WALKERS CML

A member of MTD Group

MTD WALKERS PLC
ANNUAL REPORT 2018/19

For better tomorrow

Vision

To be Sri Lanka's No.1
Engineering and
Infrastructure Solutions Provider

Mission

We seek to enable and implement infrastructure projects, ranging from innovative design, to funding and development. Leveraging on our core capabilities in engineering, we seek to build mutually beneficial relationships with all our stakeholders, whilst acting in an environmentally and socially responsible manner.

Group Values

→ **Integrity** – above all, professional and personal
→ **Innovation** – combined with commercial acumen, as the means to competitiveness
→ **Excellence** – striving to be the best-in-class in all our pursuits
→ **Team work** – working together towards a common vision
→ **Recognition** – giving due credit for staff and other stakeholder contribution, as a means of motivation and building a healthily working relationship in a transparent manner
→ **Responsibility** – for all actions that impact people, resources, society and the environment-

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FINANCIAL HIGHLIGHTS

Year Ended 31st March		SLFRS/LKAS 2018/19	SLFRS/LKAS 2017/18	SLFRS/LKAS 2016/17
Earning Highlights and Ratios				
Group Revenue	LKR Mn	10,464	16,309	13,466
Group Profit/(Loss) Before Interest and Tax (EBIT)	LKR Mn	(2,898)	(960)	1,938
Group Profit/(Loss) Before Tax	LKR Mn	(6,904)	(3,434)	300
Group Profits/(Loss) Attribute to Shareholders	LKR Mn	(6,699)	(3,179)	85
Earning/(Loss) per Share	LKR Mn	(34.14)	(19.0)	0.5
Interest Cover	No.of times	-	(0.4)	1.2
Gross Profit Margin	Percent	(9.6)	2.2	19.4
Operating Profit Margin	Percent	(27.7)	(5.9)	14.4
Net Profit Margin	Percent	(65.4)	(21.8)	1.6
Return on Assets	Percent	(19)	(7.7)	0.6
Return on Equity (ROE)	Percent	-	(70.2)	2.4
Return on Capital Employed (ROCE)	Percent	-	(2.8)	6.9
Financial Position Highlights and Ratios				
Total Assets	LKR Mn	36,051	46,007	36,844
Total Debt	LKR Mn	25,283	29,421	19,443
No. of Shares in Issue	No. Mn	168	168	168
Net Assets Value per Share	LKR	-	27.0	46.8
Current Ratio	No.of times	0.8	1.0	1.3
Quick Assets Ratio	No.of times	0.6	0.8	1.1
Gearing Ratio	Percent	107	85.3	68.8
Market/ Shareholder Information				
Market Price of Share as at 31st March *	LKR	14.8	20.5	35.0
Market Capitalisation	LKR Mn	2,481	3,437	5,868
Market Price per Share - Highest	LKR	21.7	43.9	48.0
Market Price per Share - Lowest	LKR	6.9	19.1	32.5
Market Price per Share - Closing	LKR	14.8	20.5	35.0
Enterprise Value (EV)	LKR Mn	-	28,722	18,778
Price to Book Value	No.of times	(2)	0.8	0.7
Economic Value Information				
Economic Value Generated	LKR Mn	11,733	17,290	14,444
Economic Value Distributed	LKR Mn	13,402	19,411	13,118
Economic Value Retained	LKR Mn	(1,669)	(2,121)	1326

** The Trading of securities of the Company have been halted from 14th February 2019*

10.5Bn
Group Revenue

2.5 Bn
Marker Capitalization

36.1Bn
Total Assets

CHAIRMAN'S MESSAGE

"We at MTD Walkers are faced with dire financial difficulties, with continued heavy losses and heavily indebted. 2019 was indeed shaping to be the most difficult and challenging time in the Group's history"

Dear Shareholders

On behalf of the Board of Directors, I present to you the Annual Report and Operational Review for the financial year ended 31 March 2019.

