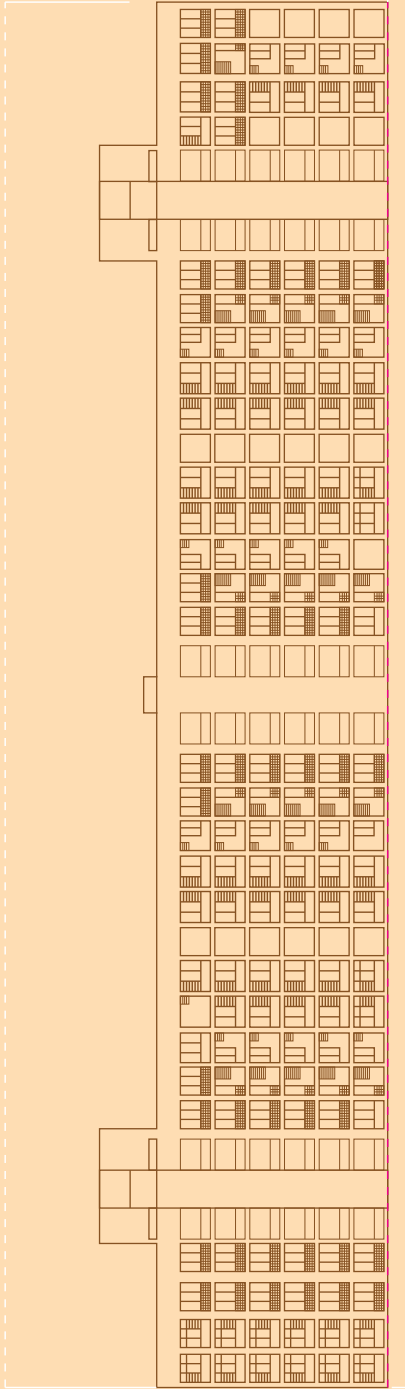
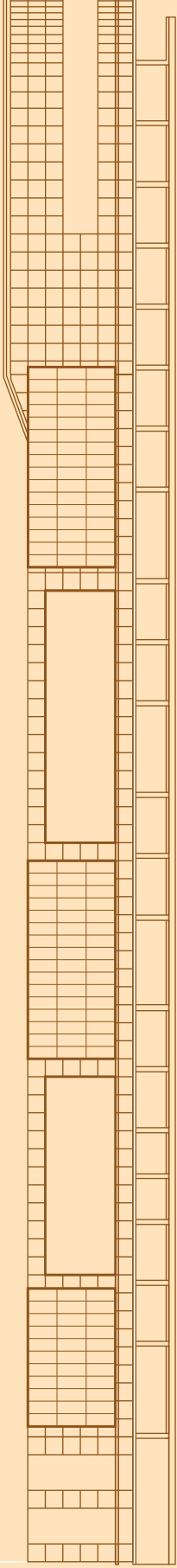




**Colombo Land & Development Company PLC**  
**Annual Report 2022**

A





# BOLDER FUTURE

For over four decades, we have achieved excellence in all we do, delivering exceptional value and investing in the growth of our nation.

The past two years have not been without its challenges, but we have emerged stronger and more sustainable, positioning ourselves for our next innovative move in line for a destiny enriched with greatness.

As we boldly set out to change the property investment landscape in the country, our visionary strategy and our unwavering dedication hold us in good stead as we look ahead to a bolder future.

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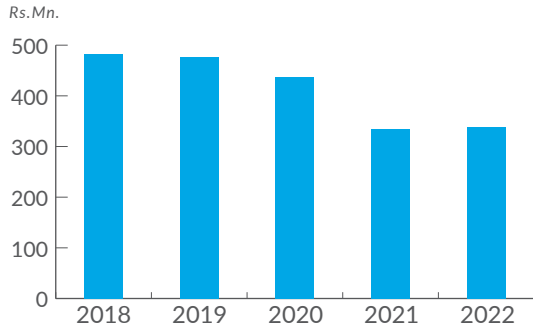
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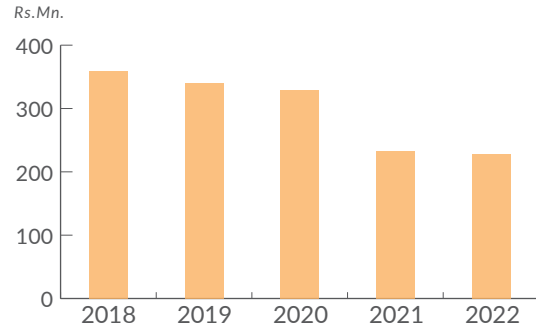
74 Statement of Profit or Loss

# OPERATIONAL HIGHLIGHTS

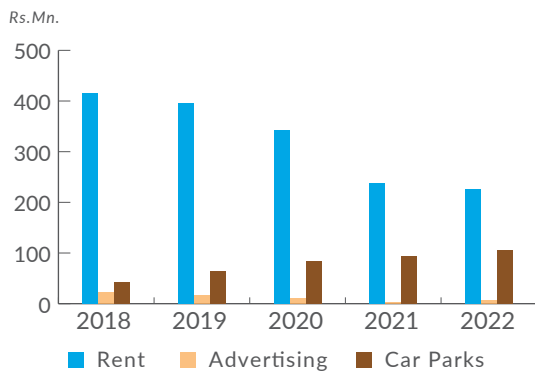
## TURNOVER



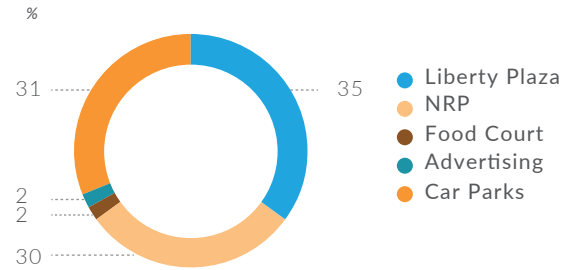
## GROSS PROFIT



## INCOME



## REVENUE CONTRIBUTION



**339**



**REVENUE** (Rs.Mn)

**228**



**GROSS PROFIT** (Rs.Mn)

**-731**



**PAT** (Rs.Mn)

**13,306**



**TOTAL ASSETS** (Rs.Mn)

**-3.66**



**EPS** (Rs.)

**7,992**



**EQUITY** (Rs.Mn)

# FINANCIAL HIGHLIGHTS

Indicator	Group			Company			
	2022	2021	Change %	2022	2021	Change %	
<b>Operating Results</b>							
Revenue	Rs. Million	339.16	335.22	1.17	158.55	166.93	(5.02)
Result from Operating Activities	Rs. Million	227.76	232.42	(2.00)	116.09	125.73	(7.67)
FV gain from Investment Properties	Rs. Million	149.16	131.45	13.47	57.18	(316.23)	(118.08)
FV gain from Biological Assets	Rs. Million	3.95	7.14	(44.69)			
Net Finance cost	Rs. Million	291.92	207.49	40.69	10.38	55.52	(81.31)
Profit (Loss) before tax	Rs. Million	34.12	61.62	(44.62)	116.76	(327.93)	(135.61)
Tax	Rs. Million	(765.25)	562.34	(236.08)	(330.47)	506.30	(165.27)
Profit (Loss) after tax	Rs. Million	(731.13)	623.96	(217.18)	(213.70)	178.37	(219.81)
<b>Financial Position</b>							
Total Assets	Rs. Million	13,305.93	13,935.71	(4.52)	10,608.96	11,169.72	(5.02)
Equity	Rs. Million	7,991.73	8,720.80	(8.36)	6,976.24	7,178.45	(2.82)
Stated Capital	Rs. Million	341.60	341.60	-	341.60	341.60	-
Net Assets Per share	Rs.	39.98	43.63	(8.36)	34.90	35.97	(2.97)
<b>Share Information</b>							
Earning (Loss) per share	Rs.	(3.66)	3.12	(217.24)	(1.07)	0.89	(220.13)
Market capitalisation	Rs.	1,208.90	6,875.91	(82.42)	1,208.90	6,875.91	(82.42)
Price Earnings Ratio	Times	(4.29)	11.03	(138.93)	(14.68)	38.65	(137.99)
Market Price – High	Rs.	37.00	42.40	(12.74)	37.00	42.40	(12.74)
– Low	Rs.	15.00	20.10	(25.37)	15.00	20.10	(25.37)
– Last Traded	Rs.	15.70	34.40	(54.36)	15.70	34.40	(54.36)
<b>Ratios</b>							
Return on Assets	%	(5.49)	4.48	(222.61)	(2.01)	1.60	(226.14)
Return on Equity	%	(9.15)	7.15	(227.87)	(3.06)	2.48	(223.28)
Current Asset ratio	Times	0.71	2.76	(74.26)	25.95	14.91	74.06
Debt/Equity	%	16.90	21.87	(22.71)	19.37	26.54	(27.03)
<b>Manufactured Capital</b>							
Investment Property	Rs. Million	12,881.12	12,858.98	0.17	7,834.70	7,793.95	0.52
Biological Assets	Rs. Million	69.24	64.83	6.79	-	-	
Property, Plant & Equipment	Rs. Million	174.64	182.70	(4.41)	8.18	9.42	(13.15)

# CHAIRMAN'S REVIEW

Dear Valued Shareholders,

I welcome you to the 41st Annual General Meeting of Colombo Land and Development Company PLC (CLDC) and am pleased to place before you the Annual Report and Financial Statements of the company for the financial year ended 31st December 2022.

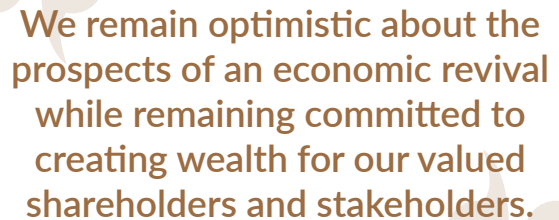
The year under review was challenging in many respects. The advent of the economic crisis at the tail-end of the COVID-19 pandemic-induced challenges created a dire situation for individuals and businesses. The acute shortage of fuel and cooking gas, lack of foreign exchange, soaring inflation, and social and political upheaval rendered the year under review to be an extremely volatile one.

Although the uptick in tourism, stronger export performance and higher inflow of remittances boosted economic sentiment in the last quarter of the year to a certain extent, overall economic performance was subdued and nowhere near pre-pandemic levels. The retail sector experienced a brief respite during the holiday season, however the prevailing import restrictions and a weaker rupee saw prices of goods soar, which kept shoppers at bay.

## COMPANY PERFORMANCE

During the year under consideration, the company seized opportunities as they emerged, even succeeding in attracting new retail customers to its retail space in Liberty Plaza, despite the subdued business environment. The company had sold off Liberty Arcade in February 2022 and used Rs.525 million of the Rs.640 million proceeds to settle loans to reduce its interest burden. However, in April 2022, interest rates climbed steeply and remained at a peak throughout the year, which impacted the company adversely. Furthermore, the fuel shortage and prevailing import restrictions significantly hampered operations in the car park and retail sector as overall footfalls were lower, thus affecting occupancy levels and rental collections.

Moreover, the company entered into discussions with the Urban Development Authority (UDA) and the existing occupants in mapping a master-plan to develop the land parcel in Pettah - integrating the needs of the existing occupants and addressing the needs of the demographic.



**We remain optimistic about the prospects of an economic revival while remaining committed to creating wealth for our valued shareholders and stakeholders.**

CLDC's blueprint envisions a dynamic development which will be a crowning glory of Colombo's business district, in terms of scale and ambition. The Port City development has been accelerated by the authorities once again, which bodes well for progress on the Pettah area development to ensure upliftment of the entire area.

## STRONG GOVERNANCE FRAMEWORK

Our longstanding commitment to employee wellbeing was strengthened during the pandemic and the recent economic crisis. The company extended additional cost of living allowances for employees to cope with the high inflation environment.

CLDC has further adopted best practices in environment, social and governance (ESG) to enhance its governance framework in a more sustainable manner. Managing the business with a greater focus on sustainability will help lower our carbon footprint in the long run.

During the year under consideration, changes were made to the composition of the Board. At the Company Board Meeting on 11th November 2022, the current Chairman, M D A Weerasooriya, was newly appointed. In addition, two new Directors were nominated by the Urban Development Authority (UDA), as the third-largest shareholder of the Company. H A N D Herath (Chairman - UDA) and N P K Ranaweera (Director General - UDA) were appointed Directors w.e.f 14th September 2022. CLDC has nine Directors in total, of which three are Executive Directors and two are Independent Non-Executive Directors.



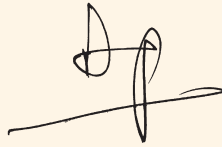
## FUTURE PROSPECTS

As Sri Lanka's economy emerges from one of its darkest phases, the path ahead will be more promising for retail and real estate as some of the key sectors that will be first off the starting blocks in the economic recovery process. Real estate studies show that notwithstanding 25.7% y-o-y increase in luxury retail mall rentals, q-o-q rentals remained flat due to the stagnant market. Although rental practices started picking up, landlords still provide concessions to specific tenants to help them weather the challenges. The retail sector will likely improve during the year as tourist inflows improve and as the rupee strengthens it will bring down prices of goods and services. It is hoped that easing of import restrictions will allow more goods to flow in alongside lowered inflation which should expand disposable incomes. The company will continue to seek to partner with major foreign investors for new developments.

## APPRECIATION

I would like to thank my colleagues on the Board and commend the effort made by the senior management and the entire team. I am grateful to our shareholders for their continued support.

We remain optimistic about the prospects of an economic revival while remaining committed to creating wealth for our valued shareholders and stakeholders.



Mr. M D A Weerasooriya

*Chairman - Independent Non Executive Director*

26 May 2023



# CEO'S REVIEW

The overall macroeconomic conditions in the nation and in the retail and real estate industries in which Colombo Land and Development Company (CLDC) PLC operates remained unfavourable during the year 2022. The economic crisis exacerbated weaknesses induced by the pandemic and further eroded prospects for a much-needed economic recovery. The anticipated positive economic sentiment after the easing up of the pandemic was too brief, and the ensuing economic crisis and social and political uncertainty proved to be a dampener on business growth and expansion.

## COMPANY PERFORMANCE

Although the total income of CLDC improved marginally amidst external headwinds, the severe hike in interest rates, electricity tariffs and service charges on properties and other mounting maintenance costs adversely impacted the company's overall profitability. Interest charges rose to Rs. 292 Mn in 2022. We saw an 41% increase in the finance cost due to the increase in lending rates for the quarter under review. The company has already taken several steps in this regard to reduce the interest costs. Import restrictions on non-essential goods continued through 2022, further curbing business activities of our retail tenants, although occupancy improved to 70% from 66% in the previous year.

The revenue from the car parks was badly affected due to the fuel crisis. The Gasland car park is chiefly used by traders as a distribution hub for goods transported into Colombo, but due to the fuel crisis, trucks were unable to travel long distances. The Liberty Plaza Car park too was affected due to subdued retail activity coupled with the fuel crisis. The People's car park on the other hand was affected marginally as customers usually purchase seasonal passes.

The development of CLDC's 13-acre land parcel in Pettah remains the prime focus going ahead to realize our vision for a dynamic mixed development project at the site.

In addition, due to the rising cost of construction, prices of residential apartments and commercial property too rose during the year. However, due to rising interest on bank loans, lower demand was seen. During the year under review, a few apartments and commercial property were disposed at higher prices by the company, and majority of the proceeds were utilised to furnish loan settlements.

Unfortunately, retail rentals did not see much of a pickup in response to lower disposable incomes and a negative economic sentiment. An overall decline in the marketability of retail spaces was witnessed during the year. However, this trend reversed in the last quarter and the company managed to elicit higher rentals from new tenants as footfalls improved through the year-end holiday season. The company was unable to implement increments in existing rents but revenue grew slightly from Rs. 335 Mn in 2021 to Rs. 339 Mn in 2022. Due to cost escalation for maintenance works and higher electricity



and related costs, service charges with respect to all the apartments, shops and offices that the company holds were increased by 30%, which had a direct impact on CLDC. Overall, CLDC was unable to achieve higher profitability due to the challenging conditions, however, this was in line with the overall retail and real estate sectors, which recorded marginal or negative growth during the year under review.

### SUSTAINING A FUTURISTIC FOCUS

The development of CLDC's 13-acre land parcel in Pettah remains the prime focus going ahead to realize our vision for a dynamic mixed development project at the site. As you are aware, approximately three acres of the entire parcel is free of encumbrances and in the possession of the company. CLDC, together with the UDA, has been making various attempts to free the rest of the land of encumbrances in order to make the entire land parcel available for development. The company is also evaluating the feasibility of integrating the needs of some of the existing occupants of the hindered areas into the future development plans. Accordingly, the company has initiated discussions with some of the occupants of the hampered land areas, one of which have in

principle agreed to vacate the area in the near future, subject to the UDA providing an alternate land to their satisfaction.

### COMPANY PROSPECTS

The economic outlook for the country seems more positive with the loan approval from the International Monetary Fund (IMF) coming through, which will further strengthen investment confidence in Sri Lanka. We anticipate the retail and real estate sectors to be one of the first to see investments although we expect economic growth to remain subdued in 2023.

CLDC will continue to seek new partnerships and will in the meantime add value to existing real estate holdings as was done this year by undertaking renovations and regular maintenance work to enhance asset value.

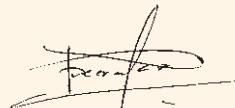
The Sri Lanka Retailers' Association (SLRA), the apex body of organised retail in Sri Lanka, has raised an alarm over the impact of the economic crisis and raised taxes on the local retail sector, which is a huge direct and indirect employer. It is important for all stakeholders to come together to ensure the sustainability of the retail sector.

In our view, the prospects for higher retail income seem brighter in 2023 as tourists numbers are growing month on month, which should result in higher footfalls.

CLDC also owns an agro spice plantation of mahogany trees which has been held for 22 years and is just about reaching maturity. In the coming months, key decisions will be taken by the board on how to proceed with this investment.

### APPRECIATION

I would like to place on record my gratitude to the Chairman and Board Members for their valuable advice through a challenging period. Our employees extended the greatest cooperation during the period. We are thankful to our shareholders for their ongoing support. CLDC is confident of its value proposition and hopes to leverage on more promising external economic conditions to reach its objectives.



Mr. P S Weerasekera

Executive Director/Group CEO

26 May 2023



# BOARD OF DIRECTORS



**MR. M D A WEERASOORIYA**

*(Independent Non-Executive Director)*

Mr. Asoka Weerasooriya, Attorney-at-Law, is an old boy of Richmond College Galle. Having entered the Bar in 1987, he joined the Attorney General's Department of Sri Lanka in 1988 as a State Counsel where he went on to build a strong career in criminal justice. He entered the Private Bar in 1993. With a legal career spanning 35 years, he counts extensive experience in criminal law as well as other areas of the law – from bribery & corruption cases, industrial & labour disputes to customs & tax cases etc. He is recognized and highly respected as a senior Counsel within the legal fraternity of Sri Lanka.

He has been appointed as an Executive Committee Member of the Bar Association of Sri Lanka (23/24), and serves as a member of The Criminal Law Reforms Sub-Committee appointed by The Cabinet, under the aegis of The Ministry of Justice. In recognition of his contribution towards the legal profession, Mr. Weerasooriya has been re-appointed by The Chief Justice Jayantha Jayasuriya PC, as a Member of the Disciplinary Committee under the Judicature Act, which is entrusted with the process of conducting preliminary inquiries against members of the legal fraternity.

He is a key resource person for the BASL Seminars & Workshops and the National Law Conference. He is also the Chairman of the Lawyer - Police and Prisons Relations Committee (BASL Standing Committee). He also served as an Independent Non Executive Director at Ascot Holdings PLC from 2012-2018 (Now known as Lanka Reality Investments PLC).



**MR. P S WEERASEKERA**

*(Executive Director/Group Chief Executive Officer)*

Mr. Padmesh Weerasekera is a business strategist with over 30 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.



**MR. S A AMERSEKERE**

*(Executive Director)*

Mr. S A Ameresekere is Qualified in both business and engineering and 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.



**MR. 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 startups in Singapore.

## BOARD OF DIRECTORS



**MR. 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.



**MR. N P K RANAWEERA**

*(Non-Executive Director)*

Mr. N.P. K Ranaweera holds a degree in Master of Science in Town and Country Planning from the University of Moratuwa.

He has also completed Post Graduate in Regional Planning from the University of Kelaniya and Urban Management from Erasmus University, the Netherlands respectively. He also holds a Bachelor of Science (BSc.) in Estate Management and Valuation from the University of Sri Jayewardenepura, Kotte.

