirements of the Code of Best Practice on Audit Committee and conducted its affairs in compliance with the requirements of the Code of Best Practice on Audit Committee.

Composition of the Audit Committee

The Audit Committee of Colombo Land and Development Company PLC consist of three Non-Executive Directors of which two are Independent. As at 31st December 2019, the Audit Committee comprised of the following Directors:

Name of the member	Position
Mr.M.D.S.Goonatilleke	Independent Non-Executive Director (Chairman of the Committee)
Prof.C.K.M.Deheragoda	Independent Non-Executive Director (Member)
Mr.Ng Yao Xing,Eugene	Non-Executive Director (Member)

Independent, Non-Executive Director, continued as Chairman of the Audit Committee during the financial year under review. 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 (UK) 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.

The other members of the Committee are Independent Non-Executive Director Prof. C.K.M. Deheragoda, 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. He has also served as Chairman of Urban Development Authority of Sri Lanka from 2000-2002.

Mr. Ng Yao Xing, Non-Executive Director, 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-ups in Singapore.

The External Auditors M/s Ernst & Young attended the Audit Committee meetings by invitation.

Report of the Board Audit Committee

Meeting & Attendance

During the year, Audit Committee met two times and the attendance of the members are as follows:

Attendance of the Directors – Audit Committee

Name of the member	Eligibility to attend	Attended
Mr.M.D.S.Goonatilleke	2	2
Prof.C.K.M.Deheragoda	2	2
Mr.Ng Yao Xing,Eugene	2	2

The engagement Partner or a Representative from M/s Ernst & Young - External Auditors attended both meetings.

The Company Secretaries M/s P W Corporate Secretarial (Pvt.) Ltd function as Secretaries to the Committee, Chief Executive Officer, Finance Manager, and other Senior Management members participate in meetings by invitation to provide financial information and details required for deliberations. The minutes of the meetings are made available to the Board of Directors for information and necessary action

Financial Reporting

The Board has delegated its responsibility of financial reporting to the Audit Committee. The Committee reviewed and approved the interim Financial Statements of the Company before it is sent for Board approval and then submitted to the Colombo Stock Exchange for publication. Further, the Audit Committee reviewed and approved the annual Financial Statements.

The Committee reviewed and discussed Financial Reporting systems adopted by the Company in the preparation of Quarterly and Annual Financial Statements. The main focus is to ensure that the Financial Statements presented are reliable, consistent with the accounting policies adopted, free from material misstatements and compliant with the Sri Lanka Accounting Standards (SLFRS / LKAS) and the provisions of the Companies Act No.7 of 2007

Role of the Audit Committee

One of the main functions of the Audit Committee is to review and approve the Quarterly Financial Statements and recommend to the Board of Directors to approve same before submission to Colombo Stock Exchange for publication. Furthermore, the Committee reviews the year-end Financial Statements. The Committee pursues the Management Letter issued by the External Auditors and takes measures to implement their recommendations.

Internal Controls, Risk Management and Going Concern

The Audit Committee is responsible for reviewing the effectiveness of the internal controls as well as risk management procedure adopted by the Company. The Committee also assesses the Company's ability to continue as a going concern in the foreseeable future.

Regulatory Compliance

Procedures were in place to ensure compliance with statutory regulations. The Committee reviewed the quarterly compliance to ensure that the Company has complied with all statutory requirements. Furthermore, the Committee monitors and evaluates letters received from regulatory institutions to ensure compliance.

External Audit

The Company appointed Ms. Ernst & Young as the External Auditor and the Committee reviews the Independence, Performance and the Objective of External Auditors. Regular communications were carried out with the engagement partner of Ms. Ernst & Young Chartered Accountants during the Audit Committee meetings. Further, the Committee communicates with the engagement partner regarding the matters that were referred to in the management letter, valuations and impairment of investment properties.

The Audit Committee has recommended the re-appointment of Messrs Ernst & Young Chartered Accountants as Auditors of the Company for the financial year ending on 31 December 2019, for approval of the shareholders at the Annual General Meeting.

Sgd.
Mr.M.D.S.Goonatilleke
Chairman - Audit Committee

14th September 2020

Report of the Board Remuneration Committee

Terms of Reference:

The terms of reference of the Remuneration Committee is based on the Remuneration Policy approved by the Board of Directors with amendments incorporating suggestions approved by the Board of Directors. The Committee, while discharging its responsibility ensures that the total remuneration package is competitive and on par with the remuneration of employees working in similar business organisations.

Role and Responsibilities of the Committee

The Remuneration Committee deliberates and recommends to the Board of Directors the remuneration package, annual increments, bonuses and other perks paid to the Chief Executive Officer, senior and junior level staff based on performance evaluation.
The Committee is also responsible for the determination of the compensation of the Executive Directors and fees paid to the Non-Executive Directors for participation at Board meetings.

Composition:

The following members were appointed by the Board to the Remuneration Committee.

Name of the member	Position
Prof.C.K.M.Deheragoda	Independent Non-Executive Director (Chairman of the Committee)
Mr.M.D.S.Goonatilleke	Independent Non-Executive Director (Member)
Mr.Ng Yao Xing,Eugene	Non-Executive Director (Member)

The Chief Executive Officer provides staff evaluation based on operational targets, which is deliberated by the Committee before finalising the grades. Finance Manager assists the Committee by providing necessary details for discussions. Both Chief Executive Officer & Finance Manager attend Committee meetings by invitation.

Attendance:

The attendance of the Directors at the Remuneration Committee meetings during the year is tabulated below:

Attendance of the Directors – Remuneration Committee

Name of the member	Eligibility to attend	Attended
Prof.C.K.M.Deheragoda	2	2
Mr.M.D.S.Goonatilleke	2	2
Mr.Ng Yao Xing,Eugene	2	2

Remuneration Policy

The Company's remuneration policy aims to attract and retain a qualified and experienced team of high caliber managers and professionals and to reward their performance.

Remuneration policy of the Company with regard to increment and bonus schemes is based on the performance of each employee. The Remuneration Committee approves and recommends to the Board, the finalised proposals for the granting of increments to key senior level staff.

All Non-Executive Directors receive a fee for serving on the Board and on sub-committees. They do not receive any performance related incentive payments.

The Remuneration Committee takes into account the performance of the Company and long term shareholder returns in all their deliberations.

The Committee is satisfied with the salary review process in place. The annual evaluation of the Committee was performed in accordance with the Corporate Governance guidelines to ensure effectiveness and was deemed satisfactory.

The aggregate remuneration paid to Executive and Non- Executive Directors is given on page 156.

Sgd.
Prof. C.K.M. Deheragoda
Chairman - Remuneration Committee

14th September 2020

Report of the Board Related Party Transactions Review Committee

The Related Party Transactions Review Committee acts as a sub-committee to the main Board. The role of the Committee is to provide an independent review and oversight of all related party transactions, which includes transfer of resources and services. Obligations between the Parent Company and subsidiaries are dealt with in a transparent manner under usual commercial terms and in compliance with the provisions contained in the Listing Rules of Colombo Stock Exchange. The objective of the Committee is to ensure that the interests of shareholders as a whole are taken into account when entering into related party transactions and that the Company is compliant with the requirements of the Listing Rules.

Matters relating to related party activities are deliberated by the Committee, considering all factors including transfer pricing, terms and conditions etc. The minutes of the meetings are submitted to the Board of Directors of the Company and consensus is reached.

Composition:

The present Committee comprises two (2) Independent Non-Executive Directors.

The following members were appointed by the Board to the Related Party Transactions Review Committee:

Name of the member	Position
Mr.M.D.S.Goonatilleke	Independent Non-Executive Director (Chairman of the Committee)
Prof.C.K.M.Deheragoda	Independent Non-Executive Director (Member)
Mr. W.M.C.S. Welegama (Resigned w.e.f. 01/12/2019)	Non-Executive Director (Member)

M/s P W Corporate Secretarial (Pvt.) Ltd., functions as Secretaries.

The following officers - Mr. P V S Premawardhana – CEO and the Finance Manager attended meetings by invitation

Attendance:

The attendance of the Directors at the Remuneration Committee meetings during the year is tabulated below:

Attendance of the Directors – Related Party Transaction Review Committee

Name of the member	Eligibility to attend	Attended
Mr.M.D.S.Goonatilleke	4	4
Prof.C.K.M.Deheragoda	4	4
Mr. W.M.C.S. Welegama	3	1

Terms of Reference

The terms of reference of the Related Party Transactions Review Committee deals with its authority and duties and covers aspects relating to matters prescribed in the Listing Rules of the Colombo Stock Exchange.

Terms of reference of the Committee include the following:

- Review in advance all proposed Related Party Transactions of the Company except those explicitly exempted by the Listing Rules.
- Determine whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company.
- Update the Board of Directors on the Related Party Transactions of the Company on a quarterly basis.
- Review all Related Party Transactions in line with the regulatory requirements.
- Adopt policies and procedures to review Related Party Transactions of the Company and oversee existing policies and procedures.
- Make immediate market disclosure on any applicable Related Party Transactions as required under Section 9 of the Listing Requirements of the Colombo Stock Exchange.
- Make appropriate disclosures in the Annual Report on Related Party Transactions as per the regulatory guidelines in a timely and detailed manner

Declaration

The declaration by the Board of Directors confirming that the Company has complied with the requirements of the Listing Rules of the CSE on related party transactions for the financial year 2019 is given on page 84 to 87 in the Annual Report of the Directors'.

Sgd.
Mr. M.D.S.Goonathilake
Chairman – Related Party Transactions Review Committee

14th September 2020

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 2019.

General

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

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

The principal 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 104 to 105.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company and its subsidiaries is given on pages 99 to 103.

Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 112 to 131 Except as stated in Note 2.13 to the Financial Statements there were no significant changes to the accounting policies used by the Company during the year under review vis-à-vis those used in the previous year.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company and Group to reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 90.

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 16 to 21.

Executive Directors

Mr. D. S. Jayaweera

Mr. P. V. S. Premawardhana

Non-Executive Directors

Mr. NG Yao Xing Eugene*

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

Messrs W. M. C. S. Welegama and W. D. A. S. Perera who served as Directors of the Company resigned with effect from 1st December 2019 and 2nd December 2019, respectively.

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

The Directors have recommended the re-appointment of Prof. C K M Deheragoda who is 70 years of age, as a Director of the Company; and accordingly a resolution will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the said re-appointment.

Messrs L. A. P. H. De Silva and D. L. De Zoysa Abevsiriwardana who were appointed to the Board on 17th February 2020 shall retire in terms of Article 94 of the Articles of Association of the Company and being eligible are recommended by the Directors for re-election.

The names of Directors of subsidiary companies as at the end of the accounting period 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 156.

Directors' Interests in Contracts

Except for the transactions referred to in Note 24 to the Financial Statements, the Company did not carry out any transactions with any of the Directors. The Company carried out transactions during the year in the ordinary course of its business at commercial rates with the related entities of Directors referred to herein. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

Interests Register

The Directors' Interest register is maintained by the Company and relevant disclosures are made in this report.

Corporate Donations

During the year, neither the Company nor its subsidiaries have made any donations.

Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provided non audit/ consultancy services. They do not have any interest in the Company other than that of Auditor and provider of other non-audit/ consultancy services.

A total amount of Rs. 902,000 is payable by the Company to the Auditors for the year under review.

Annual Report of the Board of Directors on the Affairs of the Company

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 14th September 2020 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Details of payments to Auditors of Subsidiary companies on account of audit fees and for permitted non audit services are set out in Note 21 to the Financial Statements on page 153.

Stated Capital

The Stated Capital of the Company as at 31st December 2019 was Rs. 341,602,342/- represented by 199,881,008 Ordinary Shares. There were no changes in the Stated Capital of the Company during the year.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st December 2019 and 31st December 2018 are as follows:

Financial capital	As at 31.12.2019	As at 31.12.2018
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	Nil
	Nil	Nil

**Alternate Director - Mr. S A Ameresekere*

*** Alternate Director - Mr. N H C Clement*

Mr. D. S. Jayaweera and Mr. P. V. S. Premawardana serve as Directors of Hikkaduwa Beach Resort PLC, which holds 40,413,200 shares constituting 20.219% of the shares representing the stated capital of the Company.

Shareholders

There were 2,863 shareholders registered as at 31st December 2019. (2,855 shareholders as at 31st December 2018).

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, and public holding as per the Listing Rules of the Colombo Stock Exchange are given on pages 170 to 171 under Investor Information.

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 2019, 27 persons were in employment (27 persons as at 31st December 2018)

Reserves

A summary of the Group's Reserves is given in Note 12 to the Financial Statements on page 144.

Property, Plant and Equipment

Details and movements of property, plant and equipment are given under Notes 3 to the Financial Statements on page 132.

Land Holdings

The Company's land holdings are referred to in Note 4.2 to the Financial Statements comprise the following :

Property	Extent	Value
Liberty Plaza	184,908 Sq. Ft	Rs. 5,731.3 Mn
Liberty Arcade	0A - 0R - 36.88P	LKR. 992 Mn
GAS Land	3A - 0R - 3.00 P	Rs. 6,458.8 Mn
Peoples Park	52,262 Sq. Ft	Rs. 133.4 Mn

Investments

Details of the Company's and Group's investments as at 31st December 2019 are given in Notes 5 to the Financial Statements on page 141.

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.

Annual Report of the Board of Directors on the Affairs of the Company

Contingent Liabilities

Except as disclosed in Note 29 to the Financial Statements on page 163, there were no material Contingent Liabilities as at the Reporting date.

Events occurring after the Reporting date

Except for the matters disclosed in Note 27 to the Financial Statements on page 161 there are no material events as at the date of the Auditors' Report which requires adjustments to , or disclosure in the Financial Statements.

Corporate Governance

The Company has established systems and procedures for sound Corporate Governance.

The Board of Directors confirm that the Company is compliant with Section 7.10 of the Listing Rules of the Colombo Stock Exchange.

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

Audit Committee

Mr. M.D. S. Goonatilleke - Chairman

Prof. C. K. M. Deheragoda

Mr. Ng Yao Xing

Remuneration Committee

Prof. C. K. M. Deheragoda - Chairman

Mr. M. D. S. Goonatilleke

Mr. Ng Yao Xing

Related Party Transactions Review Committee

Prof. C. K. M. Deheragoda - Chairman

Mr. M. D. S. Goonatilleke

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st December 2019.

