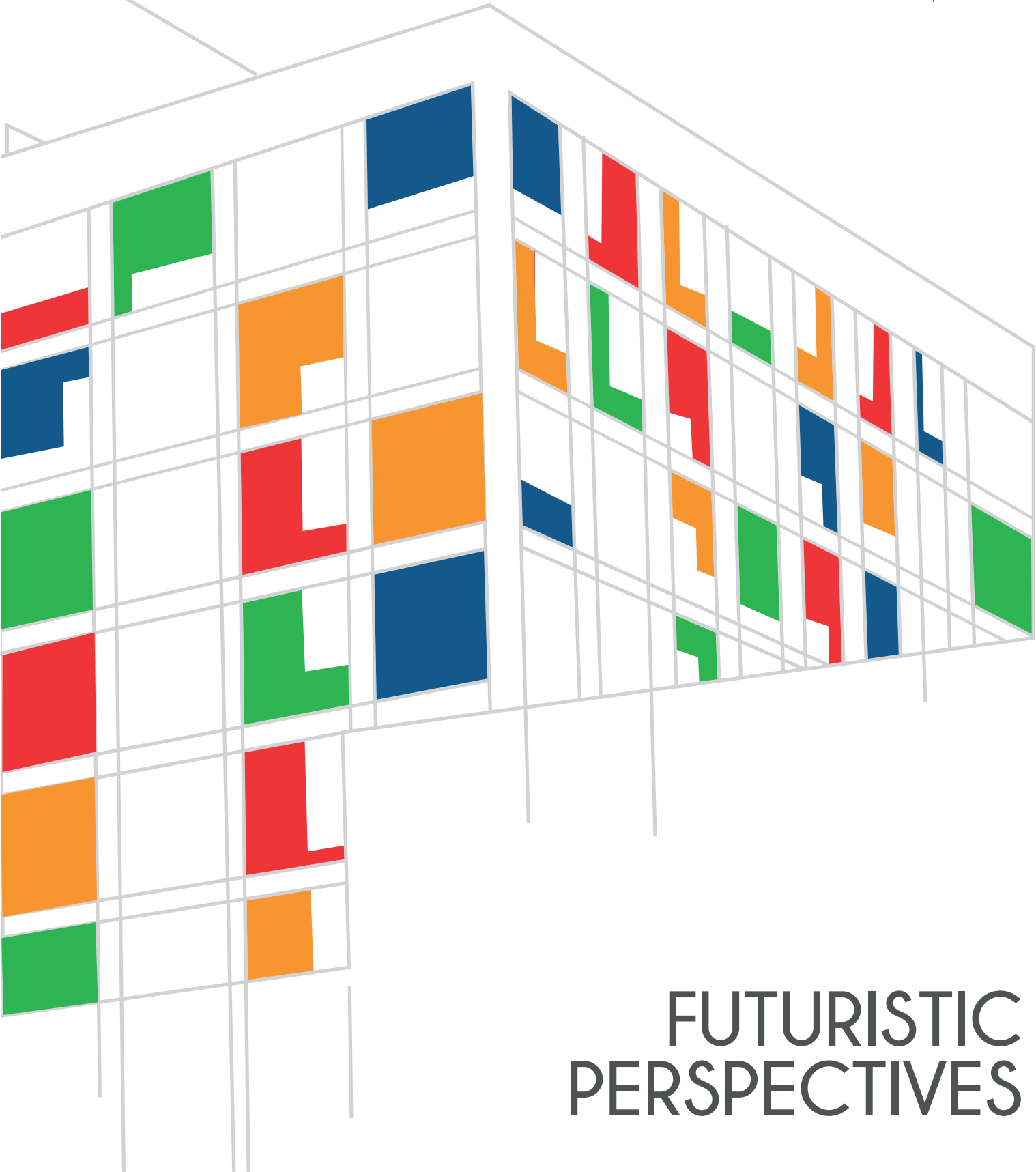
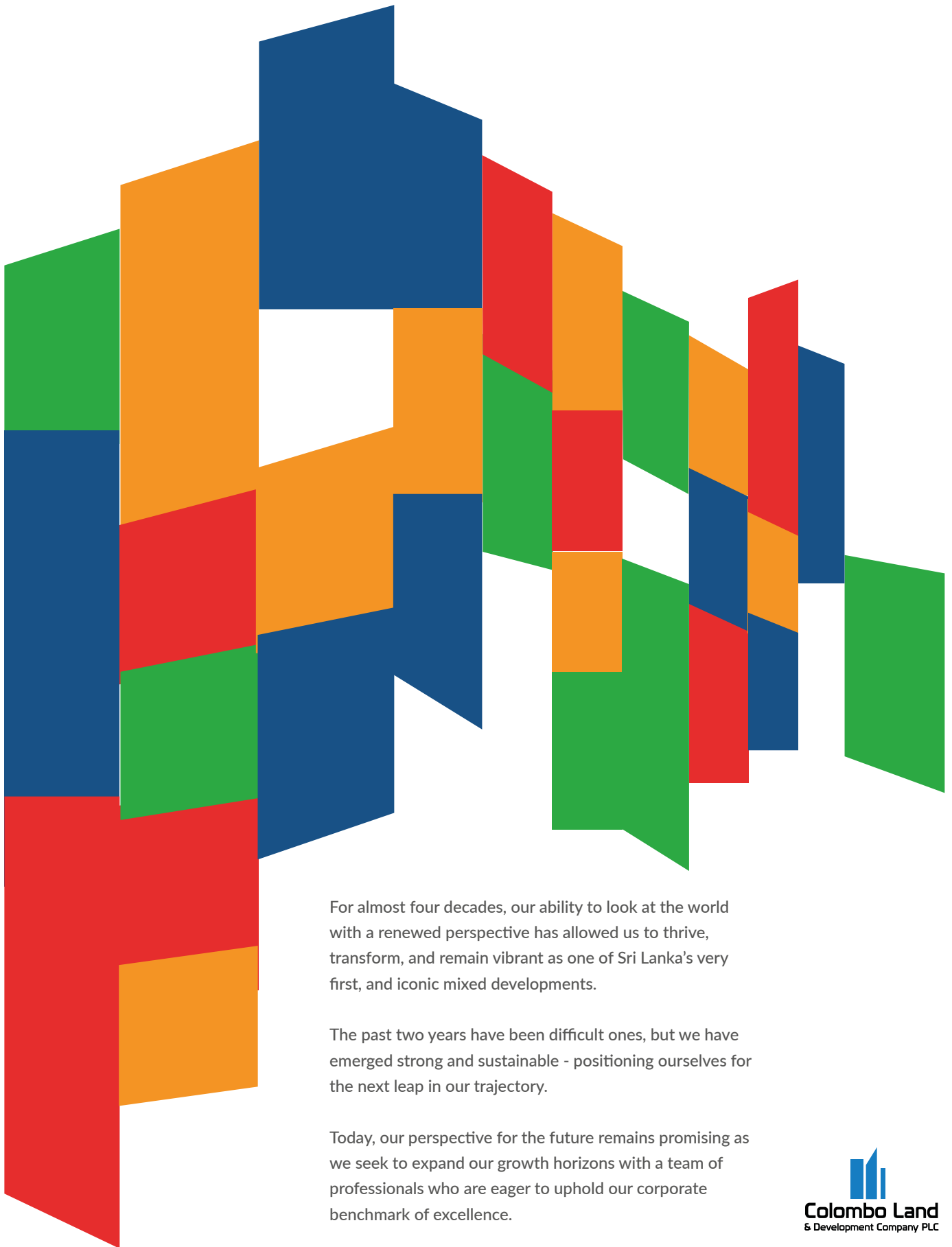


COLOMBO LAND &
DEVELOPMENT COMPANY PLC

Annual Report 2021



FUTURISTIC PERSPECTIVES



For almost four decades, our ability to look at the world with a renewed perspective has allowed us to thrive, transform, and remain vibrant as one of Sri Lanka's very first, and iconic mixed developments.

The past two years have been difficult ones, but we have emerged strong and sustainable - positioning ourselves for the next leap in our trajectory.

Today, our perspective for the future remains promising as we seek to expand our growth horizons with a team of professionals who are eager to uphold our corporate benchmark of excellence.

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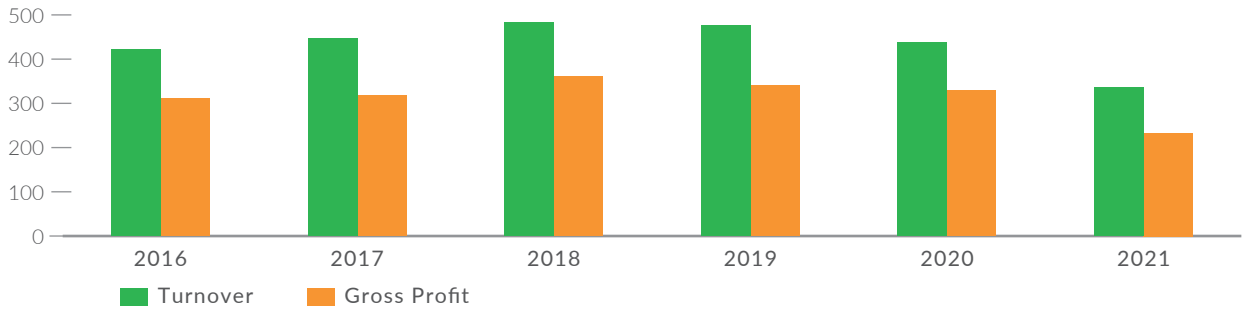


AT THE
HELM

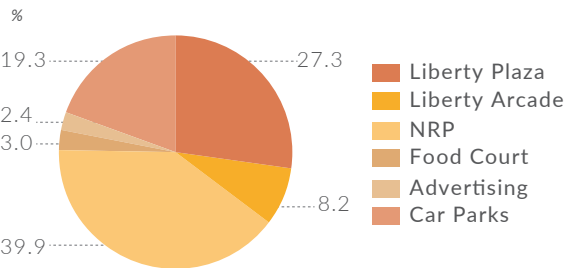
Group at a Glance

TURNOVER & GROSS PROFIT

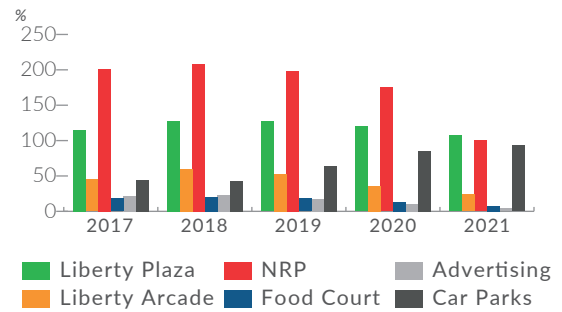
Rs.Mn.



REVENUE CONTRIBUTION



RENT INCOME



335



REVENUE (Rs.Mn)

232



GROSS PROFIT (Rs.Mn)

624



PAT (Rs.Mn)

13,936



TOTAL ASSETS (Rs.Mn)

3.12



EPS (Rs.)

8,720



EQUITY (Rs.Mn)

Financial Highlights

Indicator	Group			Company			
	2021 LKR	2020 LKR	Change %	2021 LKR	2020 LKR	Change %	
Operating Results							
Revenue	Rs. Million	335.22	438.41	(23.54)	166.93	168.81	(1.12)
Result from Operating Activities	Rs. Million	232.42	329.92	(29.55)	125.73	123.19	2.07
FV gain from Investment Properties	Rs. Million	131.45	199.29	(34.04)	(316.23)	101.37	(411.97)
FV gain from Biological Assets	Rs. Million	7.14	1.56	356.08			
Net Finance cost	Rs. Million	207.49	232.37	(10.71)	55.52	40.18	38.17
Profit before tax	Rs. Million	61.62	175.53	(64.89)	(327.93)	106.30	(408.49)
Tax	Rs. Million	562.34	(116.32)	(583.44)	506.30	(36.30)	(1,494.92)
Profit After tax	Rs. Million	623.96	59.21	953.89	178.37	70.01	154.80
Financial Position							
Total Assets	Rs. Million	13,935.71	14,044.31	(0.77)	11,169.72	11,420.48	(2.20)
Equity	Rs. Million	8,720.80	8,084.12	7.88	7,189.20	7,009.68	2.56
Stated Capital	Rs. Million	341.60	341.60	-	341.60	341.60	-
Net Assets Per share	Rs.	43.63	40.44	7.88	35.97	35.07	2.56
Share Information							
Earning per share	Rs.	3.12	0.30	940.00	0.89	0.35	154.29
Market capitalisation	Rs.	6,875.91	4,857.11	41.56	6,875.91	4,857.11	41.56
Price Earnings Ratio	Times	11.03	81.00	(86.39)	38.65	69.43	(44.33)
Market Price – High	Rs.	42.40	28.50	48.77	42.40	28.50	48.77
– Low	Rs.	20.10	10.10	99.01	20.10	10.10	99.01
– Last Traded	Rs.	34.40	24.30	41.56	34.40	24.30	41.56
Ratios							
Return on Assets	%	4.48	0.42	961.73	1.60	0.61	160.52
Return on Equity	%	7.15	0.73	876.95	2.48	1.00	148.43
Current Asset ratio	Times	2.76	0.45	511.65	14.91	6.43	131.88
Debt/Equity	%	21.87	23.12	(5.40)	26.54	26.66	(0.47)
Manufactured Capital							
Investment Property	Rs. Million	12,858.98	13,517.81	(4.87)	7,793.95	8,699.11	(10.41)
Biological Assets	Rs. Million	64.83	57.44	12.88	-		
Property, Plant & Equipment	Rs. Million	182.70	174.45	4.73	9.42	6.38	47.73

Chairman's Review



I am pleased to welcome you to the 40th Annual General Meeting and to place before you the Annual Report and Financial Statements of Colombo Land and Development Company PLC (CLDC) for the year 2021. Although I am taking over as Chairman of the Company at a crucial juncture in the national economy, the vision for the Company remains the same – to continue CLDC's status as a pioneering real estate developer in the country.

The pandemic remained the key challenge in 2021, hampering economic growth and revival of the economy in the first half of the year. However, the tide turned towards the end of the year as green shoots of revival became visible. Sectors such as tourism and travel, and other service sectors witnessed growing demand and more positive consumer sentiment.

The vision for the Company remains the same – to continue CLDC's status as a pioneering real estate developer in the country.

The retail sector eventually did not achieve the revival we had forecast based on the assumption that the pandemic induced challenges would be minimal in 2021. Nevertheless the Company overcame the obstacles to post a reasonable performance during the year by leveraging on prudent financial management skills.

During the year, we rekindled discussions on the development of the Pettah land with the Urban Development Authority and other stakeholders. The discussions encompassed some of the occupants of the said property in order to assess the feasibility of an integrated mixed development, which would incorporate the individual requirements of some of the occupants. We feel this approach is the most pragmatic one in any potential development of this significant land parcel, which must in turn fit with the government's master plan for development within the larger Pettah area. We shall continue to pursue this line of discussion during the coming year.

ACKNOWLEDGEMENTS

I wish to thank the Directors on the Board and the management team of the Company for their support. Our valued shareholders continue to inspire us to enhance and strengthen our position in the market while striving to achieve our dream project.



Major General (Retd.) V U B Nanayakkara
Chairman

26 May 2022

CEO's Review



The effects of the pandemic prevailed in 2021/22, weighing heavier on some sectors of the economy than others. The period year under review witnessed several spikes in COVID-19 infections and subsequent lockdowns which stifled the tourism, retail and real estate sectors to a great extent. Fortunately, the latter half of the year saw the dark clouds momentarily parting as the rapid uptake of vaccinations, trickle of inbound tourists, and rising business confidence infused an air of optimism for the year ahead. Unfortunately, as a retail space operator - with Liberty Plaza - the impact of the pandemic lasted longer since malls and food courts were the last to open to the public as mandated by health authorities.

Our strategic focus for the year remained firmly on maximising the returns from the assets we control, which involved close monitoring of costs and streamlining operations to enable the best outcomes.

As a responsible corporate, CLDC was compassionate and offered rent waivers and discounts to clients who were affected by the pandemic. Fear of stepping out into public places and a dip in disposable incomes saw lesser footfalls in the retail space as people went into survival mode and prioritised their expenditure. The food court especially, which was the last to open, experienced reduced footfalls.

Our strategic focus for the year remained firmly on maximising the returns from the assets we control.

In a strategic move, CLDC took a decision during the year under review to exit ownership of Liberty Arcade to enable restructuring of its outstanding loan as interest costs were mounting. Hence, the decision was taken to sell the asset after 10 years of successful operations, which served to strengthen CLDC's balance sheet and cash flows.

Overall, in 2021/22, CLDC recorded a revenue drop of 20% due to a combination of these issues as well as some key tenants vacating during this time and the rent cuts extended to tenants during the period. The car parks under our purview, which represent a significant revenue stream, saw increased monthly revenues following recent upgrades and a consequent revision of charges. All these factors impacted the company's revenue stream and overall, the real estate sector recorded marginal growth during the year.

STAKEHOLDER-INCLUSIVE GROWTH PLANS

CLDC had some success in renewing discussions on the land parcel in Pettah. While CLDC is currently in possession of only a part of the said land, the focus of the discussions, which included the Urban Development Authority and the Ministry, was to examine the possibility of an integrated mixed development that encompasses the requirements of some of the other occupants. Many of the services provided by some of the occupants are important to the logistical, trading and commercial operations of Pettah. Hence this was seen as a more pragmatic approach to embark on a potential wholistic development.

The proposed mixed development plan should ideally complement the government's master-plan for the development and enhancement of the greater Pettah region as well. While several rounds of discussion have been held, the process has been delayed due to the

pandemic as well as the current economic uncertainties. However, CLDC is committed to recommencing discussions in the near future to pursue the feasibility of such a development.

FUTURE PROSPECTS

Investors will continue their wait and watch approach in the current weakened economic environment – further delaying investments needed to stimulate the economic growth. Unfortunately the present economic scenario is not conducive to attract investors, which implies a subdued growth for the economy in the next financial year. The economic crisis has overtaken pandemic concerns as the focus is more on resolving the foreign exchange crisis in the country.

We remain focused on maneuvering these difficult times by thinking ahead of the ways in which we may best reap the best value from our mall and car parks which will ensure that our product remains sustainable and marketable.