Economic Environment

The Sri Lankan economy continued its slow economic performance, reporting a growth of 2.3 percent year on year for 2019; its lowest reported figure since 2009. Inflation was also higher than expected at an average of 7.0 percent during the year, while the Sri Lankan Rupee ("Rs") depreciated by 6.0 percent against the US dollar. Interest rates rose to an average of 70 bps in the year after an increment of more than 200 bps in the previous year.

Construction Sector

The construction sector continued its slowdown from the previous year with a contraction of 2.1 percent year-on-year in 2019. The decline of 28% percent presented huge challenges to the Group which derives most of its revenue from the sector.

Financial Performance

During the year under review, the Group reported a revenue of Rs 10.5 billion, a sharp drop of 35.84 percent year-on-year. The revenue drop was primarily attributed to the slow progress in a few large construction projects. The Group recorded a loss of Rs 6.8 billion during the year as against a loss of Rs 3.6 million during the previous year.

The construction sector has become ever more competitive and coupled with rising raw material prices and other project costs had resulted in significant costs overruns and losses in some of the jobs. The loss reported by the Group's civil engineering & construction arm widened to Rs 5.6 billion compared with a loss of Rs 2.8 billion in the previous year.

Despite a sharp decline in the revenue, the administrative overheads and other costs have seen a 47 percent increase year-on-year.

The high interest rate regime in Sri Lanka has further impacted the Group's earnings and its ability to meet its massive debt obligations.

In view of the massive loss suffered by the Group, there will be no payment of dividend.

2019 shaping to be the most difficult and challenging time in Group's history
The continued massive loss reported in the civil engineering & construction business had taken a heavy toll on the Group's capital and reserves. While it has a very healthy job order book, many of the jobs were at the pre-implementation stage. Some of the current and on-going jobs have suffered cost overruns due to rising material prices which saw a weakening in the margins. Many of the construction jobs were government funded and the payments for the progress claims for work done more often than not have remained unpaid for a very long period of time. The over reliance on bank borrowings to stem the deficits in its working capital meant that the margins earned had been wiped out by the interest expenses. This was by far

CHAIRMAN'S MESSAGE

the biggest challenge facing the civil engineering & construction business. The performance in the other business activities save for power generation have not been encouraging either which saw losses reported in the marine engineering, trading, real estate and others businesses.

The Group and Company's debts as at 31 March 2019 stood at Rs 25.3 billion and Rs 4.9 billion compared to Rs 29.4 billion and Rs 6.3 billion respectively in the previous year. Notwithstanding the Rs 4.1 billion repayments in the year, the debt burden has grown so large. The Group were not able to generate enough cash flows from the operations to meet the loan obligations. It was inevitable that the Group faced scrutiny and threat actions from its suppliers, lenders and other creditors.

2019 was indeed shaping to be the most difficult and challenging time in the Group's history.

Negotiations are continuing with the lenders to find an acceptable debt restructuring solution. Operationally, the key focus of the Management is to raise as much cash flows from its existing jobs and from disposal of non-core assets and to implement cost containment measures. The Group is not out of the woods yet.

Sustainability

The Group consistently works towards bringing about a meaningful social impact through the improvement of communities and livelihoods, and by identifying ways in which the company's resources and expertise could be used to improve basic infrastructure facilities for the communities. The Group remains committed in making a positive impact on the communities in which we operate.

Appreciation

On behalf of the Board of Directors of MTD Walkers PLC, I would like to express our utmost appreciation to our shareholders, lenders and other stakeholders including our employees for your kind understanding and patience while we are navigating through these turbulent times. I hope we will have positive news to report in the next year.

Dato' Nik Faizul Bin Tan Sri Nik Hussain
Chairman
08th December 2020

BOARD OF DIRECTORS

Dato' Nik Faizul Bin Tan Sri Nik Hussain
Chairman
Non-Independent Non-Executive Director

Dato' Nik Faizul Bin Tan Sri Nik Hussain, was appointed to the Board of MTD Walkers PLC on 10 March 2017 and subsequently as the Chairman on 14 September 2017.