The Reports of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee appear on pages 77 to 85.

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

Mr. M. D. S. Goonatilleke qualifies against the criteria for independence as per Rule 7.10.4 of the Listing Rules and the Board, based on declarations submitted by the said Director has determined that he is an Independent Director.

The period of service of Prof. C K M Deheragoda exceeds nine years.

However, the Board is of the view that the period of service of Prof. C K M Deheragoda does not compromise his independence and objectivity in discharging his functions as a Director and therefore based on the declaration submitted by the said Director, has determined that Prof. C K M Deheragoda shall nevertheless be "independent" as per the Listing Rules.

Taxation

The tax position of the Company is given in Note 22 to the Financial Statements on page 133 to 134.

Environment, Health and Safety

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

Annual General Meeting

The Thirty Eighth (38th) 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 23rd October 2020 at 10.30 a.m. and the Notice of Meeting appears on page 173.

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

14 September 2020

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

Directors of the subsidiary Companies

Liberty Holdings Limited

Prof. C K M Deheragoda

Mr. D S Jayaweera

Mr. P V S Premawardhana

Mr. J M B Pilimatalawwe

Liberty Developers (Pvt) Ltd

Prof. C K M Deheragoda

Mr. D S Jayaweera

Mr. P V S Premawardhana

Mr. J M B Pilimatalawwe

Agrispice (Private) Limited

Prof. C K M Deheragoda

Mr. D S Jayaweera

Mr. P V S Premawardhana

Mr. J M B Pilimatalawwe

Anantaya Global Solutions (Private) Limited

Prof. C K M Deheragoda

Mr. D S Jayaweera

Mr. P V S Premawardhana

Mr. J M B Pilimatalawwe

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 for 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

14 September 2020

Chairman & Accountant Responsibility Statement

The Financial Statements of Colombo Land and Development Company PLC for the year ended 31st December 2019 are prepared and presented in compliance with the following requirements:

- The Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka
- The requirements of the Companies Act No. 07 of 2007
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- The Listing Rules of the Colombo Stock Exchange
- The Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka.

The Board of Directors and Management of the Company accept responsibility for the following:

- Integrity and objectivity of these Financial Statements
- The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis
- The Financial Statements reflect in true and fair manner the substance of the transactions and reflect the Company's state of affairs.
- The Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding its assets and for preventing and detecting frauds as well as other irregularities
- However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The following procedures were also followed:

- The Audit Committee of the Company meets regularly to review the Financial Statements.
- Discuss auditing, internal control and financial reporting issues.
- To ensure complete independence, the External Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

Financial Statements:

- The Financial Statements of the Company were audited by M/s Ernst & Young, Chartered Accountants, and their report appears on pages 99 to 103 of this Annual Report.
- The Audit Committee preapproves the audit and non-audit services provided by M/s Ernst & Young External Auditors to ensure that the provision of such services does not impair M/s Ernst & Young's independence.

We confirm that,

- the Company has complied with all applicable laws, regulations and prudential requirements;
- there are no material noncompliances; and
- there are no material litigations that are pending against the Company other than those disclosed in the Note to the Financial Statements in this Annual Report.

Sgd.
Chairman

Sgd.
Accountant

14 September 2020

Risk Management Report

Risk Management

Risk Management refers to the process of identifying, assessing and managing potential risks in order to minimise the impact they may have on an organisation. The significance is measured in terms of the probability of occurrence. At Colombo Land, we follow a coordinated effort for application of resources to monitor and control the probability of avoidance or occurrence of unfortunate events with the view to reduce the impact and thus mitigating the damages. Risk management is an integral part of the Colombo Land business model to maximise shareholders' value.

Integrated Risks Management Policy

The Company's risk management policy dictates the risk management procedures that are in place as outlined below:

- The final responsibility to maintain a far-sighted and unified risk management process rests with the Board of Directors;
- Channels were introduced for the communication of risk policies to all relevant parties who follow reporting channels to alert situations of risk origination;
- Under the Integrated Risk Management Policy, the process is designed as risk-assuming functions, independent risk management and compliance functions, and also as external audit functions. All business operations of the Company are executed by ensuring compliance with all legal and regulatory requirements connected with risk management;
- Risk management function is considered as an independent function from the risk assuming functions;
- Setting and defining the risk tolerant statement, risk limits, risk management functions, risk management policies are under the risk governance of the Company;
- Quarterly Risk reports are discussed at Audit Committee Meetings and minutes of meetings submitted to the Board of Directors.

The risk management framework illustrates our approach to risk management, reflecting the risk management process, the structure in place to administer the process and sources of comfort with regard to its effectiveness.

Risk Environment

During the year review, the Company was operating in a challenging environment due to technological, social and market changes. The Company had to face a number of unexpected events, which occurred during 2019 as well as the outbreak of the Covid -19 pandemic globally and locally which has affected business operations during the year 2020.

Risk Rating & Mitigating strategies

Likelihood Key	C = Certain	L = Likely	P = Possible	U = Unlikely	R =Rare
Impact key	V = Very high	H = High	M = Medium	L = Low	

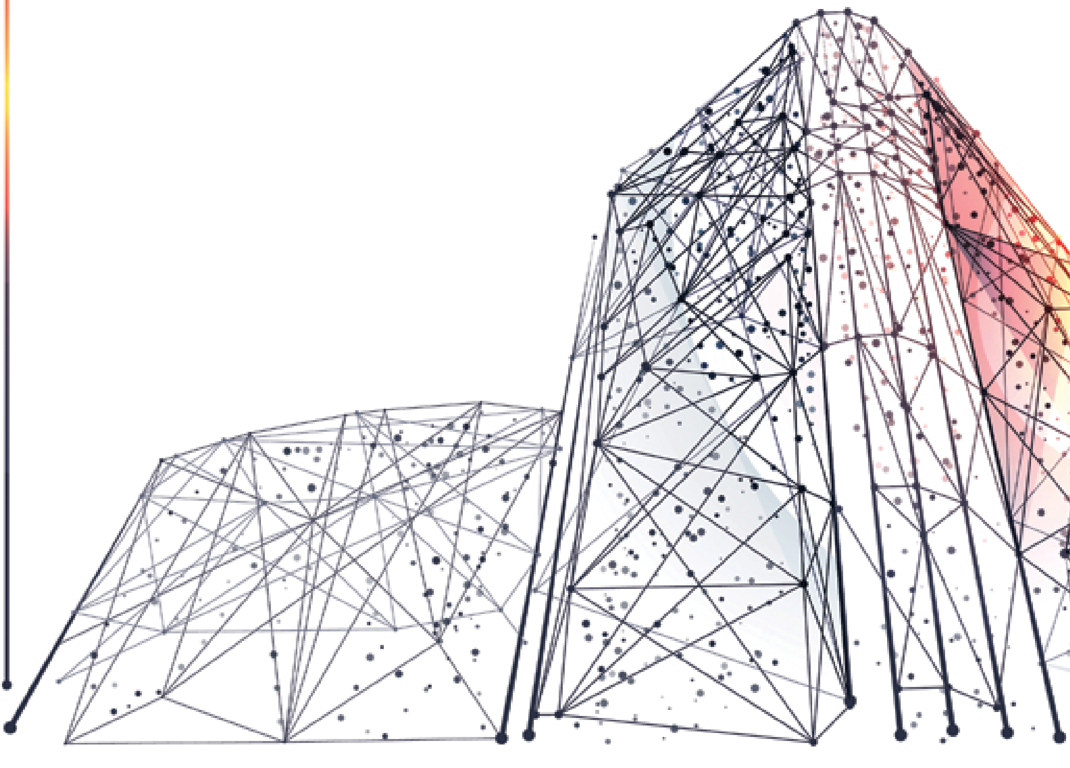
Risk	Risk Rating		Mitigation strategies
	Likelihood	Impact	
Strategic Risk			
Failure to meet strategic goals	U	M	• Function as per the business plan approved by the Board of Directors • Annual budget is approved by the Board of Directors prior to commencement of respective financial year • Variances are reviewed regularly
Natural Disasters and Fires			
Natural disasters and fires can damage to the property of the Company and thus have a overall negative impact to the Company	P	L	• Insurance policies are taken to minimize the risk of such disasters • Regular refill of fire extinguishers
Credit risk			
Credit risk arises mainly when the Company is unable to collect the rental dues from tenants on time	P	M	• A dedicated officer is in place to monitor the debtors regularly which will minimise the risk of default
Human Capital Risk			
Company will not be able to attract and retain the qualified, experienced key staff	U	L	• Incorporate better working environment • Continuous training and developments relating to staff

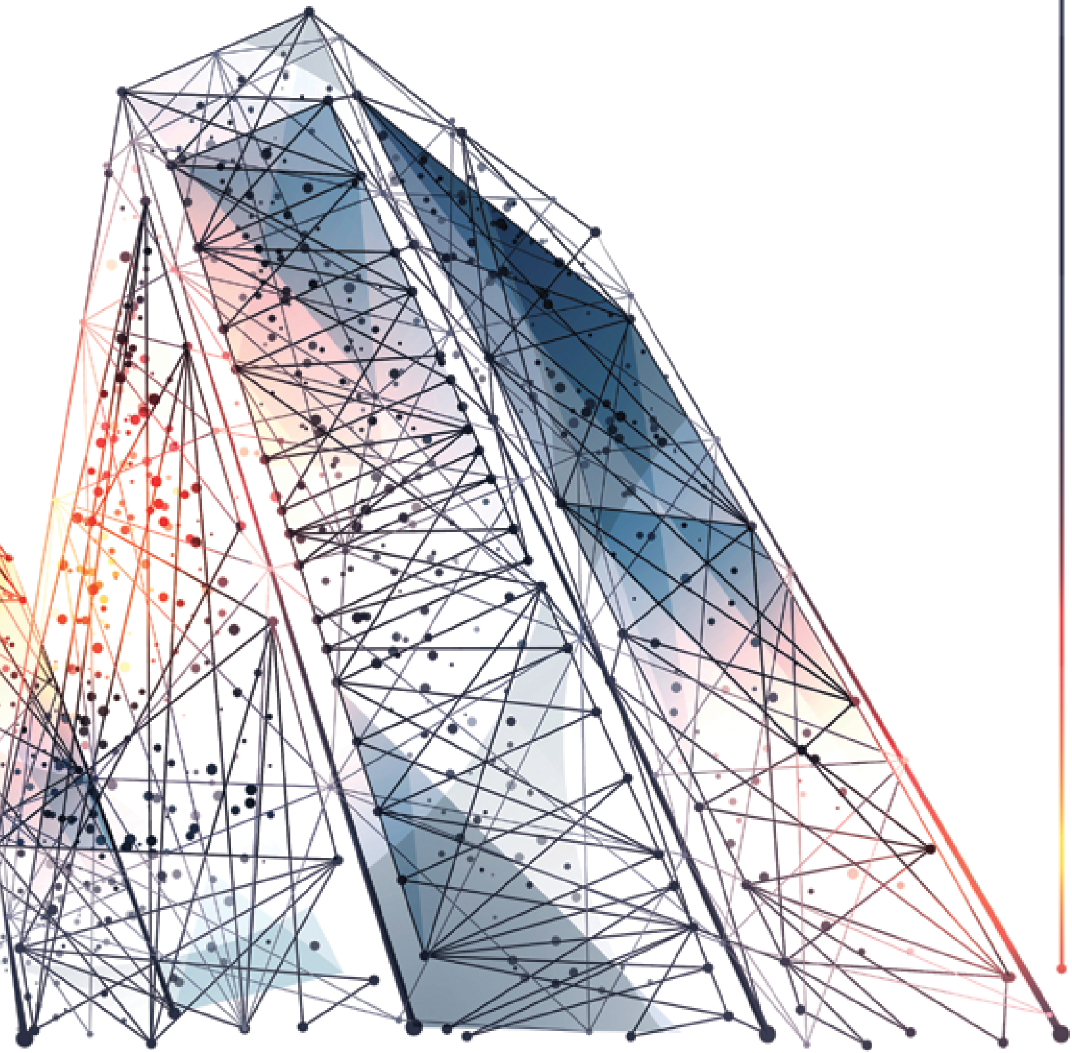
Risk Management Report

Risk	Risk Rating		Mitigation strategies
	Likelihood	Impact	
Loss of Key customers			
Loss of key customers may have a significant impact to the performance of the Company	L	H	• Established a better relationship with the tenants. • Strong marketing team to attract new customers
Risk on Competition			
Risk arising from new commercial and residential developments	L	H	• Monitor the existing and new supply of commercial and residential developments • Attract and retain customers by providing modern facilities
Risk of Fraud			
Risk due to inadequate internal controls, process and systems which will lead to misappropriation of Company's assets	R	L	• Implement different levels of authorisation and cross department recommendation process to eliminate fraud risk
Interest rates			
Risk of increasing the borrowing cost	R	L	• Monitoring and managing cash flows on daily basis • Negotiation of favorable rates and terms regarding the borrowings

Risk	Risk Rating		Mitigation strategies
	Likelihood	Impact	
Health & safety			
Risk from threats to personnel, staff, tenants and general public at Liberty Plaza and Liberty Arcade shopping complex	U	M	• The Company complies with all Industrial Safety Requirements. • The Company performs proper training programs and workplace safety practices. The Company has obtained all required insurance covers reference to industrial safety by considering the safety of its employees, tenants and general public. During the current year, there were no workplace accidents recorded. • Preventive maintenance programs, potable water quality testing and air quality testing etc. are regularly carried out.
Brand & Reputation risk			
Risk relating to the timely delivery and service standards	L	M	• Managing high quality service standards • Regular reviews of customer comments and feedback
Key Suppliers			
Loss of reputation due to delay in essential services managed by the group.	U	M	• Entered into comprehensive maintenance agreement for elevators, generators, chillers and other services, which are key.