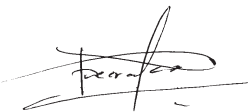
The prospects for CLDC seem brighter in 2022 as tourist numbers are slated to grow towards the second half, giving hope to a revival of the retail sector. The first three months of the 2022 calendar year have been favourable for the company. Looking

ahead, we expect a resurgence in the real estate development market as the economic situation in the country improves.

APPRECIATION

I would like to thank the Chairman and Board Members for their unstinted support and guidance through the period. The support of all internal and external stakeholders has been crucial in navigating yet another challenging year.

I must make special mention of our staff who have made an exceptional contribution during the past two years to ensure that our operations have continued with minimum disruption. The maintenance and security staff and the facilities management personnel worked through tough Covid conditions and restrictions and I commend them for their service.



Mr. P S Weerasekera
Director/Group CEO

26 May 2022

13,936



TOTAL ASSETS (Rs.Mn)

624



PAT (Rs.Mn)

Board of Directors



**1 MAJOR GENERAL (RETD.)
V U B NANAYAKKARA**
(Chairman – Non-Executive Director)



2 P S WEERASEKERA
(Director/Chief Executive Officer)



3 S A AMERESEKERE
(Executive Director)



4 NG YAO XING, EUGENE
(Executive Director)



5 D S JAYAWEERA
(Non-Executive Director)



6 D L DE Z ABEYSIRIWARDANA
(Non-Executive Director)



7 M D S GOONATILAKE
(Independent Non-Executive Director)



8 M D A WEERASORIYA
(Independent Non Executive Director)



9 NG H C CLEMENT
(Alternate Director to Mr. Ng Yao Xing, Eugene)

MAJOR GENERAL (RETD.) V U B NANAYAKKARA

(Chairman – Non-Executive Director)

Major General (Retd) V. Udaya B. Nanayakkara, (VSV USP ndu Hdmc MSc (Def), MMS (Ind), MSc (NS & WS)) is a Sri Lanka Army officer and military engineer. He is the Chairman of the Ministry of Urban Development. He was the former Chief Field Engineer of the Sri Lanka Army, Brigade Commander 552 Infantry Brigade “Jaffna” and 214 Infantry Brigade “Mannar”. He was also the former Military Spokesman, Director Media, Director Psychological Operations and Area Commander Central Province.

Educated at Royal College, Colombo after completing his education he joined the Sri Lanka Army in 1981 as an Officer Cadet. Following basic training at the Sri Lanka Military Academy, he was commissioned into the Sri Lanka Engineers as a Second Lieutenant. He is a graduate of the College of Defence Management India and the National Defence University, Pakistan. He was the 1st Project Director of Defence Headquarters Complex Project, Akuregoda, Pelawatta. He held the prestigious appointment of Colonel Commandant Corps of Engineers. General Nanayakkara is decorated with Vishishta Seva Vibushanaya (VSV), Uttama Seva Padakkama (USP), the Sri Lanka Armed Services Long Service Medal, the Riviresa Campaign Services Medal, the Purna Bhumi Padakkama, the North and East Operations Medal and the 50th Independence Anniversary Commemoration Medal. Following his retirement, he served in private sector as a Director/General Manager and he served as the Director General of Urban Settlement Development Authority of Sri Lanka and was appointed Chairman of the Urban Development Authority.

P S WEERASEKERA

(Director/Group Chief Executive Officer)

Mr. Padmesh Weerasekera is a business strategist with over 28 years of experience specialising in the areas of corporate strategy, sales, marketing and sustainability. He has worked in a number of industries covering insurance, advertising, telecommunications, FMCG, automotive, banking, logistics, travel, hospitality, real estate operating locally and internationally.

He was the Chief Executive Officer at George Steuart Consumer and served in senior leadership capacities in the past at Expolanka Holdings PLC, Janashakthi Insurance and Bates Asia. He is a Fellow of the Chartered Institute of Marketing, UK, Certified Management Accountant - CMA Australia and holds a MBA from the University of Wales -UK.

He is a recipient of the Brand Leadership Award at the World Brand Congress in 2011, CMO Asia Award in 2012 and Asia’s Best Marketer Award in 2016, CMO Asia, Singapore.

S A AMERESEKERE

(Executive Director)

Qualified in both business and engineering, Mr. Sarva Ameresekere has extensive local and foreign exposure in diverse areas of business.

Mr. Ameresekere is the Group Executive Director of George Steuart & Company Ltd., Sri Lanka’s oldest business entity established in 1835. He plays a pivotal role in the management and strategic planning of the Group’s diversified sectors including tea exports, healthcare, FMCG, financial services, industrial solutions and travel & leisure. Accordingly, he holds several key positions within the Group including directorships of all of its listed entities - Citrus Leisure PLC and its subsidiaries, Colombo Land and Development Company PLC, and HVA Foods PLC.

He also serves as the Director / CEO of Triad (Pvt) Ltd, one of Sri Lanka’s leading creative communication entities. The Triad Group integrates a cluster of companies specialised in a plethora of communication disciplines, thereby offering clients an unmatched holistic and synchronized communications solution.

Mr. Ameresekere holds a Master’s 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.

NG YAO XING, EUGENE

(Executive Director)

Ng Yao Xing, Eugene is a director from Singapore. He is a graduate of the 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.

D S JAYAWEERA

(Non-Executive Director)

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

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

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

Board of Directors

D L DE Z ABEYSIRIWARDANA

(Non-Executive Director)

Mr. De Z Abeywardana is an Attorney-at-Law of the Supreme Court of Sri Lanka and specialises in Civil and Criminal Law.

Mr. De Z Abeywardana served as a Director during the period 2005 to 2010 on the Board of Shipping & Aviation Information and Research (Pvt) Ltd (previously Central Freight Bureau) under The Ministry of Port and Aviation. He also served as a Director on the Board of 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.

M D S GOONATILAKE

(Independent Non-Executive Director)

Mr. Goonatileke 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. Goonatileke 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 is the Chairman of Prime Finance PLC.

M D A WEERASOORIYA

(Independent Non-Executive Director)

Mr. Asoka Weerasooriya, Attorney-at-Law, is an alumni of Richmond College Galle. He entered the Bar in 1987 and joined the Department of the Attorney General of Sri Lanka in 1988 as a State Counsel. During his legal career spanning over 33 years, he has been in private practice since 1993.

Mr. Weerasooriya is a former partner of Colombo Law Alliance with Dr Asanga Gunawansa and former Permanent Senior Counsel with Dissanayake Amaratunga Associates. He is an Ex-Co Member of the BASL and was recently appointed as a member of The Criminal Law Reforms Committee by the Hon. Justice Minister Ali Sabry.

Mr. Weerasooriya was also appointed by Chief Justice as a member of the Disciplinary Panel to look into allegations against the legal fraternity. He is a key resource person for the BASL Criminal Law Seminars & Workshops and the National Law Conference 2021.

Mr. Weerasooriya is also a consultant for Rebco Fence Links (Pvt) Ltd.

NG H C CLEMENT

(Alternate Director to Mr. Ng. Y. Xing)

Clement NG has over 20 years of management experience in multinational companies in Senior Executive roles. He holds an MBA with a double major in Finance and Marketing from the University of Western Australia.

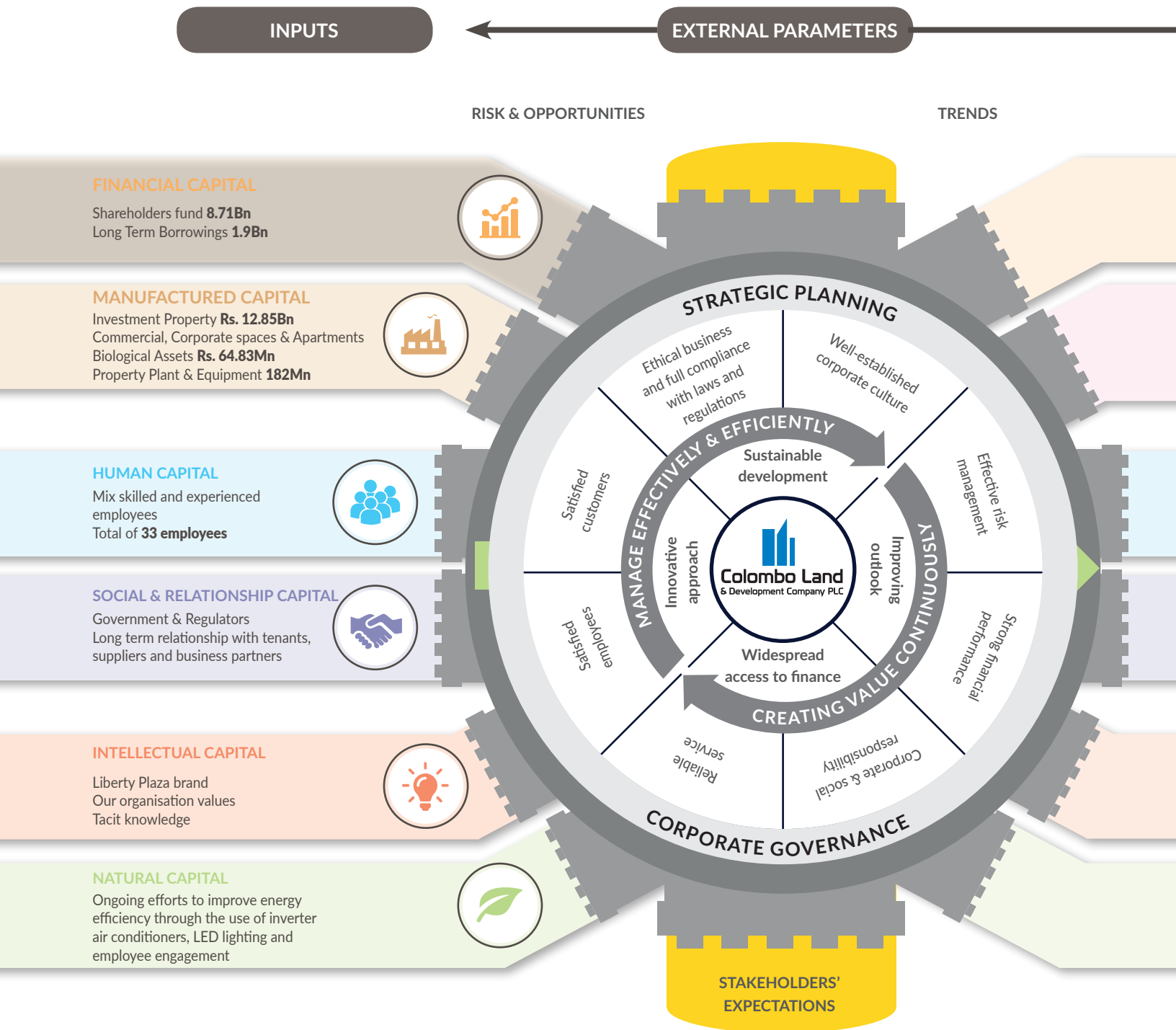
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LEADING
WITH CLARITY

Our Value Creation Model



OUTPUT

SHAREHOLDERS

PAT **Rs. 624 Mn**
EPS **Rs. 3.12**

EMPLOYEES

Staff cost **Rs. 63.33Mn**

TENANT/CUSTOMERS

Rental revenue **Rs. 238.47Mn**
Property service income **Rs 96.74Mn**

SUPPLIERS

Premises maintenance and value related **Rs. 29.70Mn**

COMMUNITY

Contribution for CSR **Rs. 1 Mn.**

GOVERNMENT

Group has accumulated tax losses of **Rs. 610 Mn** which can be utilised against future taxable income.



66%
Occupancy



76%
Longstanding
Tenants



196,000
Sqft.
Rentable Space

The Company settled part of the long term liabilities with the bank from the sales proceeds of Liberty Arcade.

Our Business Model

STAKEHOLDERS



SHAREHOLDERS



CUSTOMERS



EMPLOYEES



REGULATORS



SOCIETY



SUPPLIERS

KEY ACTIVITIES

Property development, Management, Maintenance and Car Park Operations

KEY RESOURCES

Equity Rs. 8.7 Bn
Investment Property Rs. 12.8 Mn
Employees 33

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



CUSTOMER RELATIONSHIPS



CUSTOMER SEGMENTS

Commercial, Office and Residential spaces
Car Parking spaces
Advertising Spaces

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

CHANNELS

Advertising
Internet
Brokering Agency
Postal Service
Personal Contacts

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

Stakeholder Engagement

STAKEHOLDER ENGAGEMENT

Colombo Land and Development Company PLC considers its internal and external stakeholders as key pillars of its success. Managing the impact of its business operations on stakeholders is critical for its on-going growth and expansion.

Shareholders/investors, tenants, suppliers, employees, Government/Regulatory bodies and society have been identified as the key stakeholders of the Company. The Company engages closely with all stakeholders in an appropriate manner which best enhances the stakeholder-company relationship for a mutual win-win.

HOW WE ENGAGE WITH STAKEHOLDERS

- Classify stakeholders that impact company operations and on whom the company's business has an impact directly and indirectly
- Stakeholders are grouped according to importance
- Stakeholder strategy is set
- A range of formal and informal platforms are identified for stakeholder engagement
- Priorities for each group is established and channels of communication opened
- Any queries by stakeholders are resolved within the shortest possible time-frames

STAKEHOLDER PROCESS

Stakeholders	Expectations	Importance	Engagement Process	Company Platforms
Investors/ shareholders	ROI, Liquidity Good Governance, Risk Management, Shareholders' Confidence, Transparency	<ul style="list-style-type: none"> • Invest capital in the Company • Safeguard the ownership of the Company • Help to expand shareholder wealth 	<ul style="list-style-type: none"> • Accurate, clear and transparent communication is the key. All requested information is shared with this stakeholder group as deemed necessary and when asked for, in a timely manner. • Strategies to ensure sustainable and ethical business growth • Compliance with regulatory mandates and upholding internal controls and risk mitigation measures 	<ul style="list-style-type: none"> • Annual General Meeting • Annual Report • Interim Financial Statements • Web uploading/ CSE announcements
Tenants	Reasonable rentals, High quality service standards, Superior facilities, Considerate credit facilities	Salient source of revenue generation for the company	<ul style="list-style-type: none"> • High quality modern commercial office space at affordable rates • Extending security, maintenance and customer service • Offering grace periods for rental payments and rent waivers due to COVID-19 • Nurture longstanding relationships with tenants to maximise shareholder returns 	<ul style="list-style-type: none"> • Customer feedback • Meetings • Resolving complaints & requests

Stakeholders	Expectations	Importance	Engagement Process	Company Platforms
Suppliers	Accommodate price fluctuations, Transparent procurement process, Payments made on time	Source of inputs needed to run the business operations	<ul style="list-style-type: none"> Adhere to procurement policies Negotiate with suppliers for best quality and price Optimal inventory management system to ensure delivery on time 	<ul style="list-style-type: none"> Supplier registration Meetings and discussions for better mutual understanding and cooperation
Government, legal and regulatory bodies	<ul style="list-style-type: none"> Total compliance with laws Fulfil regulations and formalities 	Regulators and policy makers that need to be complied with for sustainable business operations	<ul style="list-style-type: none"> Fulfil compliance norms to the fullest Ensure good governance Audits and reviews of compliance and t ensure all required standards are met, failing which could lead to loss of reputation 	<ul style="list-style-type: none"> Ensure staff fulfils business compliance needs by issuing circulars and conducting audits
Employees	<ul style="list-style-type: none"> Career progression Remuneration and benefits on par with industry Occupational Health & Safety 	Key pillar of the organisation to drive operations	<ul style="list-style-type: none"> Fair HR policies for employee welfare Equal opportunity employer Extending loans and insurance Rewards and recognition 	<ul style="list-style-type: none"> Staff meetings, notices Engagement with management Employee bonding
Community	<ul style="list-style-type: none"> Responsible conduct of business Proper waste disposal Prudent use of resources 	The Company needs the society's approval to operate its business and run it as a responsible corporate citizen	<ul style="list-style-type: none"> Responsible operations minimising inconvenience to community Internal paper recycling, energy saving lighting (LED) to promote efficient use of resources and to minimise waste. Effective maintenance of AC system, generators, water supply etc 	<ul style="list-style-type: none"> Media coverage CSR activities

Management Discussion and Analysis

The real estate market remains static as investors adopted a wait and watch mode.



SRI LANKAN ECONOMIC

The Sri Lankan economy was poised for recovery in 2021 from the pandemic induced contraction in 2020, however rising COVID-19 infections and subsequent lockdowns dampened growth prospects for the year, making the economy more vulnerable to external headwinds. Eventually, the Sri Lankan economy recorded a growth of 3.7% in 2021, compared to the contraction of 3.6% recorded in the preceding year. The Industry and Services sectors of the economy registered growth during the year although the manufacturing sector was an exception as it recorded a contraction of 30.5%. Further, the external sector remained on the brink of a precarious state since late 2021 due to

the mounting Balance of Payments (BOP) pressures reflected in the meagre level of official reserves amidst significant debt servicing obligations, along with the dire need to finance essential imports at a time when the domestic foreign exchange market remained largely illiquid. Calamities in the power and energy sector, acute shortages of essentials and raw materials and the spill-over effects of these, disrupted economic activities.

The public and private sectors largely enjoyed low cost funds for working capital and investment which kept industries viable, even witnessing some growth, which in turn ensured uninterrupted

provision of public services, utilities and goods and services. However, the Central Bank of Sri Lanka commenced monetary tightening measures in the third quarter of the year. Inflation accelerated in 2021 driven mainly by global and domestic supply chain disruptions and the surge in global commodity prices. The pressures witnessed in the domestic foreign exchange market caused a large overshoot in the Sri Lanka rupee. The Sri Lankan rupee depreciated by 7% per cent in 2021 and a further 33% by end March 2022.

Sri Lanka received sovereign rating downgrades by rating agencies during 2021 in consideration of its worsened external liquidity position, weakening fiscal outlook and forthcoming substantial debt service payments. The significantly high debt level of the Government and looming foreign debt obligations raised serious concerns about external debt sustainability of the country. The 2021/22 year was the weakest economic position Sri Lanka has even found itself in so far.

REAL ESTATE MARKET

Unfavourable conditions for the real estate sector from the previous year persisted in 2021/22 as property market and rental growth showed a marginal growth. Social distancing and lockdowns combined to create a shrinking of retail activity at malls in general. Overall the real estate market remains static as investors adopted a wait and watch mode, although a low interest regime spurred customers to take advantage of home loans. However, rising inflation and economic headwinds from Sri Lanka's precarious debt obligations position made the future uncertain for potential investors.