Mr. N.P.K Ranaweera has engaged over 11 years of experience in Senior Management of Urban Development and Planning and further holds professional experience as a Corporate Member of the Institute of Town Planners of Sri Lanka (ITPSL M241) and is a Fellow Member of the Institute of Real Estate and Valuation, Sri Lanka (IREV 54).

Mr. Ranaweera was appointed as the Board Director / Secretary of the Urban Development Authority (UDA) and as a Board Director for Lanka Electricity Company Private Limited, Lanka Rest Houses Limited, Waters Edge Recreations Limited, Waters Edge Limited, Urban Settlement Development Authority, Urban Investment and Development Company, Road Development Authority.



**MR. H A N D HERATH**

*(Non-Executive Director)*

Mr. H A N D Herath holds a degree in Master of Business Administration (MBA) from the Postgraduate Institute of Management, University of Jayewardenepura.

He counts over 15 years of experience at Senior Management level 8 of which had been in the Hospitality Industry and Public Sector Institutions.

Mr Herath is a results oriented and a visionary leader with skills in the fields of Brand Management, Strategy Development, Project Management, Leadership Development, Marketing Management, Human Resource Management and Financial Planning.

Mr Herath was appointed as the Chairman of the Urban Development Authority (UDA) and Urban Investment & Development Company (Private) Limited (UNIDEP) and as the Director of Waters Edge Limited, Lanka Rest Houses Limited, Colombo Land and Development Company PLC, On'ally Holdings PLC, Urban Settlement Development Authority and Tea, Rubber & Coconut Estates (Control of Fragmentation) Board.



**MR M D S GOONATILLEKE**

*(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.



**MR. N G H C CLEMENT**

*(Alternate Director to Mr. NG Yao Xing, Eugene)*

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.

# CONQUERING





A stylized city skyline is depicted in the lower half of the page, rendered in a light brown line-art style. The skyline consists of various rectangular buildings of different heights and widths. Above the skyline, several four-pointed stars of varying sizes are scattered across the upper half of the page. A thin, curved line starts from the top left and arcs over the skyline towards the right. The background is a solid light brown color.

# NEW HORIZONS

## MANAGEMENT DISCUSSION & ANALYSIS

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# OUR VALUE CREATION MODEL

INPUTS

EXTERNAL PARAMETERS



## FINANCIAL CAPITAL

Shareholders fund **7.991 Bn**  
Long Term Borrowings **1.35 Bn**



## MANUFACTURED CAPITAL

Investment Property **Rs. 12.88 Bn**  
Commercial, Corporate spaces & Apartments  
Biological Assets **Rs. 69.24 Mn**  
Property Plant & Equipment **175 Mn**



## HUMAN CAPITAL

Mix skilled and experienced employees  
Total of **34 employees**



## SOCIAL & RELATIONSHIP CAPITAL

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



## INTELLECTUAL CAPITAL

Liberty Plaza brand  
Our organisation values  
Tacit knowledge

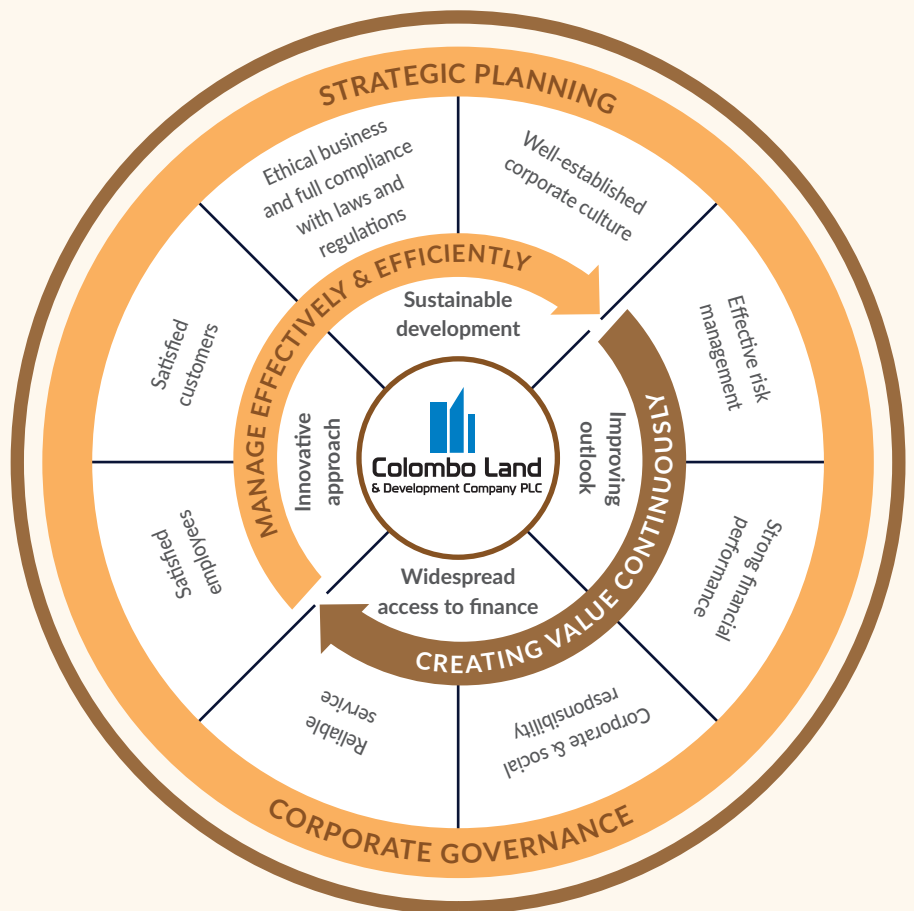


## NATURAL CAPITAL

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

RISK &  
OPPORTUNITIES

TRENDS



STAKEHOLDERS' EXPECTATIONS

OUTPUT

SHAREHOLDERS

PAT Rs. -731 Mn  
EPS Rs. -3.66

EMPLOYEES

Staff cost  
Rs. 52 Mn

TENANT/  
CUSTOMERS

Rental revenue  
Rs. 234 Mn  
Property service  
income  
Rs 105 Mn

SUPPLIERS

Premises maintenance and  
value related  
Rs. 86 Mn

COMMUNITY

Contribution for  
CSR  
Rs. 0.1 Mn.

GOVERNMENT

Group has accumulated  
tax losses of **Rs. 946.31 Mn**  
which can be utilised  
against future  
taxable  
income.



70%

Occupancy



54%

Longstanding  
Tenants



176,554

Sqft.  
Rentable Space



OVER 350

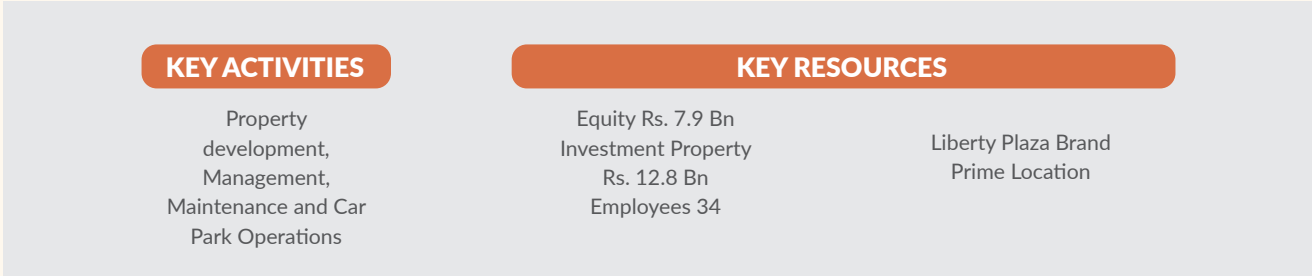
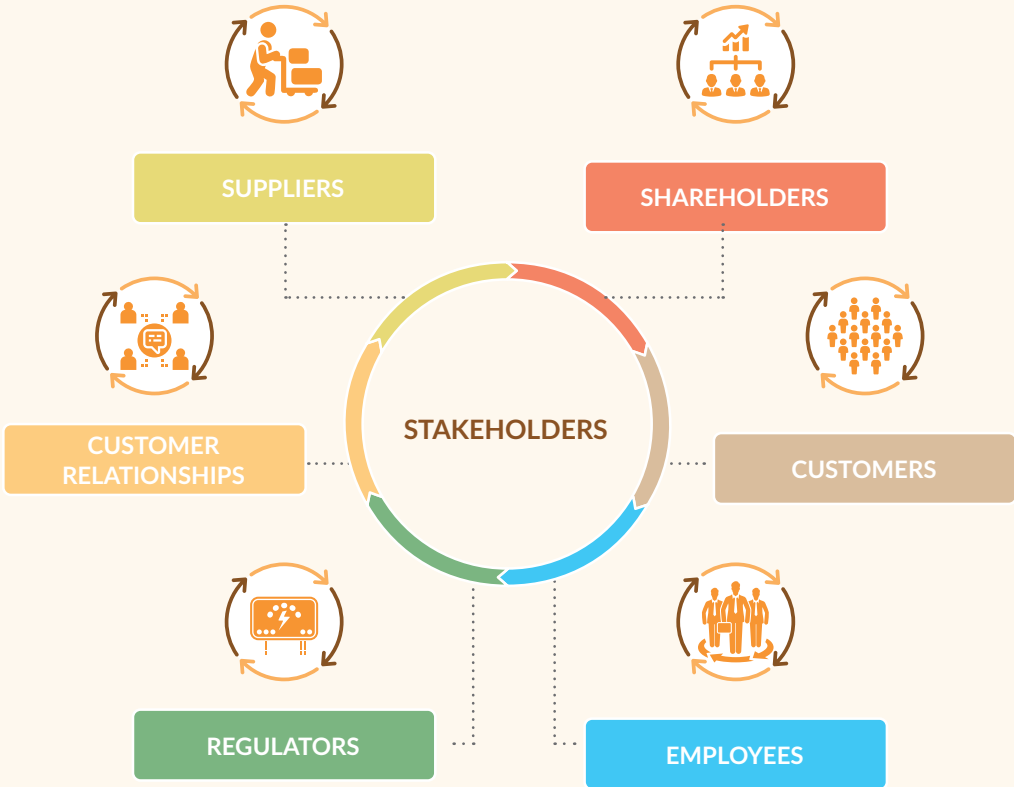
Car Park Slots and

OVER 2

Acres of open vehicle  
parking area

In every step  
we take, we  
are committed  
to creating  
sustainable  
value for  
all our  
stakeholders.

# OUR BUSINESS MODEL





**PRODUCTS & SERVICES**



Commercial, Office and Residential spaces  
Car Parking spaces  
Advertising Spaces



**CUSTOMER RELATIONSHIPS**



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

**CHANNELS**

Advertising  
Internet  
Brokering Agency  
Postal Service  
Personal Contacts



**CUSTOMER SEGMENTS**



Banks & financial institutions  
Local & foreign start-ups  
International retail brands  
Local & international restaurant chains  
Major FMCG retailers in the country  
Major mobile and electronic retailers



**REVENUE STREAMS**

Rent Income

Advertising Income

Car Park Income

Interest & Other income

# 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"> <li>• Invest capital in the Company</li> <li>• Safeguard the ownership of the Company</li> <li>• Help to expand shareholder wealth</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Strategies to ensure sustainable and ethical business growth</li> <li>• Compliance with regulatory mandates and upholding internal controls and risk mitigation measures</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Annual Report</li> <li>• Interim Financial Statements</li> <li>• Web uploading/ CSE announcements</li> </ul>
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"> <li>• High quality modern commercial office space at affordable rates</li> <li>• Extending security, maintenance and customer service</li> <li>• Offering grace periods for rental payments and concessionary rates due to tough business conditions</li> <li>• Nurture longstanding relationships with tenants to maximise shareholder returns</li> </ul>	<ul style="list-style-type: none"> <li>• Customer feedback</li> <li>• Meetings</li> <li>• Resolving complaints &amp; requests</li> </ul>

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"> <li>Adhere to procurement policies</li> <li>Negotiate with suppliers for best quality and price</li> <li>Optimal inventory management system to ensure delivery on time</li> </ul>	<ul style="list-style-type: none"> <li>Supplier registration</li> <li>Meetings and discussions for better mutual understanding and cooperation</li> </ul>
Government, legal and regulatory bodies	<ul style="list-style-type: none"> <li>Total compliance with laws</li> <li>Fulfil regulations and formalities</li> </ul>	Regulators and policy makers that need to be complied with for sustainable business operations	<ul style="list-style-type: none"> <li>Fulfil compliance norms to the fullest</li> <li>Ensure good governance</li> <li>Audits and reviews of compliance and ensure all required standards are met, failing which could lead to loss of reputation</li> </ul>	<ul style="list-style-type: none"> <li>Ensure staff fulfils business compliance needs by issuing circulars and conducting audits</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Career progression</li> <li>Remuneration and benefits on par with industry Occupational Health &amp; Safety</li> </ul>	Key pillar of the organisation to drive operations	<ul style="list-style-type: none"> <li>Fair HR policies for employee welfare</li> <li>Equal opportunity employer</li> <li>Extending loans and insurance</li> <li>Rewards and recognition</li> </ul>	<ul style="list-style-type: none"> <li>Staff meetings, notices</li> <li>Engagement with management</li> <li>Employee bonding</li> </ul>
Community	<ul style="list-style-type: none"> <li>Responsible conduct of business</li> <li>Proper waste disposal Prudent use of resources</li> </ul>	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"> <li>Responsible operations minimising inconvenience to community</li> <li>Internal paper recycling, energy saving lighting (LED) to promote efficient use of resources and to minimise waste.</li> <li>Effective maintenance of AC system, generators, water supply etc</li> </ul>	<ul style="list-style-type: none"> <li>Media coverage</li> <li>CSR activities</li> </ul>

# MANAGEMENT DISCUSSION AND ANALYSIS

## ABOUT US

Colombo Land and Development Company (CLDC) PLC is a pioneer in mixed development projects in the real estate and retail industry in Sri Lanka. Incorporated as a limited company on 8th December 1981 and listed on the Colombo Stock Exchange on 19th March 1986, its principal activities are the development and leasing out of investment property under operating leases at Liberty Plaza and renting of vehicle car parks at both Liberty Plaza and Pettah locations. The Group also holds commercial space unmatched in terms of strategic location and land extent in the Central Business District of Pettah, which has been earmarked for ambitious development. Its 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.

## OPERATING CONDITIONS

Sri Lanka's external sector vulnerabilities worsened in 2022 amidst headwinds on the global and local fronts, leading to an unprecedented balance of payments crisis. The gradual recovery in economic activity, which was observed with the abating of the COVID-19 pandemic, reversed since the beginning of 2022, with the deepening of the economic crisis and heightened uncertainties caused by the dearth of foreign exchange liquidity, resulting in a contraction of the economy by 7.8% in 2022. Frequent power outages, prolonged fuel shortage that hampered supply channels, scarcity of raw materials and the soaring cost of production amidst price escalations in both domestic and global markets significantly dampened economic activity across all sectors of the economy.

The Government announced a temporary suspension of external debt servicing in April 2022 which led to a 'pre-emptive default', following which Sri Lanka initiated negotiations with the International Monetary Fund (IMF) for an economic adjustment programme while initiating a debt restructuring process. By early September 2022, a staff level agreement was reached with the IMF for the economic adjustment programme pertaining to the Extended Fund Facility, which is expected to support the transition of the economy to a sustainable recovery path in the medium term.

## Inflation

During 2022, inflation accelerated at a notable pace, reaching historically high levels by year-end. Both food and non-food inflation accelerated significantly. The contribution of the energy and transport sector to the recent acceleration of inflation has been sizeable due to upward revisions to the prices of domestic fuel and gas and the revision to electricity tariffs, followed by their spillover effects across production chains.

## Fiscal reforms

The Government introduced significant tax reforms during the first half of 2022, including the imposition of a Surcharge Levy and increased VAT rate on financial services, while also raising the general VAT rate and Telecommunication Levy with effect from 1st June 2022. Authorities have also introduced a revised tax regime effective 1st January 2023.

## Monetary sector

As inflationary pressures continued to surge, exacerbated by the rupee depreciation, global oil and other commodity price hikes, adjustments to domestic administrative prices and domestic supply disruptions, the Central Bank of Sri Lanka continued to maintain a tight monetary policy stance throughout 2022 to rein in inflationary pressures, while arresting possible de-anchoring of inflation expectations. Meanwhile, liquidity levels in the domestic money market continued to remain at relatively high deficit levels, and conditions in the domestic banking system led to a notable increase in market interest rates which reached their highest levels in recent history.





## REAL ESTATE MARKET OVERVIEW FOR 2022

### Retail Sector

The JLL Colombo Property Market Monitor (2Q2022) reports that Sri Lanka's retail sector was challenged during the period due to the adverse impact of ongoing economic upheavals. Soaring inflation, drastic depreciation of exchange rates, import restrictions and dwindling tourist footfall have been the main contributors to this plunge. While the luxury retail malls provided significant relief to tenants, high street retail malls saw a distressing quarter.

Meanwhile, developers stayed highly cautious on tenant retention, anticipating short-term economic stability, particularly with the rebounding of the tourism industry. Although the USD quoted rentals in luxury retail malls remained stable, the notable exchange rate depreciation continued to increase the LKR-denominated value in rentals. However, the lessors offered considerable concessions on rentals to keep the industry afloat. Considering the swelling costs in the retail industry, the Sri Lanka Retailers' Association appealed to landlords and lessors to offer at least 50% concessions on rents and leases to help the retailers during the period.



### Condominiums

According to the Central Bank of Sri Lanka, the drop in sale of new condominiums continued in the 3Q2022 as well. The Government's decision to re-impose VAT and other levies on condominium sales from 2023 may have contributed towards lower performance of sales. At the same time, the unfavourable economic situation as well as the high interest rates may have resulted in subdued performance in sales.

The Price Index for New Condominiums in Colombo district, which measures the trend in price levels of new condominiums sold by condominium developers continued to grow during Q3, 2022. The sustained increases in prices of raw materials as well as the overall inflationary situation in the country may have caused the price levels to remain at high levels. The majority of condominium buyers were Sri Lankan residents, while a few condominiums were purchased by dual citizens and foreigners. Purchase of condominiums for immediate living has continued to increase over the last year while purchases for investments and rent decreased compared to one year ago. The prime source of funding used for condominium purchasing was buyers' own funds (75%), while on average 25% of buyers obtained bank loans during 3Q2022.

The overall price level of lands in the Colombo district encountered a severe decline over the past months as depicted by the asking price indices that are compiled by the Central Bank of Sri Lanka using publicly available sales advertisement data. At the same time, the overall price levels of condominiums and houses in the Colombo district remained on a growth trajectory during the 3Q2022.

## OVERVIEW OF COMPANY PERFORMANCE

Faced with unprecedented challenges, CLDC demonstrated resilience amidst adversity by posting marginal growth amidst the challenges of the economic crisis. As a result of cost escalation in maintenance and electricity and related costs, service charges by the condominium management, with respect to all the apartments, shops and offices the company operates, were increased by 30%, which had a direct impact. This increase in charges was applicable to commercial, retail and residential segments of our property portfolio.

### Residential Apartments

The demand for residential apartments remained subdued in the year due to high interest rates and impact of the economic crisis on disposable incomes. Although prices of residential apartments rose during the year as a more affordable option to building houses due to the rising cost of construction, demand as such remained low. A small part of the limited inventory of rental apartments/offices was sold during the year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Retail/Commercial

Import restrictions on non-essential goods continued through 2022, further curbing business activities of retail tenants in Liberty Plaza and the wider retail industry. Nevertheless, CLDC managed to increase occupancy to 70% in 2022 from 66% in the previous year. The rental income grew 5% year on year, which doesn't take into account that Liberty Arcade was sold and no rentals came from January 2022.

As a result of the unfavourable market conditions, it became challenging to secure an increase in existing rentals agreements whilst offering some concessions to attract new tenants. However, a reversal was seen in 4Q 2022/23 as the company managed to elicit higher rentals from new tenants as footfalls and demand improved through the year-end holiday season. Despite challenges, CLDC managed to increase occupancy and improve the overall rental income for the year under review.