Financial Statements





Financial Calendar

1st Quarter	08th May 2019
2nd Quarter	02nd August 2019
3rd Quarter	04th November 2019
4th Quarter	25th February 2020

ANNUAL REPORTS

2019 (Annual Report)	14th September 2020
2018 (Annual Report)	30th May 2019

MEETINGS

38th Annual General Meeting	23rd October 2020
37th Annual General Meeting	28th June 2019

Independent Auditors' Report

Building a better working world

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TO THE SHAREHOLDERS OF COLOMBO LAND AND DEVELOPMENT COMPANY PLC

Report on the audit of the financial statements

Opinion

We have audited the Financial Statements of Colombo Land and Development Company PLC ("the Company") and the consolidated Financial Statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2019, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material

Independent Auditors' Report

misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Investment Property As at 31 December 2019, Group's Investment Property carried at fair value amounts to Rs. 13,315,813,325, which represents 97% of the Group's total assets. Further, the fair value gain recognized in the statement of profit or loss amounts to Rs.591,454,431 representing 103% of profit before tax for the year. The fair value of such property was determined by an external valuer engaged by the Group. The valuation of investment property was significant to our audit due to its materiality and use of judgements and unobservable estimates (such as current market price per perch, yield rate) described in note 4.3.	Our audit procedures focused on the valuation performed by the external valuer, which included among others, the following procedures: • We evaluated the competence, capabilities and objectivity of the external valuer appointed by the management. We read the valuation report signed by the valuer to obtain an understanding of the work of the valuer and evaluated the appropriateness as audit evidence for the recorded valuation of investment property in the financial statement. • We engaged our internal specialized resources to assist us in evaluating the appropriateness of the valuation method used by the external valuer and assessing the reasonableness of the range of values per perch and, yield rate in comparison to market data and recent transaction prices of comparable properties. • We tested-checked the rental income input data used in the valuation by comparing them with a sample of lease agreements and corroborated the yield rate by comparing them with available industry data, taking into consideration comparability and market factors. In addition, we evaluated the adequacy of the related financial statement disclosures in note 2.3.11 and note 4.

Other Information included in the 2019 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Independent Auditors' Report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1420.

Sgd.
14th September 2020
Colombo

Statement of Financial Position

As at 31 December		Group		Company	
		2019	2018	2019	2018
	Note	LKR	LKR	LKR	LKR
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	3a	142,093,068	169,251,365	5,803,321	1,112,270
Biological Assets	3b	55,493,119	54,600,582	-	-
Investment Properties	4	13,315,813,325	12,631,490,000	8,597,700,000	8,020,426,000
Investments in Subsidiaries	5	-	-	816,589,183	816,589,183
		13,513,399,512	12,855,341,947	9,420,092,504	8,838,127,453
Current Assets					
Inventories	7	822,535	579,009	-	-
Trade and Other Receivables	6	197,148,251	132,006,366	1,735,466,198	1,631,242,745
Investment in Preference Shares	8	-	-	63,687,163	66,310,775
Financial Assets	9	23,520	10,800	23,520	10,800
Cash and Cash Equivalents	10	7,148,398	7,774,467	1,194,262	5,034,182
		205,142,704	140,370,642	1,800,371,143	1,702,598,502
Total Assets		13,718,542,216	12,995,712,589	11,220,463,647	10,540,725,955
EQUITY AND LIABILITIES					
Equity					
Stated Capital	11	341,602,342	341,602,342	341,602,342	341,602,342
Revaluation Reserve	12	66,042,128	84,612,602	-	-
Retained Earnings		7,593,528,460	7,263,240,920	6,597,988,235	6,235,274,350
Equity Attributable to Equity Holders of the Parent		8,001,172,930	7,689,455,864	6,939,590,577	6,576,876,692
Non - Controlling Interest		(2,444,523)	(2,425,023)	-	-
Total Equity		7,998,728,407	7,687,030,841	6,939,590,577	6,576,876,692

As at 31 December	Note	Group 2019 LKR	Group 2018 LKR	Company 2019 LKR	Company 2018 LKR
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	13	1,714,000,000	1,390,000,000	1,714,000,000	1,390,000,000
Other Long Term Payable	16.2	15,312,500	24,062,500	15,312,500	24,062,500
Deferred Tax Liabilities	14	3,444,637,634	3,215,887,489	2,375,425,208	2,192,702,246
Defined Benefit Obligations	15	10,093,067	5,661,250	6,979,541	3,433,493
		5,184,043,201	4,635,611,239	4,111,717,249	3,610,198,239
Current Liabilities					
Trade and Other Payables	16	284,873,918	214,330,371	69,660,008	77,794,379
Income Tax Liabilities		9,248,577	9,816,457	9,107,483	8,675,363
Interest Bearing Loans and Borrowings	13	45,860,325	241,141,333	45,580,368	220,811,759
Tenant Deposits	17	195,787,788	207,782,349	44,807,962	46,369,523
		535,770,608	673,070,509	169,155,821	353,651,024
Total Equity and Liabilities		13,718,542,216	12,995,712,589	11,220,463,647	10,540,725,955

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. Signed for and on behalf of the Board by:

Sgd.
Director

Sgd.
Director

The accounting policies and notes on pages 112 through 165 form an integral part of the Financial Statements.

14 September 2020
Colombo

Statement of Profit or Loss

As at 31 December	Note	Group 2019 LKR	Group 2018 LKR	Company 2019 LKR	Company 2018 LKR
Revenue	18	476,852,314	481,952,253	162,938,586	152,085,750
Direct Expenses		(135,831,324)	(121,485,080)	(48,412,644)	(44,489,605)
Net Rental Income		341,020,990	360,467,173	114,525,942	107,596,145
Other Income and Gains	19	1,471,805	4,786,543	3,677,087	5,313,063
Change in value of Investment Properties	4	591,454,431	424,461,800	555,901,668	462,382,417
Fair Valuation of Biological Assets	3(b)	453,184	43,620,667	-	-
Selling and Distribution Costs		(20,007,949)	(8,010,419)	(14,376,149)	(5,805,267)
Administrative Expenses		(107,020,604)	(99,256,127)	(80,006,759)	(66,960,974)
Finance Cost	20	(235,509,867)	(215,061,462)	(30,682,976)	(4,874,462)
Profit Before tax	21	571,861,990	511,008,175	549,038,813	497,650,921
Income Tax Expense	22	(239,356,725)	(182,673,460)	(184,414,804)	(128,617,857)
Profit for the year		332,505,265	328,334,716	364,624,009	369,033,064
Attributable to:					
Equity Holders of the Parent		332,524,765	328,952,290	364,624,009	369,033,064
Non-Controlling Interests		(19,500)	(617,574)	-	-
Earnings Per Share	23	1.66	1.65	1.82	1.85

The accounting policies and notes on pages 112 through 165 form an integral part of the Financial Statements.

Statement of Comprehensive Income

As at 31 December	Note	Group 2019 LKR	Group 2018 LKR	Company 2019 LKR	Company 2018 LKR
Profit for the year		332,505,265	328,334,716	364,624,009	369,033,064
Other Comprehensive Income					
Other comprehensive income to be classified to profit or loss in subsequent periods		-	-	-	-
Net Loss on Financial Assets classified under FVOCI		-	-	-	-
Other comprehensive income not to be classified to profit or loss in subsequent periods		-	-	-	-
Actuarial Gain on Defined Benefit Plans	15	(3,116,907)	(830,097)	(2,664,117)	(276,520)
Net Gain/(Loss) on Financial Assets classified under FVOCI	9	8,040	(11,700)	8,040	(11,700)
Deferred Tax attributable to actuarial gains on defined benefit obligations		871,642	241,322	745,953	77,426
Revaluation Gain / (Loss) of the Property Plant and Equipment's		(25,792,325)	46,183,864	-	-
Deferred Tax on depreciation of revalued assets	14	7,221,851	(11,858,049)	-	-
Total of Other Comprehensive Income		(20,807,699)	33,725,340	(1,910,124)	(210,794)
Total Comprehensive income for the year, net of tax		311,697,566	362,060,056	362,713,885	368,822,270
Attributable to:					
Equity Holders of the Parent		311,717,066	362,060,056	362,713,885	368,822,270
Non-Controlling Interests		(19,500)	(617,574)	-	-

The accounting policies and notes on pages 112 through 165 form an integral part of the Financial Statements.

Statement of Changes in Equity

Group	Stated Capital LKR	Revaluation Reserve LKR	Retained Earnings LKR	Non-Controlling Interest LKR	Total LKR
As at 01 January 2018	341,602,342	50,286,787	6,934,889,105	(1,807,449)	7,324,970,785
Net Profit / (Loss) for the Year	-	-	328,952,290	(617,574)	328,334,716
Other Comprehensive Income for the Year	-	34,325,815	(600,475)	-	33,725,340
Total Comprehensive Income For the Year	-	34,325,815	328,351,815	(617,574)	362,060,056
As at 31 December 2018	341,602,342	84,612,602	7,263,240,920	(2,425,023)	7,687,030,841
Net Profit / (Loss) for the Year	-	-	332,524,765	(19,500)	332,505,265
Other Comprehensive Income for the Year	-	(18,570,474)	(2,237,225)	-	(20,807,699)
Total Comprehensive Income For the Year	-	(18,570,474)	330,287,540	(19,500)	311,697,566
As at 31 December 2019	341,602,342	66,042,128	7,593,528,460	(2,444,523)	7,998,728,407

The accounting policies and notes on pages 112 through 165 form an integral part of the Financial Statements.

Company	Stated Capital LKR	Retained Earnings LKR	Total LKR
As at 01 January 2018	341,602,342	5,866,452,080	6,208,054,422
Net Profit for the Year	-	369,033,064	369,033,064
Other Comprehensive Income for the Year	-	(210,794)	(210,794)
Total Comprehensive Income For the Year	-	368,822,270	368,822,270
As at 31 December 2018	341,602,342	6,235,274,350	6,576,876,692
Net Profit for the Year	-	364,624,009	364,624,009
Other Comprehensive Income for the Year	-	(1,910,124)	(1,910,124)
Total Comprehensive Income For the Year	-	362,713,885	362,713,884
As at 31 December 2019	341,602,342	6,597,988,235	6,939,590,576

The accounting policies and notes on pages 112 through 165 form an integral part of the Financial Statements.

Statement of Cash Flows

	Note	Group 2019 LKR	Group 2018 LKR	Company 2019 LKR	Company 2018 LKR
Cash Flows From / (Used in) Operating Activities					
Profit before Tax from continuing operations		571,861,990	511,008,175	549,038,813	497,650,921
Adjustments for					
Depreciation	3	6,571,306	8,915,583	768,009	4,031,719
Dividend Income from Investments	19	-	-	(3,086,567)	(3,217,938)
Increase in fair value of Investments Property	4	(591,454,431)	(424,461,800)	(555,901,668)	(462,382,417)
(Profit) / Loss on disposal of Property, Plant & Equipment	19	(10,760)	(7,686)	(10,760)	(38,000)
Increase in fair value of Biological Assets	3b	(453,184)	(43,620,667)	-	-
Finance Costs	20	235,509,867	215,061,462	30,682,976	4,874,462
Bad Debt Provision		18,647,887	6,331,329	13,148,634	5,096,867
Provision for Defined Benefit Plans	15	1,559,909	1,234,328	1,115,533	940,922
Operating Profit before Working Capital Changes		242,232,584	274,460,724	35,754,970	46,956,538
Increase in Inventories		(243,526)	(247,354)	-	-
(Increase) / Decrease in Trade and Other Receivables		(85,841,692)	(24,234,764)	(118,804,426)	(13,045,606)
Increase / (Decrease) in Tenant Deposits		(11,994,561)	835,830	(1,561,561)	215,948
Increase / (Decrease) in Trade and Other Payables		70,543,547	51,405,862	(8,134,371)	29,532,848
Increase / (Decrease) in Other Payables		(8,750,000)	24,062,500	(8,750,000)	24,062,500
Cash Generated from Operations		205,946,352	326,282,797	(101,495,388)	87,722,228
Finance Cost Paid		(235,509,867)	(215,061,462)	(30,682,976)	(4,874,462)
Defined Benefit Plan Costs Paid	15	(245,000)	-	(245,000)	-
Income taxes paid		(1,000,000)	(3,303,781)	-	(1,020,306)
Net Cash From / (Used in) Operating Activities		(30,808,515)	107,917,554	(132,423,364)	81,827,460

	Note	Group 2019 LKR	Group 2018 LKR	Company 2019 LKR	Company 2018 LKR
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant & Equipment		(5,254,056)	(3,279,155)	(4,548,768)	(147,517)
Improvement of Biological Assets	3b	(439,352)	(528,890)	-	-
Proceeds from Sale of Property, Plant & Equipment		30,435	155,406	30,435	155,406
Subsequent expenditure on Investment Property	4	(92,868,894)	(102,014,200)	(21,372,332)	(72,513,583)
Acquisition of Equity Shares	5	(4,680)	-	(4,680)	-
Dividend Received on Investment		-	-	3,086,567	3,217,938
Net Cash Flows from / (Used in) Investing Activities		(98,536,547)	(105,666,841)	(22,808,778)	(69,287,757)
Cash Flows from (Used in) Financing Activities					
Proceeds From Redemption of Preference Shares	8	-	-	2,623,612	2,829,551
Proceeds From Interest Bearing Loans & Borrowings	13	312,000,000	52,000,000	312,000,000	40,000,000
Repayment of Interest Bearing Loans & Borrowings	13	(163,520,538)	(96,100,000)	(143,520,538)	(96,100,000)
Net Cash Flows Used in Financing Activities		148,479,462	(44,100,000)	171,103,074	(53,270,449)
Net Decrease in Cash and Cash Equivalents		19,134,400	(41,849,287)	15,870,932	(40,730,746)
Cash and Cash Equivalents at the beginning of the Year	10	(20,566,866)	21,282,420	(22,977,576)	17,753,170
Cash and Cash Equivalents at the end of the Year	10	(1,432,466)	(20,566,866)	(7,106,644)	(22,977,576)

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General Information

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

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were the development and leasing out of investment property under operating leases and renting of vehicle parking. The principal activities of the Subsidiaries are disclosed in Note 30 to the financial statements.