PERFORMANCE

The Company managed to sustain its business but was compelled to offer rent waivers and discounts due to the poor performance of the retail industry. For the third consecutive year, hopes for growth in rent income failed while a decline was seen in revenue from car parks

The prospects for the Group remain strong for such a time when the economy recovers and the Port City projects accelerates. This will make the climate highly favourable for our Pettah integrated mixed development project to support the commercial activity in the newly developed Port City.

and rental income. In addition, a strategic decision was taken to sell Liberty Arcade to ease the pressure from interest on bank loans. Overall, the Company recorded a revenue drop of 24%. The Group maintained average occupancy rate of 66% during the year.

FUTURE OUTLOOK

The prospects for the Group remain strong for such a time when the economy recovers and the Port City projects accelerates. This will make the climate highly favourable for our Pettah integrated mixed development project to support the commercial activity in the newly developed Port City. The Company will continue to invest in upgrading and refurbishing its office and retail spaces and apartments to stay ahead of competition. Real estate investments remain a reliable hedge against inflation which is yet to peak in Sri Lanka as a higher interest rate regime will make construction activity more expensive.

FINANCIAL REVIEW

The Company was forced to operate in a very challenging environment in the year under review mainly due to COVID-19 pandemic situation slowed the growth of the sector. The Group rental revenue dropped to Rs. 238 Mn in 2021 from Rs. 343 Mn in 2020. Income from car parks increased by 10% during the year under review to Rs. 93 Mn. The occupancy dropped to 66% in 2021, when compared to 69% in 2020. 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 the 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 decreased by 5.2% YoY to reach Rs. 102.8 Mn mainly because of lesser operations carried out in the year under review due to imposition of curfew and the COVID-19 pandemic situation that prevailed in the country. Administrative expenditure dropped by 5.3% compared to the previous year, and selling and marketing expenses dropped by 45.5% mainly due to reduction in bad debt provision.

GROSS PROFIT

The Group Gross Profit of Rs. 232.42 Mn was 29.5% lower than previous year mainly due to low occupancy compared to the previous year and rent reductions arranged to the tenants due to COVID-19 pandemic.

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. 12,858 Mn resulting in a net gain on change in fair value of investment properties amounting to Rs. 131.4 Mn during the year in the Statement of Profit or Loss. During the financial year the Company has entered into a Sales purchase agreement to sell the land area of 36.88P of Liberty Arcade property for a consideration of Rs. 640 Mn and the said property has been reclassified from an investment property to a Non-current asset held for sale as at 31st December 2021.

FINANCE COST

The Group financing costs decreased by 10.7% during the year under review mainly due to transfer the existing liabilities at lower interest cost.

Management Discussion and Analysis



PROFIT BEFORE TAX (PBT)

The Profit Before Tax of the Group decreased by 64.8% during the year, reaching Rs. 61.6 Mn in comparison to Rs. 175.5 Mn recorded during the previous financial year, mainly due to drop in the revaluation gain on investment properties and rent reduction compared to the previous year.

TAXATION

The income tax reversal for the Group and the Company for 2021 were Rs. 562 Mn. and Rs. 506 Mn respectively mainly due to reversal of differed tax liability. The group has accumulated tax losses of Rs. 610 Mn which can be utilised against future taxable income of the Group. 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 the income statement entirely consists of tax liability arising out of investment property revaluation.

CASH AND BORROWINGS

The Group's cash balance and short term investments as at 31st December 2021 stood at Rs 33.01 Mn (2020 - Rs 26.75 Mn) which was a increase of 23.37% over the previous year. The Group's total borrowing was Rs 1,905 Mn which mainly includes borrowing

for the construction of New Retail Podium by Liberty Developers (Pvt) Ltd.

NET ASSETS

The Group Net Asset value per share as at 31st December 2021 stood at Rs 43.63 (2020 - Rs 40.44).

EARNINGS PER SHARE

The Group Earnings per share for the year 2021 increased to Rs. 3.12 per ordinary share (2020 - Rs 0.30) mainly due to reversal of income tax.

PRICE EARNINGS RATIO

The Price Earnings ratio of the Company as at 31st December 2021 was 11.03 times (2020 - 81.00 times).

RETURN ON EQUITY (ROE)

The Group Return on Equity (ROE) was 7.15% for the year 2021 (2020- 0.73%). The increase in ROE is mainly due to reversal in income tax.

ASSETS

The total Group asset base decreased from Rs. 14.04 Mn to Rs. 13.94 Mn. in 2021.

LIABILITIES

Total Liabilities as at 31st December 2021 decreased to Rs. 5,215 Mn compared to Rs. 5,960 Mn in the previous year mainly due to decreases in deferred tax liabilities.

TOTAL EQUITY

Total Equity of the Group increased by Rs 637 Mn to Rs. 8,721 Mn (2020 - Rs 8,084 Mn) mainly due to Profit After Tax of Rs. 624 Mn which mainly consists of revaluation gains and reversal of tax liabilities recorded for the year.

DEBT TO EQUITY RATIO (GEARING)

The Group's debt consists of Rs. 1,905 Mn mainly due to borrowing obtained on behalf of Liberty Developers (Pvt) Ltd for the development of New Retail Podium. The Group has transferred the liability to NDB Bank for a lesser interest cost. The repayment for 10 year period with first two years will be grace period for capital repayment. The Gearing ratio was 21.87% in 2021 (2020 - 23.12%).

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

SUSTAINABILITY REVIEW

Colombo Land fulfils 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. 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.

Colombo Land operates Liberty Plaza, a retail hub reputed across generations. Over 30 years, the Company has successfully sustained the relevance of the mall by expanding, modernising, diversifying retail brands and tenants, and offering an enhanced retail experience unlike any other in the city. The main reason behind its successful operation and host of longstanding tenants is the manner in which the Company has managed shareholder expectations along with evolving with macroeconomic developments and challenges, and by nurturing its employees and respecting the environment. Prudent financial discipline and good governance has ensured all internal and external stakeholders have benefited by the value creation efforts of the Company.

SUSTAINABILITY POLICY

The overarching goal of Colombo Land's sustainability policy is to have a net positive impact. In order to achieve this, the Company creates economic and social value as a responsible corporate citizen by enhancing facilities and standards for tenants, customers, building users, shareholders and employees. A range of energy conservation measures

have been taken to minimise the Company's carbon footprint. Sustainable practices are integrated across the Group by implementing best practices in economic, environmental and social governance for all stakeholders.

ADHERENCE TO UN SUSTAINABILITY DEVELOPMENT GOALS (SDGS)

- Employment Generation: Direct and indirect employment
- Occupational Health & Safety: Compliant with safety measures for the well-being of residents, guests and tenants at Liberty Plaza, New Retail Podium, and all other facilities managed by the Company.
- Equal opportunity employer.
- Energy efficient technology such as inverter air conditioners and LED lighting.
- Strive to be a 'Great place to work' by providing an enriching work environment for employees while investing in training and development and career progression.
- Shaping Colombo as a sustainable city through landmark developments of Liberty Plaza, the New Retail Podium and Liberty Arcade which was sold during the year.
- 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.

SUSTAINABILITY IN ACTION

Colombo Land has adopted sustainability principles that reflect its pioneering status in the real estate and retail industry. Over the years, the Group has amply demonstrated its environmental, social and economic sustainability credentials to retain a

competitive edge in the emerging business landscape in the face of unprecedented macroeconomic challenges in 2021/22, Colombo Land fulfilled its sustainability pledge by ensuring the protection and well-being of its stakeholders. Through the period under consideration, the Group continued to uphold the core principles of the UNSDGs, by complying with laws and ethical business practices and also through consistent and long-term social investments.

The Group's key performance indicators are improved standards of facilities, maintenance of hygiene and pleasant ambience in the premises, energy efficiency, greater employee satisfaction, environmental stewardship etc.

ECONOMIC SUSTAINABILITY

The Company pursues wealth creation for stakeholders by pursuing prudent financial discipline and by leveraging on its expertise in real estate operations. Colombo Land displays corporate stewardship by making a substantial contribution by way of taxes to government bodies whilst fulfilling agreements of other partners. The Company remains responsive to challenges in the wider economy that impact its stakeholders. During the period under review, as a result of the pandemic and economic crisis induced challenges, rent waivers and discounts were granted to tenants to alleviate financial stress.

Sustainability at Colombo Land

	Challenges	Opportunities	Risks	Strategies
Economic	Market competition	Investment opportunities	Loss of key customers	Constant improvements in services & facilities
	Price fluctuations on supplies and labour	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 audits and constant 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	Cost reduction and strained employee relationships	Industry-based training
	High labour turnover	Participating in community development programmes		Active CSR participation

Management of Capital

Colombo Land adopts an integrated approach to managing its capitals to deliver the optimum financial results for the Company and all its stakeholders while delivering a sustainable performance. By sustaining strong relationships with stakeholders, the Company is able to ensure value creation for all by managing its Financial, Manufactured, Intellectual, Human, Social Relationship and Natural Capital prudently.

FINANCIAL CAPITAL



Financial capital is any form of money, credit, and other forms of funding that builds wealth and only includes earnings that the business

retains. As a responsible corporate, Colombo Land's revenues were impacted during the year under review due to the pandemic and subsequent lockdowns through the period. As a result of prolonged closures, tenants demanded reduced rentals and waivers which the Company duly extended.

In a strategic move, the Company divested Liberty Arcade to enable restructuring of its outstanding loan due to rising interest costs. The transaction strengthened the balance sheet of the company. Overall, a revenue drop of 20% was recorded in 2021/22 due to a combination of challenges.

The financial statements and financial highlights appearing on page 5 and 62 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)	8,721
Borrowings (Rs. Mn)	1,905
Earnings Per share (Rs.)	3.12
Net Asset Per share (Rs.)	43.63
Share Price Closing (Rs.)	34.4
Market Capitalisation (Rs Mn)	6,875

MANUFACTURED CAPITAL



Manufactured Capital is material goods and infrastructure owned, leased or controlled by an organisation that contribute

to production or service provision, but do not become embodied in its output. The Company maintains the value of its Manufactured Capital to the highest standards in order to meet the expectations of tenants, investors and customers.

The year under review did not see any new refurbishment due to the decline in the retail sector due to COVID-19. Further, for its Pettah land, Colombo Land brought all the concerned parties together to discuss the proposed blueprint for the property as a lifestyle and service hub for the area and a support structure for the Port City development. This is one step forward towards realising the vision for the project.

As a real estate owner, developer and operator, the Company's Manufactured Capital is the key asset it nurtures to serve customers by investing in upgrading assets for optimal performance. Colombo Land's Manufactured Capital accounts for about 98% of total assets of the Company. All commercial spaces, offices, residential apartments and other facilities are upgraded regularly.

Manufactured capital	Amount Rs. Mn
Liberty Plaza	3,361
Liberty Arcade	640
New Retail Podium	2,305
People's Park and Gas Land	6,772
Property Plant & Equipment	183
Biological Assets	65
Total	13,326

INTELLECTUAL CAPITAL



Intellectual capital is the value of a company's employee knowledge, skills, business training, or any proprietary information that may provide the company with a competitive advantage.

Liberty Plaza is one of the strongest brands and iconic locations in Colombo, and the first and the oldest shopping complex in Sri Lanka, dating back to 1980s. By adopting modernisation and reinventing the commercial space to meet the evolving needs of its tenants and customers, Liberty Plaza still remains a valued brand and the premier shopping hub in the city.

The strength of the Liberty Plaza brand is evident in the longstanding list of leading retail local and global brands present in the mall. The Company's technical expertise and marketing know-how in maintaining the retail brand has created a strong reputation for tenants and customers. Colombo Land leverages its Intellectual Capital by ensuring customer satisfaction, driving positive employee experiences, and following transparent and robust internal processes and structures which help drive sales and growth and create more value.

HUMAN CAPITAL



The Company considers its employees to be its chief asset that helps drive all areas of its business and as such recruits and retains a

professional team that is committed to driving its corporate goals.

Employees of CLDC can expect a dynamic work culture where they can truly fulfil their growth potential while enjoying a collaborative yet stimulating environment. The Company's HR policy ensures fair and equitable treatment for all employees along with rewards and remunerations that are the best in the industry.

Management of Capital

The staff is committed to nurturing relationships with tenants and customers to ensure the highest standards are maintained in all aspects of the operation. The resilience and drive demonstrated by employees through yet another challenging year is a reflection of the empowering work culture and spirit of cooperation that prevails at Colombo Land.

The Company and the Group provide a retirement plan for the workforce by using general resources to fulfil obligations to retired employees. The Group contributes the relevant percentages of the eligible gross emoluments of employees to the respective provident funds and to the Trust Fund respectively. Employees are entitled to gratuity payment under the Gratuity Act No. 12 of 1983 and its subsequent amendments as under No. 41 of 1990.

SOCIAL AND RELATIONSHIP CAPITAL



In order to create long-term value the Company nurtures relationships with customers, business partners, communities and other stakeholders. Building affinity with these stakeholders through good governance and responsible operations, the Company is able to demonstrate its corporate stewardship while being supported by all stakeholders to achieve its corporate strategy.

NATURAL CAPITAL



The Company manages its Natural Capital through the lens of sustainability to ensure its business operations do not impact the environment in an adverse manner. In order to achieve this goal, processes and systems have been established which function within specified environmental parameters. The Company is particularly conscious of energy, water consumption and waste disposal as these are aspects that could impact the surroundings.

Driving Energy Efficiency

Energy efficiency mechanisms are in place to reduce utility costs which are particularly high in the country. Operating a mixed development project, the Company has a host of tenants, investors and customers who depend on it for provision of energy. The Group has installed efficient air handling units for air-conditioning and replaced fluorescent lights with energy efficient LED lightings in keeping with its aim to reduce its carbon footprint. The Company replaces outdated or inefficient machinery with more energy efficient versions at regular intervals for optimising resource efficiency and to minimise waste.

Responsible Waste Disposal

The Company's core strategy is to reuse, recycle and replenish, and this commitment is instilled amongst staff as well. Waste is disposed responsibly by either reusing or recycling through waste segregation with colour-coded bins for paper, glass, scrapped iron, polythene and organic waste. Food-waste is handed over to a third party for use as animal feed. The Company is conscious of the ways in which it can minimise its carbon footprint in the immediate environment.

Mitigating Noise Pollution

Noise control is an essential part of our commitment to tenants, customers and society. Noise emissions are strictly monitored to ensure the comfort and safety of persons in the vicinity by soundproofing all air handling unit rooms within the premises.

GOVERNANCE

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CHARTING OUR COURSE

Corporate Governance Report

Corporate Governance standards at Colombo Land and Development Company PLC are maintained at the highest levels as we believe that building trust with our stakeholders by managing the operations of the Company in a transparent and accountable manner increases shareholder value.

ABOUT COLOMBO LAND AND DEVELOPMENT COMPANY PLC

Engaged in the development and leasing out investment properties under operating leases, managing car park operations. Colombo Land and Development Company PLC is a Public Company listed on the Colombo Stock Exchange. Further, it has also invested in Mahogany Rubber and Alstonia tree cultivation, through its subsidiary Company.

COMPLIANCE STATEMENT

The Board of Directors of Colombo Land and Development Company PLC strive to adhere to the corporate governance standards outlined in governance charters, policies and documents, which are highlighted in this accurate and balanced annual report for the year 2021. The Company has in place a dynamic corporate governance framework with strong set of policies, procedures along with an efficient mechanism focused on the protection of stakeholder interests by ensuring independency and transparency at all levels.

DIVISION OF RESPONSIBILITIES BETWEEN THE CHAIRMAN AND CEO

The functions of the Chairman and the Chief Executive Office are separate with a clear distinction drawn between responsibilities, which ensure balance of power and authority. Maj. Gen (Retd.) V U B Nanayakkara serves as the Chairman and Mr. P S Weerasekera serves as the Group - CEO.

BOARD OF DIRECTORS

Board Composition

The commitment to Corporate Governance is an integral element for the achievement of the Company's strategy. The members of the Board of Colombo Land and Development Company PLC hold a sound knowledge of finance and business skills to offer guidance to the Board and the members are continuously updated on revisions to accounting and regulatory standards.

During the year under review, the Board consisted of eight directors, with 03 of them being Non-Executive, 02 as Non-Executive Independent and 03 Executive Directors. The Board has the optimal balance between Executive and Non-Executive Directors to enable independence and the ability to compete in a dynamic business environment. The Board remains accountable to shareholders for the financial and operational performance of the Company.

Board Attendance

Category	Name	Eligibility	Attended
Non-Executive Independent	Mr. M D S Goonatileke	4	4
	Mr. M D A Weerasooriya	3	3
	Maj. Gen (Retd.) V U B Nanayakkara	3	3
Non-Executive	Mr. D.S. Jayaweera	4	4
	Mr. D L De Zoysa Abeysiriwardana	4	4
	Mr. P S Weerasekera	2	2
Executive	Mr. S A Ameresekere	3	3
	Mr. Ng Yao Xing, Eugene	4	4

Board Sub-Committees

The Board has delegated certain authorities to the Board sub-committees while holding the final authority 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 specialized expertise.

Colombo Land and Development Company PLC consists of three sub-committees:

- I. Audit Committee
- II. Related Party Transactions Review Committee
- III. Remuneration Committee

Composition of Board Sub-Committees

Board Member	Sub Committees		
	Audit Committee	Related Party Transaction Review Committee	Remuneration Committee
Independent Non-Executive Directors			
Mr. M D S Goonatileke	✓	✓	✓
Mr. M D A Weerasooriya	✓	✓	✓
Non-Executive Directors			
Maj. Gen (Retd.) V U B Nanayakkara	✓		✓
Mr. D.S. Jayaweera			
Mr. D L De Zoysa Abeysiriwardana		✓	
Executive Directors			
Mr. P S Weerasekera			
Mr. S A Ameresekere			
Mr. Ng Yao Xing, Eugene			

DISCLOSURE OF DIRECTORS' REMUNERATION

The Chairman and the Board of Directors are responsible for determining the compensation of the Executive Directors. Non-Executive Directors receive a fee for participating at Board Meetings and other committee meetings.

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 reassessment 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 a 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 are immediately announced via the 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 in order for the Company to find solutions to their concerns. The Annual General Meeting can be used as a platform to express the views of shareholders. Quarterly financial reports are uploaded to the website of the Colombo Stock Exchange for stockholder information and updated financial and non-financial information is available on the Company's website for public reference.