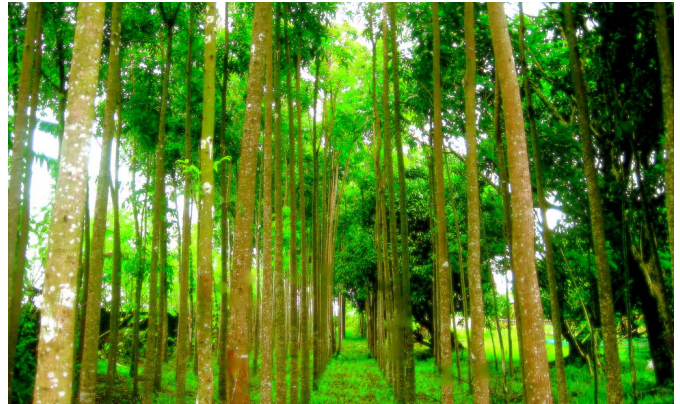
## Car Parks

CLDC operates three car parks and the overall revenue for this area of the business grew by 14% during the year. Liberty Plaza was affected by low retail traffic to mall and food outlets due to lower disposable income and fuel shortages. The Gasland car park, used as a distribution hub by traders from outstation transporting goods into the car park located in Pettah, was also impacted due to fuel shortage. On the other hand, the People's car park was affected slightly as seasonal passes are issued for patrons working in the Pettah and adjacent Fort areas.



## Plantation Segment

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



# MANAGEMENT OF CAPITAL

## FINANCIAL CAPITAL



The prime location of the properties, the quality-oriented tenants and the long-term relationship based rent agreements enabled the Company to maintain consistency in terms of occupancy even during the difficult period.

The Company operated amidst severe headwinds arising from the economic crisis in Sri Lanka in 2022, which was a period characterized by political instability, power cuts, fuel shortages etc, which served to slow the growth of the sector. The prime location of the properties, the quality-oriented tenants and the long-term relationship based rent agreements enabled the Company to maintain consistency in terms of occupancy even during the difficult period. Occupancy increased to 70% in 2022 as compared to 66% in 2021.

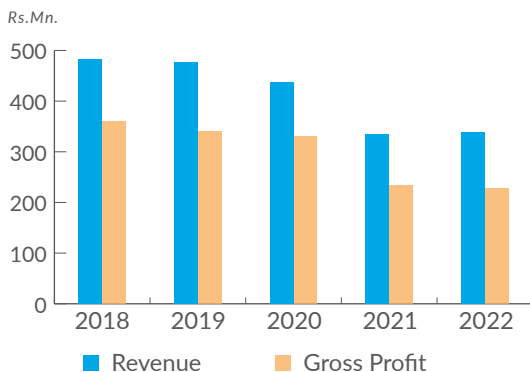
### REVENUE

As a direct impact of the unfavourable external factors, the Group's rental revenue dropped to Rs. 226 Mn in 2022 from Rs. 238 Mn in 2021. Meanwhile, revenue from the car parks that the company operates increased by 14% to reach Rs. 105 Mn in 2022.

### GROSS PROFIT

The Group Gross Profit of Rs. 228 Mn was 2% lower than the previous year mainly due to reduction in the rental value in order to attract and retain new and existing clients.

### Revenue & Gross Profit



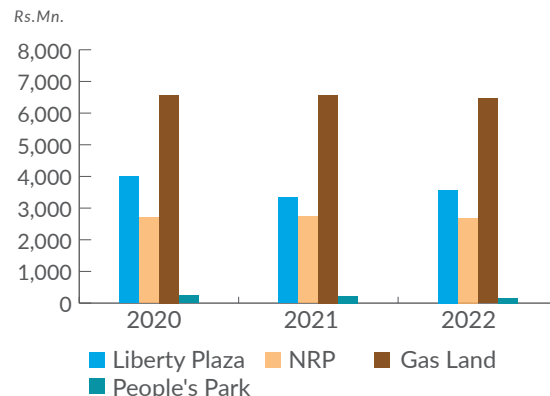
### RENTAL YIELD

Rental yield provides valuable insight into the quality of investment properties owned by the Group and tracks growth over time. The rental yield of the company stood at around 3.8% at the end of the financial year. This shows that the Group's investment properties are generating sufficient returns consistently.

### 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. 12,881 Mn, resulting in a net gain on change in fair value of investment properties amounting to Rs. 149 Mn during the year in the Statement of Profit or Loss. During the financial year, the company sold the Liberty Arcade for a consideration of Rs. 640 Mn and part of these funds were used to settle long-term borrowings.

### Investment Properties



# MANAGEMENT OF CAPITAL

## OPERATING EXPENSES

Direct costs increased by 8% YoY to reach Rs. 111 Mn mainly due to the increase in service charge and maintenance cost. Administrative expenditure increased by 4% compared to the previous year, and selling and marketing expenses increased by 12% mainly due to increase in bad debt provision.

## FINANCE COST

The Group financing costs increased by 41% during the year under review mainly due to increase of AWPLR during the year under review.

## PROFIT BEFORE TAX (PBT)

The Profit Before Tax of the Group decreased by 45% during the year, reaching Rs. 34 Mn in comparison to Rs. 62 Mn recorded during the previous financial year, mainly due to increase in the finance cost during the year under review.

## TAXATION

The income tax charge for the Group and the Company for 2022 were Rs. 765 Mn and Rs. 330 Mn respectively, due to increase of Deferred tax liability. The group has accumulated tax losses of Rs. 946 Mn which can be utilized 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 income statement entirely consist 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 2022 stood at Rs 42 Mn. (2021 - Rs 33 Mn) which was an increase of 27% over the previous year. The Group's total borrowing was Rs 1,351 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 2022 stood at Rs 39.98 (2021 - Rs 43.63).

## EARNINGS PER SHARE/(LOSS) PER SHARE

The Group Earnings/(Loss) per share for the year 2022 decreased to Rs. (3.66) per ordinary share (2021 - Rs 3.12) mainly due to increase of income tax liability.

## PRICE EARNINGS RATIO

The Price Earnings ratio of the Company as at 31st December 2022 was (4.29) times (2021 - 11.03 times).

## RETURN ON EQUITY (ROE)

The Group Return on Equity (ROE) was -9.10% for the year 2022 (2021-7.15 %). The decrease in ROE was caused by increase in income tax.

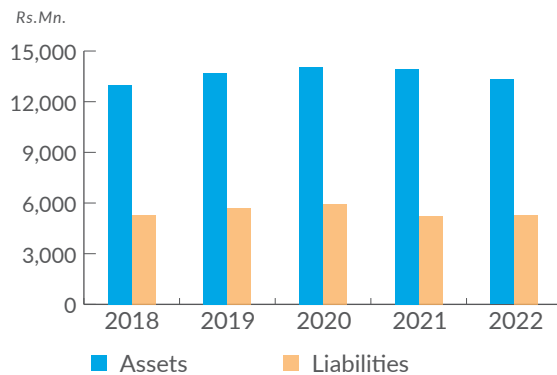
## ASSETS

The total Group asset base decreased from Rs 13.93 Bn to Rs. 13.31 Bn. in 2022 mainly due to the sale of Liberty Arcade.

## LIABILITIES

Total Liabilities as at 31st December 2022 increased to 5,314 Mn compared to Rs. 5,215 Mn in the previous year as a result of increase in deferred tax liabilities.

## Assets & Liabilities



## TOTAL EQUITY

Total Equity of the Group decreased by Rs 729 Mn to Rs. 7,991 Mn (2021 - Rs 8,720 Mn) mainly due to Loss After Tax of Rs. 731 Mn which mainly consists of increase in the tax liabilities recorded for the year.

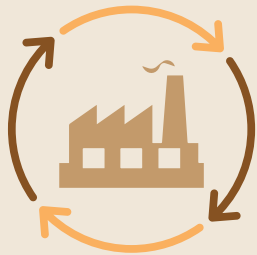
## DEBT TO EQUITY RATIO (GEARING)

The Group's debt consists of Rs. 1,356 Mn due to borrowings 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 favourable interest rate for repayment over a 10-year period, with the first two years being grace period for capital repayment. Gearing ratios stood at 14.72% in 2022 (2021 - 21.87%)

## ACCOUNTING POLICIES

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

# MANUFACTURED CAPITAL



CLDC is committed to enhancing the value of its properties by adding value through preservation and augmentation of facilities and services.

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.

## MANAGEMENT APPROACH

CLDC is committed to enhancing the value of its properties by adding value through preservation and augmentation of facilities and services. The company's ongoing efforts to increase the value of its assets while drawing up a blueprint for its property in Pettah will continue.

## INVESTMENT PROPERTIES

### Liberty Plaza

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. Presently, the Group holds 83 shops and 10 office and apartments at Liberty Plaza covering sqft. 176,126.

## Value-Additions undertaken in 2022

The following enhancements were undertaken by the Liberty Plaza Management Corporation which will indirectly add value to our existing investments:

- Painting of the building exterior to give a modern and vibrant look at a cost of Rs.15.9 Mn
- Refurbishment of Southern Ground Floor bathrooms at a cost of Rs.12.6 Mn
- New Chiller system for ground and 1st floor has been commissioned at a cost of approximately Rs. 54.9 Mn
- In collaboration with Sri Lanka Telecom, a project was carried out to provide fibre connectivity to the entire building for faster internet, TV and voice connectivity in one line.



# MANAGEMENT OF CAPITAL

## New Retail Podium

Opened in 2015, the space hosts some renowned local and international brand outlets including tea, alcohol, mobile and clothing. Several shops were refurbished during the present financial year to be made available for new leases. Total rentable area of New retail podium is 79,736 Sqft which comprise of 28 units.



## Gas Land car park

The Gas Land car park covering area of 2A-3R-13.25P is chiefly used by traders as a distribution hub for goods transported into Colombo mainly through lorries and container trucks. Gas Land is the highest value of investment property (Rs. 6.5 Bn) that group holds at present. Presently, company generates more than Rs. 60 Mn revenue per annum from operating the car park. During the Financial year company carried out refurbishment of the damaged boundary wall and repaired road areas by laying asphalt.



## People's car park

The roof top car park consists of 176 vehicle parking slots and 89 motorcycle slots. Refurbishment of People's park roof top was completed in 2021 by incurring Rs. 47 Mn. The newly built roof has been set up with a capacity to house solar power panels which could generate additional revenue in future. Further, Rs. 6 Mn was incurred for refurbishment of car park and Ramp area in 2021. This has allowed the company to increase season ticket prices to enhance revenue.



## INTELLECTUAL CAPITAL



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.

### MANAGEMENT APPROACH

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.

### BRAND REPUTATION

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. The strength of the Liberty Plaza brand is evident in the longstanding list of leading retail local and global brands present in the mall.

### TACIT KNOWLEDGE

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

### AWARDS AND AFFILIATIONS

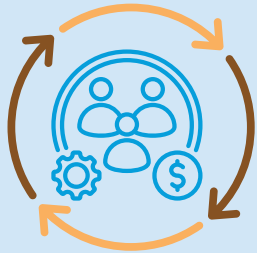
The Company was awarded with a Compliance Award in the category of "Land & Property" at the TAGS Awards Ceremony organized by the Institute of Chartered Accountants of Sri Lanka on 6th December 2022.

Company is a member of Lanka Association of Shopping Malls and The Ceylon Chamber of Commerce.



# MANAGEMENT OF CAPITAL

## HUMAN CAPITAL

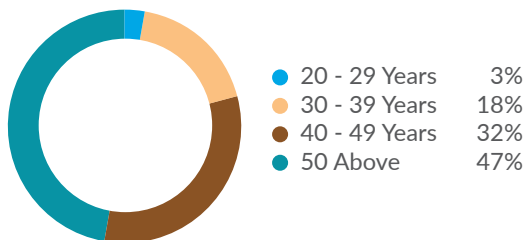


We believe it is essential to develop human talent that can participate actively and succeed in the business environment

### MANAGEMENT APPROACH

As key stakeholders of the business, we are well aware of the critical role played by our employees in defining CLDC's overall value proposition and continued commercial success. To deliver products and services that contribute to the lives of customers, we believe it is essential to develop human talent that can participate actively and succeed in the business environment and continue to provide numerous vertical and horizontal opportunities for employee enrichment.

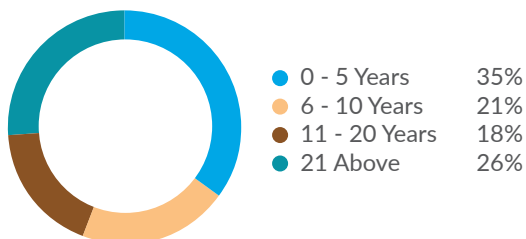
### Age Analysis



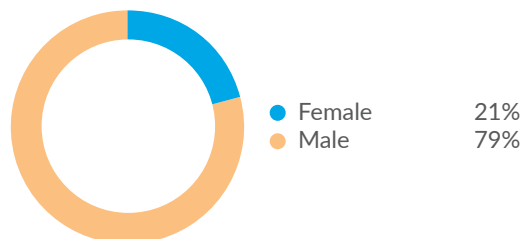
### Category Analysis



### Service Analysis



### Gender Analysis





## HUMAN CAPITAL DEVELOPMENT MODEL

Recruitment & Selection	Employee Relations	Performance Management	Training and Development	Career Advancement	Rewards and Recognition	Employee Wellbeing	Employee Grievances
Remuneration and benefits offered to employees will be in line with industry standards and will comply with the statutory labour laws of the country.	Ensure an active feedback mechanism that will provide the basis of a strong communicative culture	All employees will be evaluated regularly to determine their performance and assess their capacity for progress. The results of these evaluations will help identify the training requirements and also highlight employees' potential for career progression within the organisation	Every employee will be provided with learning opportunities to develop technical knowledge and improve behavioural skills	Act as a mentor to develop leadership qualities in employees, so as to enable them to drive the future of the company	Recognise and reward the achievements of individuals and teams who go beyond the call of duty to exemplify CLDCs core values	To enhance the quality of work life and improve the work-life balance of all employees	All employees will have access to the formal grievance mechanism. All grievances will be reviewed impartially and resolutions provided quickly and efficiently

### 1. Recruitment & Selection

We believe that recruiting and selecting the right people is vital to ensure the continued success of our business. Therefore, all recruitments are made based on the evolving needs of our business, to help match our workforce demographics with the needs of our customers.

### 2. Employee Relations

Strong employee relations are encouraged to keep attrition low by keeping employees engaged. The company adopts a proactive approach to continuously refine relationships with employees by deploying a range of communication channels. In order to remain competitive and hold an edge in the market, we must enhance our ability to attract and optimise our human capital.

### 3. Performance Management

A performance appraisal mechanism is in place to discuss, plan and review the performance of each employee, in addition to providing a fair basis for awarding compensation based on merit. This mechanism helps us understand employee's training needs and map career aspirations of the employee in tandem with corporate goals. All permanent and contract employees undergo an annual performance appraisal by supervisors..

### 4. Training and Development

Training and development is a key focus area to improve competencies, skills and performance. A constantly evolving external environment and a fluid market situation requires us to be equipped to tackle challenges and future opportunities by building capacities and future leaders.

### 5. Career Advancement

Employees are given all the tools they need to succeed in their careers while meeting organisational goals. They are provided with training programmes, career guidance, company loans for studies and mentoring.

### 6. Rewards and Recognition

#### Remuneration

Our remuneration practice seeks to be on par with the industry norms. We offer market competitive remuneration to all our employees and incentives are tied to performance, ascertained impartially by our performance appraisal scheme. Remuneration of employees is entirely dependent on the role, experience, qualification and performance of the individual. CLDC abides by the National Minimum Wage of Workers Act No. 03 of 2016.

# MANAGEMENT OF CAPITAL

## Defined Benefits

We are committed and consistent in meeting our defined benefit obligations. We contribute beyond the stipulated norms, 14% of the basic salary to Employee Provident Fund (EPF) and 3% to Employee Trust Fund (ETF). As at the reporting period, the Group incurred a cost of Rs. 228,555,654 in terms of EPF and ETF. We are also regular in meeting our obligations on gratuity payable under the Payment of Gratuity Act No. 12 of 1983. The liability recognised as at the balance sheet date is Rs. 4,598,254.

## Employee Benefits and Facilities

Following benefits are provided for permanent employees:

- Medical Insurance/Workmen Compensation Insurance Policy: This is a comprehensive insurance scheme which covers employees, spouse and their children's general, surgical and hospitalisation needs. The scheme entails a membership card for planned and emergency hospitalisation, covering leading hospitals and clinics. Employees are insured for personal as well as duty related accidents.
- Vehicle Allowance: Based on the employee category, employees are entitled for vehicle allowance.
- Fuel Entitlement: Company provides a fuel entitlement based on the employee category for official and personal transport needs.
- Staff Loans: Company assists employees during financial hardships or when financial support is needed in instances such as house renovations, further education etc. Loans are granted at nominal interest rates for longer duration of 24 months.
- Festival Advance: Provided as means of financial support for employees to cover any costs that they may incur during festival celebrations.
- Higher employer contribution for EPF (14%)
- Free uniforms for minor staff and maintenance staff
- Gift of compassion for funeral of family members
- Annual Salary increments in line with staff performance.
- Bonus based on company and staff members performance.
- Overtime: Non-Executives category employees who work beyond the stipulated working hours will be paid overtime..

## Forced Labour

We have been in operations for over four decades and have grown to be a conglomerate with rich traditions. Our culture does not advocate nor resort to any form of exploitation of the vulnerable for financial gains. We are vehemently opposed to forced or compulsory labour in our operations. The Group respects all employees and has ensured humane management that fosters employee well-being. The level of wages paid to employees are just, equitable and on par with industry standards. We are conscious and even demand this vital practice from our suppliers and outsourced service providers. There have been no forced labour cases recorded for this financial year.

## Discrimination

CLDC is against any form of social prejudices. The Group did not encounter or record any incidence of discrimination during the reporting period. Procedures are well set out in the HR Manual on dealing with such incidents if and when they occur. No discrimination cases have been recorded for this financial year.

## Child Labour

We strictly enforce the policy of the minimum age of employment - 18 years and above. We categorically shun child labour and we have never employed minors in any of our operations which spans over four decades. We are conscious and even demand this vital practice from our suppliers and outsourced service providers. No child labour cases have been recorded for this financial year.

## Maternity Leave

All female employees at CLDC are entitled to obtain maternity leave. A female employee will be allowed a total of 84 working days maternity leave with full pay.

## 7. Employee Wellbeing

As part of our efforts to create an environment that enables everyone to play an active role in the progress of the company, we encourage and support a healthy work-life balance for employees. Our goal is to facilitate an environment in which it is easier for employees to take time off to enjoy life and balance the time they spend between work and their families.

Some of the benefits we offer:

- 4 Days leave for funeral
- Holiday on Saturdays
- Flexible working hours

## 8. Employee Grievances

We believe it is important to be sensitive and understanding towards workplace grievances. Our aim is to ensure our people have access to relevant specialists and to various channels for help, including some which can be accessed anonymously. Further, we believe in keeping our people informed of the status of their grievance through each step of the process and responding within reasonable time frames. At the same time, where possible, we assist our people to continue working as usual while the grievance is being dealt with. There has been no incidents reported on grievance, related to labour and human rights for this financial year.

# SOCIAL AND RELATIONSHIP CAPITAL



Our customers are at the heart of our operations and maintaining close relationships with tenants is our foremost endeavour.

## MANAGEMENT APPROACH

Customers, suppliers, business partners, communities are key stakeholders and the company is focused on strengthening relationships with them through ethical operation as a responsible corporate entity.

## CUSTOMER CENTRICITY

Our customers are at the heart of our operations and maintaining close relationships with tenants is our foremost endeavour. A trained dedicated sales and marketing team is appointed to serve customer needs to ensure every customer need is attended to. In addition, the customer support team is available on a 24 x 7 basis to minimize any delays or inconvenience. Any information requested by customers is delivered in a timely manner and a two-way dialogue is sustained for open communication.



Further, safeguarding privacy and confidentiality of tenants is of vital importance and all the necessary measures are taken to ensure this. Clear terms and conditions of the tenancy agreement provided prior to signing the agreement and the company will ensure that the tenants have read and understood the tenancy agreement prior to signing to promote a longstanding relationship.

## CUSTOMER GRIEVANCES

The company encourages customers to make complaints if any directly or indirectly using telephone or web with the assurance that all complaints are handled without any bias. In addition, every complaint is addressed on a timely basis. After implementing or evaluation and taking corrective measures, the customer/s is kept informed about the action that has been taken by the company to address their concern.