1.3 Consolidated Financial Statements

The Consolidated Financial Statements of the Group as at and for the year ended 31 December 2019 comprise the Colombo Land and Development Company PLC (Parent Company) and its subsidiaries (collectively, the "Group"), namely Liberty Holdings Limited, Liberty Developers (Private) Limited, Agrispice (Private) Limited and Anantaya Global Solutions (Private) Limited.

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 2019 were authorized for issue in accordance with a resolution of the board of directors on 14th September 2020.

2. GENERAL

2.1 Basis of Preparation

The Financial Statements have been prepared on a historical cost basis, except for investment properties and financial instruments FVOCI, that have been measured at fair value. Biological assets have been measured at fair value less cost to sell.

The Consolidated Financial Statements are presented in Sri Lanka Rupees (Rs.), except when otherwise indicated. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

2.1.1 Statement of compliance

The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka. The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

2.1.2 Comparative Information

The accounting policies have been consistently applied by the Company and the Group and are consistent with those used in the previous year. The previous year figures and phrases have been rearranged wherever necessary to conform to current year presentation.

The Group has adopted SLFRS 16 for the first time with effect from 01 January 2019. However, comparative amounts have not been restated.

2.1.3 Changes in Accounting Policies

New and amended standards and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019.

The Group applied SLFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

SLFRS 16 Leases

SLFRS 16 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SLFRS 16 is substantially unchanged from LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted SLFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative

effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying LKAS 17 and IFRIC 4 at the date of initial application.

As a Lessee

As a lessee, the Group previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the Group. Under SLFRS 16, the Group recognises right of use assets and lease liabilities for most leases except for short term leases and leases of low-value assets to which the Group applied recognition exemptions under SLFRS 16.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of SLFRS 16 were applied to these leases from 1 January 2019.

Leases previously accounted for as operating leases

At transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the incremental borrowing rate as at 1 January 2019. Right of use assets are measured at an amount equal to the lease liability, adjusting by the amount of any pre-paid or accrued lease payments.

The Group did not have any material impact on its recognition of leases, with the adoption of SLFRS 16 for the year beginning 1st January 2019.

Refer Note 2.3.10 for the accounting policy on leases.

Notes to the Financial Statements

IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment"

The Interpretation clarifies how to apply the recognition and measurement requirement in LKAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax assets or liabilities, applying the requirement in LKAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this interruption.

IFRIC 23 does not apply to taxes or levies outside the scope of LKAS 12 and does not specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates (The most likely amount – the single most likely amount in a range of possible outcomes or the expected value – the sum of the probability-weighted amounts in a range of possible outcomes
- How an entity considers changes in facts and circumstances

The interpretation is effective for annual reporting period beginning on or after 1 January 2019.

The Interpretation did not have an impact on Financial Statements of the Group that would require separate disclosure in the Financial Statements.

2.1.4 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 December 2019. 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 during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The consolidated financial statements of the Group include:

Company Name	Country of Incorporation	Year of Incorporation	% of equity Interest	
			2019	2018
Liberty Holdings Limited	Sri Lanka	1994	100%	100%
Liberty Developers (Private) Limited	Sri Lanka	2012	100%	100%
Agrispice (Private) Limited	Sri Lanka	2000	100%	100%
Anantaya Global Solutions (Private) Limited	Sri Lanka	2012	70%	70%

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

In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgment that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

i. Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group, continue in operational existence for the foreseeable future.

ii. 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

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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.

iii. 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 2019 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.

iv. Fair Valuation of Biological Assets

The fair value of managed timber determined based on discounted cash flow method using various financial and non-financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the Note 3b.5.

v. Defined benefit plans (pension benefits):

The Group is liable to pay gratuity in terms of the Gratuity Act No.12 of 1983.

The Group measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent actuary.

For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimation provided by the qualified actuary is used.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, excluding net interest (not applicable to the Group), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under 'administration expenses' in the Statement of Profit or Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

The gratuity liability is not externally funded. This item is stated under Defined Benefit Obligations in the Statement of Financial Position.

vi. 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.

2.3 Summary of Significant Accounting Policies

2.3.1 Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

  Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 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 the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

  Or

- It does not have a right at reporting date to defer the settlement of the liability by transfer of cash or other assets for at least 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.

2.3.2 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 Note 28
- Property, plant and equipment under revaluation model Note 3a
- Investment properties Note 4
- Biological Assets Note 3b

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.

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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 financial assets classified under FVOCI.

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 re-measured 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.

2.3.3 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.

2.3.4 Taxation

a. 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.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the relevant tax legislations. Current income tax relating to items recognised directly in equity statement is recognized in equity and not in the statement of comprehensive income.

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.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments there on.

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.

Statutory tax rate applicable for Colombo Land and Developments Company PLC, Liberty Developers (Private) Limited and Liberty Holdings Limited is 28% for the year ended 31 December 2019. (28% - 2018)

In terms of an agreement entered into with the Board of Investment of Sri Lanka under section 17 of Board of Investment of Sri Lanka Law, No. 4 of 1978, Agrispice (Private) Limited is exempted from the provisions of the Inland Revenue Act, No. 24 of 2017 for a period of ten years reckoned from the year of assessment on which the Company commences its business. The date of first sale of its products/produce shall be deemed to be the date of commencement of its business.

b. 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

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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.

c. Economic Service Charge (ESC)

As per the provisions of the Economic Service Charges Act No. 13 of 2006, ESC is payable on the liable turnover at specified rates. ESC paid is deductible from the income tax liability. Any unclaimed liability can be carried forward and set off against the income tax payable for further three years. ESC is abolished with effect from 1 January 2020.

d. Turnover Based Taxes

Turnover based taxes include Value Added Tax (VAT) and Nation Building Tax (NBT). The Company/Group pays such taxes in accordance with the respective statutes.

Revenue, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable and receivable and payable are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of other receivables and other payables in the Statement of Financial Position. NBT is abolished with effect from 1 December 2019.

2.3.5 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 capitalized 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.

2.3.6 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable 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 labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realizable 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.

2.3.7 Financial Instruments — Initial Recognition and Subsequent Measurement

(i) Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of SLFRS 9, are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent Measurement

From 1 January 2018, the Group classifies all of these financial assets in the measurement category of financial assets at amortised cost and financial assets at fair value through OCI.

(a) Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes bank balances and short term deposits under current financial assets.

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(b) Financial Assets classified under Fair Value through Other Comprehensive Income

The Financial Assets are reclassified under Equity Investments at Fair Value through OCI (FVOCI) under SLFRS 9 after assessing the business model that applies to the financial assets held by the Group. This category only includes the equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to classify upon transition. There is no recycling of gains or losses to profit or loss on derecognition and the dividend received as a result of holding this investment will be recognized to profit or loss.

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 positions 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 based on income approach that estimates the fair value by discounting projected cash flows in a discrete projection period to present value.

De-recognition

A financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 Group's continuing involvement in it.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 365 days past due.

(ii) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of SLFRS 9 remains broadly the same as LKAS 39, are classified as financial liabilities at fair value through profit or loss, or at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities includes other payables, bank overdrafts, interest-bearing loans and borrowings and tenant deposits.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

The accounting for financial liabilities under SLFRS 9 remains largely the same as it was under LKAS 39.

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

Offsetting of Financial Instruments

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

Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of asset's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets

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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.

2.3.8 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.

2.3.9 Property, Plant and Equipment and Biological Assets

(i) Property, Plant and Equipment

a. Initial Recognition

All items of property, plant and equipment are initially recorded at cost.

The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use. Subsequent to the initial recognition as an asset at cost, revalued assets are carried at revalued amounts less any subsequent deprecation thereon. All other property, plant and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Accumulated depreciation is provided for, on the bases specified in (d) below.

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

b. Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance, is recognised as an expense when incurred.

c. Revaluation

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. 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.

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.

d. Depreciation

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

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

Freehold Buildings	- 2%
Plant and Machinery agricultural	- 25%
Furnitures, Fixtures and Fittings	- 25% - 12.5%
Office Equipment	- 25% - 12.5%
Motor Vehicles	- 25%
Media Wall	- 25%

e. Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognized 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.

(ii) Biological Assets

Biological assets include Mahogani trees, rubber trees and Attonia tress, which that are intended to harvest at the end of maturity, but are however used to grow for harvesting agricultural produce from such Biological assets. Those Biological assets include managed timber trees.

Recognition and Measurement

The entity recognises the Biological assets when, and only when, the entity controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The managed timber trees are measured on initial recognition and at the end of each reporting period at fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using Discounted Cash Flow (DCF) method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity and various non- financial assumptions by an independent professional valuer.

The growth of the trees is determined by various biological features that are highly unpredictable. Any change to the assumptions will impact the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the note 3.b.

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The main variables in DCF model concerns

Variable	Comment
Currency valuation	Sri Lankan Rupees
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each spices. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Group.
Economic useful life	Estimated based on the normal life span of each spices by factoring the forestry plan of the Group.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfil in bringing the trees in to saleable condition.
Discount Rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.

2.3.10 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.

Policy applicable before 1st January 2019

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.

Group as Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Policy applicable after 1st January 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group considered whether;

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substation right, then the asset in not identified.
- The Group has right to obtain substantially all of the economic benefits of asset throughout the period of use; and
- The Group has right to direct the use of the asset. The Group has this right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;
    - The Group has right to operate the asset; or
    - The Group designated the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or charged, on after 1 January 2019.

a. Group as the Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.3.8 Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and

Notes to the Financial Statements

reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Short term lease is amounting to Rs.1,372,924 has been included in administration expenses of the company as of 31 March 2020.

b. Group as a Lessor

The accounting policies applicable to the Group as a lessor in the comparative period were not difference from SLFRS 16.

2.3.11 Investment Properties

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

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

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

2.3.12 Provisions, contingent assets and contingent liabilities

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.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable.

2.3.13 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by revised LKAS 19 – "Employee benefits" and resulting actuarial gain/ loss was recognized in full in the Other Comprehensive Income (OCI).

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions about discount rate, expected rates of return on assets, future salary increases and mortality rates. Key assumptions used in determining the defined retirement benefit obligations are given in Note 15.2 Any changes in these assumptions will impact the carrying amount of defined benefit obligations and all assumptions are reviewed at each reporting date. Interest expense and the current service cost related to the liability is recognized in profit or loss and actuarial gain or loss is recognized in other comprehensive income.

Accordingly, the employee benefit liability is based on the actuarial valuation as of 31 December 2019 carried out by Messrs Actuarial and Management Consultants (Private) Limited, actuaries.

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

Funding Arrangements

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 respective statutes and regulations. These are recognized as an expense in the Statement of Profit or Loss as incurred.

The Group contributes 12% and 3% of gross emoluments of the employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.4 Statement of Profit or Loss

Revenue from contracts with customers

The Group is primarily involved in the development and leasing out of investment property under operating leases and renting of vehicle parking as detailed in Note 18. Revenue from contracts with customers is recognised when the service is provided to the customer at an amount that reflects the consideration to which the Group expects to be entitled in providing for those services.

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.

Notes to the Financial Statements

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 amortized 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.

2.5 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.

2.6 Cash Flows Statement

The Cash Flows Statement has been prepared by using the 'In direct Method' in accordance with LKAS 7 on Statement of Cash Flows, whereby gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognized. Cash and cash equivalents comprise mainly cash balances and highly liquid investments of which original maturity of 3 months or less and net amount due from banks.

2.7 Standards issued but not yet Effective

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

Amendments to SLFRS 3: Definition of a Business

Amendments to the definition of a business in SLFRS 3 Business Combinations are made to help the entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definition of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to LKAS 1 and LKAS 8: Definition of Material

Amendments to LKAS 1 Presentation of Financial Statements and LKAS 8 Accounting policies, Changes in Accounting Estimates and Errors are made to align the definition of "material" across the standard and to clarify certain aspects of the definition. The new definition states that, "information is material if omitting or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are applied prospectively for the annual periods beginning on or after 1 January 2020 with early application permitted.

Amendments to references to the conceptual framework in SLFRS standards

Revisions to the Conceptual Framework were made because some important issues were not covered and some guidance was unclear or out of date. The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The amendments are effective for annual periods beginning on or after 1 January 2020, with early application is permitted.

The amendments are applied prospectively. The effective date of the amendment is yet to be set by the CASL. However early application is permitted.

Pending the comprehensive study, possible impact/ effects that would result in initial application of such standards and amendments is not yet estimable.

Notes to the Financial Statements

3A. PROPERTY, PLANT & EQUIPMENT

3a.1 Group

3a.1.1 Gross Carrying Amounts - Group

At Cost / Valuation	Balance As at 01.01.2019 LKR	Additions LKR	Revaluation LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2019 LKR
Land	50,450,000	-	-	-	50,450,000
Buildings	92,234,756	-	(27,612,325)	-	64,622,431
Plant & Machinery	81,250	-	-	-	81,250
Furniture and Fittings	6,104,403	242,923	-	(29,048)	6,318,278
Motor Vehicles	699,384	-	-	(166,000)	533,384
Office Equipment	26,326,882	4,721,033	-	(205,200)	30,842,715
Tools and Utensils	119,147	410,904	-	-	530,051
Media Wall	34,268,474	-	-	-	34,268,474
Immature Plantation		-	-	-	-
Total Value of Depreciable Assets	210,284,296	5,374,859	(27,612,325)	(400,248)	187,646,583

3a.1.2 In the Course of Construction

Capital Work in Progress	-	-	-	-	-
Total Gross Carrying Amount	210,284,296	5,374,859	(27,612,325)	(400,248)	187,646,583

3a.1.3 Depreciation and Impairment

At Cost/Valuation	Balance As at 01.01.2019 LKR	Charge LKR	Revaluation LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2019 LKR
Buildings	33,572	1,844,000	(1,820,000)	-	57,572
Plant & Machinery	81,250	-	-	-	81,250
Furniture and Fittings	4,334,820	486,363	-	-	4,821,183
Motor Vehicles	694,531	-	-	(166,000)	528,531
Office Equipment	24,853,334	791,829	-	(185,525)	25,459,638
Tools and Utensils	-	144,062	-	-	144,062
Media Wall	11,035,424	3,425,855	-	-	14,461,279
	41,032,931	6,692,109	(1,820,000)	(351,525)	45,553,515
	41,032,931	6,692,109		(351,525)	45,553,515

3a.1.4 Net Book Values

	2019 LKR	2018 LKR
At Cost		
Land	50,450,000	50,450,000
Buildings	64,564,859	92,201,184
Plant & Machinery	-	-
Furniture and Fittings	1,497,095	1,769,583
Motor Vehicles	4,853	4,853
Office Equipment	5,383,077	1,473,548
Tools and Utensils	385,989	119,147
Media Wall	19,807,195	23,233,050
	142,093,068	169,251,366
In the Course of Construction		
Capital Work in Progress	-	-
Total Carrying Amount of Property, Plant & Equipment	142,093,068	169,251,366

3a.2 Company

3a.2.1 Gross Carrying Amounts

At Cost	Balance As at 01.01.2019 LKR	Additions LKR	Disposals / Transfers LKR	Balance As at 31.12.2019 LKR
Furniture and Fittings	2,862,960	483,369	(29,048)	3,317,282
Motor Vehicles	166,000	-	(166,000)	-
Office Equipment	23,434,616	5,027,932	(205,200)	28,257,348
Total Value of Depreciable Assets	26,463,576	5,511,301	(400,248)	31,574,630

Notes to the Financial Statements

3A. PROPERTY, PLANT & EQUIPMENT (CONTD.)