As per Companies Act No 7 of 2007, the Annual General Meeting is held within six months from the end of the financial year. 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.

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 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 on disclosing all information relating to the affairs of the Company in a transparent manner, complying with best practices in Corporate Governance.

Corporate Governance Report

COMPLIANCE WITH THE COLOMBO STOCK EXCHANGE RULES ON CORPORATE GOVERNANCE

Disclosures required by the 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 29
7.10.2 (a)	Independent Directors	Two or one-third of Non- Executive Directors, whichever is higher should be independent	Compliant	Refer page 29
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 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 names of independent Directors should be disclosed in the Annual Report	Compliant	Refer page 29
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	Compliant	The period of service of Mr. M D S Goonatileke exceeds nine years. However, the Board is of the view that the period of service of Mr. M D S Goonatileke 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 Mr. M D S Goonatileke 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 11 to 12
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	Compliant	Profile of the new directors were submitted to Colombo Stock Exchange at the time of their appointment
7.10.4				
(a) - (h)	Criteria for Defining ‘Independence’	Requirement for meeting criteria to be independent	Compliant	Mr. M D A Weerasooriya 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 Board has determined that the period of service of Mr. M D S Goonatileke 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 Mr. M D S Goonatileke shall nevertheless be “independent” as per the Listing Rules.

Listing Rule No.	Subject	Applicable Requirement	Status	Reference
7.10.5	Remuneration Committee	A listed Company shall have a Remuneration Committee	Compliant	Refer Remuneration Committee Report on page 45
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise Non-Executive Directors, of which a majority whom shall be independent	Compliant	Refer page 45
	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 an 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 45 of this Report, which set out the functions of the Committee
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 page 45 Refer Directors emoluments on page 103
7.10.6	Audit Committee	The Company shall have an Audit Committee	Compliant	Refer Audit Committee Report on page 43
7.10.6 (a)	Composition of Audit Committee.	Shall comprise of Non-Executive Directors, a majority of who shall be independent	Compliant	Two of the three Non-Executive Directors are independent. Refer Report of the Board Audit Committee pages 43 to 44
		A Non-Executive Director shall be appointed as the Chairman of the Committee Meetings	Compliant	Chairman of the Audit Committee is an Independent Non-Executive Director
		Chief Executive Officer and Chief Financial Officer should attend Audit Committee Meetings	Compliant	Group CEO and the Accountant representing Finance division participate in the meetings
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Compliant	Chairman of the Audit Committee is a qualified Accountant

Corporate Governance Report

Listing Rule No.	Subject	Applicable Requirement	Status	Reference
7.10.6 (b)	Audit Committee Functions	Functions shall include:	Compliant	Refer pages 43 to 44 for the functions of Audit Committee
		a. Overseeing of the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards	Compliant	Refer pages 43 to 44 for the functions of Audit Committee
		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 pages 43 to 44 for the functions of Audit Committee
		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 pages 43 to 44 for the functions of Audit Committee
		d. Assessment of the independence and performance of the external Auditors	Compliant	Refer pages 43 to 44 for the functions of Audit Committee
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	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	Compliant	Refer pages 43 to 44 for the functions of Audit Committee
		a. Names of Directors comprising the Audit Committee	Compliant	Refer pages 43 to 44 for the functions of Audit Committee
		b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determinations	Compliant	Refer Report of the Audit Committee on pages 43 to 44
		c. The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions		Refer pages 43 to 44 for the functions of Audit Committee

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 pages 11 to 12
ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein	Complied with	Please refer pages 48 to 50 of the Annual Report of the Board of Directors Report on the affairs of the Company.
iii)	The names and the numbers of shares held by the 20 largest voting and non-voting shareholders and percentages	Complied with	Please refer page 113
iv)	The Public Holding percentage	Complied with	Please refer page 114
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 114
vi)	Information pertaining to material foreseeable risk factors of the entity	Complied with	Please refer pages 54 to 56
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 land holding and investment properties	Complied with	Please refer page 88
ix)	Number of shares representing the entity's stated capital	Complied with	Please refer page 113
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 113
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 5
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 the Financial statement on page 84 to 90 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 28 to 29
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 102 for the related party

Corporate Governance Report

Compliance with the code of best practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (ICASL)

Section No.	Subject	Status	Company Commitment
1	The Company		
A	Directors		
A.1	The Board	Compliant	The Company is headed by an effective Board. Please refer pages 11 to 12
A.1.1	Regular Board Meetings	Compliant	Regular Board meetings are held to review the Company's performance. Please refer page 28
A.1.2	Board Responsibilities	Compliant	The Board assumes the primary responsibility for the overall success of the Company. The Board is involved in formulating the overall strategy and measuring, that it is implemented by the Group CEO. The Group 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 Group 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.
	Adapt effective CEO and senior management succession strategy	Compliant	Succession plans are in place for the Group 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 recognises the necessity of sustainable business development in the corporate strategy, decisions and activities. Please refer sustainability report on pages 23 to 24.
	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 57 to 59
	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

Section No.	Subject	Status	Company Commitment
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 acts 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 who act as the company secretaries, are accessible by any Director for the services of the Company. The Company Secretaries advise 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, Related Party Transactions Review 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.
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 owed by the Company are satisfactorily discharged, the Directors attend 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 clarifications. The number of meetings attended by each Director is given on page 28.
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 Group CEO are clearly separated to ensure the balance of power and authority
A.2.1	Disclosure required if the positions of the Chairman and the CEO are combined	N/A	
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.
A.4 Financial Acumen	Availability of sufficient financial acumen and knowledge to offer guidance on matters of finance	Compliant	The 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 Goonatileke is a qualified Accountant. Please refer profiles of Directors on pages 11 to 12.

Corporate Governance Report

Section No.	Subject	Status	Company Commitment
A.5 Board Balance	The Board should have a balance of Executive and Non-Executive Directors	Compliant	At the end of the year, the Board comprised eight Directors and 5 of them are Non-Executive, thereby promoting critical review and control. Please refer Pages 11 to 12 of the Profile of Directors.
A.5.1	Presence of Non-Executive Directors	Compliant	Five of the eight 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.
A.5.3	Criteria to evaluate "Independence" of Non-Executive Directors.	Compliant	<p>Mr. M D A Weerasooriya 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.</p> <p>The Board has determined that the period of service of Mr. M D S Goonatileke 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 Mr. M D S Goonatileke shall nevertheless be "independent" as per the Listing Rules.</p>
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 Listing Rules of the Colombo Stock Exchange.
A.5.5	Annual determination of 'Independence' of Non-Executive Directors by the Board	Compliant	Please refer page 50 of this annual report for the determination on the Independence of each director.
A.5.6	Appointment of an Alternate Director by a Non-Executive/ Independent Directors	Not Applicable	
A.5.7	Appointment of Senior Independent Director	Working towards Compliance	
A.5.8	Availability of the Senior Independent Director for confidential discussions with other Directors	Not Applicable	
A.5.9	Responsibility of Chairman to hold meetings only with Non-Executive Directors	Compliant	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 concerns and observations of Board Members are duly recorded in the Minutes of the Meetings.
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 the same and prepare for discussions. All significant financial and non-financial information for the period are included in this analysis.

Section No.	Subject	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	Compliant	There should be a formal and transparent procedure for the appointment of new Directors to the Board
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 Colombo Stock Exchange..
A.8	Re-election	Compliant	All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years
A.8.1	Appointment and re-election of Non-Executive Directors	Compliant	Please refer pages 48 to 51 of the Annual Report.
A.8.2	Election of Directors by the shareholders	Compliant	Please refer pages 48 to 51 of the Annual Report.
A.9	Appraisal of Board Performance	Compliant	Board should periodically appraise their own performance
A.10	Disclosure of Information of Directors	Compliant	The Board recognises that it is necessary to periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.
A.10.1	Disclosures on Directors in the annual report	Compliant	Shareholders should be kept advised of relevant details in respect of Directors
A.11	Appraisal of CEO	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 11 to 12. Details of Directors interest in contracts are given on page 103. Details of related party transactions are provided on page 101. Details on Directors attendance and other sub committees are provided on pages 28 to 29.
A.11.1	Setting annual target for CEO	Compliant	The Remuneration Committee and the Board assess the Executive Directors and Group CEO's performance.
A.11.2	Evaluation of the performance of the CEO	Compliant	Based on long term strategy annual objectives are fixed by the Board.
B.	Directors' Remuneration		Evaluations of achievement of set targets are reviewed annually by the Board.
			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

Corporate Governance Report

Section No.	Subject	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 45. for the Remuneration Committee Report.
B.1.2	Composition of the Remuneration Committee	Compliant	Please refer pages 45 to 47. 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 pages 45 to 47.
B.1.4	Determination of remuneration of Non-Executive Directors	Compliant	The Remuneration payable to Non-Executive Directors is recommended by the Remuneration Committee and approved by the Board .
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 Group 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.		
B.2.2	Comparison of remuneration with other Companies	Compliant	The Remuneration Committee and the Board ensure that the Group CEO and Executive Directors are provided with an appropriate remuneration packages
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 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 and Group CEO are governed by their 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	The Remuneration Committee's Report which highlights the remuneration policy of the Company is give on page 45.
B.3.1	Disclosure of Remuneration	Compliant	The aggregate remuneration paid to the Group CEO and Non-Executive Directors is disclosed on page 103 of this report.

Section No.	Subject	Status	Company Commitment	
C. Relations with Shareholders				
C.1	Constructive use of the Annual General Meeting (AGM) and Conduct of General Meeting	Boards should use the AGM to communicate with shareholders and should encourage their participation	Compliant	Please refer page 116. for details of the Annual General Meeting.
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 containing the Resolutions to be passed at the meeting and related documents and are 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 set out in the Notice of Meeting.	
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 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.	
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 of the Company.	
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 Accountant 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 records of all correspondence received from shareholders and direct the 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	Requirement for the Contact Person	Compliant	The Company Secretaries can be contacted for shareholder matters. The Company Secretaries details are provide in this Report.	

Corporate Governance Report

Section No.	Subject	Status	Company Commitment
C 2.7	Proses of responding to shareholders Matters	Compliant	Upon receipt of instructions from the Board or other relevant channel, the Company Secretaries respond as directed.
C.3	Major and Material Transactions	Not Applicable	
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 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 48 to 41.
D.1.3	Statements by Directors and Auditors on responsibility for financial reporting.	Compliant	Page 52. 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 appear on pages 20 to 22.
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 2021. The declaration of the Company as a 'going concern' is given in the Directors Report on page 71.
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 46. Related party transactions are disclosed on page 102.
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
D 2.2	Robust assessment of the principal risks facing the Company	Compliant	Please refer risk management report on pages 54 to 56.
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	The Audit Committee reviews the effectiveness of Risk Management and internal control with the Management

Section No.	Subject	Status	Company Commitment
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 43 to 44.
D.3.2	Duties of the Audit Committee. Terms of reference of the Audit Committee	Compliant	The Audit Committee monitors and reviews the scope, results and effectiveness of the audit and the independence and objectivity of the External Auditors. It also ensures that the requirements of the Listing Rules of the Colombo Stock Exchange, issued in respect of financial reporting, are met.
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 43 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 meet every quarter to review the Related Party Transactions page 43 includes the Related Party Transaction Review Committee Report
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	This requirement is met through the presentation of this report.
D.6.1	Disclosure of compliance with the Corporate Governance Code.	Compliant	Pages 30 to 41 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 by the CA Sri Lanka.

Corporate Governance Report

Section No.	Subject	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. Internet 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 23 to 24.

Report of the Board Audit Committee

The Board Audit Committee is responsible to the Board of Directors and reports on its activities regularly. The functions of the Committee are geared to assist the Board of Directors in its general oversight on financial reporting, internal and external audit, and compliance with legal and regulatory requirements and risk management. It is governed by the Audit Committee Charter. 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 it conducts 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 of them are Independent. As at 31st December 2021, the Audit Committee comprised of the following Directors:

Name of the member	Position
Mr. M D S Goonatileke	Independent Non-Executive Director (Chairman of the Committee)
Mr. M D A Weerasooriya	Independent Non-Executive Director (Member)
Maj. Gen (Retd.) V U B Nanayakkara	Non-Executive Director (Member)

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

The following officers - Mr. P S Weerasekera - CEO and Accountant attended meetings by invitation

MEETING & ATTENDANCE

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

Attendance of the Directors - Audit Committee

Name of the member	Eligibility to attend	Attended
Mr. M D S Goonatileke	4	4
Mr. M D A Weerasooriya	3	3
Maj. Gen (Retd.) V U B Nanayakkara	2	2

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

The Company's Secretaries M/s P W Corporate Secretarial (Pvt.) Ltd function as secretary to the Committee, Chief Executive Officer, Accountant, 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 Audit Committee assisted the Board of Directors in discharging its responsibility for the preparation of the quarterly and annual Financial Statements to reflect a true and fair view of the affairs of the Company in full accordance and conformity with regulations. The Committee reviewed the Company's interim and annual Financial Statements prior to the submission of the same to the Board.

The Committee ensures 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

The role of the Board Audit Committee is to assist the Board of Directors in its general oversight on financial reporting, system of internal control, functions relating to internal and external audit and process of monitoring compliance with legal and regulatory requirements. The Committee is responsible to the Board of Directors and reports on its activities regularly. The Audit Committee reviews and approves the quarterly financial statements and recommends to the Board of Directors to approve the same before submission to Colombo Stock Exchange for publication, reviews the year-end financial statements and implements 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.

Report of the Board Audit Committee

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 Messrs 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 Messrs 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 to the Board of Directors for the re-appointment of the Messrs Ernst & Young Chartered Accountants as Auditors of the company for the financial year ending on 31 December 2021, subject to the approval of the shareholders at the Annual General Meeting.

INDEPENDENCE OF AUDITORS

Based on the declaration provided by Messrs. Ernst & Young Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditors) or interest in, the Company, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the Reporting Date.

In doing so, the committee considered aspects such as the periodic rotation of the audit partner, with the last rotation taking place for the year ended 31 December 2021; and have also considered the nature and scope of non-audit services provided by Ernst & Young.



Mr. M D S Goonathilake
Chairman - Audit Committee

26 May 2022

Report of the Board Remuneration Committee

ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The Committee advises the Board on selection of members to the Board and assists the Board in ensuring that remuneration arrangements in the Company align reward with performance. By virtue of the powers vested with the Committee in terms of the Board-approved Terms of Reference (TOR), the Committee reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any change that needs to be introduced to the Board. The Committee also determines the compensation of the Executive Directors and fees paid to the Non-Executive Directors for participation at Board meetings.

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 remuneration of employees working in similar business organisations.

COMPOSITION:

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

Name of the member	Position
Mr. M D S Goonathilleke	Independent Non-Executive Director (Chairman of the Committee)
Mr. M D A Weerasooriya	Independent Non-Executive Director (Member)
Maj. Gen (Retd.)V U B Nanayakkara	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. Accountant assists the Committee by providing necessary details for discussions. Both Chief Executive Officer & Accountant 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
Mr. M D S Goonathilleke	1	1
Mr. M D A Weerasooriya	1	1
Maj. Gen (Retd.)V U B Nanayakkara	1	-

REMUNERATION POLICY

The Committee operates with the aim to reward strategies and ensures that the remuneration structure of the Company is designed in a manner that attract, motivate and retain high calibre people.

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 103.



Mr. M D S Goonathilleke
Chairman - Remuneration Committee

26 May 2022

Report of the Board Related Party Transaction Review Committee

The role of the Related Party Transaction Review Committee, which acts as a sub-committee to the main board, provides 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.

In discharging the duties entrusted with the Committee, the Committee adopts policies and procedures to review related party transactions of the Company, and determine whether such related party transactions require the approval of the Board or shareholders of the Company, and in such circumstances, the Committee shall take necessary steps to forward same for necessary approvals. The minutes of the meetings are submitted to the Board of Directors of the Company and consensus is reached. 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 SEC code and CSE listing rules.

COMPOSITION:

The present Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director of the Board. The composition of the Committee fulfilled the requirements of the Listing Rule No. 9.2.2 of the Colombo Stock Exchange, throughout the financial year.

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

Name of the member	Position
Mr. M D S Goonatileke	Independent Non-Executive Director (Chairman)
Mr. M D A Weerasooriya	Independent Non-Executive Director (Member)
Mr. D L De Z Abeyesiriwardana	Non-Executive Director (Member)

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

The CEO and Accountant attended meetings by invitation

ATTENDANCE:

Attendance of the Directors – Related Party Transaction Review Committee

Name of the member	Eligibility to attend	Attended
Mr. M D S Goonatileke	4	4
Mr. M D A Weerasooriya	3	3
Mr. D L De Z Abeyesiriwardana	3	1

Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Aggregated value of Related Party Transactions entered in to during financial year	Aggregate value of Related Party Transactions as a % of Net Revenue/ Income
Liberty Holding Limited	Subsidiary	Fund Transfer to the parent company	94,400,000	57%
		Fund received from the parent company	84,100,000	50%
Liberty Developers (Pvt) Limited	Subsidiary	Finance cost charge	176,925,190	106%
		Fund Transfer to the parent company	67,502,000	40%
		Central Cost allocated	34,672,838	21%
		Settlement of Liability on behalf of parent company	43,623,064	26%

No specific terms and conditions are attached to the related party transactions reflected above.

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 Code.
- 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 2021.



Mr. M D S Goonathilake

Chairman – Related Party Transaction Review Committee

26 May 2022

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 2021.

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

GENERAL

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

PRINCIPAL ACTIVITIES OF THE COMPANY AND REVIEW OF PERFORMANCE DURING THE YEAR

The principal 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 59 to 108.

AUDITORS' REPORT

The Report of the Auditors on the Financial Statements of the Company and its subsidiaries is given on pages 59 to 61.

ACCOUNTING POLICIES

The accounting policies adopted in preparation of the financial statements are given on pages 70 to 82 and are consistent with those of the previous period.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company 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 52.

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 11 to 12.

Executive Directors

Mr. S A Ameresekere

Mr. NG Yao Xing Eugene*

Mr. P S Weerasekera

Non-Executive Directors

Maj. Gen. (Retd.) V U B Nanayakkara

Mr. D S Jayaweera

Mr. D L De Zoysa Abeysiriwardana

Independent Non-Executive Directors

Mr. M D S Goonatilleke

Mr. M D A Weerasooriya

*Alternate Director – Mr. N H C Clement

CHANGES IN THE DIRECTORATE

The Chairman of the Board of Directors, Mr. L A P H De Silva, Non-Executive Director, resigned from the office of Chairman/Director, with effect from 13th July 2021.