# MANAGEMENT OF CAPITAL

## SECURITY, SAFETY AND CLEANLINESS

Maintaining and enhancing the value of the company's assets is essential and the company exerts an enormous effort to deliver consistent quality of maintenance for its tenants and customers visiting the mall and food court locations. In addition, the following measures are taken to ensure a safe and hygienic environment:

- Outsourced professional security team is available at Liberty Plaza to cover the premises on 24 x7 basis
- Experienced security personnel covering the entire building and car parks
- Outsourced janitorial service to provide a better services to tenants and customers
- In-house lodging facilities to janitorial and security personnel to provide deliver the services at any given time
- Adhere to a set safety standards to ensure a safe working environment for all employees
- Obtaining of insurance policies relevant to industrial safety to ensure employee protection

## SCREENING SUPPLIER RELATIONSHIPS/TENANTS

Sustaining our reputation for ethical operations, we ensure a stringent screening procedure is followed along the entire value chain of our operations. Before purchasing and making any repairs to the premises obtain at least three quotations and compare the cost and the work in order to obtain value for money to the company. Open communication is maintained and regular engagement to ensure deliverables are met, grievances resolved, and strong relationships are built. All procurements are done as per the company procurement policy.

Equal opportunity is given to all registered suppliers to bid, and the company maintains a list of registered suppliers. There are no barriers to be a supplier to the company as each supplier will be treated equally. A desired trait in suppliers is a reputation for experience in maintenance. Annual service agreements are awarded to ensure uninterrupted service standards.

## MARCOM

The company uses a combination of transparent marketing and communications tools to remain engaged with customers. This enables us to communicate our latest achievements and keep stakeholder updated about matters relevant to them.

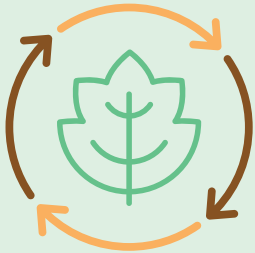
## CODE OF CONDUCT

The company ensures that tenants read and understand the tenancy agreement prior to signing and abide by all the terms and conditions in the tenancy agreement. The company also:



- Ensures that the tenants behave in a reasonable manner and do not disturb other tenants.
- Tenants do not cause excessive noise which can be a nuisance to neighbours.
- Ensure all gas and electrical appliances are used in a proper manner.
- Ensure that tenants do not obstruct any stairways.

# NATURAL CAPITAL



**Our pledge to leave a positive legacy prompts us to examine that our management practices and that of our tenants are not harmful to the environment in any way.**

### MANAGEMENT APPROACH

The Company takes the utmost care and consideration to ensure its operations do not have a negative impact on the planet by embedding sustainability in its systems and processes.

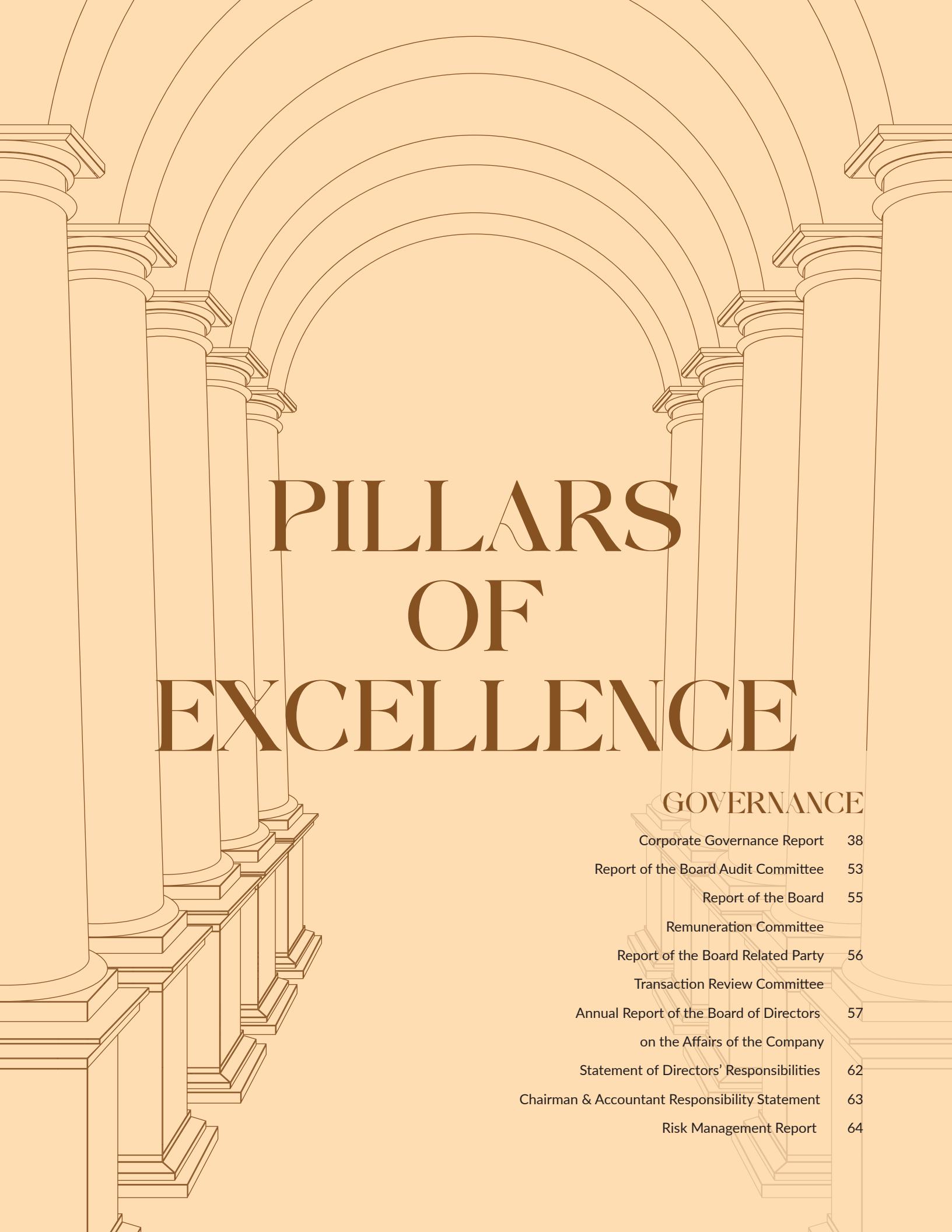
### Our sustainability commitment

The Company creates economic and social value as a responsible corporate citizen to have a net positive impact by offering value addition to tenants, customers, building users, shareholders and employees. Our pledge to leave a positive legacy prompts us to examine that our management practices and that of our tenants are not harmful to the environment in any way. These concerns are outlined in the Code of Conduct for tenants to follow to minimize inconvenience and any possible negative impact on the environment and surrounding communities.

Objective	Measures Taken
1. Energy efficiency	<ul style="list-style-type: none"> <li>To reduce utility costs and achieve energy efficiency, optimal functioning air handling units for air-conditioning are used</li> <li>All fluorescent lights have been replaced with energy efficient LED lighting in keeping with the aim to reduce our carbon footprint</li> <li>Dated or inefficient machinery is replaced with energy efficient versions at regular intervals for optimising resource efficiency and to minimise waste</li> </ul>
2. Responsible Waste Disposal	<ul style="list-style-type: none"> <li>CLDC pursues the reuse, recycle and replenish practice as much as possible, and this commitment is instilled amongst staff</li> <li>If it's not possible to reuse, then waste is disposed responsibly by recycling through waste segregation with colour-coded bins for paper, glass, scrapped iron, polythene and organic waste.</li> <li>Food waste is handed over to a third party for use as animal feed.</li> </ul>
3. Sound Pollution	<ul style="list-style-type: none"> <li>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</li> <li>Code of conduct for tenants to follow to minimize inconvenience to others</li> </ul>

# MANAGEMENT OF CAPITAL

Objective	Measures Taken
4. Responsible Water Consumption	<ul style="list-style-type: none"><li>• Water is used responsibly in all our facilities</li><li>• Tenants are advised to use water prudently</li><li>• All taps and water outlets undergo regular maintenance to ensure there is no water leakage</li></ul>
5. Clean Air	<ul style="list-style-type: none"><li>• By following sustainable practices and commitment to the health and safety of employees, tenants and customers, the company is able to ensure optimal air circulation, ventilation and quality of air in all its public spaces</li></ul>
6. Reduce use of plastics and paper	<ul style="list-style-type: none"><li>• As a company that strives to fulfil several SDGs, the use of paper is controlled by recommending electronic communication as we work towards a paperless environment</li><li>• We recommend reduction in use of plastics amongst customers and staff through awareness raising on the detrimental effect of plastics in the environment</li><li>• Appropriate garbage cans are provided for easy access for responsible disposal of plastics</li><li>• The company ensures its premises are free of plastic litter and that all plastic waste is disposed responsibly and recycled where possible</li></ul>



# PILLARS OF EXCELLENCE

## GOVERNANCE

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# CORPORATE GOVERNANCE REPORT

The Company aspires to adhere to the best practices in Corporate Governance by ensuring greater transparency, business integrity, professionalism and ethical values in the best interests of all stakeholders.

## BOARD OF DIRECTORS

The Board is the highest authority and it provides leadership to achieve the Company's strategic goals and compliance with generally accepted corporate governance practices, the requirements under the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka.

## COMPOSITION OF THE BOARD

The Board collectively possesses diverse range of skills and competencies, including entrepreneurship, financial, legal, marketing and property development. They are all business leaders and professionals of high repute. Their profiles are given on pages 10 to 13.

As at the reporting date, the Board comprised of three (03) Executive and five (05) Non-Executive Directors of whom two (02) are Independent.

## INDEPENDENCE OF DIRECTORS

Each Non-Executive Director has submitted a Declaration of his independence or non-independence as required under the Listing Rules of the Colombo Stock Exchange.

Based on the declarations so submitted by the Non-Executive Directors, the Board has determined that Two (02) Non-Executive Directors namely Messrs M D A Weerasooriya and M D S Goonatilleke are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

## CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

The functions of the Chairman and the Chief Executive Officer are separate with a clear distinction drawn between responsibilities, which ensure balance of power and authority. Mr M D A Weerasooriya serves as the Chairman and Mr. P S Weerasekera serves as the Group Chief Executive Officer.

## BOARD MEETINGS

The Board meets formally every quarter as a matter of routine. Ad hoc meetings are held as and when necessary to maintain regular communication to discuss relevant business issues and any other matter directed to the Board which can be resolved by circular resolution, is decided by Resolutions in writing.

The Board's functions include the assessment of the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations, review of management and operational information, adoption of annual and interim accounts before they are published, review of exposure to key business risks, strategic direction of business, approval of annual budgets, monitoring progress towards achieving the budgets, approvals relating to key appointments, sanctioning major capital expenditure etc.

The Board met four times during the year under review and the attendance of the Directors are as follows:

Category	Name	Eligibility	Attended
Non-Executive Independent	Mr. M D S Goonatilleke	4	4/4
	Mr. M D A Weerasooriya	4	4/4
	Mr. D S Jayaweera	2	2/4
Non-Executive	Mr. H A N D Herath	2	2/2
	Mr. N P K Ranaweera	2	2/2
	Maj. Gen (Retd.) V U B Nanayakkara	2	2/2
	Mr. D L De Z Abeywardana	2	2/2
Executive	Mr. P S Weerasekera	4	4/4
	Mr. S A Amerasekera	4	4/4
	Mr. Ng Yao Xing, Eugene	4	4/4

## BOARD SUB-COMMITTEES

The Board of Directors has formed three mandatory Sub Committees in compliance with the Listing Rules of the Colombo Stock Exchange.

Current composition of Audit Committee, Remuneration Committee and Related Party Transactions Review Committee appears on pages 53, 55 and 56 respectively.

## MEETINGS OF BOARD SUB COMMITTEES

The Board Audit Committee and Related Party Transactions Review Committee meet quarterly with provisions to schedule additional meetings if required. The Remuneration Committee meets as and when necessary.

The attendance at Audit Committee, Remuneration Committee and Related Party Transactions Review Committee appears on pages 53, 55 and 56 respectively.



### **COMPANY SECRETARY**

P W Corporate Secretarial (Pvt) Ltd acts as the Company Secretary. The Company Secretary maintains minutes of all Board, Audit Committee, Related Party Transactions Review Committee and Remuneration Committee meetings and attends to Shareholder related matters. The Company Secretary assists in ensuring the Board procedures are followed.

The Company Secretary is also responsible for timely circulation of information and papers related to Board and Sub - Committee meetings and advice on matter relating to corporate governance. Board procedures, rules and regulations. All Directors have access to the advice and services of the Company Secretary

### **INTERNAL CONTROLS**

The Board is responsible for ensuring that the Company has adequate and effective internal controls in place.

### **COMPLIANCE WITH LAWS AND REGULATIONS**

All necessary steps have been taken by the Board and the Management to ensure compliance with all relevant laws and regulations. The services of Lawyers, Auditors and other Consultants are obtained whenever it is necessary, to provide assurance to the Board in this respect.

### **GOING CONCERN**

The Directors have reviewed the Company's budgets, capital expenditure requirements and future cash flows and are satisfied that the Company has sufficient resources to continue in operations for the foreseeable future.

Therefore, the Going concern principle has been adopted in the preparation of the Financial Statements.

### **FINANCIAL REPORTING**

The Board aims to provide and present a balanced assessment of the Company's position and prospects in compliance with the Sri Lanka Accounting Standards (LKAS/SLFRS) and the relevant Statutes and has established formal and transparent processes for financial reporting and internal controls.

The Statement of Directors' Responsibilities for Financial Reporting is given on page 62 of this Report.

### **CORPORATE DISCLOSURE AND SHAREHOLDER RELATIONSHIP**

The Company is committed to providing timely and accurate disclosure of all price sensitive information, financial results and significant developments to all shareholders, the Colombo Stock Exchange and where necessary, to the general public.

Shareholders are provided with Annual Report and, the Company disseminates to the market, Interim Financial Statements in accordance with the Listing Rules of the Colombo Stock Exchange.

The Annual General Meeting provides a platform for shareholders to discuss and seek clarifications on the activities of the Company and its subsidiaries.

### **COMPLIANCE**

The Company has complied with Rule 7.10 of the Listing Rules of the Colombo Stock Exchange on '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 38
7.10.2 (a)	Independent Directors	Two or one-third of Non- Executive Directors, whichever is higher should be independent	Compliant	Refer page 38
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 38
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 10 to 13
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 55
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise Non-Executive Directors, of which a majority whom shall be independent	Compliant	Refer page 55
	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 55 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 55 Refer Directors emoluments on page 112
7.10.6	Audit Committee	The Company shall have an Audit Committee	Compliant	Refer Audit Committee Report on page 53
7.10.6 (a)	Composition of Audit Committee.	Shall comprise of Non-Executive Directors, a majority of whom shall be independent	Compliant	Two of the three Non-Executive Directors are independent. Refer Report of the Board Audit Committee pages 53 to 54
		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
		The Chief Executive Officer and the 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 53 to 54 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 53 to 54 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 53 to 54 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 53 to 54 for the functions of Audit Committee
		d. Assessment of the independence and performance of the external Auditors	Compliant	Refer pages 53 to 54 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 53 to 54 for the functions of Audit Committee
		a. Names of Directors comprising the Audit Committee	Compliant	Refer pages 53 to 54 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 53 to 54
		c. The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions		Refer pages 53 to 54 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 10 to 13
ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein	Complied with	Please refer pages 57 to 61 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 121
iv)	The Public Holding percentage	Complied with	Please refer page 122
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 122
vi)	Information pertaining to material foreseeable risk factors of the entity	Complied with	Please refer pages 64 to 66
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 97
ix)	Number of shares representing the entity's stated capital	Complied with	Please refer page 121
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 121
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 92 to 97 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 38 to 39
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 111 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	Every public company should be headed by an effective Board, which should direct, lead and control the Company	Compliant	The Company is headed by an effective Board. Please refer pages 10 to 13
A.1.1 Regular Board Meetings	Frequency of Board meetings (at least once every quarter)	Compliant	Regular Board meetings are held to review the Company's performance. Please refer page 38
A.1.2 Board Responsibilities	Ensure formulation and implementation of a sound business strategy	Compliant	The Board assumes the primary responsibility for the overall success of the Company. The Board is involved in formulating the overall strategy and 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.
	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 69 to 71.
	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 38.
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 10 to 13.

# 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 10 to 13 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	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.
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 57 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	Compliant	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 57 to 61 of the Annual Report.
A.8.2	Election of Directors by the shareholders	Compliant	Please refer pages 57 to 61 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 10 to 13. Details of Directors interest in contracts are given on page 111. Details of related party transactions are provided on page 111. Details on Directors attendance and other sub committees are provided on pages 53 to 56.
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 55. for the Remuneration Committee Report.
B.1.2	Composition of the Remuneration Committee	Compliant	Please refer pages 55. for details of the composition of Remuneration Committee.
B.1.3	Disclosure of the members of the Remuneration Committee in the Annual Report	Compliant	Member's responsibilities and other information in respect of the Remuneration Committee are disclosed on page 55.
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 55.
B.3.1	Disclosure of Remuneration	Compliant	The aggregate remuneration paid to the Group CEO and Non-Executive Directors is disclosed on page 112 of this report.

Section No.	Subject	Status	Company Commitment	
<b>C. Relations with Shareholders</b>				
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 124. 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 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	Process 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 57 to 61.
D.1.3	Statements by Directors and Auditors on responsibility for financial reporting.	Compliant	Page 62. 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 22 to 24.
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 2022. The declaration of the Company as a 'going concern' is given in the Directors Report on page 62.
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 56. Related party transactions are disclosed on page 111.
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 64 to 66.
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 53 to 54.
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 53-54 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 56 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 40 to 52 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	

# REPORT OF THE BOARD AUDIT COMMITTEE

## REPORT OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee is approved by the Board of Directors and clearly defines the role and responsibilities of the Board Audit Committee and is periodically reviewed and revised by the Board. The Committee is responsible to the Board and reports its activities regularly. The main objective of the Board Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities in financial reporting, internal controls, internal and external audits.

## FUNCTIONS OF THE BOARD AUDIT COMMITTEE

The Committee is empowered by the Board to monitor the integrity of the Financial Statements and review of significant reporting judgements contained therein to be in compliance with Sri Lanka Accounting Standards. It also reviews the Interim Financial and Annual Financial Statements, Internal controls and Risk Management measures. Further, the Committee reviews the Bank's compliance with legal and regulatory requirements and monitors the effectiveness of the internal audit function. It then makes recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor. It also reviews and monitors the external auditors' independence and objectivity and the effectiveness of the audit process. Finally, the Committee ensures that Bank's policies are firmly committed to the highest standards of good Corporate Governance Practices and operations conform to the highest ethical standards, in the best interest of all stakeholders. 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. 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 the Colombo Stock Exchange (CSE).

## 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 2022, the Audit Committee comprised of the following Members:

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)
Mr. H A N D Herath	Non-Executive Director (Member)

The External Auditors, Messrs Ernst & Young attended the Audit Committee meetings by invitation.

The Company Secretary functions as the Secretary to the Audit Committee.

The Chief Executive Officer, Accountant, and members of the Senior Management 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.

## MEETING & ATTENDANCE

During the year, Audit Committee met four times and the attendance of members are tabulated below:

### 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	4
Maj. Gen (Retd.) V U B Nanayakkara	2	2
Mr. H A N D Herath	2	2

## FINANCIAL REPORTING

The Audit Committee duly assist 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

## INTERNAL CONTROLS, RISK MANAGEMENT AND GOING CONCERN

The Company's internal audit function and outsourcing of internal audits to independent professional accounting firms play a significant role in assessing the effectiveness and successful implementation of existing controls and strengthening these and establishing new controls where necessary. The internal audit reports are made available to the Chairman, Managing Director, the Chairman of the Audit Committee and the Board. The Board reviews the effectiveness of the system of financial controls for the period up to the date of signing the accounts.

# REPORT OF THE BOARD AUDIT COMMITTEE

The procedures in place to ensure compliance with mandatory banking and other regulatory requirements were under close scrutiny by the Committee. Audit Committee is responsible for reviewing the effectiveness of the internal controls as well as risk management procedure adopted by the company. The Committee also assesses the Company's ability to continue as a going concern in the foreseeable future.

## REGULATORY COMPLIANCE

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

## 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. The Committee has discussed all relevant matters arising from the interim and final audits, and the Auditors were provided with the opportunity to independently meet with the Committee without the CEO and Management Personnel being present and express their opinion on any matter. The auditors have assured that they have no cause to compromise their independence.

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 2023, subject to the approval of the shareholders at the Annual General Meeting.

## INDEPENDENCE OF AUDITORS

To the extent that the Directors are aware and based on the declaration provided by Messrs Ernst & Young Chartered Accountants, 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. 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 2022; and have also considered the nature and scope of non audit services provided by Messrs Ernst & Young.



Mr. M D S Goonathilake  
Chairman - Audit Committee

26 May 2023



# REPORT OF THE BOARD REMUNERATION COMMITTEE

Remuneration Committee was established to ensure compliance with the requirements of Section 7.10.5 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities Exchange Commission of Sri Lanka.