3a.2 Company

3a.2.2 Depreciation and Impairment

At Cost	Balance As at 01.01.2019 LKR	Charge LKR	Transfers/ Disposals LKR	Balance As at 31.12.2019 LKR
Furniture and Fittings	2,389,979	258,253	(67,093)	2,581,139
Motor Vehicles	166,000	-	(166,000)	-
Office Equipment	22,795,327	580,367	(185,525)	23,190,169
	25,351,306	838,621	(418,618)	25,771,309

3a.2.3 Net Book Values

	2019 LKR	2018 LKR
At Cost or Valuation		
Furniture and Fittings	736,142	472,981
Motor Vehicles	-	-
Office Equipment	5,067,179	639,289
	5,803,321	1,112,271
Total Carrying Amount of Property, Plant & Equipment	5,803,321	1,112,271

3a.3 The fair value of land and buildings was determined by means of a revaluation during the financial year 2019 by KPMG valuers, 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 2019. The deficit arising from the revaluation net of deferred taxes, was transferred to a revaluation reserve.

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

Class of Asset	Cost LKR	Cumulative Depreciation If assets were carried at cost LKR	Net Carrying Amount 2019 LKR	Net Carrying Amount 2018 LKR
Land and Buildings	43,041,000	(11,762,280)	31,278,720	32,139,540

3a.4 The significant assumptions used by the valuer are as follows :

	2019	2018
Rental rates used	Rs. 140 - Rs. 450 p. sq.ft	Rs. 140– Rs. 142 p. sq.ft
Anticipated maintenance cost:	35% of rentals	40% - 50% of rentals
Yield/Discount rate :	6% - 6.5% p.a.	5.5% - 6.5% p.a.

3a.5 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of LKR.5,254,056/- (2018 - LKR.3,279,155/-). Cash payments amounting to LKR.5,254,056/- (2018 - LKR 3,279,155/-) were made during the year for purchase of Property, Plant & Equipment.

3a.6 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of LKR.5,478,735/- (2018 - Rs. 147,517/-). Cash payments amounting to LKR.4,548,767/- (2018 - LKR 147,517/-) were made during the year for purchase of Property, Plant & Equipment.

3a.7 The Group Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of LKR 27,508,553/- (2018 - LKR 11,408,353/-) which are still in use.

3a.8 The Company Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 24,014,567/- (2018 - Rs. 6,933,926/-) which are still in use.

Notes to the Financial Statements

3B. BIOLOGICAL ASSET (GROUP)

	Group			
	Mahogany 2019 LKR	Attoniya 2019 LKR	Rubber 2019 LKR	Total 2019 LKR
Cost as at 01 January	37,049,296	15,222,813	2,328,474	54,600,583
Additions during the year	298,082	122,235	19,035	439,352
Cost as at 31 December	37,347,378	15,345,048	2,347,509	55,039,935
Fair value gain	(4,538,282)	3,768,732	1,222,734	453,184
Carrying value as at 31 December	32,809,096	19,113,780	3,570,243	55,493,119

3b.1 The group modified the classification of Biological Asset for better presentation purposes to reflect more appropriately asset owned by the group. Comparative amounts in the Property, Plant and Equipment as Immature Plantation were restated for consistency. As a result, Rs. 10,451,026/- of opening balance as at 01 January 2018, was reclassified from 'Property, Plant and Equipment' to 'Biological Assets'.

3b.2 Under LKAS 41, group has obtained a valuation for biological assets held by Agrispice (Private) Limited (Subsidiary) , by G.W.G. Abeygunawardene FRICS, Chartered Valuation Surveyor (U.K.). As per the valuer's report, the estimated value of the biological assets as at 31 December 2019 is Rs. 55,493,119/-.

3b.3 Basis of Valuation

The group has valued its timber plantation at fair value less cost to sell. Timber plantations as at 31 December 2019 comprises in the land to the extent of approximately 41.4977 hectares.

The biological assets were valued by G.W.G. Abeygunawardene FRICS, Chartered Valuation Surveyor (U.K.) using Discounted Cash Flow (DCF) method in ascertaining the fair value of timber.

3b.4 Key assumptions used in valuation

	2019	2018
Discounted rates used by the Valuer (%)	16	16
Rate in 9 years time (2029) cubic meter		
Mahogani (Rs.)	56,500	83,000
Rubber (Rs.)	27,600	31,125
Attoniya (Rs.)	26,000	46,687
Wastage at harvesting (%)	10	10
Cost to sell (%)	10	10

The valuation, as presented in the external valuation model based on the DCF, takes into accounts the long term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisation value.

The biological assets of the group are mainly cultivated in owned lands. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants.

3b.5 Sensitivity Analysis

Sensitivity Variation on Sales Price

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the average sales price applied. Simulations made for timber show that an increase or decrease by 10% of the estimated future selling price has the following effect on the Net Present Value of the Biological assets.

	-10%	10%
Value of Timber	49,141,116	60,061,364

Sensitivity Variation on Discount Rate

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the discount rate applied. Simulations made for timber show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the Net Present Value of the Biological assets.

	-1%	+1%
Value of Timber	59,990,222	51,367,482

Notes to the Financial Statements

4. INVESTMENT PROPERTY

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
As at 1 January	12,631,490,000	12,105,014,000	8,020,426,000	7,485,530,000
Additions				
Subsequent expenditure on investment property	92,868,894	102,014,200	21,372,332	72,513,583
Disposals of the Investment Properties	-	-	-	-
Net gain / (loss) from fair value adjustment	591,454,431	424,461,800	555,901,668	462,382,417
As at 31 December	13,315,813,325	12,631,490,000	8,597,700,000	8,020,426,000

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 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

Property	Extent	Value	Valuation Date	Method
Liberty Plaza	184,960 Sq. Ft	Rs. 5,731.3 Mn	31.12.2019	Income
Liberty Arcade	0A - 0R - 36.88P	LKR. 992 Mn	31.12.2019	Market Value and Cost **
GAS Land	3A - 0R - 3.00 P	Rs. 6,458.8 Mn	31.12.2019	Market Value
Peoples Park	52,262 Sq. Ft	Rs. 133.4 Mn	31.12.2019	Income

Details of Investment Properties - Company

Property	Extent	Value	Valuation Date	Method
Liberty Plaza	47,480 Sq. Ft	Rs. 1,021.80 Mn	31.12.2019	Income
Liberty Arcade	0A - 0R - 36.88P	LKR. 992 Mn	31.12.2019	Market Value and Cost **
GAS Land	3A - 0R - 3.00 P	Rs. 6,458.8 Mn	31.12.2019	Market Value
Peoples Park	51,834 Sq. Ft	Rs. 124.8 Mn	31.12.2019	Income

** The method of valuation of Liberty Arcade is the depreciated replacement cost method using the depreciated value of buildings and current open market value of land.

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

	2019	2018
Rental rates used - for shop units	Rs. 340– Rs. 700 p. sq.ft	Rs. 340– Rs. 550 p. sq.ft
- for parking area	Rs. 17.5 p. sq.ft	Rs. 17.5 p. sq.ft
Anticipated maintenance cost:	35% of rentals	40% - 50% of rentals
Yield/Discount rate :	6% - 6.5% p.a.	5.5% - 6.5% p.a.
Per Perch Value (Gas Land):	14.25 Mn	14 Mn

4.4 Fair value of the investment property is ascertained by annual independent valuations carried out by KPMG Valuers. In determining the fair value the capitalisation of net income method, 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.

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.

Notes to the Financial Statements

4. INVESTMENT PROPERTY (CONTD.)

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of Investment Property, in respect of the year 2019

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in discount rate, growth rate and rate of maintenance cost (taken individually, while other variables are held constant) on the profit or loss and carrying value of Investment Property for the year.

Group

	Increase /Decrease		Investment Property Valuation	Fair Value/ Gain or (Loss) on Investment Property
Capitalization Rate	Future rentals change	Maintenance cost	Rs. Mn	LKR
-0.50%			13,808	492
0.50%			12,894	(422)
	-5%		13,084	(232)
	5%		13,548	232
		-5%	13,742	426
		5%	12,890	(426)

Company

	Increase /Decrease		Investment Property Valuation	Fair Value/ Gain or (Loss) on Investment Property
Capitalization Rate	Future rentals change	Maintenance cost	Rs. Mn	LKR
-0.50%			8,693	95
0.50%			8,515	(83)
	-5%		8,567	(31)
	5%		8,628	31
		-5%	8,681	83
		5%	8,515	(83)

4.9 Rental income receivable under the operating lease agreement of investment property as follows,

Rental income Receivable - Group (Rs. Mn)

	<1 year	1-2 Year	2-3 Year	3-4 Year	4-5 Year	over 5 years
2019	419	425	432	438	445	451
2018	413	419	425	432	438	896

Rental income Receivable - Company (Rs. Mn)

	<1 year	1-2 Year	2-3 Year	3-4 Year	4-5 Year	over 5 years
2019	100	102	103	105	106	108
2018	99	100	102	103	105	216

5. INVESTMENTS IN SUBSIDIARIES

Company - Nonquoted	Holding % 2019	Holding % 2018	At Cost 2019 LKR	At Cost 2018 LKR
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 (Private) Limited	70%	70%	700	700
Total Investments in Subsidiaries			816,589,183	816,589,183

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, investments in subsidiaries are carried at cost less any accumulated impairment losses.

Notes to the Financial Statements

6. TRADE AND OTHER RECEIVABLES

6.1 Summary

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Trade Debtors	148,259,054	128,527,723	78,291,991	39,384,583
Less: Allowances for Doubtful Debts (Note 6.2)	(26,253,394)	(24,216,212)	(23,448,478)	(10,299,845)
	122,005,660	104,311,511	54,843,513	29,084,738
Other Debtors - Related Parties (Note 6.3)	-	-	1,651,120,188	1,588,027,667
Prepayments	48,164,141	10,626,766	7,940,006	4,216,153
Staff Loans (Note 6.4)	8,999,376	1,785,435	8,777,727	1,747,914
Other Receivables	17,979,074	15,282,654	12,784,764	8,166,273
	197,148,251	132,006,366	1,735,466,198	1,631,242,745

6.2 Allowance for Doubtful Debts

As at 1 January	15,528,510	12,360,878	10,299,845	5,202,978
Provision for Impairment	10,724,884	11,855,334	13,148,634	5,096,867
As at 31 December	26,253,394	24,216,212	23,448,478	10,299,845

6.3 Other Debtors - Related Parties

		Group		Company	
		2019	2018	2019	2018
	Relationship	LKR	LKR	LKR	LKR
Liberty Holdings Limited	Subsidiary	-	-	1,262,120,549	1,320,751,797
Agrispice (Private) Limited	Subsidiary	-	-	47,674,960	47,381,668
Anantaya Global Solutions (Private) Limited	Subsidiary	-	-	3,061,032	3,970,011
Liberty Developers (Private) Limited	Subsidiary	-	-	338,263,646	215,924,192
		-	-	1,651,120,188	1,588,027,667

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% (2018 - 5%). Fair value of loans given to staff equals their carrying amount, as the impact of discounting is not significant.

6.5 Group

As at 31 December, the Age Analysis of Trade Receivables is as follows,

			Past due but not impaired		
	Total	Current	31-60 days	61-90 days	> 90 days
2019	122,005,660	28,529,686	17,487,726	12,660,598	63,327,650
2018	104,311,511	37,437,219	18,524,217	18,249,363	30,100,712

Company

As at 31 December, the Age Analysis of Trade Receivables is as follows,

			Past due but not impaired		
	Total	Current	31-60 days	61-90 days	> 90 days
2019	54,843,513	7,252,237	6,065,163	4,905,613	36,620,499
2018	29,084,738	9,343,838	7,028,834	5,276,563	7,435,206

7. INVENTORIES - GROUP

	2019 LKR	2018 LKR
Goods in Transit	822,535	579,009
	822,535	579,009

8. INVESTMENT IN PREFERENCE SHARES - LOANS AND RECEIVABLES

Company

	2019 LKR	2018 LKR
As at 1 January	66,310,775	69,140,326
Redeemed Preference Shares	(2,623,612)	(2,829,551)
As at 31 December	63,687,163	66,310,775

9. FINANCIAL ASSETS CLASSIFIED UNDER FVOCI

Quoted Shares - Group/Company

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Hikkaduwa Beach Resort PLC				
As at 1 January	10,800	22,500	10,800	22,500
Share Investment	4,680	-	4,680	-
Fair Value (Loss) / Gain	8,040	(11,700)	8,040	(11,700)
As at 31 December	23,520	10,800	23,520	10,800

Notes to the Financial Statements

10. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

Components of Cash and Cash Equivalents

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
10.1 Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	7,148,398	7,774,467	1,194,262	5,034,182
	7,148,398	7,774,467	1,194,262	5,034,182
10.2 Unfavourable Cash and Cash Equivalents Balance				
Bank Overdraft	(8,580,863)	(28,341,333)	(8,300,906)	(28,011,759)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	(1,432,466)	(20,566,886)	(7,106,644)	(22,977,576)

11. STATED CAPITAL

Group/Company

	2019		2018	
	Number	LKR	Number	LKR
Fully Paid Ordinary Shares	199,881,008	341,602,342	199,881,008	341,602,342

12. REVALUATION RESERVE

	Group	
	2019 LKR	2018 LKR
As at 1 January	84,612,602	50,286,787
Fair value increase on Property, Plant & Equipment	(25,792,325)	46,183,864
Deferred Tax effect of depreciation transfer	7,221,851	(11,858,049)
As at 31 December	66,042,128	84,612,602

Revaluation reserve of the group includes revaluation of land and buildings owned by the subsidiary Agrispice (Private) Limited valued on 31st December 2018 and building of the subsidiary Liberty Holdings (Private) Limited valued on 31st December 2019 by an independent professional valuer.