Dato' Nik Faizul is a graduate with a Diploma in Accountancy from UiTM and a Bachelor of Science (Accounting) from Indiana State University in 1981 and 1984 respectively. He started his career in Kenneison Brothers Construction Sdn Bhd before joining Janas Sdn Bhd, a company dealing in oil and gas, as an Accountant and Administration Manager in 1990.

Dato' Nik Faizul joined MTD Capital Bhd Group when he was appointed as the Deputy General Manager in Alloy Toll Management Sdn Bhd in 1994 to 1999. He was later transferred to the Property and Development Department as General Manager till 2003 and then to Business Development Department in 2009. He was also the Vice President of Dimensi Timal Sdn Bhd, a subsidiary of Metacorp Berhad from 2009 to 2013.

Dato' Nik Faizul holds directorship in MTD Capital Bhd, a public company since 28 January 1994 and he also sits on the board of several private limited companies.

Jehan Prasanna Amaratunga
Group Executive Deputy Chairman
Non-Independent Executive Director

Mr. Jehan Prasanna Amaratunga is the Executive Deputy Chairman of MTD Walkers PLC, Sri Lanka. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants, United Kingdom. Mr. Amaratunga was awarded First in Order of Merit Prize at the Final examination of the Institute of Chartered Accountants of Sri Lanka.

Mr. Amaratunga currently serves as a Director of People's Bank, People's Leasing & Finance PLC, Sri Lanka Institute of Information Technology (SLIIT) and JAT Holdings (Private) Limited. He is also the Chairman of People's Insurance Limited. He counts over 25 years of experience in the fields of Finance and Management.

Mr. Amaratunga has served as a Consultant and Director to a number of corporations and private business entities. At the National Conference of the Institute of Chartered Accountants of Sri Lanka, he presented a paper titled "Value for Money Accounting" which is one of the many notable achievements that stand out in his career. He was also a member of the Governing Council of the Institute of Chartered Accountants of Sri Lanka and the University of Colombo.

BOARD OF DIRECTORS

Mr. Kim Siew Tee

Non-Independent Non-Executive Director

Mr. Kim Siew Tee was appointed as Director of MTD Walkers PLC on 14 February 2018. He was the Acting Chief Executive Officer of MTD Group, a portfolio he held effective 5 September 2017 to 30 April 2018. Mr. Tee is currently the Group Chief Financial Officer in MTD Group and concurrently holds the position of Chief Executive Officer of the listed business unit of MTD Capital Bhd namely, MTD ACPI Engineering Berhad. He also heads the international Real Estate & Property Development Division of MTD Group. He is instrumental in shaping the development of MTD Group's overseas' real estate & property business in Australia and United Kingdom.

Mr. Tee began his professional accounting career at BSG Valentine, Simlers and Casson Beckman Chartered Accountants, London. He is a Fellow Member of the Association of Chartered Certified Accountant, United Kingdom and the Malaysian Institute of Accountants.

He returned to Malaysia and joined Metacorp Berhad in May 1996 as Head of Finance. Subsequently, he was appointed as Financial Controller of Metacorp Berhad in 2001. Due to his extensive experience in finance, he was then promoted to Chief Financial Officer of MTD Group in 2005, and was also responsible for two other previously public listed companies namely, MTD InfraPerdana Bhd and Metacorp Berhad.

Mr. Tee also sits on the board of several other private limited companies.

Mr. Keith George Cowling

Non-Independent Executive Director

Mr. Keith George Cowling was a Non-Executive Director of MTD Walkers PLC from 23 May 2007 to 23 April 2018. He was re-appointed to the Board as Executive Director on 24 July 2018. He is a Chartered Engineer and holds a Bachelor in Civil Engineering from Dundee University, Scotland and is a member of the Institution of Civil Engineers, United Kingdom and a Fellow of the Institution of Engineers, Malaysia, where he served on committees including being the Chairman of the Tunneling and Underground Space Technical Division.