Mr. P V S Premawardhane who served as the Director/Group Chief Executive Officer resigned with effect from 30th September 2021.

Maj. Gen (Retd.) V U B Nanayakkara who was appointed as a Director on 06th August 2021 was subsequently appointed Chairman of the Board of Directors with effect 20th August 2021.

Mr. W G U I Ranaweera who served as the Alternate Director to Mr. D S Jayaweera resigned with effect from 07th February 2022.

RE-ELECTION OF DIRECTORS

Mr. M D S Goonatilleke retires by rotation at the conclusion of the Annual General Meeting in terms of Articles 86 and 87 of the Articles of Association and being eligible is recommended by the Directors for re-election.

Maj. Gen. V U B Nanayakkara and Mr. P S Weerasekera who were appointed to the Board on 06th August 2021 and 01st October 2021, respectively, 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 103.

DIRECTORS' INTERESTS IN CONTRACTS

Except for the transactions referred to in Note 24.2 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, the Company made Rs.1Mn as a donation. There were no donation by the subsidiary Companies.

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. 1,322,314 is payable by the Company to the Auditors for the year under review comprising Rs. 1,116,000 as audit fees and Rs. 206,314 for non audit services.

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 100.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 26 May 2022 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.

STATED CAPITAL

The Stated Capital of the Company as at 31st December 2021 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 2020 and 31st December 2021 are as follows.

Name of the member	As at 31.12.2021	As at 31.12.2020
Maj. Gen. (Retd.) V U B Nanayakkara	Nil	Nil
Mr. D S Jayaweera	2,600	2,600
Mr. P S Weerasekera	100,806	100,806
Mr. M D S Goonatilleke	Nil	Nil
Mr. Ng Yao Xing, Eugene*	Nil	Nil
Mr. D L De Zoysa Abeysiriwardana	Nil	Nil
Mr. S A Amersekere	Nil	Nil
Mr. M D A Weerasooriya	Nil	Nil

* Alternate Director - Mr. N H C Clement

Mr D S Jayaweera and Mr. S A Amersekere 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.

Maj. Gen. (Retd.) V U B Nanayakkara serves as the Chairman of the Urban Development Authority of Sri Lanka which holds 34,872,675 shares constituting 17.447% of the shares representing the stated capital of the Company.

SHAREHOLDERS

There were 2,637 of shareholders registered as at 31st December 2021. (2,846 shareholders as at 31st December 2020).

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 113 to 114 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 2021 33 persons were in employment (27 persons as at 31st December 2020)

RESERVES

A summary of the Group's Reserves is given in Note 12 to the Financial Statements on page 93.

PROPERTY, PLANT AND EQUIPMENT

Details and movements of property, plant and equipment are given under Notes 3 to the Financial Statements on pages 82 to 87.

LAND HOLDINGS

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

INVESTMENTS

Details of the Company's and Group's investments as at 31st December 2021 are given in Notes 5 and 9.2 to the Financial Statements on pages 90 and 92.

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

DIVIDENDS

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

MATERIAL FORESEEABLE RISK FACTORS

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

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

STATUTORY PAYMENTS

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

CONTINGENT LIABILITIES

Except as disclosed in Note 29 to the Financial Statements on page 109, 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 107 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.

INDEPENDENCE OF DIRECTORS

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

The period of service of Mr. M D S Goonetilleke exceeds nine years. However, the Board is of the view that the period of service of Mr. Goonetilleke does not compromise his independence and objectivity in discharging his functions as a Director and therefore based on declaration submitted by the said Director, has determined that Mr. Goonetilleke shall nevertheless be "independent" as per the Listing Rules.

BOARD SUB-COMMITTEES

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

AUDIT COMMITTEE

Mr. M D S Goonetilleke - Chairman
Mr. M D A Weerasooriya
Maj. Gen. (Retd.) V U B Nanayakkara*

*Appointed as a Members w.e.f 20.08.2021

REMUNERATION COMMITTEE

Mr. M D S Goonetilleke - Chairman
Mr. M D A Weerasooriya
Maj. Gen. (Retd.) V U B Nanayakkara*

*Appointed as a Members w.e.f 20.08.2021

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. M D S Goonetilleke - Chairman
Mr. M D A Weerasooriya
Mr. D L De Z Abeysiriwardana

The Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st December 2021.

The Reports of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee appear on pages 43 to 47.

TAXATION

The tax position of the Company is given in Note 22 to the Financial Statements on page 101.

ENVIRONMENT, HEALTH AND SAFETY

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

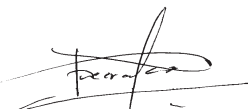
ANNUAL GENERAL MEETING

The Fortieth (40th) Annual General Meeting of the Company will be held on 24th June 2022 at No. 250 B ¼, 1st Floor, New Retail Podium, Liberty Plaza, Colombo 03 and the Notice of Meeting appears on page 116.

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



Chairman



Director/Group CEO



P W Corporate Secretarial (Pvt) Ltd
Secretaries

26 May 2022

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

Mr. S A Ameresekere
Mr. W G U I Ranaweera (resigned w.e.f 07.02.2022)
Mr. P S Weerasekera
Mr. D S Jayaweera (appointed w.e.f. 18.03.2022)
Mr. M D S Goonatileke (appointed w.e.f. 18.03.2022)

Liberty Developers (Pvt) Ltd

Mr. S A Ameresekere
Mr. W G U I Ranaweera (resigned w.e.f 07.02.2022)
Mr. P S Weerasekera
Mr. D S Jayaweera (appointed w.e.f. 18.03.2022)
Mr. M D S Goonatileke (appointed w.e.f. 18.03.2022)

Agrispice (Private) Limited

Mr. S A Ameresekere
Mr. W G U I Ranaweera (resigned w.e.f 07.02.2022)
Mr. P S Weerasekera
Mr. D S Jayaweera (appointed w.e.f. 18.03.2022)
Mr. M D S Goonatileke (appointed w.e.f. 18.03.2022)

Anantaya Global Solutions (Private) Limited

Mr. S A Ameresekere
Mr. W G U I Ranaweera (resigned w.e.f 07.02.2022)
Mr. P S Weerasekera
Mr. D S Jayaweera (appointed w.e.f. 18.03.2022)
Mr. M D S Goonatileke (appointed w.e.f. 18.03.2022)

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



P W Corporate Secretarial (Pvt) Ltd

Secretaries

26 May 2022

Chairman & Accountant Responsibility Statement

The Financial Statements of Colombo Land and Development Company PLC for the year ended 31st December 2021 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:

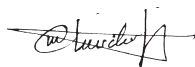
- The Financial Statements of the Company were audited by Ernst & Young, Chartered Accountants, and their report appears on pages 59 to 61 of this Annual Report.
- The Audit Committee pre-approves the audit and non-audit services provided by Ernst & Young External Auditors to ensure that the provision of such services does not impair Ernst & Young's independence.

We confirm that,

- the Company has complied with all applicable laws, regulations and prudential requirements;
- there are no material non-compliances; 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.



Chairman



Accountant

26 May 2022

Risk Management Report

The Board of Directors of Colombo Land and Development Company PLC which is primarily responsible for the integrated risk management initiatives has delegated its authority to the Risk Management Committee to review and assess the adequacy and effectiveness of the risk profile of the Company. The Committee was set up to have an overview and input into the Company's efforts relating to Risk Management. The Composition, Scope of the work and the Committee proceedings were based on the Terms of Reference of the Risk Management Committee adopted by the Board of Directors for the functioning of the Committee.

The Risk Management evaluates and manages potential risks in order to minimise the impact they could have on the Company. The Risk Management Committee follows a coordinated effort for application of resources to monitor and control the probability of avoidance or occurrence of unfortunate events to maximise shareholders' value.

INTEGRATED RISK 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

Considering the severity of the external economic environment and pandemic induced challenges during 2021/22, the Risk Management Committee had to evaluate risks on multiple levels, assess their potential impact and recommend strategies through which to mitigate them so as to safeguard shareholder wealth. Risk Rating & Mitigating strategies

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	<ul style="list-style-type: none"> 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 the property of the company and thus have an overall negative impact on the company	P	L	<ul style="list-style-type: none"> Insurance policies are taken to minimise the risk of such disasters Upgrading and servicing fire detection systems Making available fire extinguishers at strategic locations and regular servicing and refill. 		
Credit Risk					
Credit risk arises mainly when the company is unable to collect the rental dues from tenants on time	P	L	<ul style="list-style-type: none"> 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 qualified, experienced key staff	U	L	<ul style="list-style-type: none"> Incorporate better working environment Continuous training and development relating to staff 		
Loss of Key Customers					
Loss of key customers may have a significant impact on the performance of the company	L	H	<ul style="list-style-type: none"> Established a better relationship with the tenants. Strong marketing team to attract new customers 		
Risk of Competition					
Risk arising from new commercial and residential developments	L	H	<ul style="list-style-type: none"> Monitor the existing and new supply of commercial and residential developments Attract and retain customers by providing modern facilities and regular upgrading 		

Risk Management Report

Risk	Risk Rating		Mitigation strategies
	Likelihood	Impact	
Risk of Fraud			
Risk due to inadequate internal controls, process and systems which will lead to misappropriation of company's assets	R	L	<ul style="list-style-type: none"> Implement different levels of authorisation and cross department recommendation process to eliminate fraud risk
Interest Rates			
Risk of increasing the borrowing cost	R	L	<ul style="list-style-type: none"> Monitoring and managing cash flows on daily basis Negotiation of favorable rates and terms regarding the borrowings
Health & Safety			
Risk from threats to personnel, staff, tenants and general public at Liberty Plaza shopping complex	U	M	<ul style="list-style-type: none"> 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	L	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Entered into comprehensive maintenance agreement for elevators, generators, chillers and other services, which are key.

FINANCIAL STATEMENTS

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PROSPERITY MAGNIFIED

Financial Calendar

1st Quarter	17th May 2021
2nd Quarter	10th August 2021
3rd Quarter	15th November 2021
4th Quarter	28th February 2021

ANNUAL REPORTS

2020 (Annual Report)	1st July 2021
2019 (Annual Report)	18th September 2020

MEETINGS

- 39th Annual General Meeting - 30th June 2021
- 38th Annual General Meeting - 23rd October 2020

Independent Auditors' Report



Ernst & Young
Chartered Accountants
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P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
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Email: eysl@lk.ey.com
ey.com

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 2021, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 2021, 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 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

Valuation of Investment Property

As at 31 December 2021, the Group's Investment Properties carried at fair value amounted to Rs. 12,859.0 Mn, which represents 92% of the Group's total assets. Further, the fair value gain recognized in the statement of profit or loss for the year, amounted to Rs.131.5 Mn.

The fair value of such properties as disclosed in Note 4, was determined by an external valuer engaged by the Group and was significant to our audit due to:

- the materiality of the asset balance and the significance of the fair value gain for the financial performance of the year; and
- the use of estimates in the valuation techniques which require significant management judgement over assumptions used.

Significant assumptions used by management, include the market value per perch of land held, rental yield rates, rental rates and anticipated maintenance costs.

How our audit addressed the key audit matter

Our audit procedures included among others:

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 to obtain an understanding of the work of the valuer and evaluated its appropriateness as audit evidence for the recorded valuation of investment properties in the financial statements.
- We evaluated the appropriateness of the valuation methods used by the management and assessed the reasonableness of the range of values per perch of land, rental yield rates, forecasted rental rates and anticipated maintenance costs by comparing such with available industry data, taking into consideration comparability and other relevant market factors.

We also assessed the adequacy of the disclosures made in note 4 to the financial statements relating to the significant judgements, valuation techniques and estimates used by the external valuer.

Independent Auditors' Report

Other information included in the Group's 2021 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 management and those charged with governance for the financial statements

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:

- 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.

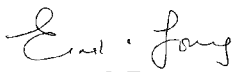
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law

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.

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



26 May 2022
Colombo

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. A A Ludowyke FCA FCMA, Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: G B Goudian ACA, Ms. P S Paranavitane ACA LLB (Colombo), T P M Ruberu FCMA FCCA

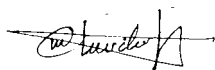
A member firm of Ernst & Young Global Limited

Statement of Financial Position

As at 31 December 2021	Note	Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	3a	182,698,012	174,453,000	9,420,951	6,377,189
Biological Assets	3b	64,834,727	57,435,700	-	-
Investment Properties	4	12,858,981,000	13,517,812,502	7,793,948,999	8,699,112,500
Investments in Subsidiaries	5	-	-	880,276,346	880,276,346
		13,106,513,739	13,749,701,201	8,683,646,297	9,585,766,035
Current Assets					
Inventories	7	1,134,090	995,833	-	-
Trade and Other Receivables	6	155,013,734	266,832,611	1,817,878,391	1,811,091,150
Non Current Assets Held for Sale	8	640,000,000	-	640,000,000	-
Financial Assets	9.1	37,380	24,360	37,380	24,360
Other Investments	9.2	19,775,180	22,368,094	19,775,180	22,368,094
Cash and Cash Equivalents	10	13,235,710	4,390,041	8,384,948	1,231,522
		829,196,093	294,610,939	2,486,075,897	1,834,715,126
Total Assets		13,935,709,833	14,044,312,140	11,169,722,193	11,420,481,161
EQUITY AND LIABILITIES					
Equity					
Stated Capital	11	341,602,342	341,602,342	341,602,342	341,602,342
Revaluation Reserve	12	103,621,212	92,379,785	-	-
Retained Earnings		8,278,047,560	7,652,598,996	6,847,593,537	6,668,074,973
Equity Attributable to Equity Holders of the Parent		8,723,271,114	8,086,581,123	7,189,195,879	7,009,677,315
Non - Controlling Interest		(2,474,523)	(2,465,523)	-	-
Total Equity		8,720,796,591	8,084,115,600	7,189,195,879	7,009,677,315

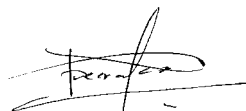
As at 31 December 2021	Note	Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	13	1,905,000,000	1,700,056,614	1,905,000,000	1,700,056,614
Other Long Term Payable	16.2	-	6,562,500	-	6,562,500
Deferred Tax Liabilities	14	3,004,546,411	3,566,406,262	1,904,236,987	2,410,182,919
Defined Benefit Obligations	15	5,198,297	12,856,165	4,505,976	8,812,964
		4,914,744,709	5,285,881,541	3,813,742,964	4,125,614,997
Current Liabilities					
Trade and Other Payables	16	30,135,471	311,664,180	16,387,868	64,863,196
Income Tax Liabilities		9,248,570	9,248,573	9,107,483	9,107,483
Interest Bearing Loans and Borrowings	13	4,128,664	168,983,681	4,128,664	168,983,681
Tenant Deposits	17	256,655,827	184,418,565	137,159,337	42,234,489
		300,168,533	674,315,000	166,783,351	285,188,849
Total Equity and Liabilities		13,935,709,833	14,044,312,140	11,169,722,193	11,420,481,161

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

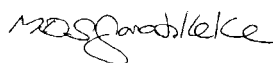


Accountant

The Board of Directors are responsible for these Financial Statements. Signed for and on behalf of the Board by:



Director/Group CEO



Director

The accounting policies and notes on pages 82 through 130 form an integral part of the Financial Statements.

26 May 2022

Colombo

Statement of Profit or Loss

For the year ended 31 December 2021	Note	Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Revenue	18	335,218,421	438,405,676	166,929,680	168,813,474
Direct Expenses		(102,803,419)	(108,488,628)	(41,196,707)	(45,625,619)
Net Rental Income		232,415,003	329,917,048	125,732,974	123,187,855
Other Income and Gains	19	7,326,068	2,211,105	6,859,735	4,732,612
Change in value of Investment Properties	4	131,451,930	199,291,679	(316,234,800)	101,367,500
Fair Valuation of Biological Assets		7,137,093	1,564,885	-	-
Selling and Distribution Costs		(12,995,142)	(23,432,364)	(7,194,428)	(7,762,921)
Administrative Expenses		(96,219,484)	(101,655,774)	(81,575,741)	(75,040,372)
Finance Cost	20	(207,491,906)	(232,370,736)	(55,518,955)	(40,182,357)
Profit/(Loss) Before tax	21	61,623,562	175,525,843	(327,931,215)	106,302,317
Income Tax Reversal/(Expense)	22	562,336,456	(116,320,629)	506,303,731	(36,296,283)
Profit for the year		623,960,019	59,205,214	178,372,516	70,006,034
Attributable to:					
Equity Holders of the Parent		623,969,019	59,226,214	178,372,516	70,006,034
Non-Controlling Interests		(9,000)	(21,000)	-	-
Earnings Per Share	23	3.12	0.30	0.89	0.35

The accounting policies and notes on pages 68 through 108 form an integral part of the Financial Statements.

Statement of Comprehensive Income

For the year ended 31 December 2021	Note	Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Profit for the year		623,960,019	59,205,214	178,372,516	70,006,034
Other Comprehensive Income					
Other comprehensive income not to be classified to profit or loss in subsequent periods					
Actuarial Gain/(Loss) on Defined Benefit Plans	15	1,910,560	(289,356)	1,490,827	110,922
Net Gain/(Loss) on Financial Assets classified under FVOCI		13,020	840	13,020	840
Deferred Tax attributable to actuarial gains/(Loss) on defined benefit obligations		(444,035)	132,838	(357,798)	(31,058)
Revaluation Gain/(Loss) of the Property Plant and Equipment's	12	11,274,000	36,580,079	-	-
Tax effects on Revaluation of Building	14	(32,573)	(10,242,422)	-	-
Total of Other Comprehensive Income		12,720,973	26,181,979	1,146,049	80,704
Total Comprehensive income for the year, net of tax		636,680,991	85,387,193	179,518,564	70,086,738
Attributable to:					
Equity Holders of the Parent		636,689,991	85,408,193	179,518,564	70,086,738
Non-Controlling Interests		(9,000)	(21,000)	-	-

The accounting policies and notes on pages 68 through 108 form an integral part of the Financial Statements.