13. INTEREST BEARING LOANS & BORROWINGS

13.1 Group

	2019 Amount Repayable Within 1 Year LKR	2019 Amount Repayable After 1 Year LKR	2019 Total LKR	2018 Amount Repayable Within 1 Year LKR	2018 Amount Repayable After 1 Year LKR	2018 Total LKR
Bank Loans (13.3)	37,279,462	1,714,000,000	1,751,279,462	152,800,000	1,390,000,000	1,542,800,000
Term Loans (13.4)	-	-	-	60,000,000	-	60,000,000
Bank Overdrafts (10.2)	8,580,863	-	8,580,863	28,341,333	-	28,341,333
Finance Lease	-	-	-	-	-	-
	45,860,325	1,714,000,000	1,759,860,325	241,141,333	1,390,000,000	1,631,141,333

13.2 Company

	2019 Amount Repayable Within 1 Year LKR	2019 Amount Repayable After 1 Year LKR	2019 Total LKR	2018 Amount Repayable Within 1 Year LKR	2018 Amount Repayable After 1 Year LKR	2018 Total LKR
Bank Loans (13.3)	37,279,462	1,714,000,000	1,751,279,462	152,800,000	1,390,000,000	1,542,800,000
Short Term Loans (13.4)	-	-	-	40,000,000	-	40,000,000
Bank Overdrafts (10.2)	8,300,906	-	8,300,906	28,011,759	-	28,011,759
	45,580,368	1,714,000,000	1,759,580,368	220,811,759	1,390,000,000	1,610,811,759

Notes to the Financial Statements

13. INTEREST BEARING LOANS & BORROWINGS (CONTD.)

13.3 Bank Loans

		Balance As At 01.01.2019 LKR	Loan Obtained LKR	Capital on Due LKR	Over Provision of Interest LKR
Peoples Bank	- Term Loan 2	32,800,000	-	-	-
Peoples Bank	- Term Loan 03	1,510,000,000	-	-	-
Bank of Ceylon Loan		-	312,000,000	-	-
		1,542,800,000	312,000,000	-	-

13.4 Short Term Loans

	Group			
	Balance As At 01.01.2019 LKR	Loan Obtained LKR	Repayment LKR	Balance As At 31.12.2019 LKR
Merchant Bank of Sri Lanka	40,000,000	-	(40,000,000)	-
Temporary Loans from Directors	20,000,000	-	(20,000,000)	-
	60,000,000	-	(60,000,000)	-

13.5 Details of Long Term Loans

Bank	Purpose	Revised Facility Amount	Interest
People's Bank	Bank Loan Facility - Settlement of outstanding facilities	LKR. 1.6 Bn	AWPLR + 2.5% (Rate - Review bi- annually) Minimum 13.5%
	Short Term Loan - Payments to creditors related to refurbishment work	LKR 100 Mn	SLIBOR + 3.5% or minimum of 10.5% p.a.
Bank of Ceylon	Bank Loan Facility - Settlement of short term liabilities in MBSL and BOC, refurbishment in Gas land and People's park and working capital requirement	LKR 350 Mn	AWPLR + 2.5%

Repayment LKR	Balance As At 31.12.2019 LKR	Current LKR	Current LKR
(31,020,538)	1,779,462	1,779,462	-
(72,500,000)	1,437,500,000	35,500,000	1,402,000,000
-	312,000,000	-	312,000,000
(103,520,538)	1,751,279,462	37,279,462	1,714,000,000

Company			
Balance As At 01.01.2019 LKR	Loan Obtained LKR	Repayment LKR	As At 31.12.2019 LKR
40,000,000	-	(40,000,000)	-
-	-	-	-
40,000,000	-	(40,000,000)	-

Grace Period	Repayment Terms	Security
-	1st Year - Rs. 2.5 Mn p.m. 2nd Year - Rs. 3 Mn p.m. 3 Year - Rs. 3.5 Mn p.m. 4th Year - Rs. 8 Mn p.m. 5th Year - Rs. 12 Mn p.m. 6th Year - Rs. 16 Mn p.m. 7th Year - Rs. 20 Mn * 11 Months Last Instalment 690 Mn"	Mortgage over leased hold property of LP owned by CLDC Mortgage over leased hold property of LP owned by LHL Mortgage over leased hold property of LP owned by LDPL Cross Corporate Guarantee
-	Rs. 2.8 Mn for 35 Months Rs. 2.0 Mn for 1 Month	
30 Months	Rs.3,070,176 in 114 equal monthly installments	Mortgage over the property depicited as Lot A in plan no. 2303 at No.282, R.A.De Mel Mawatha, Colombo 03. Mortgage over land called "Liberty Arcade" in extent of 36.88P

Notes to the Financial Statements

14. DEFERRED TAX LIABILITIES

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

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
As at January	3,215,887,489	3,021,597,303	2,192,702,246	2,064,161,815
Deferred Tax impact on depreciation of Revalued Assets	(7,221,851)	11,858,049	-	-
Income Statement charge	236,843,638	182,753,124	183,468,915	128,697,521
Deferred Tax impact on actuarial Gain on retirement benefit obligations	(871,642)	(320,987)	(745,953)	(157,090)
As at December	3,444,637,634	3,215,887,489	2,375,425,208	2,192,702,246

14.2 Deferred Tax Assets, Liabilities

Group

Deferred Tax Liabilities	Revaluation of Land and Building LKR	Capital Allowances for Tax purposes LKR	Fair Valuation of Investment Property LKR	Total LKR
As of 31 December 2017	3,833,690	6,147,545	3,065,992,011	3,075,973,247
Charged to income statement	-	(886,279)	172,639,820	171,753,541
Charged to OCI	11,858,049	-	-	11,858,049
As of 31 December 2018	15,691,739	5,261,265	3,238,631,831	3,259,584,836
Charged to income statement	-	1,767,902	221,051,522	222,819,424
Charged to OCI	(7,221,851)	-	-	(7,221,851)
As of 31 December 2019	8,469,888	7,029,168	3,459,683,353	3,475,182,410

Deferred tax assets	Tax losses LKR	Defined Benefit Obligation LKR	Total LKR
As of 31 December 2017	(52,918,441)	(1,474,480)	(54,392,921)
Credited/ (Debited) to income statement	10,738,223	43,822	10,782,045
Charged to Other Comprehensive Income	-	(86,471)	(86,471)
As of 31 December 2018	(42,180,218)	(1,517,129)	(43,697,348)
Credited to income statement	14,379,366	(355,152)	14,024,213
Charged to Other Comprehensive Income		(871,642)	(871,642)
As of 31 December 2019	(27,800,853)	(2,743,923)	(30,544,776)

14.3 Deferred Tax Assets, Liabilities

Company

Deferred Tax Liabilities	Capital Allowances for Tax purposes LKR	Fair Valuation of Investment Property LKR	Total LKR
As of 31 December 2017	1,372,165	2,063,908,118	2,065,280,283
(Reversed) / Charged to income statement	(1,083,735)	129,467,077	128,383,342
As of 31 December 2018	288,430	2,193,375,195	2,193,663,625
(Reversed) / Charged to income statement	(641,419)	184,357,275	183,715,856
As of 31 December 2019	(352,989)	2,377,732,470	2,377,379,481

Deferred tax assets	Defined Benefit Obligation LKR	Total LKR
As of 31 December 2017	(1,118,468)	(1,118,468)
Credited to income statement	79,664	79,664
Charged to Other Comprehensive Income	77,426	77,426
As of 31 December 2018	(961,378)	(961,378)
Credited to income statement	(246,941)	(246,941)
Charged to Other Comprehensive Income	(745,953)	(745,953)
As of 31 December 2019	(1,954,272)	(1,954,272)

The Company has not recognized deferred tax assets amounting to Rs. 110,252,880/- (2018- Rs. 109,366,863/-), arising from carried forward tax losses as at 31 December 2019 amounting to Rs. 393,760,284/- (2018 - Rs. 390,595,941/-), due to the Company being unable to assess with reasonable certainty that taxable profits would be available to recover the asset in the foreseeable future.

The Group has not recognized deferred tax assets amounting to Rs. 257,770,758/- (2018- Rs. 260,978,600/-), arising from carried forward tax losses as at 31 December 2019 amounting to Rs. 920,609,851/- (2018 - Rs. 932,066,428/-), due to the Group being unable to assess with reasonable certainty that taxable profits would be available to recover the asset in the foreseeable future.

Notes to the Financial Statements

15. DEFINED BENEFIT OBLIGATION

Gratuity

	Group 2019 LKR	Group 2018 LKR	Company 2019 LKR	Company 2018 LKR
As at 1st January	5,661,250	5,356,824	3,433,493	3,976,051
Current service cost	885,121	688,261	702,146	543,317
Interest cost	674,789	546,067	413,387	397,605
Actuarial (Gain)/ Losses	3,116,907	830,097	2,664,117	276,520
Liability Transfer Between Parent and Subsidiary	-	-	11,398	-
Payments Made During The Year	(245,000)	(1,760,000)	(245,000)	(1,760,000)
As at 31st December	10,093,067	5,661,250	6,979,541	3,433,493
15.1 Post Employee Benefit Expense for				
Current service cost	885,121	688,261	702,146	543,317
Interest cost	674,789	546,067	413,387	397,605
	1,559,909	1,234,328	1,115,533	940,922

15.2 The employee retirement benefit liability of the Company is based on the actuarial valuation carried out by Messrs. Acturial and management consultants (private) Limited, Independent actuarial specialists as at 31 December 2019. The principal assumptions used are as follows:

	2019	2018
Discount rate assumed (%)	9.80%	12%
Salary increase (%)	10%	10%
Staff turnover factor (%)	2%	12%

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,

15.3.1

	Group 1% Increase LKR	Group 1% Decrease LKR	Company 1% Increase LKR	Company 1% Decrease LKR
2019				
Discount rate assumed	9,778,906	10,427,631	6,755,699	7,226,363
Further salary increase	10,467,995	9,734,462	7,261,536	6,717,732

	Group		Company	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	LKR	LKR	LKR	LKR
2018				
Discount rate assumed	5,405,632	5,944,145	3,249,166	3,637,461
Further salary increase	5,965,586	5,381,864	3,653,600	3,231,573

16. TRADE AND OTHER PAYABLES

Summary

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Trade Payables	121,108,042	94,518,611	-	-
Other Payable (16.1)	132,777,411	63,029,282	60,743,780	47,007,042
Sundry Creditors Including Accrued Expenses	30,988,465	56,782,478	8,916,227	30,787,336
	284,873,918	214,330,371	69,660,007	77,794,378

16.1 Other Payable

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Other Payable	124,027,411	54,279,282	51,993,780	38,257,042
Provision for Litigation (16.2)	8,750,000	8,750,000	8,750,000	8,750,000
	132,777,411	63,029,282	60,743,780	47,007,042

16.2 Provision for Litigation

	Group/Company	
	Current	Non - Current
	2019	2019
	LKR	LKR
Provision for Litigation*	8,750,000	15,312,500

* Total provision of Rs.32,812,500/- was made as at 31 December 2018 on the legal case 13171/MR held between Anglo Asian Supermarkets Limited and the Company. The Company held liable to pay 33 equal monthly installments of Rs.729,167/- until 30 September 2022, as at 31 December 2019.