His experiences include service with the City of Dundee District Council (1972-1976) in Dundee, Scotland, Mason Pittendrigh & Partners (1976-1977) in Edinburgh, Scotland, Auscon Consultants (1979) and Petroleum Development Oman (1980-1981) in the Sultanate of Oman, and Maunsell Consultants Asia (1980-1984) in Hong Kong.

Mr. Cowling joined MTD Capital Bhd Group in 1984 serving in various capacities; from Engineer to Chief Engineer; General Manager, Head of Business Development; Executive Vice President, Head, Business Development & Manufacturing Division; Executive Vice President, Head, Manufacturing Division and his current position as Advisor, Business Development. He is the Non-Independent Executive Director of MTD ACPI Engineering Berhad since 15 August 2006 and also sits on the board of several private limited companies.

BOARD OF DIRECTORS

Mr. Md Rijaluddin bin Mohd Salleh

Non-Independent Non-Executive Director

Md Rijaluddin bin Mohd Salleh was appointed as Director of MTD Walkers PLC on 8 August 2018. He holds a B.Sc. in Civil Engineering from University of Leeds, England and a Certified Diploma in Accounting and Finance from ACCA.

Prior to joining MTD Capital Bhd Group ("MTD Group"), he served at Public Work Department of Malaysia and PROPEL Plc. In 1998, he was appointed as Chief Operating Officer of Metacorp Berhad a Public Listed Company (PLC) involving in Toll Highway, Property Development and Zinc Oxide Manufacturing. Later on, he held the position of General Manager (Toll Concession) as well as Executive Director for MTD InfraPerdana Bhd, a PLC, in-charged of Highway Operation in Malaysia and India. He was also involved in a JV with TNB a PLC, to build and manage district 'Cooling Systems' in Cyberjaya, Malaysia.

Currently, he is the Senior General Manager, Head, Group Compliance & General Services Division for MTD Group and also a Director and EXCO for E-Idaman Sdn Bhd, a JV Company with Khazanah Malaysia on the privatizations of solid waste operation in the North of Malaysia. He is also a Director of several private limited companies involving in a wide range of business in Malaysia, Sri Lanka and United Kingdom.

Mr Malagalage Anurath Abeyratne*

Independent Non-Executive Director

*Resigned with effect from 15 July 2019

Mr. Malagalage Anurath Abeyratne is one of Sri Lanka's most successful entrepreneurs in our age, a truly Sri Lankan business tycoon and the founder and Chairman of the Anunine Holdings (Private) Limited, formerly known as SPA Group of Companies.

Under his leadership, Anunine Holdings currently manages a diverse business portfolio in the industries namely packaging, injection moulding, power generation, paper production, waste management, plantation of sugar cane, industrial tyres making Anunine a Sri Lanka's leading conglomerate having its trading footprint both locally and overseas.

Since the establishment in 1984, the SPA Group has had multiple phases of leapfrog-growth under the leadership of Mr. Abeyratne, turning the group from a small trading business, as always in relentless pursuit of higher achievement, to diversified enterprise and further into an international conglomerate.

Mr. Abeyratne has been honored by various trade and other organizations for his significant contribution to the overall economy of Sri Lanka through the exports recorded under his businesses. He was awarded "The Entrepreneur of the Year", "Sri Lankan Entrepreneur of the Year 2015" by the Federation of Chambers of Commerce. Mr. Abeyratne also received the "Presidential Award" as the Best Packaging Solutions Provider to the Export Sector 2015 by the Export Development Board of Sri Lanka. A number of Gold and Silver Awards as the Service Provider to the Export under extra-large category witness his resourceful journey.

BOARD OF DIRECTORS

Mr Nekada Hapuarachchige Chanaka Gayan Kalhara Hapuarachchi*

Independent Non-Executive Director

*Resigned with effect from 15 July 2019

Mr. Nekada Hapuarachchige Chanaka Gayan Kalhara Hapuarachchi is the Founder & CEO of Washapp, a Company which is in the process of redefining the future of the on-demand digital ecosystem. Washapp is, Sri Lanka's first ever laundry and dry cleaning app that deliver convenience to door.