Statement of Changes in Equity

For the year ended 31 December 2021	Stated Capital LKR	Revaluation Reserve LKR	Retained Earnings LKR	Non-Controlling Interest LKR	Total LKR
As at 01 January 2020	341,602,342	66,042,128	7,593,528,460	(2,444,523)	7,998,728,407
Profit / (Loss) for the Year	-	-	59,226,214	(21,000)	59,205,214
Other Comprehensive Income for the Year	-	26,337,657	(155,678)	-	26,181,978
Total Comprehensive Income For the Year	-	26,337,657	59,070,535	(21,000)	85,387,192
As at 31 December 2020	341,602,342	92,379,785	7,652,598,995	(2,465,523)	8,084,115,599
Profit / (Loss) for the Year	-	-	623,969,019	(9,000)	623,960,019
Other Comprehensive Income for the Year	-	11,241,427	1,479,545	-	12,720,974
Total Comprehensive Income For the Year	-	11,241,427	625,448,565	(9,000)	636,680,992
As at 31 December 2021	341,602,342	103,621,212	8,278,047,560	(2,474,523)	8,720,796,591

Statement of Changes in Equity

For the year ended 31 December 2021	Stated Capital LKR	Revaluation Reserve LKR	Total LKR
As at 01 January 2020	341,602,342	6,597,988,235	6,939,590,577
Profit for the Year	-	70,006,034	70,006,034
Other Comprehensive Income for the Year	-	80,704	80,704
Total Comprehensive Income For the Year	-	70,086,738	70,086,738
As at 31 December 2020	341,602,342	6,668,074,973	7,009,677,315
Profit for the Year	-	178,372,516	178,372,516
Other Comprehensive Income for the Year	-	1,146,049	1,146,049
Total Comprehensive Income For the Year	-	168,772,839	179,518,564
As at 31 December 2021	341,602,342	6,847,593,537	7,189,195,879

The accounting policies and notes on pages 68 through 108 form an integral part of the Financial Statements.

Statement of Cash Flows

For the year ended 31 December 2021	Note	Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Cash Flows From / (Used in) Operating Activities					
Profit/(Loss) before Tax		61,623,562	175,525,843	(327,931,215)	106,302,317
Adjustments for					
Depreciation	3	7,768,420	6,252,193	1,695,669	752,178
Dividend Income from Investments	19	-	-	(2,974,198)	(2,974,214)
Increase in fair value of Investments Property	4	(131,451,930)	(199,291,679)	316,234,800	(101,367,500)
(Profit) / Loss on disposal of Property, Plant & Equipment	19	(2,256,000)	(54,888)		(54,888)
Increase in fair value of Biological Assets	3b	(7,137,093)	(1,564,885)	-	-
Finance Costs	20	207,491,906	232,370,736	55,518,955	40,182,357
Allowance for Doubtful Debts		12,355,111	22,815,619	6,902,927	7,484,806
Provision for Defined Benefit Plans	15	1,458,942	2,473,742	1,090,088	1,944,345
Operating Profit before Working Capital Changes		149,852,917	238,526,682	50,537,025	52,269,401
Increase in Inventories		(138,257)	(173,298)	-	-
(Increase) / Decrease in Trade and Other Receivables		99,463,766	(97,161,565)	(13,690,166)	(84,679,385)
Increase / (Decrease) in Tenant Deposits		72,237,262	(11,369,223)	94,924,848	(2,573,473)
Increase / (Decrease) in Trade and Other Payables		(281,528,724)	26,790,262	(48,475,329)	(4,796,812)
Increase / (Decrease) in Other Payables		(6,562,500)	(8,750,000)	(6,562,500)	(8,750,000)
Cash Generated from Operations		33,324,463	147,862,859	76,733,878	(48,530,269)
Finance Cost Paid		(207,491,906)	(232,370,736)	(55,518,955)	(40,182,357)
Defined Benefit Plan Costs Paid	15	(7,206,250)	-	(3,906,250)	-
Net Cash From / (Used in) Operating Activities		(181,373,693)	(84,507,877)	17,308,673	(88,712,626)

For the year ended 31 December 2021	Note	Group		Company	
		2021	2020	2021	2020
		LKR	LKR	LKR	LKR
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant & Equipment		(4,739,431)	(2,151,660)	(4,739,431)	(1,445,660)
Improvement of Biological Assets	3b	(261,924)	(377,696)	-	-
Proceeds from Sale of Property, Plant & Equipment		-	174,500	-	174,500
Proceeds from Disposal of Investment Properties		65,000,000	-	-	-
Subsequent expenditure on Investment Property	4	(56,603,069)	(2,707,498)	(51,071,299)	(45,000)
Acquisition of Equity Shares	5	-	-	-	-
Investment in Unit Trust		2,592,914	(22,368,094)	2,592,914	(22,368,094)
Dividend Received on Investment		-	-	2,974,198	2,974,214
Disposal of Properties		144,142,501	-	-	-
Net Cash Flows from / (Used in) Investing Activities		150,130,991	(27,430,447)	(50,243,618)	(20,710,040)
Cash Flows from / (Used in) Financing Activities					
Proceeds From Interest Bearing Loans & Borrowings	13	2,019,993,644	130,197,915	2,019,993,644	130,197,915
Repayment of Interest Bearing Loans & Borrowings	13	(1,977,252,306)	(19,218,714)	(1,977,252,306)	(19,218,714)
Net Cash Flows from / (Used in) Financing Activities		42,741,337	110,979,201	42,741,337	110,979,201
Net Increase / (Decrease) in Cash and Cash Equivalents		11,498,637	(959,126)	9,806,393	1,556,535
Cash and Cash Equivalents at the beginning of the Year	10	(2,391,592)	(1,432,466)	(5,550,109)	(7,106,644)
Cash and Cash Equivalents at the end of the Year	10	9,107,045	(2,391,592)	4,256,284	(5,550,109)

The accounting policies and notes on pages 68 through 108 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Colombo Land and Development Company PLC ("Company") is a public limited liability Company listed on 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 2021 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 2021 were authorized for issue in accordance with a resolution of the board of directors on 12 May 2022.

2. GENERAL

2.1 Basis of Preparation

The Financial Statements have been prepared on a historical cost basis, except for investment properties, land & building 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.

2.1.3 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 December 2021. 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	% of equity Interest
		2021/2020
Liberty Holdings Limited	Sri Lanka	100%
Liberty Developers (Private) Limited	Sri Lanka	100%
Agrispice (Private) Limited	Sri Lanka	100%
Anantaya Global Solutions (Private) Limited	Sri Lanka	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.

The management has considered the potential downsides that the COVID-19 pandemic could bring to the business operations

of the Group, in making this assessment. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Group.

Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

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 property but also other assets. Judgment is also applied in determining if ancillary services are significant, so that a property does not qualify as investment property.

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 2021 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.4.

v. 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.

Notes to the Financial Statements

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.

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 24% for the year ended 31 December 2021. (28% - 2020)

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 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

Notes to the Financial Statements

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. 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 labour 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

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.

(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 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.

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.

Notes to the Financial Statements

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 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 depreciation 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 derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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

(ii) *Biological Assets*

Biological assets include Mahogany trees, rubber trees and Attonia trees, which 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.

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 species. 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 species 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.

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 substitution right, then the asset is 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.

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.

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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 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.

b. Group as a 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.

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 2021 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.

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.

Notes to the Financial Statements

2.6 Cash Flows Statement

The Cash Flows Statement has been prepared by using the 'Indirect 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 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)

Amendments to the definition of a business in SLFRS 3 Business Combinations are made to help the entities the amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures.

Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2021.

Amendments to SLFRS 16 - COVID – 19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from Covid-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01 June 2020 with early application permitted.

Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the Group in the foreseeable future.

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 01.01.2021 LKR	Additions LKR	Revaluation LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2021 LKR
Land	50,450,000	-	-	-	50,450,000
Buildings	99,934,756	-	9,300,000	-	109,234,756
Plant & Machinery	81,250	-	-	-	81,250
Furniture and Fittings	6,153,924	-	-	-	6,153,924
Motor Vehicles	533,384	-	-	-	533,384
Office Equipment	30,478,627	4,739,431	-	-	35,218,058
Tools and Utensils	1,236,051	-	-	-	1,236,051
Media Wall	34,268,474	-	-	-	34,268,474
Immature Plantation	-	-	-	-	-
Total Value of Depreciable Assets	223,136,466	4,739,431	9,300,000	-	237,175,897
3a.1.2 In the Course of Construction					
Capital Work in Progress	-	-	-	-	-
Total Gross Carrying Amount	223,136,466	4,739,431	9,300,000	-	237,175,897

3a.1.3 Depreciation and Impairment

At Cost/Valuation	Balance As at 01.01.2021 LKR	Charge LKR	Revaluation LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2021 LKR
Buildings	81,572	1,998,000	(1,974,000)	-	105,572
Plant & Machinery	81,250	-	-	-	81,250
Furniture and Fittings	4,707,125	294,452	-	-	5,001,577
Motor Vehicles	528,531	-	-	-	528,531
Office Equipment	24,823,899	1,666,150	-	-	26,490,049
Media Wall	17,956,746	3,495,467	-	-	21,452,212
Tools and Utensils	504,343	314,351	-	-	818,694
	48,683,466	7,768,420	(1,974,000)	-	54,477,885
	48,683,466	7,768,420		-	54,477,885

3a.1.4 Net Book Values

At Cost	2021 LKR	2020 LKR
Land	50,450,000	50,450,000
Buildings	109,129,184	99,853,184
Plant & Machinery	-	-
Furniture and Fittings	1,152,346	1,446,798
Motor Vehicles	4,853	4,853
Office Equipment	8,728,009	5,654,728
Tools and Utensils	417,357	731,708
Media Wall	12,816,262	16,311,728
	182,698,012	174,453,000
In the Course of Construction		
Capital Work in Progress	-	-
Total Carrying Amount of Property, Plant & Equipment	182,698,012	174,453,000

Notes to the Financial Statements

3a. PROPERTY, PLANT & EQUIPMENT

3a.2 Company

3a.2.1 Gross Carrying Amounts

	Balance As at 01.01.2021 LKR	Additions Transfers LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2021 LKR
At Cost				
Furniture and Fittings	3,152,928	-	-	3,152,928
Motor Vehicles	-	-	-	-
Office Equipment	27,893,260	4,739,431	-	32,632,691
Total Value of Depreciable Assets	31,046,188	4,739,431	-	35,785,619

3a.2.2 Depreciation and Impairment

	Balance As at 01.01.2021 LKR	Charge/ Transfers LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2021 LKR
At Cost				
Furniture and Fittings	2,375,464	209,270	-	2,584,734
Motor Vehicles	-	-	-	-
Office Equipment	22,293,535	1,486,399	-	23,779,934
	24,668,999	1,695,669	-	26,364,668

3a.2.3 Net Book Values

At Cost or Valuation	2021 LKR	2020 LKR
Furniture and Fittings	568,193	777,464
Motor Vehicles	-	-
Office Equipment	8,852,758	5,599,725
	9,420,951	6,377,189
Total Carrying Amount of Property, Plant & Equipment	9,420,951	6,377,189

3a.3 The fair value of land and buildings in the group was determined by means of a revaluation during the financial year 2021 by FRT Valuation Services (Private) Limited, 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 2021. 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 2021 LKR	Net Carrying Amount 2020 LKR
Buildings	43,041,000	(12,623,100)	30,417,900	31,278,720

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

	2021 LKR	2020 LKR
Rental rates used	Rs. 175 - 450 p. sq.ft	Rs. 140- Rs. 450 p. sq.ft
Anticipated maintenance cost:	35% of rentals	35% of rentals
Yield/Discount rate :	6% - 6.5% p.a.	6% - 6.5% p.a.

3a.5 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of LKR.4,739,431/- (2020 - LKR.2,151,660/-). Cash payments amounting to LKR.4,739,431/- (2020 - LKR 2,151,660/-) 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.4,739,431/- (2020 - Rs. 1,445,660/-). Cash payments amounting to LKR.4,739,431/- (2020 - LKR 1,445,660/-) were made during the year for purchase of Property, Plant & Equipment.

3a.7 Property, Plant and Equipment of the Group includes fully depreciated assets having a gross carrying amounts of LKR 29,343,769.15/- (2019 - LKR 26,447,958/-) which are still in use.

3a.8 Property, Plant and Equipment of the Company includes fully depreciated assets having a gross carrying amounts of LKR 24,345,454/- (2020 - LKR. 22,892,440/-) which are still in use.

3a.9 The Company has obtained a valuation for land and building by H. R. De Silva, Chartered Valuation Surveyor (U.K) on January 05, 2018. As per the valuation given in the valuer's report, the estimated value of the land and building as at December 31, 2017 is Rs. 51,650,000/-. A Reassessment of the valuation was performed mainly using external independent professional valuer. Based on such assessment no significant charge to the revalued carrying amount as at 31 December 2021.

Notes to the Financial Statements

3b. BIOLOGICAL ASSET (GROUP)

As at 31 December 2021	Group			
	Mahogany	Attoniya	Rubber	Total
	2021 LKR	2021 LKR	2021 LKR	2021 LKR
Cost as at 01 January	35,849,794	18,732,788	2,853,118	57,435,700
Additions during the year	261,924	-	-	261,924
Cost as at 31 December	36,111,718	18,732,788	2,853,118	57,697,624
Fair value gain/loss	1,882,863	5,054,358	199,882	7,137,103
Carrying value as at 31 December	37,994,581	23,787,146	3,053,000	64,834,727

3b.1 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 2021 is Rs. 64,834,727/-.

3b.2 Basis of Valuation

The group has valued its timber plantation at fair value less cost to sell. Timber plantations as at 31 December 2021 have been cultivated on 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.3 Key assumptions used in valuation

	2021 LKR	2020 LKR
Discounted rates used by the Valuer	16%	16%
Rate in 8 years time (2029) cubic meter		
Mahogani	Rs. 55,000	Rs. 55,000
Rubber	Rs. 22,000	Rs. 22,000
Attoniya	Rs. 25,500	Rs. 25,500
Wastage at harvesting	5%	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.4 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.

	2021 LKR	2020 LKR
Value of Timber	-10% 58,300,000	10% 71,300,000

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.

	2021 LKR	2020 LKR
Value of Timber	-1% 68,900,000	+1% 61,000,000

4. INVESTMENT PROPERTY

As at 31 December 2021	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
As at 1 January	13,517,812,502	13,315,813,325	8,699,112,500	8,597,700,000
Additions				
- Subsequent expenditure on investment property	56,603,069	2,707,498	51,071,299	45,000
Net gain / (loss) from fair value adjustment	131,451,930	199,291,679	(316,234,800)	101,367,500
De-recognition of the Investment Properties	(640,000,000)	-	(640,000,000)	-
Disposal of the Investment Properties	(206,886,501)	-	-	-
As at 31 December	12,858,981,000	13,517,812,502	7,793,948,999	8,699,112,500

- 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 Colpetty which have been obtained from the Urban Development Authority under 99 year lease agreement commencing from the year 1981.

Notes to the Financial Statements

4.2 Details of Investment Properties

Property	Extent	Value	Valuation Date	Method	No. of Buildings
Group					
Liberty Plaza	181,496 Sq. Ft.	Rs. 6,044.6 Mn	31.12.2021	Income	1
GAS Land	2A - 3R - 13.25 P	Rs. 6,572.1 Mn	31.12.2021	Market Value	1
Peoples Park	52,262 Sq. Ft	Rs. 242.3 Mn	31.12.2021	Income	1
Company					
Liberty Plaza	181,496 Sq. Ft.	Rs. 6,044.6 Mn	31.12.2021	Income	1
GAS Land	2A - 3R - 13.25 P	Rs. 6,572.1 Mn	31.12.2021	Market Value	1
Peoples Park	52,262 Sq. Ft	Rs. 242.3 Mn	31.12.2021	Income	1

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

	2021 LKR	2020 LKR
Rental rates used - for shop units	Rs. 200– Rs. 1450 p. sq.ft	Rs. 200– Rs. 1450 p. sq.ft
- for parking area	Rs. 157 p. sq.ft	Rs. 157 p. sq.ft
Anticipated maintenance cost:	20% - 45% of rentals	20% - 45% of rentals
Yield rate :	6% - 6.5% p.a.	6% - 6.5% p.a.
Per Perch Value (Gas Land):	14.25 Mn	14.25 Mn
Per Perch Value (Liberty Arcade):	-	18 Mn

- 4.4** Fair value of the investment property is ascertained by annual independent valuations carried out by FRT Valuation Services (Private) Limited. 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 behaviour that is a characteristic of the class of real estate property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

4.8 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 2021

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.

Capitalization	Increase /Decrease		Per Perch value	2021	2020
	Future rentals	Maintenance		Fair Value/Gain or (Loss) on Investment Property	Fair Value/Gain or (Loss) on Investment Property
Group					
-0.50%				526,800,000	488,543,442
0.50%				(452,000,000)	(418,495,482)
	-5%			(228,600,000)	(208,787,494)
	5%			244,100,000	208,483,003
		-5%		461,000,000	249,207,000
		5%		(460,600,000)	(249,011,491)
			-5%	(328,606,250)	(373,955,000)
			5%	328,606,250	373,955,000
Company					
-0.50%				94,700,000	85,900,000
0.50%				(81,700,000)	(73,400,000)
	-5%			(7,000,000)	(14,200,000)
	5%			8,400,000	14,200,000
		-5%		79,000,000	68,400,000
		5%		(78,900,000)	(68,300,000)
			-5%	(328,606,250)	(373,955,000)
			5%	328,606,250	373,955,000

Notes to the Financial Statements

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

	Rental income Receivable					
	<1 year	1-2 Year	2-3 Year	3-4 Year	4-5 Year	over 5 years
Group						
2021	228,766,106	176,880,813	170,210,352	143,870,662	-	-
2020	418,963,157	425,247,604	431,626,318	438,100,713	444,672,224	451,342,307
Company						
2021	38,356,615	28,214,985	27,393,384	25,110,602	-	-
2020	100,166,716	101,669,216	103,194,255	104,742,169	106,313,301	107,908,001

4.10 Repairs and maintenance incurred on investment properties amounted to Rs.46,646,648 by the group (Company - Rs.35,058,754)

5. INVESTMENTS IN SUBSIDIARIES

As at 31 December 2021	Holding % 2021 LKR	Holding % 2020 LKR	At Cost 2021 LKR	At Cost 2020 LKR
Company - Nonquoted				
Investments In Ordinary Shares				
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
			816,589,183	816,589,183
Investment In Preference shares				
Liberty Holdings Limited (5.2)			63,687,163	63,687,163
Total Investments in Subsidiaries			880,276,346	880,276,346

5.1 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.