Notes to the Financial Statements

17. TENANT DEPOSITS

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
As at 1st January	207,782,348	206,946,519	46,369,523	46,153,575
Deposits received during the period	8,443,935	16,078,232	468,642	6,092,083
Repayments made during the period	(20,438,496)	(15,242,403)	(2,030,203)	(5,876,136)
As at 31st December	195,787,787	207,782,348	44,807,962	46,369,523

18. REVENUE

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Rental Income from Investment Properties	476,852,314	481,952,253	162,938,586	152,085,750
	476,852,314	481,952,253	162,938,586	152,085,750

19. OTHER INCOME AND GAINS

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Dividend Income	-	-	3,086,567	3,217,938
Interest on Staff Loans	47,307	200,482	47,307	200,482
Overdue Interest on rentals due past	462,095	2,530,165	117,352	558,140
Sundry Income	934,658	1,427,706	398,115	678,000
Gain on disposal of Property Plant and Equipment's/Investment Property	10,760	7,687	10,760	38,000
Interest on Fixed Deposits	16,389	610,503	16,389	610,503
Advertising Income	-	10,000	-	10,000
RAMP Shared Income	596	-	596	-
	1,471,805	4,786,543	3,677,087	5,313,063

20. FINANCE COST

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Interest on Overdrafts	2,361,075	830,796	2,352,879	830,796
Interest on Loans & Borrowings	232,173,540	213,139,616	27,354,845	2,952,616
Loan Expenses	975,252	1,091,050	975,252	1,091,050
	235,509,867	215,061,462	30,682,976	4,874,462

21. PROFIT FROM CONTINUING OPERATIONS

Stated after Charging /(Crediting)

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Included in Direct Expense				
Depreciation	134,039	3,292,175	31,247	3,225,590
Included in Administrative Expenses				
Employees Benefits including the following	51,679,436	42,518,632	46,756,470	37,966,140
- Defined Benefit Plan Costs - Gratuity	1,559,910	1,234,328	1,115,533	940,922
- Defined Contribution Plan Costs - EPF & ETF	3,737,594	3,430,465	3,360,795	2,988,372
Depreciation	6,437,267	5,624,185	736,762	806,129
Auditor's Fees	2,017,556	1,756,080	957,000	884,400
Included in Selling and Distribution Costs				
Advertising and Promotional Expenses	1,360,062	1,039,090	1,227,516	708,400
Allowance for Doubtful Debts	18,647,887	6,331,329	13,148,634	5,096,867

22. INCOME TAX

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

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Income Statement				
Current Income Tax				
Current Income Tax charge	-	-	-	-
Unrecoverable ESC	2,080,967		513,769	
Dividend Tax	432,120	-	432,120	-
	2,513,087		945,889	
Deferred Income Tax				
Deferred Taxation Charge (Note 14.1)	236,843,638	182,753,124	183,468,915	128,617,857
Income tax expense reported in the Income Statement	239,356,725	182,673,460	184,414,804	128,617,857

Notes to the Financial Statements

22. INCOME TAX (CONTD.)

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

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Accounting Profit before Tax from continuing operations	568,875,468	466,855,996	549,038,813	497,650,921
Disallowed Expenses	573,712,827	239,897,306	22,018,582	21,161,266
Allowable Expenses	(1,089,661,194)	(587,163,170)	(580,888,252)	(493,028,928)
Statutory Profit / (Loss)	52,927,101	119,590,132	(9,830,857)	25,783,259
Statutory Income	52,927,101	119,590,132	(9,830,857)	25,783,259
Tax Losses utilized during the Year	(62,757,958)	(119,590,132)	-	(25,783,259)
Taxable Profit / (Loss)	(9,830,857)	-	(9,830,857)	-
Tax at 28% (2018 - 28%)	-	-	-	-
22.2 Tax Losses				
Tax Losses Brought Forward	1,080,890,068	1,200,480,200	390,595,941	416,379,200
Adjustments on Finalisation of Brought Forward Tax Losses			(6,666,513)	
	-	-	-	-
Tax Losses Incurred During the Year	9,830,857	-	9,830,857	-
Tax Losses Utilised	(62,757,958)	(119,590,132)	-	(25,783,259)
Tax Losses Carried Forward	1,027,962,967	1,080,890,068	393,760,284	390,595,941

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.

Amount Used as the Numerator:

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Profit for the Year	332,505,265	328,334,716	364,624,009	369,033,064
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	332,524,765	328,952,290	364,624,009	369,033,064

Number of Ordinary Shares Used as Denominator:

	Group		Company	
	2019 Number	2018 Number	2019 Number	2018 Number
Number of Shares at the Beginning of the Year	199,881,008	199,881,008	199,881,008	199,881,008
Number of Shares at the End of the Year	199,881,008	199,881,008	199,881,008	199,881,008

24. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

24.1 Transaction with the parent and related entities

	Subsidiaries		Total	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Nature of Transaction				
As at 1 January	1,654,560,548	1,662,226,340	1,654,560,548	1,662,226,340
Central Cost Allocated	54,249,537	76,840,525	54,249,537	76,840,525
Finance Charges	204,115,688	199,337,034	204,115,688	199,337,034
Settlement of Liabilities by the Company on behalf of others	(116,737,852)	(80,032,926)	(116,737,852)	(80,032,926)
Collection of Cash on behalf of Company	-	(48,000)	-	(48,000)
Fund Transfers	(142,000,000)	(204,150,717)	(142,000,000)	(204,150,717)
Settlement of Liabilities	60,156,539	-	60,156,539	-
Dividend Income	3,086,503	3,217,842	3,086,503	3,217,842
Redeemed Preference Shares	(2,623,613)	(2,829,551)	(2,623,613)	(2,829,551)
As at 31 December	1,714,807,351	1,654,560,548	1,714,807,351	1,654,560,548

Notes to the Financial Statements

24. RELATED PARTY DISCLOSURES (CONTD.)

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.

The loan obtained on behalf of Liberty Developers Private Limited and interest reimbursement arrangement is as follows :

	2019 LKR	2018 LKR
Loan amount as at 31 December (Note 13.3)	1,437,500,000	1,510,000,000
Finance cost recorded under Related Party**	204,818,695	210,185,240

**Loan was obtained by Colombo Land and Development Company PLC on behalf of Liberty Developers Private Limited, and the interest pertaining to loan is reimbursed from the Liberty Developers Private Limited.

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.

Key Management Personnel Compensation

	2019 LKR	2018 LKR
Short-term employee benefits	35,040,000	25,120,000
Post-employment benefits	2,097,214	1,224,000
	37,137,214	26,344,000

Loans obtained from Related Parties have been disclosed in Note 13.4 in these financial statements.

Other Transactions with Key Management Personnel

	2019 LKR	2018 LKR
Loans to Key Management Personnel		
As at 1 January	-	-
Loan granted during the year	5,956,000	-
Loans repayments received	-	-
As at 31 December	5,956,000	-

25. ASSETS PLEDGED

The assets pledged as at 31.12.2019 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 2019 and 2018.

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 2019.

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 2019 and 2018.

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.

Notes to the Financial Statements

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
2019		
Borrowings	+10/-10	17,094,254
2018		
Borrowing	+10/-10	19,431,821

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 2019 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.

Group

Year ended 31 December 2019	On demand	1 to 12 Months	From 2 to 3 years	From 4 to 5 years	More than 5 Years	Total
Interest Bearing Loans and Borrowings (Note 13)	12,860,325	33,000,000	154,052,640	361,684,224	1,198,263,136	1,759,860,325
Tenant Deposits (Note 17)	195,787,787	-	-	-	-	195,787,787
Trade and Other Payables (Note 16)	283,603,441	-	-	-	-	283,603,441

Group

Year ended 31 December 2018	On demand	1 to 12 Months	From 2 to 3 years	From 4 to 5 years	More than 5 Years	Total
Interest Bearing Loans and Borrowings (Note 13)	28,341,333	212,800,000	558,000,000	564,000,000	268,000,000	1,631,141,333
Tenant Deposits (Note 17)	207,782,348	-	-	-	-	207,782,348
Trade and Other Payables (Note 16)	213,355,855	-	-	-	-	213,355,855

Notes to the Financial Statements

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Company

Year ended 31 December 2019	On demand	1 to 12 Months	From 2 to 3 years	From 4 to 5 years	More than 5 Years	Total
Interest Bearing Loans and Borrowings (Note 13)	12,580,368	33,000,000	154,052,640	361,684,224	1,198,263,136	1,759,580,368
Tenant Deposits (Note 17)	44,807,962	-	-	-	-	44,807,962
Trade and Other Payables (Note 16)	68,877,757	-	-	-	-	68,877,757

Company

Year ended 31 December 2018	On demand	1 to 12 Months	From 2 to 3 years	From 4 to 5 years	More than 5 Years	Total
Interest Bearing Loans and Borrowings (Note 13)	28,011,759	192,800,000	558,000,000	564,000,000	268,000,000	1,610,811,759
Tenant Deposits (Note 17)	207,782,348	-	-	-	-	207,782,348
Trade and Other Payables (Note 16)	213,926,615	-	-	-	-	213,926,615

	2019 LKR	2018 LKR
Interest Bearing Loans and Borrowings (Note 13)	1,759,860,325	1,631,141,333
Trade and Other Payables (Note 16)	283,603,440	214,330,379
Less: Cash and Cash Equivalents (Note 10)	(7,148,398)	(7,774,467)
Net debt	2,036,315,367	1,837,697,245
Equity	7,998,728,407	7,687,030,842
Capital and net debt	10,035,043,774	9,524,728,087
Gearing ratio	20%	19%

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

27. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted both local and global markets.

Management and the Board have considered the potential impact of the non-adjusting post balance sheet events that have been caused by the pandemic, COVID-19, on the current and future operations of the group. Measures taken in Sri Lanka to curtail the spread of the virus resulted in temporary slowdown in collection of rent and a reduction in car park revenue.

As a result of the post balance sheet event of the pandemic due to COVID-19, the Group consulted the same independent valuer who was engaged to assess fair values of the investment properties as at 31 December 2019, to determine the impact on the fair value measurement already incorporated in these financial statements based on the conditions that prevailed as at the year end. However, the future impact of the pandemic on the fair values of investment properties is uncertain and cannot be predicted with confidence, as a result of its evolving and unprecedented nature.

Subsequent to the reporting date, no other circumstances have arisen, which would require adjustments or disclosures in the Financial Statements other than those disclosed above.

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 financial assets classified under fair value through OCI 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 2019 was assessed to be insignificant.

Notes to the Financial Statements

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 2019:

		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-19	13,315,813,325	-	-	13,315,813,325
Financial Assets classified under FVOCI					
Quoted Equity Shares	31-Dec-19	23,520	23,520	-	-
Revalued Property, Plant and Equipment					
Land and Buildings	31-Dec-19	115,072,431	-	-	115,072,431
Biological Assets					
Plantation	31-Dec-19	55,493,119	-	-	55,493,119

The fair value measurement hierarchy for assets as at 31 December 2018:

		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-18	12,631,490,000	-	-	12,631,490,000
Financial Assets classified under FVOCI					
Quoted Equity Shares	31-Dec-18	10,800	10,800	-	-
Revalued Property, Plant and Equipment					
Land and Buildings	31-Dec-18	142,684,756	-	-	50,450,000
Biological Assets					
Plantation	31-Dec-18	54,600,582	-	-	54,600,582

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

The Company and Group do not have significant contingencies as at reporting date.

Notes to the Financial Statements

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%	100%	Cultivating plantation of teak and mahogany trees
Anantaya Global Solutions (Private) Limited	70%	70%	IT solutions, software development and e-marketing
Liberty Developers (Private) Limited	100%	100%	Renting out developed property

The above companies have been incorporated in Sri Lanka.

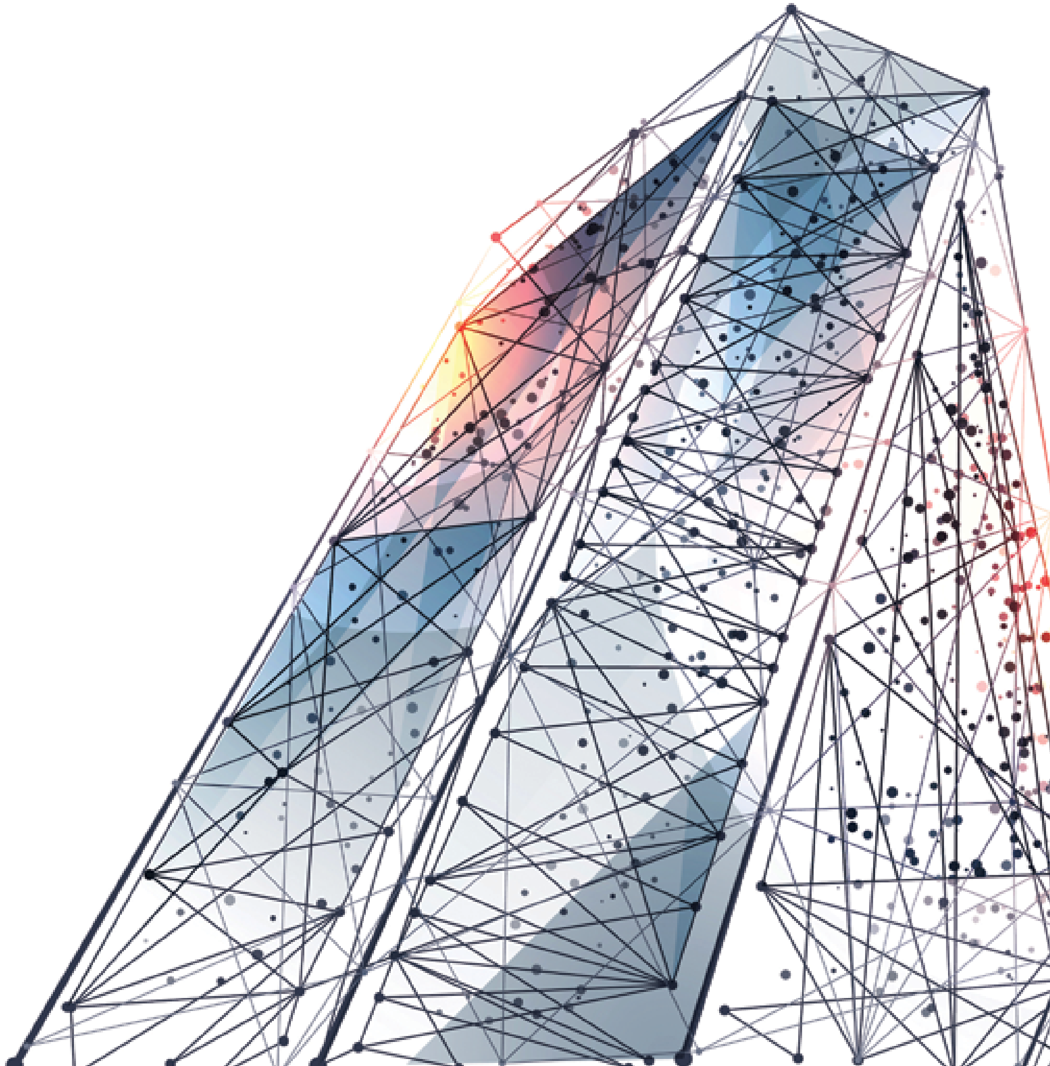
30.2 Summarised financial information of subsidiaries

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 (Private) Limited is in the business of providing IT solutions to the group.