## ROLE AND RESPONSIBILITIES OF THE COMMITTEE

The Remuneration Committee (“the Committee”) is tasked with establishing and maintaining the remuneration policies of the Company as a whole. The policies have been designed in such a manner to reward, motivate and retain Company’s executive team while maximizing the overall profitability of the organization in the long term.

## TERMS OF REFERENCE:

The Remuneration Committee functions within agreed terms of reference and is committed to the principles of accountability, transparency and ensuring that remuneration structures are equitable and aligned with the performance of the company and its long-term interests and that of its shareholders.

The Committee determines the basis for revising the remuneration, increments, bonuses and other incentives to ensure that the total remuneration package is competitive.

## COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration 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 2022, the Remuneration Committee comprised of the following Members:

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)
Mr. H A N D Herath	Non-Executive Director (Member)

Both the Chief Executive Officer and the Accountant attend Committee meetings by invitation only.

The Company Secretary functions as the Secretary to the Remuneration Committee.

## MEETING & ATTENDANCE

During the year, Remuneration Committee met two times and the attendance of members are tabulated below:

### ATTENDANCE OF THE MEMBERS – REMUNERATION COMMITTEE

Name of the member	Eligibility to attend	Attended
Mr. M D S Goonatileke	2	2
Mr. M D A Weerasooriya	2	2
Maj. Gen (Retd.) V U B Nanayakkara	1	-
Mr. H A N D Herath	1	1

## REMUNERATION POLICY

The Remuneration Policy aims to attract, motivate and retain employees with the appropriate professional, managerial and operational expertise, necessary to achieve the objectives of the company in a competitive environment. The focus of the Committee is to oversee and provide guidance for the implementation of its duties as per Terms of Reference. The Committee ensures that the remuneration structure of the Company is geared towards attracting and retaining talent.

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 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 112.



Mr. M D S Goonathilake  
Chairman – Audit Committee

26 May 2023

# REPORT OF THE BOARD RELATED PARTY TRANSACTION REVIEW COMMITTEE

## ROLE AND RESPONSIBILITIES

The principal function of the Committee is the review, verification and scrutiny of all transactions with Directors, Key Management Personnel, Shareholders and other Related Parties and to determine and ensure that they have not received more favourable consideration vis a vis the other Shareholders and Customers and that all dealings have been done in conformity with the Terms of Reference.

Wherever necessary, the Committee has the authority to obtain independent legal, financial & technical advice from competent authorities in such fields, to review transactions. Apart from obtaining Independent Specialists' advice wherever necessary, the Committee is empowered to access data and information pertaining to Related Parties as well as call for clarifications from the Management & Auditors (External & Internal) on any allied matter. In addition, the Committee shares information with the Board Audit Committee whenever necessary and appropriate to facilitate the Board Audit Committee to conduct its Statutory and Regulatory responsibilities with regard to Related Party Transactions.

During the year, all provisions contained in the Listing Rules of Colombo Stock Exchange were adhered to. The minutes of the meetings are submitted to the Board of Directors of the Company to aid decision-making. The objective of the Committee is to ensure that the interests of shareholders as a whole are considered when entering into related party transactions and that the Company is compliant with the requirements of the SEC code and CSE listing rules.

## COMPOSITION OF THE RELATED PARTY TRANSACTIONS REVIEW 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 2022, the Related Party Transactions Review Committee comprised of the following Directors:

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)
Mr. N P K Ranaweera	Non-Executive Director (Member)

The Chief Executive Officer and the Accountant attends meetings by invitation.

The Company Secretary functions as the Secretary to the Related Party Transactions Review Committee.

## MEETING & ATTENDANCE

During the year, Related Party Transactions Review Committee met four times and the attendance of members are tabulated below:

### ATTENDANCE OF THE MEMBERS – RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Name of the member	Eligibility to attend	Attended
Mr. M D S Goonathilleke	4	4
Mr. M D A Weerasooriya	4	4
Mr. D L De Z Abeywardana	2	2
Mr. N P K Ranaweera	2	2

## TERMS OF REFERENCE

The Related Party Transactions Review Committee is governed by 'Terms of Reference' approved by the Board of Directors 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

A Declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on page 60 of the Annual Report for the financial year 2022.



Mr. M D S Goonathilake

Chairman – Related Party Transaction Review Committee

26 May 2023

# 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 2022.

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, rubber 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 69 to 118.

## AUDITORS' REPORT

The Report of the Auditors on the Financial Statements of the Company and its subsidiaries is given on pages 69 to 71.

## ACCOUNTING POLICIES

The accounting policies adopted in preparation of the financial statements are given on pages 80 to 91 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 62.

## 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 10 to 13.

## EXECUTIVE DIRECTORS

Mr. P S Weerasekera

Mr. S A Ameresekere

Mr. NG Yao Xing Eugene\*

## Non-Executive Directors

Mr. D S Jayaweera

Mr. H A N D Herath

Mr. N P K Ranaweera

## Independent Non-Executive Directors

Mr. M D A Weerasooriya

Mr. M D S Goonatilleke

\*Alternate Director – Mr. N H C Clement

## CHANGES IN THE DIRECTORATE

Major General (Retd.) V U B Nanayakkara who served as the Chairman/ Non-Executive Director resigned with effect from 1st August 2022.

Mr. D L De Zoysa Abeysiriwardana who served as a Non-Executive Director resigned with effect from 14th September 2022.

Mr. H A N D Herath and Mr. N P K Ranaweera were appointed as Non-Executive Directors with effect from 14th September 2022.

Mr. M D A Weerasooriya was appointed the Chairman of the Board of Directors with effect from 11th November 2022.

## RE-ELECTION/RE-APPOINTMENT OF DIRECTORS

Mr. S A Ameresekere 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.

Messrs H A N D Herath and N P K Ranaweera who were appointed to the Board on 14th September 2022, 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.

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

## DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed under key management personnel compensation in Note 24.2 to the Financial Statements on page 112.

## 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. 0.01 Mn. 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. 1,546,327 is payable by the Company to the Auditors for the year under review comprising Rs. 1,254,000 as audit fees and Rs. 292,327 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 109.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 26th May 2023 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 2022 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 2021 and 31st December 2022 are as follows.

Name of the member	As at 31.12.2022	As at 31.12.2021
Mr. M D A Weerasooriya	Nil	Nil
Mr. P S Weerasekera		
• Hatton National Bank PLC/P S Weerasekera	89,269	Nil
Mr. D S Jayaweera	2,600	2,600
Mr. M D S Goonatilleke	Nil	Nil
Mr. Ng Yao Xing	Nil	Nil
Mr. S A Ameresekere	Nil	Nil
Mr. H A N D Herath	Nil	Nil
Mr. N P K Ranaweera	Nil	Nil
Mr. N H C Clement	Nil	Nil

*[Alternate Director to Mr. Ng Yao Xing]*

Mr. D S Jayaweera and Mr. S A Ameresekere 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.

Mr. H A N D Herath and Mr. N P K Ranaweera serves as the Chairman and the Director General respectively 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 2,733 of shareholders registered as at 31st December 2022. (2,637 shareholders as at 31st December 2021).

## 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 121 to 122 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 2022 34 persons were in employment (33 persons as at 31st December 2021)

## RESERVES

A summary of the Group's Reserves is given in Note 12 to the Financial Statements on page 102.

## PROPERTY, PLANT AND EQUIPMENT

Details and movements of property, plant and equipment are given under Notes 3 to the Financial Statements on pages 92 to 94.

## LAND HOLDINGS

The Company's land holdings are referred to in Note 4.2 to the Financial Statements.

## INVESTMENTS

Details of the Company's and Group's investments as at 31st December 2022 are given in Notes 5 and 9.2 to the Financial Statements on pages 99 and 101.

## 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 117, 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 116 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 Goonatileke exceeds nine years. However, the Board is of the view that the period of service of Mr. Goonatileke 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. Goonatileke 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 Goonatileke - Chairman

Mr. M D A Weerasooriya

Mr. H A N D Herath\*

*\*Appointed as a Members w.e.f 11.11.2022*

### REMUNERATION COMMITTEE

Mr. M D S Goonatileke - Chairman

Mr. M D A Weerasooriya

Mr. H A N D Herath\*

*\*Appointed as a Members w.e.f 11.11.2022*

### RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. M D S Goonatileke - Chairman

Mr. M D A Weerasooriya

Mr. N P K Ranaweera\*

*\*Appointed as a Members w.e.f 11.11.2022*

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

The Reports of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee appear on pages 53 to 56.

## DECLARATION - COMPLIANCE WITH RULE 9 OF THE LISTING RULES

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st December 2022.

## RELATED PARTY TRANSACTIONS/DISCLOSURES DURING THE YEAR

### Non-Recurrent Related Party Transactions – Disclosure in terms of Rule 9.3.2(a) of the Listing Rules

There were no non-recurrent Related Party Transactions of which the aggregate value exceeds 10% of equity or 5% of total assets in the latest Audited Financial Statements as at 31st December 2021, which requires additional disclosures in the Annual Report 2022 in terms of Section 9.3.2(a) of the Listing Rules of the Colombo Stock Exchange.

### Recurrent Related Party Transactions – Disclosure in terms of Rule 9.3.2(b) of the Listing Rules

There were no recurrent Related Party Transactions of which the aggregate value exceeds 10% of the Company's Turnover as per the latest Audited Financial Statements as at 31st December 2021, which requires additional disclosures in the Annual Report 2022 in terms of Section 9.3.2(b) of the Listing Rules of the Colombo Stock Exchange.

## TAXATION

The tax position of the Company is given in Note 22 to the Financial Statements on page 110.

## ENVIRONMENT, HEALTH AND SAFETY

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

## SPECIAL BUSINESS

The Directors have recommended amendments to the Articles of Association whereby the methods of holding general meetings have been further expanded to include the holding of General Meetings on virtual platforms. Accordingly, a special resolution is placed before the shareholders at the forthcoming Annual General Meeting to obtain shareholders' approval for the said amendments to the Articles of Association.

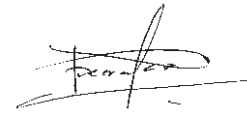
## ANNUAL GENERAL MEETING

The Forty First (41st) Annual General Meeting of the Company will be held on 23rd June 2023 at No. 250 B ¼, 1st Floor, New Retail Podium, Liberty Plaza, Colombo 03 and the Notice of Meeting appears on page 124.


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 2023

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. P S Weerasekera

Mr. M D S Goonatileke

Mr. D S Jayaweera

**Liberty Developers (Pvt) Ltd**

Mr. S A Ameresekere

Mr. P S Weerasekera

Mr. M D S Goonatileke

Mr. D S Jayaweera

**Agrispice (Private) Limited**

Mr. S A Ameresekere

Mr. P S Weerasekera

Mr. M D S Goonatileke

Mr. D S Jayaweera

**Anantaya Global Solutions (Private) Limited**

Mr. S A Ameresekere

Mr. P S Weerasekera

Mr. M D S Goonatileke

Mr. D S Jayaweera

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors, in relation to the Financial Statements of the Company and its subsidiaries differ from the responsibilities of the Auditors.

The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Report of the Auditors given on pages 69 to 71 of the Annual Report.

As per the Sections 150(1), 151, 152(1) and (2), 153 (1) and (2) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year and of the results of its operations for the financial year, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that they are in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of section 166(1) read together with sections 168(1)(b) and (c) and section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting.

The Directors consider that in preparing these Financial Statements set out on pages 72 to 118, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are also confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company and its subsidiaries maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and its subsidiaries.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

Financial Statements prepared and presented in this report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

## COMPLIANCE REPORT

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

The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for.

By Order of the Board

Colombo Land and Development Company PLC



P W Corporate Secretarial (Pvt) Ltd  
Secretaries

26 May 2023



# CHAIRMAN & ACCOUNTANT RESPONSIBILITY STATEMENT

The Accounting Policies used in the preparation of the financial statements of the Colombo Land and Development Company PLC for the year ended 31st December 2022 are appropriate. There are no departures from the prescribed Accounting Standards in their adoption.

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

The Board of Directors and the management accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements were made on a prudent and reasonable basis in order that the financial statements reflect a true and fair view, the form and substance of transactions and that the Company's state of affairs are reasonably presented.

To ensure this, we have taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets and for preventing and detecting other irregularities, which are reviewed, evaluated and updated on an ongoing basis. The Board of Directors has carried out an assessment on the ability of the company to continue as a going concern. We confirm that the company has adequate resources to continue operations in the foreseeable future and have adopted the 'going concern' basis in preparing these financial statements.

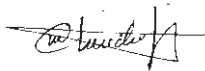
The financial statements of the Group for the year 2022 were audited by Messrs Ernst & Young, Chartered Accountants, and their report appears on pages 69 to 71 of this Annual Report.

The Board Audit Committee meets periodically with the internal audit team and the independent external auditor to review their audit plans, assess the manner in which the auditors are performing their responsibilities and to discuss their reports on internal controls and financial reporting issues. To ensure complete independence, the external auditor and the internal auditor have access to the members of the Board Audit Committee to discuss any matter of substance, details of which are given in the 'Board Audit Committee Report' on page 53.

We confirm that the company has complied with all applicable laws, regulations and prudential requirements and that there are no material non-compliances and that the financial statements in this Annual Report and all taxes, duties, levies and all statutory payments payable and all contributions, levies and taxes payable on behalf of and in respect of the employees of the company as at 31st December 2022 have been paid, or where relevant, provided for.



Chairman



Accountant

26 May 2023

# 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 2022, 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			
<b>Strategic Risk</b>					
Failure to meet strategic goals	U	M	<ul style="list-style-type: none"> <li>Function as per the business plan approved by the Board of Directors</li> <li>Annual budget is approved by the Board of Directors prior to commencement of respective financial year</li> <li>Variances are reviewed regularly</li> </ul>		
<b>Natural Disasters and Fires</b>					
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"> <li>Insurance policies are taken to minimise the risk of such disasters</li> <li>Upgrading and servicing fire detection systems</li> <li>Making available fire extinguishers at strategic locations and regular servicing and refill.</li> </ul>		
<b>Credit Risk</b>					
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"> <li>A dedicated officer is in place to monitor the debtors regularly which will minimise the risk of default</li> </ul>		
<b>Human Capital Risk</b>					
Company will not be able to attract and retain qualified, experienced key staff	U	L	<ul style="list-style-type: none"> <li>Incorporate better working environment</li> <li>Continuous training and development relating to staff</li> </ul>		
<b>Loss of Key Customers</b>					
Loss of key customers may have a significant impact on the performance of the company	L	H	<ul style="list-style-type: none"> <li>Established a better relationship with the tenants.</li> <li>Strong marketing team to attract new customers</li> </ul>		
<b>Risk of Competition</b>					
Risk arising from new commercial and residential developments	L	H	<ul style="list-style-type: none"> <li>Monitor the existing and new supply of commercial and residential developments</li> <li>Attract and retain customers by providing modern facilities and regular upgrading</li> </ul>		

# RISK MANAGEMENT REPORT

Risk	Risk Rating		Mitigation strategies
	Likelihood	Impact	
<b>Risk of Fraud</b>			
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"> <li>Implement different levels of authorisation and cross department recommendation process to eliminate fraud risk.</li> </ul>
<b>Interest Rates</b>			
Risk of increasing the borrowing cost	R	L	<ul style="list-style-type: none"> <li>Monitoring and managing cash flows on daily basis</li> <li>Negotiation of favorable rates and terms regarding the borrowings</li> </ul>
<b>Health &amp; Safety</b>			
Risk from threats to personnel, staff, tenants and general public at Liberty Plaza shopping complex	U	M	<ul style="list-style-type: none"> <li>The company complies with all Industrial Safety Requirements.</li> <li>The company performs proper training programmes 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.</li> <li>Preventive maintenance programmes, potable water quality testing and air quality testing etc. are regularly carried out.</li> </ul>
<b>Brand &amp; Reputation Risk</b>			
Risk relating to the timely delivery and service standards	L	L	<ul style="list-style-type: none"> <li>Managing high quality service standards</li> <li>Regular reviews of customer comments and feedback</li> </ul>
<b>Key Suppliers</b>			
Loss of reputation due to delay in essential services managed by the group.	U	M	<ul style="list-style-type: none"> <li>Entered into comprehensive maintenance agreement for elevators, generators, chillers and other services, which are key.</li> </ul>



# REDEFINING OUR PERSPECTIVES

## FINANCIAL STATEMENTS

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# Financial Calendar

1st Quarter	13th May 2022
2nd Quarter	12th August 2022
3rd Quarter	14th November 2022
4th Quarter	27th February 2023

## **ANNUAL REPORTS**

2021 (Annual Report)	26th May 2022
2020 (Annual Report)	1st July 2021

## **MEETINGS**

40th Annual General Meeting -	24th June 2022
39th Annual General Meeting -	30th June 2021

# Independent Auditors' Report



Ernst & Young  
Chartered Accountants  
201, De Saram Place  
P.O. Box 101  
Colombo 10, Sri Lanka

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Fax (Gen): +94 11 269 7369  
Fax (Tax): +94 11 557 8180  
Email: eysl@lk.ey.com  
ey.com

## INDEPENDENT AUDITOR'S REPORT 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 2022, 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 2022, 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.

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 FCMA, D K Hulangamuwa FCA FCMA LLB (London), 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: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

# Independent Auditors' Report



## Key Audit Matter

### Valuation of Investment Properties

As at 31 December 2022, the Group's Investment Properties carried at fair value amounted to Rs. 12,881Mn, which represents 98% 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.149Mn.

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:

1. the magnitude of the asset balance and the significance of the fair value gain for the financial performance of the year; and
2. 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 the following,

1. 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 including valuation methodologies adopted for the determination of fair value of investment properties.
2. We assessed 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 related financial statement disclosures in note 2.3.11 and note 4.

### Other information included in the Group's 2022 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 4107.

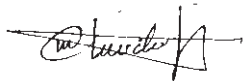
29th May 2023  
Colombo

# Statement of Financial Position

As at 31 December 2022	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	3a	174,638,336	182,698,012	8,182,294	9,420,951
Biological Assets	3b	69,240,001	64,834,727	-	-
Investment Properties	4	12,881,120,001	12,858,981,000	7,834,704,999	7,793,948,999
Investments in Subsidiaries	5	-	-	880,276,346	880,276,346
		<b>13,124,998,338</b>	<b>13,106,513,739</b>	<b>8,723,163,639</b>	<b>8,683,646,296</b>
<b>Current Assets</b>					
Inventories	7	1,151,080	1,134,090	-	-
Trade and Other Receivables	6	137,819,715	155,013,734	1,847,783,451	1,817,878,391
Non Current Assets Held for Sale	8	-	640,000,000	-	640,000,000
Financial Assets	9.1	25,200	37,380	25,200	37,380
Other Investments	9.2	31,705,990	19,775,180	31,705,990	19,775,180
Cash and Cash Equivalents	10	10,230,409	13,235,710	6,281,196	8,384,948
		<b>180,932,394</b>	<b>829,196,094</b>	<b>1,885,795,837</b>	<b>2,486,075,899</b>
<b>Total Assets</b>		<b>13,305,930,732</b>	<b>13,935,709,833</b>	<b>10,608,959,476</b>	<b>11,169,722,195</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated Capital	11	341,602,342	341,602,342	341,602,342	341,602,342
Revaluation Reserve	12	104,846,345	103,621,212	-	-
Retained Earnings		7,547,774,344	8,278,047,560	6,634,633,372	6,847,593,537
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>7,994,223,031</b>	<b>8,723,271,114</b>	<b>6,976,235,714</b>	<b>7,189,195,879</b>
Non - Controlling Interest		(2,483,523)	(2,474,523)	-	-
<b>Total Equity</b>		<b>7,991,739,508</b>	<b>8,720,796,591</b>	<b>6,976,235,714</b>	<b>7,189,195,879</b>

As at 31 December 2022	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
<b>Non-Current Liabilities</b>					
Interest Bearing Loans and Borrowings	13	1,321,000,000	1,905,000,000	1,321,000,000	1,905,000,000
Deferred Tax Liabilities	14	3,734,128,977	3,004,546,411	2,235,027,764	1,904,236,987
Defined Benefit Obligations	15	4,598,254	5,198,297	4,012,344	4,505,976
		5,059,727,231	4,914,744,708	3,560,040,108	3,813,742,963
<b>Current Liabilities</b>					
Trade and Other Payables	16	33,345,873	30,135,473	12,634,380	16,387,868
Income Tax Liabilities		48,480,712	9,248,570	9,107,483	9,107,483
Interest Bearing Loans and Borrowings	13	35,687,762	4,128,664	32,524,219	4,128,664
Tenant Deposits	17	136,949,646	256,655,827	18,417,572	137,159,337
		254,463,993	300,168,534	72,683,654	166,783,352
<b>Total Equity and Liabilities</b>		<b>13,305,930,732</b>	<b>13,935,709,833</b>	<b>10,608,959,476</b>	<b>11,169,722,195</b>

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 10 through 46 form an integral part of the Financial Statements.