5.2 The company has invested in 22,000,000 preference shares which are non cumulative and redeemable with a par value of Rs.10 per share at the option of the issuer

6. TRADE AND OTHER RECEIVABLES

As at 31 December 2021	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
6.1 Summary				
Trade Debtors	147,686,967	211,875,934	36,656,440	56,494,493
Less: Allowances for Doubtful Debts (Note 6.2)	(54,004,069)	(49,069,014)	(31,610,193)	(30,933,285)
	93,682,898	162,806,920	5,046,247	25,561,208
Other Debtors - Related Parties (Note 6.3)	-	-	1,795,484,108	1,723,393,900
Prepayments	42,256,351	75,668,667	4,122,756	39,558,704
Staff Loans (Note 6.4)	3,307,999	9,449,737	3,220,666	9,291,986
Other Receivables	15,766,486	18,907,286	10,004,613	13,285,352
	155,013,734	266,832,610	1,817,878,391	1,811,091,150
6.2 Allowance for Doubtful Debts				
As at 1 January	38,459,874	26,253,394	30,933,285	23,448,479
Provision for Impairment	21,770,215	22,815,620	6,902,927	7,484,806
Write off	(6,226,019)	-	(6,226,019)	-
As at 31 December	54,004,069	49,069,014	31,610,193	30,933,285

As at 31 December 2021	Relationship	Company	
		2021 LKR	2020 LKR
6.3 Other Debtors - Related Parties			
Liberty Holdings Limited	Subsidiary	1,212,744,584	1,226,732,576
Agrispice (Private) Limited	Subsidiary	49,322,729	48,344,492
Anantaya Global Solutions (Private) Limited	Subsidiary	3,061,032	3,061,032
Liberty Developers (Private) Limited	Subsidiary	530,355,763	445,255,800
		1,795,484,108	1,723,393,900

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.

Notes to the Financial Statements

6.5 Group / Company

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

	<1 year	1-2 Year	Past due but not impaired		
			2-3 Year	3-4 Year	4-5 Year
Group					
2021	93,682,898	11,295,689	8,798,880	2,163,135	71,425,195
2020	162,806,920	11,912,174	27,963,393	22,047,845	100,883,508
Company					
2021	5,046,247	3,041,589	110,188	365,917	1,528,558
2020	25,561,208	5,008,722	9,771,170	4,342,342	6,438,974

7. INVENTORIES - Group

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

	2021 LKR	2020 LKR
Goods in Transit	1,134,090	995,833
	1,134,090	995,833

8. NON CURRENT ASSETS HELD FOR SALE

The company is in the process of disposing its property identified as liberty arcade which includes a land extent of 36.88p for a consideration of Rs.640,000,000. Accordingly, the said property which was previously reflected within investment properties is now reclassified as non current assets held for sale. The property was subsequently disposed on January 2022

Company/Group	2021 LKR	2020 LKR
As at 1 January	-	-
Amount recognized during the year	640,000,000	-
As at 31 December	640,000,000	-

9. FINANCIAL ASSETS CLASSIFIED UNDER FVOCI AND OTHER INVESTMENTS

Quoted Shares - Group/Company	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
9.1 Financial Assets Classified Under FVOCI				
As at 1 January	24,360	23,520	24,360	23,520
Disposals	-	-	-	-
Share Investment	-	-	-	-
Fair Value (Loss) / Gain	13,020	840	13,020	840
As at 31 December	37,380	24,360	37,380	24,360
9.2 Other Investments				
Investment in Unit trusts	19,775,180	22,368,094	19,775,180	22,368,094
	19,775,180	22,368,094	19,775,180	22,368,094

10. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

Components of Cash and Cash Equivalents

Quoted Shares - Group/Company	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
10.1 Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	13,235,710	4,390,041	8,384,948	1,231,522
	13,235,710	4,390,041	8,384,948	1,231,522
10.2 Unfavourable Cash and Cash Equivalents Balance				
Bank Overdraft	(4,128,664)	(6,781,632)	(4,128,664)	(6,781,632)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	9,107,045	(2,391,592)	4,256,284	(5,550,109)

11. STATED CAPITAL

Group/Company	2021		2020	
	Number	LKR	Number	LKR
Fully Paid Ordinary Shares	199,881,008	341,602,342	199,881,008	341,602,342

12. REVALUATION RESERVE

Group/Company	Group	
	2021 LKR	2020 LKR
As at 1 January	92,379,785	66,042,128
Fair value increase on Property, Plant & Equipment	11,274,000	36,580,079
Deferred Tax effect of depreciation transfer	(32,573)	(10,242,422)
As at 31 December	103,621,212	92,379,785

Revaluation reserve of the group includes revaluation of land owned by the subsidiary of Agrispice (Private) Limited valued on 31st December 2017 and building of the subsidiary of Liberty Holdings (Private) Limited valued on 31st December 2020 by an independent professional valuer.

Notes to the Financial Statements

13. INTEREST BEARING LOANS & BORROWINGS

	2021 Amount Repayable Within 1 Year LKR	2021 Amount Repayable After 1 Year LKR	2021 Total LKR	2020 Amount Repayable Within 1 Year LKR	2020 Amount Repayable After 1 Year LKR	2020 Total LKR
13.1 Group						
Bank Loans (13.3)	-	1,905,000,000	1,905,000,000	162,202,049	1,700,056,614	1,862,258,663
Term Loans (13.4)	-	-	-	-	-	-
Bank Overdrafts (10.2)	4,128,664	-	4,128,664	6,781,632	-	6,781,632
Finance Lease (14.5)	-	-	-	-	-	-
	4,128,664	1,905,000,000	1,909,128,664	168,983,681	1,700,056,614	1,869,040,295
13.2 Company						
Bank Loans (13.3)	-	1,905,000,000	1,905,000,000	162,202,049	1,700,056,614	1,862,258,663
Bank Overdrafts (10.2)	4,128,664	-	4,128,664	6,781,632	-	6,781,632
	4,128,664	1,905,000,000	1,909,128,664	168,983,681	1,700,056,614	1,869,040,295

13.3 Bank Loans

	Balance As At 01.01.2021 LKR	Loan Obtained LKR	Capital on Due LKR	Over Provision of Interest LKR	Repayment LKR	Balance As At 31.12.2021 LKR	Current LKR	Non-current LKR
Peoples Bank - Term Loan 2	-	-	-	-	-	-	-	-
Peoples Bank - Term Loan 03	1,423,500,000	-	-	-	(1,423,500,000)	-	-	-
Peoples Bank - Interest Loan	80,697,915	-	-	-	(80,697,915)	-	-	-
Peoples Bank	-	64,993,644	-	-	(64,993,644)	-	-	-
Peoples Bank	-	15,000,000	-	-	(15,000,000)	-	-	-
Bank of Ceylon Loan	337,000,000	-	-	-	(337,000,000)	-	-	-
Merchant Bank of Sri Lanka	21,060,748	-	-	-	(21,060,748)	-	-	-
National Development Bank	-	1,940,000,000	-	-	(35,000,000)	1,905,000,000	-	1,905,000,000
	1,862,258,663	2,019,993,644	-	-	(1,977,252,306)	1,905,000,000	-	1,905,000,000

13.4 Details of Long Term Loans

Bank	Purpose	Revised Facility Amount	Interest	Grace Period	Repayment Terms	Security
NDB	Bank Loan Facility- Settlement of loans obtained from People's Bank, BOC & MBSL	1,940,000,000	AWPLR + 2.5%	24 Installments	3rd Year-90Mn, 4th year- 125 Mn, 5th year- 160 Mn, 6th year-205 Mn, 7th year- 250 Mn, 8th year- 305 Mn, 9th year-370 Mn, 10th Year- 435 Mn	<ol style="list-style-type: none"> 1. Primary mortgage over the freehold immovable property (9 Units from Liberty Plaza Building Complex owned by CLDC) 2. Primary mortgage over the freehold immovable property (90 Units from Liberty Plaza Building Complex owned by LHL) 3. Primary mortgage over the Leasehold immovable property (1 Unit from Liberty Plaza Building Complex owned by CLDC) 4. Further and Additional Mortgage over the condominium Unit B2 owned by CLDP 5. Deeds of Renunciation for the above Mortgage Bonds

14. DEFERRED TAX LIABILITIES

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

Components of Cash and Cash Equivalents	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
As at January	3,566,406,262	3,444,637,634	2,410,182,919	2,375,425,208
Deferred Tax impact on depreciation of Revalued Assets	32,573	10,242,422	-	-
Income Statement charge - (Reversal)				
Due to change in rate difference	(509,026,414)	111,659,046	(344,311,846)	34,726,653
Due to change in temporary difference	(53,310,042)	-	(161,991,885)	-
Deferred Tax impact on actuarial Gain on retirement benefit obligations	444,033	(132,840)	357,798	31,058
As at December	3,004,546,411	3,566,406,262	1,904,236,987	2,410,182,919

Notes to the Financial Statements

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 2019	8,469,888	7,029,168	3,459,683,353	3,475,182,409
Charged to income statement	-	1,035,274	100,465,809	101,501,083
Charged to OCI	10,242,422	-	-	10,242,422
As of 31 December 2020	18,712,310	8,064,442	3,560,149,162	3,586,925,914
Charged to income statement	-	(974,466)	(479,885,167)	(480,859,633)
Charged to OCI	32,573	-	-	32,573
As of 31 December 2021	18,744,883	7,089,976	3,080,263,995	3,106,098,854

Deferred tax assets	Tax losses LKR	Defined Benefit Obligation LKR	Total LKR
As of 31 December 2019	(27,800,953)	(2,743,923)	(30,544,876)
Credited to income statement	10,738,223	(580,259)	10,157,964
Charged to Other Comprehensive Income	-	(132,839)	(132,839)
As of 31 December 2020	(17,062,730)	(3,457,021)	(20,519,751)
Credited to income statement	(85,534,911)	4,058,187	(81,476,725)
Charged to Other Comprehensive Income	-	444,033	444,033
As of 31 December 2021	(102,597,641)	1,045,199	(101,552,443)

14.2 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 2019	(352,989)	2,377,732,470	2,377,379,480
(Reversed) / Charged to income statement	859,990	34,411,080	35,271,070
As of 31 December 2020	507,001	2,412,143,550	2,412,650,550
(Reversed) / Charged to income statement	101,019	(415,037,747)	(414,936,729)
As of 31 December 2021	608,020	1,997,105,803	1,997,713,821

Deferred tax assets	Tax losses LKR	Defined Benefit Obligation LKR	Total LKR
As of 31 December 2019	-	(1,954,271)	(1,954,271)
Credited to income statement	-	(544,417)	(544,417)
Charged to Other Comprehensive Income	-	31,058	31,058
As of 31 December 2020	-	(2,467,630)	(2,467,630)
Credited to income statement	(92,395,400)	1,028,397	(91,367,003)
Charged to Other Comprehensive Income	-	357,798	357,798
As of 31 December 2021	(92,395,400)	(1,081,434)	(93,476,834)

The Company has not recognized deferred tax assets amounting to Rs. 104,184,844/- (2020- Rs. 101,875,753/-), arising from carried forward tax losses as at 31 December 2021 amounting to Rs. 434,103,517/- (2020 - Rs. 363,841,976/-), 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. 146,484,782/- (2020- Rs. 243,086,995/-), arising from carried forward tax losses as at 31 December 2021 amounting to Rs. 610,353,256/- (2020 - Rs. 868,167,839/-), 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		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
As at 1st January	12,856,165	10,093,067	8,812,964	6,979,541
Current service cost	761,408	1,485,183	420,303	1,260,350
Interest cost	697,534	988,559	669,785	683,995
Actuarial (Gain)/ Losses	(1,910,560)	289,356	(1,490,827)	(110,922)
Liability Transfer Between Parent and Subsidiary	-	-	-	-
Payments Made During The Year	(7,206,250)	-	(3,906,250)	-
As at 31st December	5,198,297	12,856,165	4,505,976	8,812,964

15.1 Post Employee Benefit Expense for

Current service cost	761,408	1,485,183	420,303	1,260,350
Interest cost	697,534	988,559	669,785	683,995
	1,458,942	2,473,742	1,090,088	1,944,345

15.2 The employee retirement benefit liability of the Company is based on the actuarial valuation carried out by Messrs. Actuarial and management consultants (private) Limited, Independent actuarial specialists as at 31 December 2021. The principal assumptions used are as follows:

	2021	2020
Discount rate assumed (%)	10.00%	7.60%
Salary increase (%)	10%	10%
Staff turnover factor (%)	5%	2%

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 sensitivity adjusted balance in Statement of Financial Position with the effect of the assumed key assumptions as,

15.3.1

	Group		Company	
	1% Increase LKR	1% Decrease LKR	1% Increase LKR	1% Decrease LKR
2021				
Discount rate assumed	4,961,258	5,461,163	4,310,905	4,720,927
Further salary increase	5,480,999	5,480,999	4,738,470	4,738,470
2020				
Discount rate assumed	12,449,519	13,310,536	8,503,795	9,157,104
Further salary increase	13,329,262	12,423,020	9,171,787	8,483,297

15.4 Distribution of Defined Benefit Obligations Over Future Working Life:

	Group		Company	
	2021	2020	2021	2020
Within the next 12 months	1,346,379	7,436,351	1,313,885	4,159,151
Between 2 to 5 years	1,331,421	2,261,982	980,355	1,964,025
Beyond 5 years	2,520,498	3,157,832	2,211,736	2,689,788
	5,198,298	12,856,165	4,505,976	8,812,964

16. TRADE AND OTHER PAYABLES

Summary	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Trade Payables	2,409,577	145,982,181	380,550	3,488,209
Other Payable (16.1)	15,298,143	124,907,281	9,388,783	52,594,071
Sundry Creditors Including Accrued Expenses	12,427,751	40,774,718	6,618,535	8,780,916
	30,135,471	311,664,179	16,387,868	64,863,196
16.1 Other Payable				
Other Payable	8,735,643	116,157,281	2,826,283	43,844,071
Provision for Litigation (16.2)	6,562,500	8,750,000	6,562,500	8,750,000
	15,298,143	124,907,281	9,388,783	52,594,071

16.2 Provision for Litigation

	Group/Company	
	Current 2021 LKR	Non - Current 2020 LKR
Provision for Litigation*	6,562,500	-

* 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 to pay in 45 equal monthly instalments. The Company held liable to pay 21 equal monthly instalments of Rs.729,167/- until 30 September 2022, as at 31 December 2021.

17. TENANT DEPOSITS

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
As at 1st January	184,418,565	195,787,788	42,234,489	44,807,962
Deposits received during the period	122,395,460	9,506,655	116,013,470	3,574,370
Repayments made during the period	(50,158,198)	(20,875,878)	(21,088,623)	(6,147,843)
As at 31st December	256,655,827	184,418,565	137,159,337	42,234,489

18. REVENUE

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Rental Income from Investment Properties	335,218,421	438,405,676	166,929,680	168,813,474
	335,218,421	438,405,676	166,929,680	168,813,474

Notes to the Financial Statements

19. OTHER INCOME AND GAINS

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Dividend Income	-	-	2,974,198	2,974,214
Interest on Staff Loans	165,603	101,192	165,603	101,192
Overdue Interest on rentals due past	857,110	-	50,338	-
Sundry Income	1,942,269	772,372	1,564,509	319,664
Gain on disposal of Property Plant and Equipment's/Investment Property	2,256,000	54,888	-	54,888
Interest on Fixed Deposits	2,105,086	1,282,653	2,105,086	1,282,653
RAMP Shared Income	-	-	-	-
	7,326,068	2,211,105	6,859,735	4,732,612

20. FINANCE COST

	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Interest on Overdrafts	26,686	645,024	26,750	633,843
Interest on Loans & Borrowings	194,642,232	230,244,740	42,669,218	38,067,542
Loans Expenses	12,822,988	1,480,972	12,822,988	1,480,972
	207,491,906	232,370,736	55,518,955	40,182,357

21. PROFIT FROM CONTINUING OPERATIONS

Stated after Charging /(Crediting)	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Included in Direct Expense				
Depreciation	531,398	155,833	450,171	68,170
Included in Administrative Expenses				
Employees Benefits including the following	54,693,423	57,323,077	51,132,401	53,685,431
- Defined Benefit Plan Costs - Gratuity	1,458,943	2,473,741	1,090,089	1,944,345
- Defined Contribution Plan Costs - EPF & ETF	5,885,715	6,041,849	5,484,439	5,634,859
Depreciation	7,237,025	6,096,363	1,245,498	684,009
Auditor's Fees	2,399,519	2,404,925	1,116,000	1,120,000
Non Audit Fees	603,775	374,823	206,314	110,723
Included in Selling and Distribution Costs				
Advertising and Promotional Expenses	572,756	417,185	291,501	78,555
Allowance for Doubtful Debts	12,355,111	22,815,619	6,902,927	7,484,806

22. INCOME TAX

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

Income Statement	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Current Income Tax				
Current Income Tax charge	-	-	-	-
Unrecoverable ESC	-	4,661,583	-	1,569,630
Dividend Tax	-	-	-	-
	-	4,661,583	-	1,569,630
Deferred Income Tax				
Deferred Taxation Charge (Note 14.1)	(562,336,456)	111,659,046	(506,303,731)	34,726,653
Income tax expense / (reversal) reported in the Income Statement	(562,336,456)	116,320,629	(506,303,731)	36,296,283

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

Income Statement	Group		Company	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Accounting Profit before Tax from continuing operations	51,996,280	171,284,757	(327,931,215)	106,302,317
Other Income	(5,079,284)	(1,383,845)	(5,079,284)	(1,383,845)
Disallowed Expenses	413,485,693	268,189,462	330,102,192	51,261,600
Allowable Expenses	(607,681,840)	(458,801,370)	(35,279,482)	(127,425,091)
Losses claimed against business income	-	20,710,995	-	(28,754,981)
Business Profit	(147,279,151)	-	(38,187,789)	-
Other Source of Income	5,079,284	(19,327,150)	5,079,284	1,383,845
Losses Claimed against investment income	(5,079,284)	19,327,150	(5,079,284)	(1,383,845)
Taxable Income	-	-	-	-
Income Tax @ rate 24%				
ESC write off	-	1,569,630	-	1,569,630
22.2 Tax Losses				
Tax Losses Brought Forward	1,047,113,856	1,027,962,967	363,841,975	393,760,284
Adjustments on Finalisation of Brought Forward Tax Losses	(570,896,110)	(176,261)	65,182,259	220,518
Tax Losses Incurred During the Year	-	-	-	-
Tax Losses Utilised	142,199,867	19,327,150	5,079,284	(30,138,827)
Tax Losses Carried Forward	618,417,613	1,047,113,856	434,103,518	363,841,975

Notes to the Financial Statements

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	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
Profit for the Year	623,969,019	59,226,214	178,372,516	70,006,034
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	623,969,019	59,226,214	178,372,516	70,006,034

Number of Ordinary Shares Used as Denominator:	Group		Company	
	Number LKR	Number LKR	Number LKR	Number LKR
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

Nature of Transaction	Subsidiaries		Total	
	2021 LKR	2020 LKR	2021 LKR	2020 LKR
As at 1 January	1,787,081,064	1,714,807,350	1,787,081,064	1,714,807,350
Central Cost Allocated	41,562,981	19,641,940	41,562,981	19,641,940
Finance Charges	176,925,190	192,177,198	176,925,190	192,177,198
Expenses paid by others on behalf of the Company	(161,902,000)	(77,732,501)	(161,902,000)	(77,732,501)
Fund Transfers	93,700,000	(69,520,185)	93,700,000	(69,520,185)
Transfers under finance arrangements	(24,972,999)	-	(24,972,999)	-
Settlement of Liabilities	(55,949,304)	4,733,071	(55,949,304)	4,733,071
Investment/(Disposal) of Subsidiaries	-	-	-	-
Preference share dividend	2,726,341	2,974,190	2,726,341	2,974,190
Redeemed Preference Shares	-	-	-	-
As at 31 December	1,859,171,271	1,787,081,064	1,859,171,271	1,787,081,064

Included in * Trade and Other Receivables and Investment in Preference Shares

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 :

	2021 LKR	2020 LKR
Loan amount as at 31 December (Note 13.3)	1,905,000,000	1,423,500,000
Finance cost recorded under Related Party**	150,005,142	192,177,198

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

Key Management Personnel Compensation	2021 LKR	2020 LKR
Short-term employee benefits	28,432,500	31,650,000
Post-employment benefits	12,275,625	3,968,750
	40,708,125	35,618,750

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

Other Transactions with Key Management Personnel	2021 LKR	2020 LKR
Loans to Key Management Personnel		
As at 1 January	5,956,000	5,956,000
Loans advanced during the year	-	-
Loans repayments received	(5,956,000)	-
As at 31 December	-	5,956,000

Notes to the Financial Statements

25. ASSETS PLEDGED

The assets pledged as at 31.12.2021 have been disclosed in Note 13.4 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 2021 and 2020.