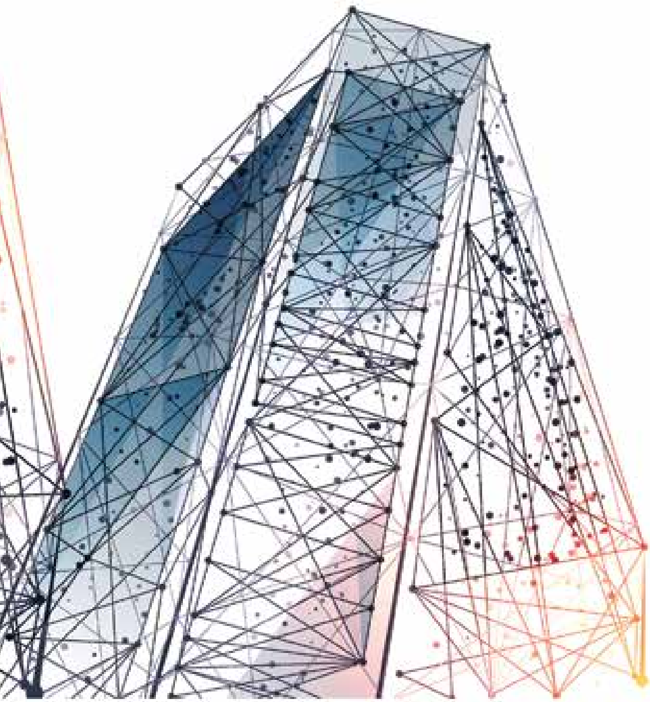
Set out below are the summarised financial information for each subsidiary

	Liberty Holdings Limited		Agrispice (Private) Limited	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Current				
Assets	122,231,918	109,803,935	1,077,530	768,412
Liabilities	1,481,741,547	1,516,265,157	62,848,995	59,023,542
Total current net assets	(1,359,509,629)	(1,406,461,223)	(61,771,465)	(58,255,130)
Non-current				
Assets	4,228,612,408	3,837,127,795	107,225,509	62,623,431
Liabilities	585,348,200	452,320,542	294,039	261,114
Total non-current net assets	3,643,264,208	3,384,807,252	106,931,470	62,362,317
Net assets	2,283,754,578	1,978,346,030	45,160,005	4,107,187
Revenue	98,541,028	96,741,703	-	-
Profit/(Loss) before income tax	417,729,633	70,786,184	(2,236,926)	(2,544,377)
Income Tax	(121,206,566)	(13,432,937)	-	-
Profit/(Loss) after income tax	296,523,066	57,353,247	(2,236,926)	(2,544,377)
Other Comprehensive income/(expense)	(18,893,674)	-	-	-
Total comprehensive (loss)/income	277,629,393	57,353,247	(2,236,926)	(2,544,377)

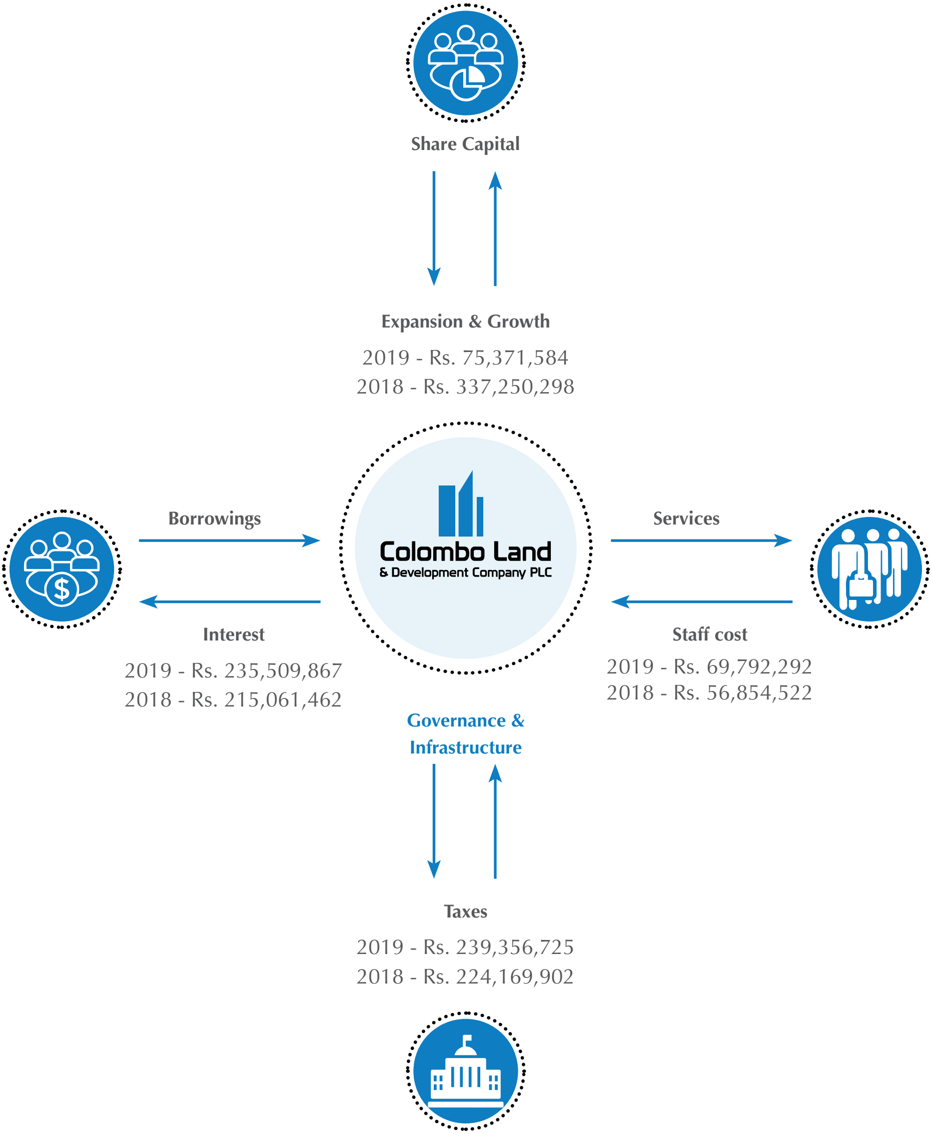
Anantaya Global Solutions (Private) Limited 2019 Rs.	2018 Rs.	Liberty Developers (Private) Limited 2019 Rs.	2018 Rs.
1,000	371,397	88,913,432	63,837,437
8,210,923	9,434,889	621,265,335	471,335,001
(8,209,923)	(9,063,492)	(532,351,903)	(407,497,564)
-	929,968	2,612,583,860	2,881,727,899
-	15,765	486,667,430	542,584,957
-	914,203	2,125,916,429	2,339,142,942
(8,209,923)	(8,149,289)	1,593,564,527	1,931,645,378
	95,847	232,101,919	250,758,736
(65,000)	(2,062,947)	(392,502,620)	(96,472,801)
-	-	54,533,766	(21,956,583)
(65,000)	(2,062,947)	(337,968,854)	(118,429,384)
-	-	-	-
(65,000)	(2,062,947)	(337,968,854)	(118,429,384)



Supplementary Information



Value Added Statement



Decade at a Glance

TEN YEAR SUMMARY

Market Price Per Share	2010 Rs.'000	2011 Restate	2012 Rs.'000	2013 Rs.'000	2014 Rs.'000	2015 Rs.'000	2016 Rs.'000	2017 Rs.'000	2018 Rs.'000	2019 Rs.'000
Trading Results										
Turnover	88,863	94,752	104,912	125,470	149,680	210,592	422,435	445,909	481,952	476,852
Operating Income	57,553	65,317	72,966	77,790	84,625	126,753	311,842	318,302	360,467	341,021
Operating Expenses	(78,937)	(129,624)	(80,283)	(94,934)	(97,241)	(126,120)	(122,321)	(101,051)	(107,266)	(127,029)
Operating Profit/(Loss)	(16,838)	277,273	(16,340)	137,733	257,979	2,032,404	745,287	4,096,402	726,069	807,372
Non Operating Income	4,546	2,076	2,179	2,057	1,094	4,324	7,567	16,627	4,786	1,479
Net Finance Income/(Cost)	7,887	12,769	6,655	(20,215)	(35,672)	(64,433)	(234,312)	(243,367)	(215,061)	(235,510)
Share results of associates	-	-	-	-	-	-	-	-	-	-
Profit/(Loss)before Tax	491,363	290,042	(9,685)	117,518	222,307	1,967,971	510,975	3,853,035	511,008	571,862
Income Tax	(5,931)	45,933	(80,284)	(56,444)	(69,224)	(611,135)	(203,730)	(1,110,643)	(182,673)	(239,357)
Profit(Loss)after Tax	485,432	335,035	(89,969)	64,074	153,083	1,356,836	307,244	2,742,393	328,334	332,505
Minority Interest	-	-	(216)	(530)	(13)	(32)	(105)	(894)	(617)	(20)
Profit /(Loss) of the Year	485,432	335,035	(89,753)	61,604	153,096	1,356,868	307,244	2,742,393	328,334	332,505

Investor Information

Twenty Major Shareholders as at 31st December 2019

Name	No. of Shares	%
1. Mr E.G. Ng	47,393,516	23.711
2. Hikkaduwa Beach Resort PLC	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	18,718,620	9.365
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	3,894,856	1.949
9. Seylan Bank PLC./ Nalaka Harshajeeva Godahewa	2,342,200	1.172
10. Mr. K.P. Hong (Deceased)	2,251,625	1.126
11. Mr Y.H. Ng	1,920,000	0.961
12. Sampath Bank PLC/Capital Trust Holdings Limited	1,872,163	0.937
13. Mr K.V. Hewavitarne	1,750,000	0.876
14. Mr Y.K.D. Ng	1,605,600	0.803
15. Allnatt Investments (Private) Limited	1,524,074	0.762
16. Cap W. Baptista	1,390,654	0.696
17. Pan Asia Banking Corporation PLC/Harshada Holdings (Pvt) Ltd	1,272,405	0.637
18. Mr T.G. Thoradeniya	1,254,190	0.627
19. Mr A. Lukmanjee	665,889	0.333
20. Mr R. Maheswaran	500,050	0.250
	179,309,811	89.708
Others	20,571,197	10.292
Total	199,881,008	100.000

Distribution of Shareholding as at 31st December 2019

From	To	No. of Holders	No. of Shares	%
1	- 1,000	1,639	577,847	0.29
1,001	- 10,000	877	3,329,146	1.67
10,001	- 100,000	287	8,231,524	4.12
100,001	- 1,000,000	42	9,598,619	4.80
Over 1,000,000		18	178,143,872	89.12
		2,863	199,881,008	100.00

Analysis of Shareholders as at 31st December 2019

Category	No. of Shareholders	No. of Shares	%
Local Individuals	2,624	18,717,195	9.36
Local Institutions	190	109,872,725	54.97
Foreign Individuals	46	68,974,876	34.51
Foreign Institutions	3	2,316,212	1.16
Total	2,863	199,881,008	100.00

Directors' Shareholding as at 31st December 2019

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	Nil	Nil
Mr. Ng. Heng Chye Clement	Nil	Nil
(Alternate Director to Ng Yao Xing, Eugene)		
Mr. S A Ameresekera.	Nil	Nil
(Alternate Director to M D S Goonatilleke)		

Share Prices for the Year

Market Price Per Share	31.12.2019	Date	31.12.2018	Date
Highest during the period	Rs.29.90	19/11/2019	Rs.23.00	06/03/2018
Lowest during the period	Rs.10.10	14/05/2019	Rs.14.20	26/10/2018
As at end of the period	Rs.26.00		Rs.15.00	

Public Holding

Public Holdings Precentage as at 31st December 2019	38.62%
Number of shareholders representing the above precentage	2,859
Float adjusted market capitalization as at 31st December 2019 (Rs.)	2,007,174,442

The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

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

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty Eighth (38th) 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 23rd October 2020 at 10.30 a.m. for the following purposes:

1. To receive the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st December 2019 and the Report of the Auditors thereon.
2. To re-elect as a Director Mr. M D S Goonetilleke who retires by rotation in terms of Articles 86 and 87 of the Articles of Association.
3. To re-elect as a Director Mr. L A P H De Silva who retires in terms of Article 94 of the Articles of Association.
4. To re-elect as a Director Mr. D L De Zoysa Abevsiriwardana who retires in terms of Article 94 of the Articles of Association.
5. To pass the ordinary resolution set out below to re- appoint Prof. C K M Deheragoda who is 70 years of age, as a Director of the Company;

"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Prof. Deheragoda who is 70 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007"

6. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.
7. To authorize the Directors to determine payments for the year 2020 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

14 September 2020

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 10.30am on 21st October 2020.

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Form of Proxy

*I/We ....
holder of NIC No .... of .... being a *Shareholder /Shareholders of Colombo Land and Development Company PLC do hereby appoint .... holder of NIC No .... of .... or failing him/her

Prof. C K M Deheragoda	or failing him
Mr. D S Jayaweera	or failing him
Mr. P V S Premawardhana	or failing him
Mr. M D S Goonatilleke	or failing him
(Alternate Director – Mr. S A Amarasekere)	
Mr. NG Yao Xing, Eugene	or failing him
(Alternate Director - NG H C Clement)	
Mr. L A P H De Silva	or failing him
Mr. D L De Zoysa Abevsiriwardana	

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 23rd October 2020 at 10.30 a.m. and any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To re-elect Mr. M D S Goonetilleke who retires in terms of Articles 86 and 87 of the Articles of Association, as a Director of the Company		
2.	To re-elect Mr. L A P H De Silva who retires in terms of Article 94 of the Articles of Association.		
3.	To re-elect Mr. D L De Zoysa Abevsiriwardana who retires in terms of Article 94 of the Articles of Association		
4.	To pass the ordinary resolution set out below to re- appoint Prof. C K M Deheragoda who is 70 years of age, as a Director of the Company; "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Prof. Deheragoda who is 70 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007"		
5.	To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.		
6.	To authorize the Directors to determine payments for the year 2020 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 Twenty.

……………………
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 10.30am on 21st October 2020.

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. 011-2575935-7 Fax: 011-2573111
E-mail: info@colomboland.com

Board of Directors

Prof. C.K.M. Deheragoda
Mr. D.S. Jayaweera
Mr P. V. S. Premawardhana
Mr. L.A.P.H. De Silva
Mr. D.L.De Z. Abeysiriwardana
Mr. M.D.S. Goonatilleke
Mr. Ng Yao Xing Eugene
Mr. Ng Heng Chye Clement
(Alternate to Mr.Ng Yao Xing, Eugene)
Mr. S.A. Amarasekera
(Alternate to Mr. M.D.S. Goonatilleke)

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 and Development Company PLC
3rd Floor, Liberty Plaza, 250, R. A. De Mel Mawatha, Colombo 03.
Tel No. 011-2575935-7 Fax: 011-2573111
E-mail: info@colomboland.com