26 May 2023  
Colombo

# Statement of Profit or Loss

Year Ended 31 December 2022	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
<b>Revenue</b>	18	339,155,687	335,218,421	158,545,623	166,929,680
Direct Expenses		(111,393,651)	(102,803,419)	(42,454,365)	(41,196,707)
<b>Net Rental Income</b>		227,762,036	232,415,002	116,091,258	125,732,974
Other Income and Gains	19	56,658,587	7,326,068	26,657,964	6,859,735
Change in value of Investment Properties	4	149,163,652	131,451,930	57,178,050	(316,234,800)
Fair Valuation of Biological Assets		3,947,219	7,137,093	-	-
Selling and Distribution Costs		(11,479,083)	(12,995,142)	(1,138,911)	(7,194,428)
Administrative Expenses		(100,006,116)	(96,219,484)	(71,649,931)	(81,575,741)
Finance Cost	20	(291,921,600)	(207,491,906)	(10,376,404)	(55,518,955)
<b>Profit/(Loss) Before tax</b>	21	34,124,695	61,623,561	116,762,027	(327,931,215)
Income Tax Reversal/(Expense)	22	(765,258,782)	562,336,456	(330,466,547)	506,303,731
<b>Profit/(Loss) for the year</b>		(731,134,087)	623,960,017	(213,704,520)	178,372,516
<b>Attributable to:</b>					
Equity Holders of the Parent		(731,125,087)	623,969,017	(213,704,520)	178,372,516
Non-Controlling Interests		(9,000)	(9,000)	-	-
Earnings/(Loss) Per Share	23	(3.66)	3.12	(1.07)	0.89

The accounting policies and notes on pages 10 through 46 form an integral part of the Financial Statements.

# Statement of Comprehensive Income

Year Ended 31 December 2022	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
<b>Profit/ (Loss) for the year</b>		(731,134,087)	623,960,017	(213,704,520)	178,372,516
<b>Other Comprehensive Income</b>					
Other comprehensive income not to be classified to profit or loss in subsequent periods					
Actuarial Gain on Defined Benefit Plans	15	1,274,516	1,910,560	1,080,764	1,490,827
Net Gain/(Loss) on Financial Assets classified under FVOCI		(12,180)	13,020	(12,180)	13,020
Deferred Tax attributable to actuarial gains on defined benefit obligations		(410,465)	(444,035)	(324,229)	(357,798)
Revaluation Gain / (Loss) of the Property Plant and Equipment's		8,444,790	11,274,000	-	-
Tax effects on Revaluation of Building	14	(7,219,657)	(32,573)	-	-
<b>Total of Other Comprehensive Income</b>		<b>2,077,004</b>	<b>12,720,972</b>	<b>744,355</b>	<b>1,146,049</b>
<b>Total Comprehensive income for the year, net of tax</b>		<b>(729,057,083)</b>	<b>636,680,989</b>	<b>(212,960,165)</b>	<b>179,518,565</b>
<b>Attributable to:</b>					
Equity Holders of the Parent		(729,048,083)	636,680,989	(212,960,165)	179,518,565
Non-Controlling Interests		(9,000)	(9,000)	-	-

The accounting policies and notes on pages 10 through 46 form an integral part of the Financial Statements.

# Statement of Changes in Equity

Year Ended 31 December 2022	Stated Capital LKR	Revaluation Reserve LKR	Retained Earnings LKR	Non-Controlling Interest LKR	Total LKR
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	-	12,720,972
Total Comprehensive Income For the Year	-	11,241,427	625,448,565	(9,000)	636,680,992
<b>As at 31 December 2021</b>	341,602,342	103,621,212	8,278,047,560	(2,474,523)	8,720,796,591
Profit / (Loss) for the Year	-	-	(731,125,088)	(9,000)	(731,134,088)
Other Comprehensive Income for the Year	-	1,225,133	851,871	-	2,077,004
Total Comprehensive Income For the Year	-	1,225,133	(730,273,216)	(9,000)	(729,057,083)
<b>As at 31 December 2022</b>	341,602,342	104,846,345	7,547,774,344	(2,483,523)	7,991,739,508

# Statement of Changes in Equity

For the year ended 31 December 2022	Stated Capital LKR	Retained Earnings LKR	Total LKR
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
<b>Total Comprehensive Income For the Year</b>	-	179,518,564	179,518,564
<b>As at 31 December 2021</b>	341,602,342	6,847,593,537	7,189,195,879
Profit/(Loss) for the Year	-	(213,704,520)	(213,704,520)
Other Comprehensive Income for the Year	-	744,355	744,355
<b>Total Comprehensive Income For the Year</b>	-	(212,960,165)	(212,960,165)
<b>As at 31 December 2022</b>	341,602,342	6,634,633,372	6,976,235,714

The accounting policies and notes on pages 10 through 46 form an integral part of the Financial Statements.

# Statement of Cash Flows

For the year ended 31 December 2022	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
<b>Cash Flows From / (Used in) Operating Activities</b>					
Profit/(Loss) before Tax		34,124,694	61,623,562	116,762,027	(327,931,215)
Adjustments for					
Depreciation	3	17,673,049	7,768,420	2,213,914	1,695,669
Dividend Income from Investments	19	-	-	(2,974,190)	(2,974,198)
Increase in fair value of Investments Property	4	(149,163,652)	(131,451,930)	(57,178,050)	316,234,800
(Profit) / Loss on disposal of Property, Plant & Equipment	19	(200,000)	(2,256,000)	(200,000)	-
(Profit) / Loss on disposal of Investment Property		(46,351,000)	-	(14,212,000)	-
Increase in fair value of Biological Assets	3b	(3,947,219)	(7,137,093)	-	-
Finance Costs	20	291,921,600	207,491,906	10,376,404	55,518,955
Allowance for Doubtful Debts		11,049,336	12,355,111	972,314	6,902,927
Provision for Defined Benefit Plans	15	1,374,473	1,458,942	1,287,132	1,090,088
Operating Profit before Working Capital Changes		156,481,281	149,852,918	57,047,551	50,537,025
Increase in Inventories		(16,990)	(138,257)	-	-
(Increase) / Decrease in Trade and Other Receivables		12,070,503	99,463,766	(20,877,374)	(13,690,166)
Increase / (Decrease) in Tenant Deposits		(4,706,180)	72,237,262	(3,741,765)	94,924,848
Increase / (Decrease) in Trade and Other Payables		3,210,384	(281,528,724)	(3,753,488)	(48,475,329)
Increase / (Decrease) in Other Payables		-	(6,562,500)	-	(6,562,500)
Cash Generated from Operations		167,038,997	33,324,463	28,674,924	76,733,878
Finance Cost Paid		(291,921,600)	(207,491,906)	(10,376,404)	(55,518,955)
Defined Benefit Plan Costs Paid	15	(700,000)	(7,206,250)	(700,000)	(3,906,250)
Net Cash From / (Used in) Operating Activities		(125,582,603)	(181,373,693)	17,598,520	17,308,673



For the year ended 31 December 2022	Note	Group		Company	
		2022	2021	2022	2021
		LKR	LKR	LKR	LKR
<b>Cash Flows from / (Used in) Investing Activities</b>					
Acquisition of Property, Plant & Equipment		(1,168,582)	(4,739,431)	(975,257)	(4,739,431)
Improvement of Biological Assets	3b	(458,055)	(261,924)	-	-
Proceeds from Sale of Property, Plant & Equipment		200,000	-	200,000	-
Proceeds from Disposal of Investment Properties		682,800,000	65,000,000	547,000,000	-
Subsequent expenditure on Investment Property	4	(7,319,526)	(56,603,069)	(1,365,950)	(51,071,299)
Investment Made in Unit Trust	9.2	19,155,014	2,592,914	19,155,014	2,592,914
Investment in Treasury Bills	9.2	(31,085,824)	-	(31,085,824)	-
Dividend Received on Investment		-	-	2,974,190	2,974,198
Disposal of Properties		12,895,178	144,142,501	-	-
Net Cash Flows from / (Used in) Investing Activities		675,018,204	150,130,991	535,902,173	(50,243,618)
<b>Cash Flows from (Used in) Financing Activities</b>					
Proceeds From Interest Bearing Loans & Borrowings	13	-	2,019,993,644	-	2,019,993,644
Repayment of Interest Bearing Loans & Borrowings	13	(554,000,000)	(1,977,252,306)	(554,000,000)	(1,977,252,306)
Net Cash Flows from / (Used in) Financing Activities		(554,000,000)	42,741,339	(554,000,000)	42,741,337
<b>Net Decrease in Cash and Cash Equivalents</b>		(4,564,398)	11,498,637	(499,307)	9,806,393
<b>Cash and Cash Equivalents at the beginning of the Year</b>	10	9,107,045	(2,391,592)	4,256,284	(5,550,109)
<b>Cash and Cash Equivalents at the end of the Year</b>	10	4,542,647	9,107,045	3,756,977	4,256,284

The accounting policies and notes on pages 10 through 46 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 2022 were authorized for issue in accordance with a resolution of the board of directors on 26 May 2023.

## 2.1 BASIS OF PREPARATION

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

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

### 2.1.1 Statement of compliance

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

### 2.1.2 Comparative Information

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

### 2.1.3 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing

whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

The consolidated financial statements of the Group include:

Company Name	Country of Incorporation	Year of Incorporation	% of equity Interest	
			2022	2021
Liberty Holdings Limited	Sri Lanka	1994	100%	100%
Liberty Developers (Private) Limited	Sri Lanka	2012	100%	100%
Agrispice (Private) Limited	Sri Lanka	2000	100%	100%
Anantaya Global Solutions (Private) Limited	Sri Lanka	2012	70%	70%

## 2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

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

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

### i. Going Concern

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

The management has considered the potential downsides that the economic recession 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 recognized in the income statement. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2022 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 recognized 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.3 and 3b.4.

### v. Defined benefit plans (pension benefits):

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

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

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

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

# Notes to the Financial Statements

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

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

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

## vi. **Deferred Tax Assets:**

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

## 2.3 **Summary of Significant Accounting Policies**

### 2.3.1 **Current versus non-current classification**

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

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

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

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

The Group classifies all other liabilities as non-current.

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

### 2.3.2 **Fair value measurement**

The Group measures financial instruments such as non-financial assets such as investment properties, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Notes 2.2, 3, 4 and 26
- Quantitative disclosures of fair value measurement hierarchy Note 26 and Note 28
- Property, plant and equipment under revaluation model Note 3a
- Investment properties Note 4
- Biological Assets Note 3b

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 30% for the year ended 31 December 2022. (24% - 2021)

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

# Notes to the Financial Statements

in subsidiaries except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except;

- i. where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ii. In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax

relating to items recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

## c. **Economic Service Charge (ESC)**

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

## d. **Turnover Based Taxes**

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

Revenue, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable and receivable and payable are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of other receivables and other payables in the Statement of Financial Position. NBT is abolished with effect from 1 December 2019. As per the Social Security Contribution Levy Act, No. 25 of 2022 (SSCL Act), any person carrying on the business of supplying financial services is required to pay Social Security Contribution Levy at the rate of 2.5% on the Value Addition attributable to financial services.

## 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

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

#### (a) Financial assets at amortised cost

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

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

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

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

#### (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.

# Notes to the Financial Statements

## (ii) Financial Liabilities

### Initial Recognition and Measurement

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

### Subsequent Measurement

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

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

### De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on

substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

### Offsetting of Financial Instruments

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

### Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of asset's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets 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 that are intended to harvest at the end of maturity, but are however used to grow for harvesting agricultural produce from such Biological assets. Those Biological assets include managed timber trees.

#### Recognition and Measurement

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

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

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

The main variables in DCF model concerns

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

#### 2.3.10 Leases

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

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;

# Notes to the Financial Statements

- 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.

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 2022 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.

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## d) 3D designing income

3D design income is recognised when 3D services are provided to its customers.

## e) Dividends

Revenue is recognized when the Group's/ Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

## f) Others

Other income is recognized on an accrual basis.

## 2.5 Operating segment and segment information

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

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

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

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

## 2.6 Cash Flows Statement

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

## 2.7 Standards Issued But Not Yet Effective

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

### SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease

liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

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

Amendments to LKAS 1 Presentation of Financial Statements 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 2023.

# 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 01.01.2022 LKR	Additions LKR	Revaluation LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2022 LKR
Land	50,450,000	-	-	-	50,450,000
Buildings	109,234,756	105,210	6,284,790	-	115,624,756
Plant & Machinery	81,250	-	-	-	81,250
Furniture and Fittings	6,153,924	47,440	-	-	6,201,364
Motor Vehicles	533,384	-	-	-	533,384
Office Equipment	35,218,058	1,015,932	-	(1,533,907)	34,700,083
Tools and Utensils	1,236,051	-	-	-	1,236,051
Media Wall	34,268,474	-	-	-	34,268,474
<b>Total Gross Carrying Amount</b>	<b>237,175,897</b>	<b>1,168,582</b>	<b>6,284,790</b>	<b>(1,533,907)</b>	<b>243,095,362</b>

#### 3a.1.2 Depreciation and Impairment

At Cost/Valuation	Balance As at 01.01.2022 LKR	Charge LKR	Revaluation LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2022 LKR
Buildings	105,572	2,184,000	(2,160,000)	-	129,572
Plant & Machinery	81,250	-	-	-	81,250
Furniture and Fittings	5,001,577	86,479	-	-	5,088,056
Motor Vehicles	528,531	-	-	-	528,531
Office Equipment	26,490,049	2,258,504	-	(1,533,907)	27,214,646
Tools and Utensils	818,694	337,723	-	-	1,156,417
Media Wall	21,452,212	12,806,343	-	-	34,258,555
	<b>54,477,885</b>	<b>17,673,049</b>	<b>(2,160,000)</b>	<b>(1,533,907)</b>	<b>68,457,026</b>

### 3a.1.3 Net Book Values

	2022 LKR	2021 LKR
<b>At Cost</b>		
Land	50,450,000	50,450,000
Buildings	115,495,184	109,129,184
Plant & Machinery	-	-
Furniture and Fittings	1,113,308	1,152,346
Motor Vehicles	4,853	4,853
Office Equipment	7,485,437	8,728,009
Tools and Utensils	79,634	417,357
Media Wall	9,919	12,816,262
<b>Total Carrying Amount of Property, Plant &amp; Equipment</b>	<b>174,638,336</b>	<b>182,698,012</b>

### 3a. PROPERTY, PLANT & EQUIPMENT

#### 3a.2 Company

##### 3a.2.1 Gross Carrying Amounts

	Balance As at 01.01.2022 LKR	Additions Transfers LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2022 LKR
<b>At Cost</b>				
Furniture and Fittings	3,152,928	47,440	-	3,200,368
Office Equipment	32,632,691	927,817	(1,533,907)	32,026,601
<b>Total Value of Depreciable Assets</b>	<b>35,785,619</b>	<b>975,257</b>	<b>(1,533,907)</b>	<b>35,226,969</b>

##### 3a.2.2 Depreciation and Impairment

	Balance As at 01.01.2022 LKR	Charge/ Transfers LKR	Disposals/ Write-offs LKR	Balance As at 31.12.2022 LKR
<b>At Cost</b>				
Furniture and Fittings	2,584,734	82,663	-	2,667,397
Office Equipment	23,779,934	2,131,251	(1,533,907)	24,377,278
	26,364,668	2,213,914	(1,533,907)	27,044,675

### 3a.2.3 Net Book Values

	2022 LKR	2021 LKR
<b>At Cost or Valuation</b>		
Furniture and Fittings	532,971	568,194
Office Equipment	7,649,323	8,852,757
	8,182,294	9,420,951
<b>Total Carrying Amount of Property, Plant &amp; Equipment</b>	<b>8,182,294</b>	<b>9,420,951</b>

# Notes to the Financial Statements

**3a.3** The fair value of land and buildings in the group was determined by means of a revaluation during the financial year 2022 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 2022. 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 2022 LKR	Net Carrying Amount 2021 LKR
Buildings	43,041,000	(13,483,920)	29,557,080	30,417,900

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

	2022 LKR	2021 LKR
Rental rates used	Rs. 205 - 450 p. sq.ft	Rs. 175 - 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.1,168,582/- (2021 - LKR.4,739,431/-). Cash payments amounting to LKR. 1,168,582 /- (2021 - LKR.4,739,431/-) 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.975,257/- (2021 - Rs. 4,739,431/-). Cash payments amounting to LKR.975,257/- (2021 - Rs. 4,739,431/-) 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 45,543,733/- (2021 - LKR 28,799,145/-) 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 24,653,354/- (2021 - LKR. 24,345,454/-) 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 as at 31 December 2022.



### 3b. BIOLOGICAL ASSET (GROUP)

As at 31 December	Group			
	Mahogany	Attoniya	Rubber	Total
	2022	2022	2022	2022
	LKR	LKR	LKR	LKR
Carrying value as at 01 January	37,994,581	23,787,146	3,053,000	64,834,727
Additions during the year	458,055	-	-	458,055
Carrying value as at 31 December	38,452,636	23,787,146	3,053,000	65,292,782
Fair value gain/loss	17,577,649	(10,924,586)	(2,705,844)	3,947,219
Carrying value as at 31 December	56,030,285	12,862,560	347,156	69,240,001

**3b.1** Under LKAS 41, group has obtained a valuation for biological assets held by Agrispice Private Limited (Subsidiary), by F R T Valuation Services (Private) Limited. As per the valuer's report, the estimated value of the biological assets as at 31 December 2022 is Rs. 69,240,001/-.

#### 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 2022 have been cultivated on the Land to the extent of approximately 40.4977 hectares.

The biological assets were valued by F R T Valuation Services (Private) Limited using Discounted Cash Flow (DCF) method in ascertaining the fair value of timber.

#### 3b.3 Key assumptions used in valuation

	2022	2021
Discounted rates used by the Valuer	Maturity year 0 - 26.2% Maturity year 5 - 19.5%	16%
Rate in 8 years time (2029) cubic meter		
Mahogani	N/A	Rs. 55,000
Rubber	N/A	Rs. 22,000
Attoniya	N/A	Rs. 25,500
Wastage at harvesting	N/A	5%
Cost to sell	N/A	10%
Timber volume discount	-25%	-

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.

# Notes to the Financial Statements

## 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.

	2022 LKR	2021 LKR
Value of Timber	-10% 62,320,000	10% 76,160,000

### 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.

	2022 LKR	2021 LKR
Value of Timber	-1% 69,780,000	1% 68,700,000

## 4. INVESTMENT PROPERTY

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
As at 1 January	12,858,981,000	13,517,812,502	7,793,948,999	8,699,112,500
Additions				
- Subsequent expenditure on investment property	7,319,526	56,603,069	1,365,950	51,071,299
Net gain / (loss) from fair value adjustment	149,163,652	131,451,930	57,178,050	(316,234,800)
De-recognition of the Investment Properties	(17,788,000)	(640,000,000)	(17,788,000)	(640,000,000)
Disposal of the Investment Properties	(116,556,177)	(206,886,501)	-	-
As at 31 December	12,881,120,001	12,858,981,000	7,834,704,999	7,793,948,999

- 4.1 Investment property consists of leasehold land and unsold commercial units given on Operating leases in buildings constructed on leasehold land at Pettah and Kolpetty which have been obtained from the Urban Development Authority under 99 year lease agreement commencing from the year 1981.

#### 4.2 Details of Investment Properties

Property	Extent	Value	Valuation Date	Method
<b>Group</b>				
Liberty Plaza	176,126 Sq. Ft.	Rs. 6,112.5 Mn	31.12.2022	Income
GAS Land	2A - 3R - 13.25 P	Rs. 6,572.1 Mn	31.12.2022	Market Value
Peoples Park	51,945 Sq. Ft	Rs. 256.4 Mn	31.12.2022	Income
<b>Company</b>				
Liberty Plaza	46,972 Sq. Ft.	Rs. 1,043.2 Mn	31.12.2022	Income
GAS Land	2A - 3R - 13.25 P	Rs. 6,572.1 Mn	31.12.2022	Market Value
Peoples Park	51,517 Sq. Ft	Rs. 219.4 Mn	31.12.2022	Income

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

	2022 LKR	2021 LKR
Rental rates used - for shop units	Rs. 85 – Rs. 2530 p. sq.ft	Rs. 200– Rs. 1450 p. sq.ft
- for parking area	Rs. 550 p. sq.ft	Rs. 157 p. sq.ft
Anticipated maintenance cost:	20% - 30% of rentals	20% - 45% of rentals
Yield rate : for shop units & apartments	6% - 6.5% p.a.	6% - 6.5% p.a.
Yield rate : car park	7% - 10%	7% - 10%
Per Perch Value (Gas Land):	14.5 Mn	14.25 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.