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 2021.

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 2021 and 2020.

Interest rate risk

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

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

Interest rate sensitivity

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

	Increase/ decrease in basis points	Effect on profit before tax
2021		
Borrowings	+10/-10	19,091,287
2020		
Borrowing	+10/-10	17,653,608

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 2021 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 financial liabilities based on contractual undiscounted payments.

Notes to the Financial Statements

Group

Year ended 31 December 2021	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)	4,128,664	-	55,000,000	285,000,000	1,565,000,000	1,909,128,664
Tenant Deposits (Note 17)	256,655,827	-	-	-	-	256,655,827
Trade and Other Payables (Note 16)	30,135,471	-	-	-	-	30,135,471

Group

Year ended 31 December 2020	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)	6,781,632	162,202,049	271,951,366	457,684,224	970,421,024	1,869,040,295
Tenant Deposits (Note 17)	184,418,565	-	-	-	-	184,418,565
Trade and Other Payables (Note 16)	311,664,180	-	-	-	-	310,393,702

Company

Year ended 31 December 2021	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)	4,128,664	-	55,000,000	285,000,000	1,565,000,000	1,909,128,664
Tenant Deposits (Note 17)	137,159,337	-	-	-	-	137,159,337
Trade and Other Payables (Note 16)	16,387,868	-	-	-	-	16,387,868

Company

Year ended 31 December 2020	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)	6,781,632	162,202,049	271,951,366	457,684,224	970,421,024	1,869,040,295
Tenant Deposits (Note 17)	184,418,565	-	-	-	-	184,418,565
Trade and Other Payables (Note 16)	64,863,196	-	-	-	-	64,863,196

	2021 LKR	2020 LKR
Interest Bearing Loans and Borrowings (Note 13)	1,909,128,664	1,869,040,295
Trade and Other Payables (Note 16)	30,135,471	310,393,702
Less: Cash and Cash Equivalents (Note 10)	(13,235,710)	(4,390,041)
Net debt	1,924,757,948	2,175,043,956
Equity	8,720,796,591	8,084,115,600
Capital and net debt	10,646,825,017	10,259,159,556
Gearing ratio	18%	21%

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 2021 and 2020.

27. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

28. FAIR VALUES

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

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

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

- Variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.
- The fair values of the remaining 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 2021 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 2021:

	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-21	12,858,981,000	-	-	12,858,981,000
Financial Assets classified under FVOCI					
Quoted Equity Shares	31-Dec-21	37,380	37,380	-	-
Revalued Property, Plant and Equipment					
Land and Buildings	31-Dec-21	159,684,756	-	-	159,684,756
Biological Assets					
Plantation	31-Dec-21	64,834,727	-	-	64,834,727

The fair value measurement hierarchy for assets as at 31 December 2020:

	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-20	13,517,812,502	-	-	13,517,812,502
Financial Assets classified under FVOCI					
Quoted Equity Shares	31-Dec-20	24,360	24,360	-	-
Revalued Property, Plant and Equipment					
Land and Buildings	31-Dec-20	150,384,756	-	-	150,384,756
Biological Assets					
Plantation	31-Dec-20	57,435,700	-	-	57,435,700

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

29. COMMITMENTS AND CONTINGENCIES

29.1 Financial Commitments

The Company and Group do not have material financial commitments or contingent asset as of reporting date other than disclosures in note 4.5.

29.2 Contingencies

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

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.

Notes to the Financial Statements

30.2 Summarised financial information of subsidiaries

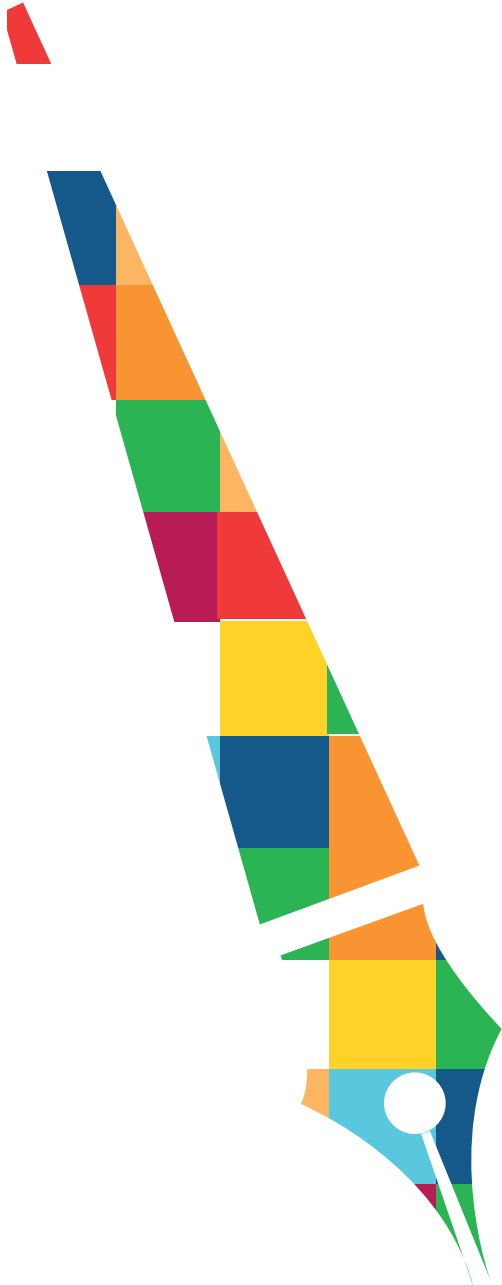
Agrispice (Private) Limited carries on, inter-alia, the business of cultivating plantations of teak and mahogany trees. The results, assets and liabilities of Agrispice (Private) Limited have been included in the consolidated financial statements of the Group using the purchase method. Anantaya Global 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		Anantaya Global Solutions (Private) Limited		Liberty Developers (Private) Limited	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Current								
Assets	50,824,621	124,162,933	1,208,417	1,107,574	1,000	1,000	113,547,026	149,481,202
Liabilities	1,313,031,442	1,463,527,075	68,949,511	65,807,575	8,310,227	8,280,226	629,243,182	730,055,335
Total current net assets	(1,262,206,822)	(1,339,364,142)	(67,741,094)	(64,700,001)	(8,309,227)	(8,279,226)	(515,696,156)	(580,574,134)
Non-current								
Assets	4,451,554,378	4,248,399,326	109,143,875	109,141,671	-	-	2,741,786,023	2,725,196,094
Liabilities	591,921,349	602,902,845	372,705	365,113	-	-	508,690,718	556,981,609
Total non-current net assets	3,859,633,029	3,645,496,481	108,771,170	108,776,558	-	-	2,233,095,305	2,168,214,485
Net assets	2,597,426,207	2,306,132,339	41,030,076	44,076,557	(8,309,227)	(8,279,226)	1,717,399,149	1,587,640,352
Revenue	79,245,952	79,245,952	-	-	-	-	111,137,872	198,067,308
Profit/(Loss) before income tax	3,874,407	3,874,407	4,265,899	(1,080,282)	(30,000)	(70,000)	78,281,145	66,498,392
Income Tax	78,143,946	78,143,946	-	-	-	-	-	(72,422,568)
Profit/(Loss) after income tax	82,018,353	82,018,353	4,265,899	(1,080,282)	(30,000)	(70,000)	78,281,145	(5,924,176)
Other Comprehensive income/(expense)	28,709,563	28,709,563	-	-	-	-	-	-
Total comprehensive (loss)/income	110,727,916	110,727,916	4,265,899	(1,080,282)	(30,000)	(70,000)	78,281,145	(5,924,176)

SUPPLEMENTARY INFORMATION

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THE RIGHT DIRECTION

Decade at a Glance

Ten Year Summary (Rs.'000)

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Turnover	104,912	125,470	149,680	210,592	422,435	445,909	481,952	476,852	438,406	335,218
Operating Income	72,966	77,790	84,625	126,753	311,842	318,302	360,467	341,021	329,917	232,415
Operating Expenses	(80,283)	(94,934)	(97,241)	(126,120)	(122,321)	(101,051)	(107,266)	(127,029)	(125,088)	(109,215)
Operating Profit/(Loss)	(16,340)	137,733	257,979	2,032,404	745,287	4,096,402	726,069	807,372	407,897	269,115
Non Operating Income	2,179	2,057	1,094	4,324	7,567	16,627	4,786	1,479	2,211	7,137
Net Finance Income/(Cost)	6,655	(20,215)	(35,672)	(64,433)	(234,312)	(43,367)	(215,061)	(235,510)	(232,371)	(207,492)
Profit/(Loss) Before tax	(9,685)	117,518	222,307	1,967,971	510,975	3,853,035	511,008	571,862	175,526	61,624
Income Tax	(80,284)	(56,444)	(69,224)	(611,135)	(203,730)	(1,110,643)	(82,673)	(239,357)	(116,320)	562,336
Profit/(Loss) after tax	(89,969)	64,074	153,083	1,356,836	307,244	2,742,393	328,334	332,505	59,205	623,960
Minority Interest	(216)	(530)	(13)	(32)	(105)	(894)	(617)	(20)	(21)	(9)
Profit for the year	(90,185)	63,544	153,070	1,356,804	307,139	2,741,499	327,717	332,485	59,184	623,969

Investor Information

LIST OF 20 MAJOR SHAREHOLDERS BASED ON THEIR SHAREHOLDINGS AS AT 31ST DECEMBER 2021

	Name	No. of Shares	%
1	MR E.G. NG	47,390,516	23.709
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	18,895,734	9.453
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	SEYLAN BANK PLC./ NALAKA HARSHAJEEVA GODAHEWA	2,509,511	1.256
9	MES K.P. HONG (DECEASED)	2,251,625	1.126
10	MR K.V. HEWAVITARNE	1,942,741	0.972
11	MR Y.H. NG	1,920,000	0.961
12	MR Y.K.D. NG	1,605,600	0.803
13	MR T.G. THORADENIYA	1,454,190	0.728
14	CAP W. BAPTISTA	1,390,654	0.696
15	AMANA BANK PLC/MR. M.Z. MOHAMED GHOUSE	1,288,974	0.645
16	ALLNATT INVESTMENTS (PRIVATE) LIMITED	1,166,661	0.584
17	PHANTOM INVESTMENTS (PRIVATE) LIMITED	1,100,000	0.550
18	MR C.W. VANDORT	906,594	0.454
19	LAUGFS GAS PLC	883,268	0.442
20	MR A. LUKMANJEE	737,509	0.369
		176,397,546	88.251
	OTHERS	23,483,462	11.749
	TOTAL	199,881,008	100.000

DISTRIBUTION OF SHAREHOLDING AS AT 31ST DECEMBER 2021

From	To	No. of Shareholders	No. of Shares	%
1	- 1,000	1,569	505,529	0.25
1,001	- 10,000	734	2,655,308	1.33
10,001	- 100,000	257	7,905,549	3.95
100,001	- 1,000,000	60	14,944,447	7.48
Over 1,000,000		17	173,870,175	86.99
		2,637	199,881,008	100.00

Investor Information

ANALYSIS OF SHAREHOLDERS AS AT 31ST DECEMBER 2021

Category	No. of Shareholders	No. of Shares	%
Local Individuals	2,405	20,459,823	10.24
Local Institutions	186	108,036,620	54.05
Foreign Individuals	43	69,068,353	34.55
Foreign Institutions	3	2,316,212	1.16
Total	2,637	199,881,008	100.00

DIRECTORS' SHAREHOLDING AS AT 31ST DECEMBER 2021

Names of Directors	No. of shares	Percentage (%)
Major General (Retd.) V U B Nanayakkara	Nil	Nil
Mr. D S Jayaweera	2,600	0.00%
Mr. P S Weerasekera		
Share held in following manner;		
Hatton National Bank PLC/ P S Weerasekera	100,806	0.050%
Mr. M D S Goonatilleke	Nil	Nil
Mr. Ng. Yao Xing, Eugene	Nil	Nil
Mr. D L De Zoysa Abeysiriwardana	Nil	Nil
Mr. S A Amerasekera	Nil	Nil
Mr. M D A Weerasooriya	Nil	Nil
Mr. Ng. Heng Chye Clement (Alternate Director to Ng. Yao Xing, Eugene)	Nil	Nil

Public Holding

Category	31.12.2021	Date	31.12.2020	Date
Highest during the period	Rs.42.40	10/09/2021	Rs.28.50	22/09/2020
Lowest during the period	Rs.20.10	27/04/2021	Rs.10.30	12/05/2020
As at end of the period	Rs.34.40		Rs.24.30	

Public Holding

Category	
Public Holding percentage as at 31st December 2021	38.52%
Number of shareholders representing the above Percentage	2,631
The Float adjusted market capitalization as at 31st December 2021 Rs.	2,648,738,458.34

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 Fortieth (40th) Annual General Meeting of Colombo Land and Development Company PLC will be held at No. 250 B ¼ , 1st Floor, New Retail Podium, Liberty Plaza, Colombo 03 on 24th June 2022 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 2021 and the Report of the Auditors thereon.
2. To re-elect as a Director Mr. M D S Goonatilleke who retires by rotation in terms of Articles 86 and 87 of the Articles of Association.
3. To re-elect as a Director Maj.Gen (Retd.) V U B Nanayakkara who retires in terms of Article 94 of the Articles of Association.
4. To re-elect as a Director Mr. P S Weerasekera who retires in terms of Article 94 of the Articles of Association.
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 2022 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).

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 10.30 a.m on 22nd June 2022.

By Order of the Board

COLOMBO LAND AND DEVELOPMENT COMPANY PLC



P W Corporate Secretarial (Pvt) Ltd
Director / Secretaries

26 May 2022

Notes

A series of horizontal dotted lines for writing notes.

Form of Proxy

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

- | | |
|---------------------------------------|----------------|
| Maj.Gen (Retd.) V U B Nanayakkara | or failing him |
| Mr. D S Jayaweera | or failing him |
| Mr. P S Weerasekera | or failing him |
| Mr. M D S Goonatileke | or failing him |
| Mr. NG Yao Xing, Eugene | or failing him |
| (Alternate Director - NG H C Clement) | |
| Mr. D L De Zoysa Abeyesiriwardana | or failing him |
| Mr. S A Ameresekere | or failing him |
| Mr. M D A Weerasooriya | |

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 24th June 2022 at 10.30a 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 Goonatileke who retires in terms of Articles 86 and 87 of the Articles of Association, as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Maj.Gen (Retd.) V U B Nanayakkara who retires in terms of Article 94 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. P S Weerasekera who retires in terms of Article 94 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorize the Directors to determine payments for the year 2022 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).	<input type="checkbox"/>	<input type="checkbox"/>

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

.....
 Signature

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

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid the completed Form of Proxy should be deposited at the Registered Office of the Company, 3rd Floor, Liberty Plaza, 250 R A De Mel Mawatha, Colombo 03, by 10.30am on 22nd June 2022.

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

Major General (Retd.) V U B Nanayakkara

Mr. P S Weerasekera

Mr. S A Ameresekere

Mr. Ng Yao Xing, Eugene

Mr. D S Jayaweera

Mr. D L De Z Abeysiriwardana

Mr. M.D.S. Goonatilake

Mr. M D A Weerasooriya

Mr. Ng H C Clement

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

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd

3/17, Kynsey Road, Colombo 08.

Tel: 4640360

LAWYERS

Nithi Murugesu & Associates

Attorneys-at-law & Notaries public

28 (Level 2) W A D Ramanayaka Mawatha,
Colombo 02.

Capital Law Chambers & Corporate Consultants

Attorneys-at-law, Notaries Public,

11, Arcadia Gardens, Rosmead Place,
Colombo 07.

AUDITORS

Ernst & Young

Chartered Accountants

201, De Saram Place, Colombo 10.

BANKERS

National Development Bank PLC

People's Bank

Nations Trust Bank PLC

Sampath Bank PLC

Commercial Bank of Ceylon PLC

Bank of Ceylon

SUBSIDIARY COMPANIES

Liberty Holdings Limited

Agrispace (Pvt) Limited

Anantya Global Solutions Company Limited

Liberty Developers (Pvt) 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