# Notes to the Financial Statements

- 4.8** Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

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 2022.

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 Rate	Increase /Decrease		Per Perch value	2022	2021
	Future rentals change	Maintenance cost		Fair Value/Gain or (Loss) on Investment Property	Fair Value/Gain or (Loss) on Investment Property
<b>Group</b>					
-0.50%				734,679,999	526,800,000
0.50%				(266,120,001)	(452,000,000)
	-5%			(251,863,001)	(228,600,000)
	5%			682,379,999	244,100,000
		-5%		653,279,999	461,000,000
		5%		(260,820,001)	(460,600,000)
			-5%	(328,582,000)	(328,606,250)
			5%	328,631,000	328,606,250
<b>Company</b>					
-0.50%				98,195,001	94,700,000
0.50%				(84,804,999)	(81,700,000)
	-5%			(24,547,999)	(7,000,000)
	5%			28,595,001	8,400,000
		-5%		72,295,001	79,000,000
		5%		(72,304,999)	(78,900,000)
			-5%	(328,582,000)	(328,606,250)
			5%	328,631,000	328,606,250

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
<b>Group</b>				
2022	201,663,895	139,050,161	109,812,045	-
2021	228,766,106	176,880,813	170,210,352	143,870,662
<b>Company</b>				
2022	37,706,551	33,162,813	30,399,245	-
2021	38,356,615	28,214,985	27,393,384	25,110,602

5. INVESTMENTS IN SUBSIDIARIES

As at 31 December 2022	Holding % 2022 LKR	Holding % 2021 LKR	At Cost 2022 LKR	At Cost 2021 LKR
<b>Company - Nonquoted</b>				
<b>Investments In Ordinary Shares</b>				
Liberty Holdings Limited	100%	100%	808,289,373	808,289,373
Agrispace (Private) Limited	100%	100%	8,299,110	8,299,110
Anantaya Global Solutions (Private) Limited	70%	70%	700	700
			<b>816,589,183</b>	<b>816,589,183</b>
<b>Investment In Preference shares</b>				
Liberty Holdings Limited (8.2)			63,687,163	63,687,163
<b>Total Investments in Subsidiaries</b>			<b>880,276,346</b>	<b>880,276,346</b>

- 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 or non redeemable with a par value of Rs.10 per share at the option of the issuer /holder.

# Notes to the Financial Statements

## 6. TRADE AND OTHER RECEIVABLES

As at 31 December 2022	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
<b>6.1 Summary</b>				
Trade Debtors	81,739,854	147,686,967	5,517,299	36,656,440
Less: Allowances for Doubtful Debts (Note 6.2)	(7,278,064)	(54,004,069)	(599,615)	(31,610,193)
	<b>74,461,790</b>	<b>93,682,898</b>	<b>4,917,685</b>	<b>5,046,247</b>
Other Debtors - Related Parties (Note 6.3)	-	-	1,096,917,902	1,265,128,345
Loans Receivable from Related Parties (Note 6.4)			722,098,284	530,355,763
Prepayments	1,631,928	42,256,351	1,522,839	4,122,756
Staff Loans (Note 6.5)	2,811,167	3,307,999	2,640,944	3,220,666
Other Receivables	58,914,830	15,766,486	19,685,797	10,004,613
	<b>137,819,715</b>	<b>155,013,734</b>	<b>1,847,783,451</b>	<b>1,817,878,391</b>
<b>6.2 Allowance for Doubtful Debts</b>				
As at 1 January	54,004,069	38,459,874	31,610,193	30,933,285
Provision for Impairment	10,919,790	21,770,215	972,314	6,902,927
Write off	(57,645,796)	(6,226,019)	(31,982,894)	(6,226,019)
As at 31 December	<b>7,278,064</b>	<b>54,004,069</b>	<b>599,615</b>	<b>31,610,193</b>

As at 31 December 2022	Relationship	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
<b>6.3 Other Debtors - Related Parties</b>					
Liberty Holdings Limited	Subsidiary	-	-	1,042,909,912	1,212,744,584
Agrispice (Private) Limited	Subsidiary	-	-	50,946,958	49,322,729
Anantaya Global Solutions (Private) Limited	Subsidiary	-	-	3,061,032	3,061,032
		<b>-</b>	<b>-</b>	<b>1,096,917,902</b>	<b>1,265,128,345</b>

**6.4** This represents a bank loan obtained by Colombo Land & Development Company PLC on behalf of Liberty Developers (Pvt) Ltd for the construction of new retail podium.

Interest of Rs.281,545,260 relating to the said loan has been service directly by Liberty Developers (Pvt) Ltd. Total interest paid during the year amounted to Rs.281,545,260.

**6.5** 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 13.5% (2021 - 5%). Fair value of loans given to staff equals their carrying amount, as the impact of discounting is not significant.

## 6.6 Group / Company

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

	01.01.2022	Current	Past due but not impaired		
			31-60 days	61-90 days	> 90 days
<b>Group</b>					
2022	74,461,790	10,565,260	16,677,941	11,639,891	35,578,698
2021	93,682,898	11,295,689	8,798,880	2,163,135	71,425,195
<b>Company</b>					
2022	4,917,685	1,852,735	3,202,849	225,935	(363,835)
2021	5,046,247	3,041,589	110,188	365,917	1,528,558

## 7. INVENTORIES - Group

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

	2022 LKR	2021 LKR
Inventories	1,151,080	1,134,090
	1,151,080	1,134,090

## 8. NON CURRENT ASSETS HELD FOR SALE

Group/Company	2022 LKR	2021 LKR
As at 1 January	640,000,000	-
Amount recognized during the year	(640,000,000)	640,000,000
As at 31 December	-	640,000,000

"The company was in the process of disposing its property identified as liberty arcade which included 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 was reclassified last year as non-current assets held for sale. The property was subsequently disposed on January 2022.

## 9. FINANCIAL ASSETS CLASSIFIED UNDER FVOCI AND OTHER INVESTMENTS

Quoted Shares - Group/Company	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
<b>9.1 Financial Assets Classified Under FVOCI</b>				
As at 1 January	37,380	24,360	37,380	24,360
Disposals	-	-	-	-
Share Investment	-	-	-	-
Fair Value (Loss) / Gain	(12,180)	13,020	(12,180)	13,020
As at 31 December	25,200	37,380	25,200	37,380
<b>9.2 Other Investments</b>				
Investment in Unit trusts	620,166	19,775,180	620,166	19,775,180
Investment in Treasury Bills	31,085,824	-	31,085,824	-
	31,705,990	19,775,180	31,705,990	19,775,180

# Notes to the Financial Statements

## 10. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

Components of Cash and Cash Equivalents

Quoted Shares - Group/Company	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
<b>10.1 Favourable Cash and Cash Equivalents Balance</b>				
Cash and Bank Balances	10,230,409	13,235,710	6,281,196	8,384,948
	<b>10,230,409</b>	<b>13,235,710</b>	<b>6,281,196</b>	<b>8,384,948</b>
<b>10.2 Unfavourable Cash and Cash Equivalents Balance</b>				
Bank Overdraft	(5,687,762)	(4,128,664)	(2,524,219)	(4,128,664)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	<b>4,542,647</b>	<b>9,107,045</b>	<b>3,756,977</b>	<b>4,256,284</b>

## 11. STATED CAPITAL

Group/Company	2022		2021	
	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	
	2022 LKR	2021 LKR
As at 1 January	103,621,212	92,379,785
Fair value increase on Property, Plant & Equipment	8,444,790	11,274,000
Deferred Tax effect of depreciation transfer	(7,219,657)	(32,573)
As at 31 December	<b>104,846,345</b>	<b>103,621,212</b>

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 2022 by an independent professional valuer.



### 13. INTEREST BEARING LOANS & BORROWINGS

	2022 Amount Repayable Within 1 Year LKR	2022 Amount Repayable After 1 Year LKR	2022 Total LKR	2021 Amount Repayable Within 1 Year LKR	2021 Amount Repayable After 1 Year LKR	2021 Total LKR
<b>13.1 Group</b>						
Bank Loans (13.3)	30,000,000	1,321,000,000	1,351,000,000	-	1,905,000,000	1,905,000,000
Bank Overdrafts (10.2)	5,687,762	-	5,687,762	4,128,664	-	4,128,664
	35,687,762	1,321,000,000	1,356,687,762	4,128,664	1,905,000,000	1,909,128,664
<b>13.2 Company</b>						
Bank Loans (13.3)	30,000,000	1,321,000,000	1,351,000,000	-	1,905,000,000	1,905,000,000
Bank Overdrafts (10.2)	2,524,219	-	2,524,219	4,128,664	-	4,128,664
	32,524,219	1,321,000,000	1,353,524,219	4,128,664	1,905,000,000	1,909,128,664

### 13.3 Bank Loans

	Balance As At 31.01.2022 LKR	Loan Obtained LKR	Capital on Due LKR	Over Provision of Interest LKR	Repayment LKR	Balance As At 31.12.2022 LKR	Current LKR	Non-current LKR
National Development Bank	1,905,000,000				(554,000,000)	1,351,000,000	30,000,000	1,321,000,000
	1,905,000,000	-	-	-	(554,000,000)	1,351,000,000	30,000,000	1,321,000,000

### 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% until october 2022, & 24.8% until October 2024, and AWPLR + 2.5%(From November 2024 until the loan is settled in full)	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"> <li>Primary mortgage over the freehold immovable property (9 Units from Liberty Plaza Building Complex owned by CLDC)</li> <li>Primary mortgage over the freehold immovable property (90 Units from Liberty Plaza Building Complex owned by LHL)</li> <li>Primary mortgage over the Leasehold immovable property (1 Unit from Liberty Plaza Building Complex owned by CLDC)</li> <li>Further and Additional Mortgage over the condominium Unit B2 owned by CLDC</li> <li>Deeds of Renunciation for the above Mortgage Bonds</li> </ol>

# Notes to the Financial Statements

## 14. DEFERRED TAX LIABILITIES

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

Components of Cash and Cash Equivalents	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
As at 1st January	3,004,546,411	3,566,406,262	1,904,236,987	2,410,182,919
Deferred Tax impact on depreciation of Revalued Assets	7,219,657	32,573	-	-
Income Statement charge				
Due to change in rate difference	751,136,603	(509,026,414)	476,059,247	(344,311,846)
Due to change in temporary difference	(29,184,157)	(53,310,042)	(145,592,700)	(161,991,885)
Deferred Tax impact on actuarial Gain on retirement benefit obligations	410,463	444,033	324,229	357,798
As at 31st December	3,734,128,977	3,004,546,411	2,235,027,764	1,904,236,987

### 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 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
Charged to income statement	-	1,711,122	700,919,502	702,630,624
Charged to OCI	7,219,657	-	-	7,219,657
As of 31 December 2022	25,964,540	8,801,098	3,781,183,497	3,815,949,135

Deferred tax assets	Tax losses LKR	Defined Benefit Obligation LKR	Total LKR
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)
Credited to income statement	17,440,613	1,929,109	19,369,722
Charged to Other Comprehensive Income		362,563	362,563
As of 31 December 2022	(85,157,028)	3,336,871	(81,820,158)

### 14.3 Deferred Tax Assets, Liabilities - Company

Deferred Tax Liabilities	Capital Allowances for Tax purposes LKR	Fair Valuation of Investment Property LKR	Total LKR
As of 31 December 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
(Reversed) / Charged to income statement	255,352	324,175,731	324,431,083
As of 31 December 2022	863,372	2,321,281,534	2,322,144,904

Deferred tax assets	Tax losses LKR	Defined Benefit Obligation LKR	Total LKR
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)	(93,476,835)
Credited to income statement	4,074,557	1,960,908	6,035,465
Charged to Other Comprehensive Income	-	324,229	324,229
As of 31 December 2022	(88,320,843)	1,203,703	(87,117,141)

The Company has not recognized deferred tax assets amounting to Rs. 4,074,557/- (2021- Rs. 13,767,039/-), arising from carried forward tax losses as at 31 December 2022 amounting to Rs. 13,581,854/- (2021 - Rs. 57,362,662/-), 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. 5,052,451/- (2021- Rs. 58,002,422/-), arising from carried forward tax losses as at 31 December 2022 amounting to Rs. 364,142,716/- (2021 - Rs. 241,676,757/-), 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	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
As at 1st January	5,198,297	12,856,165	4,505,976	8,812,964
Current service cost	1,374,473	761,408	1,287,132	420,303
Interest cost	-	697,534	-	669,785
Actuarial (Gain)/ Losses	(1,274,516)	(1,910,560)	(1,080,764)	(1,490,827)
Payments Made During The Year	(700,000)	(7,206,250)	(700,000)	(3,906,250)
As at 31st December	4,598,254	5,198,297	4,012,344	4,505,976

### 15.1 Post Employee Benefit Expense for

Current service cost	1,374,473	761,408	1,287,132	420,303
Interest cost	-	697,534	-	669,785
	1,374,473	1,458,942	1,287,132	1,090,088

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 2022. The principal assumptions used are as follows:

	2022	2021
Discount rate assumed (%)	18.00%	10.00%
Salary increase (%)	12.5%	10%
Staff turnover factor (%)	5%	5%
Expected Average Future Working Life of Employees	9.7 Years	7.33 Years

### 15.3 Discount Rate

The group uses market yields at the end of the reporting date on Treasury Bonds issued by the Government of Sri Lanka for the remaining maturity corresponds with the remaining average working life of the employees of the group to determine the Discount Rate. However, due to the economic conditions prevailing in the country as at the reporting date, the exceptionally high Treasury Bond market yields would not be a reasonable reflection of the time value of money. Therefore, year-end Treasury Bond market yields have been adjusted for the credit risk spread to derive the rate used to discount the defined benefit obligation.

Such adjustment has been made based on the method set out in illustration 1 of the 'Frequently Asked Questions (FAQs) on Use of Discount Rate under the Uncertain Economic Conditions' issued by the Institute of Chartered Accountants of Sri Lanka. Credit Risk Spread has been calculated based on Sovereign Default and Recovery Rates published by Moody's. Adjusted Discount Rate has been calculated for tenors available, and estimated using the yield curve for any remaining maturities and corresponds with the remaining average working life of the employees of the group.

#### 15.4 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,

##### 15.4.1

	Group		Company	
	1% Increase LKR	1% Decrease LKR	1% Increase LKR	1% Decrease LKR
<b>2022</b>				
Discount rate assumed	4,345,352	4,877,201	3,788,350	4,258,769
Further salary increase	4,909,957	4,312,270	4,287,646	3,759,148
<b>2021</b>				
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

#### 15.5 Maturity analysis of the payment

The following payments are expected on employee benefit plan - Gratuity in future years.

	Group	Company
	2022 Rs.	2022 Rs.
Within the next 12 month	236,539	196,951
Between 2-5 years	1,899,605	1,546,868
Beyond 5 years	2,462,111	2,268,524
Total Expected payments	4,598,255	4,012,343

# Notes to the Financial Statements

## 16. TRADE AND OTHER PAYABLES

Summary	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Trade Payables	12,168,555	2,409,579	380,551	380,550
Other Payable (16.1)	5,597,852	15,298,143	4,274,818	9,388,783
Sundry Creditors Including Accrued Expenses	15,579,467	12,427,751	7,979,012	6,618,535
	<b>33,345,873</b>	<b>30,135,473</b>	<b>12,634,380</b>	<b>16,387,868</b>
<b>16.1 Other Payable</b>				
Other Payable	5,597,852	8,735,643	4,274,818	2,826,283
Provision for Litigation (16.2)	-	6,562,500	-	6,562,500
	<b>5,597,852</b>	<b>15,298,143</b>	<b>4,274,818</b>	<b>9,388,783</b>

## 16.2 Provision for Litigation

	Group/Company	
	Current 2022 LKR	Current 2021 LKR
Provision for Litigation*	-	6,562,500.00

\* 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 09 equal monthly instalments of Rs.729,167/- until 30 September 2022, as at 31 December 2022.

## 17. TENANT DEPOSITS

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
As at 1st January	256,655,827	184,418,565	137,159,337	42,234,489
Deposits received during the period	7,260,181	122,395,460	445,756	116,013,470
Repayments made during the period	(126,966,362)	(50,158,198)	(119,187,520)	(21,088,623)
As at 31st December	<b>136,949,646</b>	<b>256,655,827</b>	<b>18,417,572</b>	<b>137,159,337</b>

## 18. REVENUE

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Rental Income from Investment Properties	339,155,687	335,218,421	158,545,623	166,929,680
	<b>339,155,687</b>	<b>335,218,421</b>	<b>158,545,623</b>	<b>166,929,680</b>

## 18.1 Rental Income from Investment Properties

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Liberty Plaza	260,673,970	267,210,231	80,390,327	99,753,648
GAS Land	59,744,796	57,201,030	59,744,796	57,201,030
Peoples Park	18,736,921	10,807,160	18,410,500	9,975,001
	<b>339,155,687</b>	<b>335,218,421</b>	<b>158,545,623</b>	<b>166,929,680</b>

## 19. OTHER INCOME AND GAINS

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Dividend Income	-	-	2,974,190	2,974,198
Interest on Staff Loans	134,784	165,603	126,999	165,603
Overdue Interest on rentals due past	219,840	857,110	-	50,338
Sundry Income	690,283	1,942,269	211,964	1,564,509
Gain on disposal of Property Plant and Equipment's/ Investment Property	200,000	2,256,000	200,000	-
Interest on Unit trust and Treasury Bills	8,932,811	2,105,086	8,932,811	2,105,086
Gain/Loss on investment property	46,351,000	-	14,212,000	-
Reversal of bad debt provision	129,869	-	-	-
	56,658,587	7,326,068	26,657,964	6,859,735

## 20. FINANCE COST

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Interest on Overdrafts	41,206	26,686	41,270	26,750
Interest on Loans & Borrowings	290,588,448	194,642,232	9,043,187	42,669,218
Loans Expenses	1,291,946	12,822,988	1,291,946	12,822,988
	291,921,600	207,491,906	10,376,404	55,518,955

## 21. PROFIT/(LOSS) FROM CONTINUING OPERATIONS

Stated after Charging /(Crediting)	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
<b>Included in Direct Expense</b>				
Depreciation	832,184	531,398	802,958	450,171
<b>Included in Administrative Expenses</b>				
Employees Benefits including the following	48,793,712	54,693,423	45,618,047	51,132,401
- Defined Benefit Plan Costs - Gratuity	1,374,472	1,458,943	1,287,132	1,090,089
- Defined Contribution Plan Costs - EPF & ETF	5,277,656	5,885,715	4,891,331	5,484,439
Depreciation	16,840,866	7,237,025	1,410,956	1,245,498
Auditor's Fees	2,503,192	2,399,519	1,140,000	1,116,000
Non Audit Fee	-	603,775	-	206,314
<b>Included in Selling and Distribution Costs</b>				
Advertising and Promotional Expenses	168,997	572,756	166,597	291,501
Allowance for Doubtful Debts	11,049,336	12,355,111	972,314	6,902,927

# Notes to the Financial Statements

## 22. INCOME TAX

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

Income Statement	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Current Income Tax				
Current Income Tax charge	43,306,336	-	-	-
Deferred Income Tax	-			
Deferred Taxation Charge (Note 14.1)	721,952,446	(562,336,456)	330,466,547	(506,303,731)
<b>Income tax expense reported in the Income Statement</b>	<b>765,258,782</b>	<b>(562,336,456)</b>	<b>330,466,547</b>	<b>(506,303,731)</b>

### 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	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Accounting Profit before Tax from continuing operations	34,124,694	51,996,280	116,762,027	(327,931,215)
Other Income	11,907,001	(5,079,284)	11,907,001	(5,079,284)
Disallowed Expenses	625,777,617	413,485,693	426,812,866	330,102,192
Allowable Expenses	(441,815,289)	(607,681,840)	(134,960,234)	(35,279,482)
<b>Statutory Profit/(Loss)</b>	<b>229,994,024</b>	<b>(147,279,151)</b>	<b>420,521,660</b>	<b>(38,187,789)</b>
Statutory Income	8,444,790	5,079,284	420,521,660	5,079,284
Tax Losses utilized during the Year	(72,311,922)	(5,079,284)	(420,521,660)	(5,079,284)
Taxable Profit	(63,867,132)	-	-	-
Tax at 24%	19,247,261	-	-	-
Tax at 30%	24,059,076	-	-	-
Tax Effect on Accounting PBT	43,306,336	-	-	-

### 22.2 Tax Losses

Tax Losses Brought Forward	1,016,008,966	1,047,113,856	434,103,518	363,841,975
Adjustments on Finalisation of Brought Forward Tax Losses	-	(570,896,110)	-	65,182,259
Tax Losses Incurred During the Year	-	-	-	-
Tax Losses Utilised	(69,696,096)	142,199,867	(420,521,660)	5,079,284
Tax Losses Carried Forward	946,312,870	618,417,613	13,581,858	434,103,518

### 22.3 In terms of the Inland Revenue Act No 24 of 2017 The Company and It's subsidiary, Colombo Land and Development Company PLC, profit was taxed at 24% until 30th June 2022. According to the Inland Revenue (Amendment) Act, No. 45 Of 2022, the group and the company liable to pay tax at 30% with effect from 01st July 2022. Furthermore, in relation to deferred tax which is calculated on the liability method as per LKAS 12 "Income Taxes", the revised tax of 30% applied on all cumulative temporary differences as at 1st July 2022, resulting in deferred tax expenses of LKR.721,952,446 /-and LKR.330,466,547/- have been recognized for the Group and the Company respectively as at 31st December 2022.



### 23. EARNINGS/(LOSS) PER SHARE

23.1 Basic Earnings/(loss) 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	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Profit/(Loss) for the Year	(731,125,088)	623,969,019	(213,704,520)	178,372,516
Net Profit(Loss) Attributable to Ordinary Shareholders for Basic Earnings/(Loss) Per Share	(731,125,088)	623,969,019	(213,704,520)	178,372,516

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	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
<b>As at 1 January</b>	1,859,171,271	1,787,081,064	1,859,171,271	1,787,081,064
Central Cost Allocated	41,234,172	41,562,981	41,234,172	41,562,981
Finance Charges	279,402,946	176,925,190	279,402,946	176,925,190
Expenses paid by others on behalf of the Company	(299,641,000)	(161,902,000)	(299,641,000)	(161,902,000)
Fund Transfers	-	93,700,000	-	93,700,000
Transfers under finance arrangements	-	(24,972,999)	-	(24,972,999)
Settlement of Liabilities	(438,240)	(55,949,304)	(438,240)	(55,949,304)
Preference share dividend	2,974,190	2,726,341	2,974,190	2,726,341
<b>As at 31 December</b>	<b>1,882,703,339</b>	<b>1,859,171,271</b>	<b>1,882,703,339</b>	<b>1,859,171,271</b>

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

# Notes to the Financial Statements

## 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 :

	2022 LKR	2021 LKR
Loan amount as at 31 December (Note 13.3)	1,351,000,000	1,905,000,000
Finance cost recorded under Related Party**	281,545,260	150,005,142

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

## 24.2 Transactions with Key Management Personnel of the Company or its Subsidiaries

The key management personnel of the Company are the members of its Board of Directors and that of its Subsidiaries.

Key Management Personnel Compensation	2022 LKR	2021 LKR
Short-term employee benefits	9,257,000	28,432,500
Post-employment benefits	-	12,275,625
	9,257,000	40,708,125

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

Other Transactions with Key Management Personnel	2022 LKR	2021 LKR
Other Transactions with Key Management Personnel		
Loans to Key Management Personnel		
As at 1 January	-	5,956,000
Loans repayments received	-	(5,956,000)
As at 31 December	-	-

## 25. ASSETS PLEDGED

The assets pledged as at 31.12.2022 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 2022 and 2021.

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 2022.

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 2022 and 2021.

### 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
<b>2022</b>		
Borrowings	+10/-10	20,618,590
<b>2021</b>		
Borrowing	+10/-10	19,091,287

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.

# Notes to the Financial Statements

## 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 2022 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.

## Group

Year ended 31 December 2022	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)	5,687,762	30,000,000	238,308,000	394,968,000	687,724,000	1,356,687,762
Tenant Deposits (Note 17)	136,949,646	-	-	-	-	136,949,646
Trade and Other Payables (Note 16)	33,345,869	-	-	-	-	33,345,869

## 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

### Company

Year ended 31 December 2022	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)	2,524,219	30,000,000	238,308,000	394,968,000	687,724,000	1,353,524,219
Tenant Deposits (Note 17)	18,417,572	-	-	-	-	18,417,572
Trade and Other Payables (Note 16)	12,634,380	-	-	-	-	12,634,380

### 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

	2022 LKR	2021 LKR
Interest Bearing Loans and Borrowings (Note 13)	1,356,687,762	1,909,128,664
Trade and Other Payables (Note 16)	33,345,869	30,135,471
Less: Cash and Cash Equivalents (Note 10)	(10,230,409)	(13,235,710)
Net debt	1,379,803,223	1,924,757,948
Equity	7,991,739,508	8,720,796,591
Capital and net debt	9,371,542,730	10,646,825,017
Gearing ratio	15%	18%

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 2022 and 2021.

# Notes to the Financial Statements

## 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 2022 was assessed to be insignificant.

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

The fair value measurement hierarchy for assets as at 31 December 2022:

	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)
<b>Assets measured at fair value</b>					
<b>Investment Properties (Note 4)</b>					
Properties	31-Dec-22	12,881,120,001	-	-	12,881,120,001
<b>Financial Assets classified under FVOCI</b>					
Quoted Equity Shares	31-Dec-22	25,200	25,200	-	-
<b>Revalued Property, Plant and Equipment</b>					
Land and Buildings	31-Dec-22	166,074,756	-	-	166,074,756
<b>Biological Assets</b>					
Plantation	31-Dec-22	69,240,001	-	-	69,240,001

The fair value measurement hierarchy for assets as at 31 December 2021:

	Date of valuation	Fair value measurement using			Significant unobservable inputs (Level 3)
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	
<b>Assets measured at fair value</b>					
<b>Investment Properties (Note 4)</b>					
Properties	31-Dec-21	12,858,981,000	-	-	12,858,981,000
<b>Financial Assets classified under FVOCI</b>					
Quoted Equity Shares	31-Dec-21	37,380	37,380	-	-
<b>Revalued Property, Plant and Equipment</b>					
Land and Buildings	31-Dec-21	159,684,756	-	-	159,684,756
<b>Biological Assets</b>					
Plantation	31-Dec-21	64,834,727	-	-	64,834,727

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	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Current</b>								
Assets	47,038,881	50,824,621	1,696,273	1,208,417	1,000	1,000	93,950,004	113,547,026
Liabilities	1,192,809,281	1,313,031,442	72,591,405	68,949,511	8,340,923	8,310,227	819,277,260	629,243,182
<b>Total current net assets</b>	<b>(1,145,770,400)</b>	<b>(1,262,206,822)</b>	<b>(70,895,132)</b>	<b>(67,741,094)</b>	<b>(8,339,923)</b>	<b>(8,309,227)</b>	<b>(725,327,256)</b>	<b>(515,696,156)</b>
<b>Non-current</b>								
Assets	4,190,068,684	4,451,554,378	120,981,644	109,143,875	-	-	2,685,262,400	2,741,786,023
Liabilities	745,736,321	591,921,349	352,002	372,705	-	-	753,581,831	508,690,718
<b>Total non-current net assets</b>	<b>3,444,332,363</b>	<b>3,859,633,029</b>	<b>120,629,642</b>	<b>108,771,170</b>	<b>-</b>	<b>-</b>	<b>1,931,680,569</b>	<b>2,233,095,305</b>
<b>Net assets</b>	<b>2,298,561,963</b>	<b>2,597,426,207</b>	<b>49,734,509</b>	<b>41,030,076</b>	<b>(8,339,923)</b>	<b>(8,309,227)</b>	<b>1,206,353,313</b>	<b>1,717,399,149</b>
Revenue	73,185,372	79,245,952	-	-	-	-	116,064,447	111,137,872
Profit/(Loss) before income tax	179,094,913	3,874,407	1,265,649	4,265,899	(30,000)	(30,000)	(262,967,957)	78,281,145
Income Tax	(189,901,124)	78,143,946	-	-	-	-	(244,891,111)	-
Profit/(Loss) after income tax	(10,806,211)	82,018,353	1,265,649	4,265,899	(30,000)	(30,000)	(507,859,068)	78,281,145
Other Comprehensive income/ (expense)	1,266,678	28,709,563	-	-	-	-	-	-
<b>Total comprehensive (loss)/income</b>	<b>(9,539,533)</b>	<b>110,727,916</b>	<b>1,265,649</b>	<b>4,265,899</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>(507,859,068)</b>	<b>78,281,145</b>





# VISTAS OF PROSPERITY

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# Decade at a Glance

## Ten Year Summary (Rs.'000)

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Turnover	125,470	149,680	210,592	422,435	445,909	481,952	476,852	438,406	335,218	339,155
Operating Income	77,790	84,625	126,753	311,842	318,302	360,467	341,021	329,917	232,415	227,762
Operating Expenses	(94,934)	(97,241)	(126,120)	(122,321)	(101,051)	(107,266)	(127,029)	(125,088)	(109,215)	(111,288)
Operating Profit/(Loss)	137,733	257,979	2,032,404	745,287	4,096,402	726,069	807,372	407,897	269,115	326,244
Non Operating Income	2,057	1,094	4,324	7,567	16,627	4,786	1,479	2,211	7,135	3,947
Net Finance Income/(Cost)	(20,215)	(35,672)	(64,433)	(234,312)	(43,367)	(215,061)	(235,510)	(232,371)	(207,492)	(291,922)
Profit/(Loss) Before tax	117,518	222,307	1,967,971	510,975	3,853,035	511,008	571,862	175,526	61,624	34,125
Income Tax	(56,444)	(69,224)	(611,135)	(203,730)	(1,110,643)	(82,673)	(239,357)	(116,320)	562,336	(765,259)
Profit/(Loss) after tax	64,074	153,083	1,356,836	307,244	2,742,393	328,334	332,505	59,205	623,960	(731,134)
Minority Interest	(530)	(13)	(32)	(105)	(894)	(617)	(20)	(21)	(9)	(9)
Profit for the year	63,544	153,070	1,356,804	307,139	2,741,499	327,717	332,485	59,184	623,969	(731,125)

# Investor Information

## LIST OF 20 MAJOR SHAREHOLDERS BASED ON THEIR SHAREHOLDINGS AS AT 31ST DECEMBER 2022

	Name	2022		2021	
		No. of Shares	%	No. of Shares	%
1	MR E.G. NG	47,390,516	23.709	47,390,516	23.709
2	HIKKADUWA BEACH RESORT PLC	40,413,200	20.219	40,413,200	20.219
3	URBAN DEVELOPMENT AUTHORITY OF SRI LANKA	34,872,675	17.447	34,872,675	17.447
4	BANK OF CEYLON A/C CEYBANK UNIT TRUST	18,895,734	9.453	18,895,734	9.453
5	MR Y.T. NG	6,006,876	3.005	6,006,876	3.005
6	MR E.S. NG	4,945,716	2.474	4,945,716	2.474
7	MR Y.C. NG	4,715,502	2.359	4,715,502	2.359
8	SEYLAN BANK PLC./ NALAKA HARSHAJEEVA GODAHEWA	2,509,511	1.256	2,509,511	1.256
9	MR. K.P. HONG (DECEASED)	2,251,625	1.126	2,251,625	1.126
10	MR K.V. HEWAVITARNE	2,000,000	1.001	1,942,741	0.972
11	MR Y.H. NG	1,920,000	0.961	1,920,000	0.961
12	MR Y.K.D. NG	1,605,600	0.803	1,605,600	0.803
13	AMANA BANK PLC/MR. M.Z. MOHAMED GHOUSE	1,455,000	0.728	1,288,974	0.645
14	MR T.G. THORADENIYA	1,454,190	0.728	1,454,190	0.728
15	CAP W. BAPTISTA	1,390,654	0.696	1,390,654	0.696
16	MR D.G. WIJEMANNA	1,190,370	0.596	-	-
17	ALLNATT INVESTMENTS (PRIVATE) LIMITED	1,166,661	0.584	1,166,661	0.584
18	PHANTOM INVESTMENTS (PRIVATE) LIMITED	1,100,000	0.550	1,100,000	0.550
19	MR C.W. VANDORT	840,701	0.421	906,594	0.454
20	MR A. LUKMANJEE	737,509	0.369	737,509	0.369
		176,862,040	88.484	175,514,278	87.809
	<b>OTHERS</b>	23,018,968	11.516	24,366,730	12.191
	<b>TOTAL</b>	199,881,008	100.000	199,881,008	100.000

## DISTRIBUTION OF SHAREHOLDING AS AT 31ST DECEMBER 2022

From	To	No. of Shareholders	No. of Shares	%
1	- 1,000	1,619	515,891	0.26
1,001	- 10,000	782	2,862,918	1.43
10,001	- 100,000	260	7,876,368	3.94
100,001	- 1,000,000	54	13,342,001	6.68
Over 1,000,000		18	175,283,830	87.69
		2,733	199,881,008	100.00

# Investor Information

## ANALYSIS OF SHAREHOLDERS AS AT 31ST DECEMBER 2022

Category	No. of Shareholders	No. of Shares	%
Local Individuals	2,511	22,013,689	11.01
Local Institutions	176	106,478,590	53.27
Foreign Individuals	43	69,072,517	34.56
Foreign Institutions	3	2,316,212	1.16
Total	2,733	199,881,008	100.00

## DIRECTORS' SHAREHOLDING AS AT 31ST DECEMBER 2022

Names of Directors	No. of shares	Percentage (%)
Mr. M D A Weerasooriya	Nil	Nil
Mr. P S Weerasekera		
<b>Share held in following manner;</b>		
Hatton National Bank PLC/ P S Weerasekera	89,269	0.045%
Mr. NG Yao Xing Eugene	Nil	Nil
Mr. S A Ameresekere	Nil	Nil
Mr. D S Jayaweera	2,600	0.001%
Mr. M D S Goonatilleke	Nil	Nil
Mr. H A N D Herath	Nil	Nil
Mr. N P K Ranaweera	Nil	Nil
Mr. N H C Clement (Alternate Director)	Nil	Nil

## SHARE PRICES FOR THE YEAR

Market price per share	31.12.2022	Date	31.12.2021	Date
Highest during the period	Rs.37.00	04/01/2022	Rs.42.40	10/9/21
Lowest during the period	Rs.15.00	30/12/2022	Rs.20.10	27/04/2021
As at end of the period	Rs.15.70	30/12/2022	Rs.34.40	31/12/2021

	31.12.2022	31.12.2021
No. of transactions	3,820	13,381
No. of Shares traded	6,068,661	33,864,653
Value of Shares traded (Rs.)	136,395,081.80	1,121,805,526.50

## Public Holding

Category	
Public Holdings Percentage as at 31st December 2022	38.52%
Number of shareholders representing the above percentage	2,727

## Float adjusted market capitalization as at 31st December 2022

The Float adjusted market capitalization as at 31st December 2022–Rs.1,208,896,043.60

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 Forty First (41st) 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 23rd June 2023 at 10.30 a.m. for the following purposes:

## 1. Ordinary Business

- 1.1 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 2022 and the Report of the Auditors thereon.
- 1.2 To re-elect as a Director Mr. S A Ameresekere who retires by rotation in terms of Articles 86 and 87 of the Articles of Association.
- 1.3 To re-elect as a Director Mr H A N D Herath who retires in terms of Article 94 of the Articles of Association.
- 1.4 To re-elect as a Director Mr. N P K Ranaweera who retires in terms of Article 94 of the Articles of Association.
- 1.5 To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.
- 1.6 To authorize the Directors to determine donations for the year 2023 and up to the date of the next Annual General Meeting.

## 2. Special Business

- 2.1 To consider and if thought fit, to pass the following resolution as a Special Resolution:  
"IT IS HEREBY RESOLVED to amend the Articles of Association of the Company, by deleting the existing Article 53 in its entirety and to substitute therefore the following new heading and the Article 53

### Methods of Holding General Meetings

- 53.(1) A meeting of shareholders may be held either—
- (i) by a number of shareholders who constitute a quorum, being assembled together at the place,

date, and time appointed for the meeting; (hereinafter sometimes referred to as the physical General meeting); or

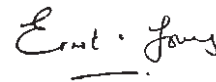
- (ii) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting, (hereinafter sometimes referred to as Electronic General Meeting); or
  - (iii) by a General Meeting held both physically and electronically (called Hybrid General Meetings); or
  - (iv) by means of a resolution in writing signed by not less than Eighty-Five per centum (85%) of the Shareholders who would be entitled to vote on a resolution at a meeting of Shareholders, who together hold not less than Eighty-Five per centum (85%) of the votes entitled to be cast on that resolution, shall be valid as if it had been passed at a General Meeting of those Shareholders.
- (2) The Board shall determine whether a General Meeting is to be held as a physical General Meeting as referred to in 53. (1)(i) or held as an electronic General Meeting as referred to in 53. (1)(ii) or held as a Hybrid General Meetings, both physically and electronically as referred to in 53. (1)(iii) or by a Resolution in writing as referred to in 53. (1)(iv).
- (3) The Board shall specify in the notice calling the general meeting whether the meeting will be physical or electronic or hybrid or by a Resolution in writing. Such notice shall also specify the time, date, and place and/or electronic platform(s) of the General Meeting, as it is determined.
- (4) (i) when conducting an Electronic General Meeting the Board shall enable persons to simultaneously attend by electronic means with no member necessarily in physical attendance at the Electronic

General Meeting. The members or their proxies present shall be counted in the quorum for, and entitled to vote at, the general meeting in question.

- (ii) If it appears to the Chairman of the General Meeting that the electronic platform(s), facilities, or security at the Electronic General Meeting have become inadequate for the purposes referred to herein then the Chairman may, without the consent of the meeting, interrupt to resolve such inadequacy where possible or adjourn the General Meeting. All business conducted at that General Meeting up to the time of that adjournment shall be valid and the provisions of Article 57 shall apply to that adjournment.
- (iii) In relation to an Electronic General Meeting, the right of a member to participate in the business of any General Meeting shall include, without limitation, the right to speak, vote on a poll, be represented by a proxy, and have access (including electronic access) to all documents which are required by the Act or these Articles to be made available for/at the meeting.

By Order of the Board

COLOMBO LAND AND DEVELOPMENT  
COMPANY PLC



P W Corporate Secretarial (Pvt) Ltd  
Director / Secretaries

26 May 2023

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 21st June 2023.

# 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

- Mr. M D A Weerasooriya or failing him\*
- Mr. P S Weerasekera or failing him\*
- Mr. D S Jayaweera or failing him\*
- Mr. M D S Goonatileke or failing him\*
- Mr. NG Yao Xing, Eugene or failing him\*
- Mr. S A Ameresekere or failing him\*
- Mr. H A N D Herath or failing him\*
- Mr. N P K Ranaweera

as my/our\* proxy to represent me/us to speak and vote for me/us\* on my/our\* behalf at the Annual General Meeting of the Company to be held on 23rd June 2023 at 10.30 a.m. and any adjournment thereof and at every poll which may be taken in consequence thereof.

**1 Ordinary Business**

For Against

- 1. To re-elect Mr. S A Ameresekere who retires in terms of Articles 86 and 87 of the Articles of Association, as a Director of the Company
- 2. To re-elect Mr. H A N D Herath who retires in terms of Article 94 of the Articles of Association.
- 3. To re-elect Mr. N P K Ranaweera who retires in terms of Article 94 of the Articles of Association.
- 4. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.
- 5. To authorize the Directors to determine donations for the year 2023 and up to the date of the next Annual General Meeting.

**2 Special Business**

For Against

- 1. To consider and if thought fit to pass the Special Resolution set out under item 2.1 of the Notice of Meeting for the amendments to the Articles of Association.

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

.....  
 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 completed Proxy should be forwarded to the Company for deposit 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 21st June 2023.
3. The Proxy shall –
  - a. In the case of an individual be signed by the shareholder or by his 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).
4. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided.
5. Please indicate with a 'X' in the space provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

# 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**

Mr. M D A Weerasooriya

Mr. P S Weerasekera

Mr. NG Yao Xing Eugene

Mr. S A Ameresekere

Mr. D S Jayaweera

Mr. M D S Goonatileke

Mr. H A N D Herath

Mr. N P K Ranaweera

Mr. N H C Clement (Alternate Director)

(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  
Agrispice (Pvt) Limited  
Anantya Global Solutions Company Limited  
Liberty Developers (Pvt) Limited