Mr. Hapuarachchi is also a Group Director of Anunine Holdings. The group has business interests in Sri Lanka, United Kingdom, Germany, The United States and France. Anunine is into Corrugated and Poly Packaging (KSPA Packaging), Manufacturing of Garment hangers and accessories (KSPA Accessories), Hydro Power Generation (Eagle Power), Recycling of waste materials (Recyplas-UK), Processing of Sugar (Ethimale Plantation) and trading of heavy machinery.

Prior to current lead roles, Mr. Hapuarachchi was also the Chief Admin Officer and Board Director of Eu-Retec, a leading manufacturing firm in Sri Lanka who produces new and remodeled solid tires, rubber tracks and Inner/Bogie wheels, with German investor Continental AG as its joint venture partner, the No 01 tire manufacturer in Europe and 4th in the world.

Having operated at every level through his professional career, Mr. Hapuarachchi was a Credit Analyst at Seylan Bank PLC, Sri Lanka where he spent six years in various Bank Operational and Marketing Roles. Mr. Hapuarachchi completed his studies in Business Administration from NCC Education University, Manchester, United Kingdom parallel to his Business Management Studies at Informatics University, Singapore.

Mrs Prashanie Saroja Attygalle

Company Secretary

Ms. Prashanie Saroja Attygalle is a Chartered Secretary and has been the Group Company Secretary of MTD Walkers PLC and its business units since 2008. She is an Associate Member of the Institute of Chartered Secretaries and Administrators; of the United Kingdom and a member of Chartered Corporate Secretaries of Sri Lanka.

Ms. Attygalle has more than 34 years of experience working as a Company Secretary in various multinational diversified groups including Sri Lanka Insurance Corporation Limited and KPMG Sri Lanka. During her service tenure, she has worked in the areas of Corporate Governance, Stakeholder/Shareholder Relations and Human Resource Management.

- Mr. Zukri Bin Samat, Non-Independent Non-Executive Director was appointed with effect from 23.04.2018 and resigned with effect from 17.07.2018
- Mr. Hizamuddin Bin Jamalludin, Non-Independent Non-Executive Director was appointed with effect from 15.05.2018 and resigned with effect from 08.08.2018
- Mr. Albert Rasakantha Rasiah, Independent Non-Executive Director was retired with effect from 27.09.2018
- Mr. Niranjan Joseph de Silva Deva-Aditya, Independent Non-Executive Director was retired with effect from 27.09.2018
- Mr. Hewawasamge Ravindranath Srilal Wijeratne, Independent Non-Executive Director was resigned with effect from 11.12.2018.
- Mr. Kumaragewattage Sharm Viraj Fernando, Independent Non-Executive Director was appointed with effect from 27.12.2018 and resigned with effect from 04.03.2019
- Mr. Yogendraprasath Sathiyaseelan, Independent Non-Executive Director was appointed with effect from 27.12.2018 and resigned with effect from 04.03.2019

CORPORATE GOVERNANCE

Corporate Governance Philosophy

The Board of Directors of MTD Walkers PLC perceives Corporate Governance as a platform for improving efficiency and growth as well as enhancing sustainable shareholder value through transparent reporting and accountability. MTD Walkers PLC has designed its Corporate Governance framework to ensure that the Company focused on its responsibilities to its stakeholders and on creating long term shareholder value.

MTD Walkers PLC and its subsidiaries since its establishment has operated its business under its Corporate Governance philosophy. This report illustrates, in detail, how MTD Walkers PLC and its subsidiaries embraced and complied with all the following mandatory provisions stated below;

» Companies Act No. 07 of 2007
» Listing Rules of the Colombo Stock Exchange (CSE)
» Rules of the Securities and Exchange Commission of Sri Lanka (SEC)
» Other legislation and rules relevant to the businesses of the Group
» Code of Best Practice on Related Party Transactions issued by the SEC and the CSE
» The Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the SEC

Board of Directors

MTD Walkers PLC is governed by its Board of Directors who determines the strategic objectives and reviews the detailed planning and implementation of those objectives and policies put forward by the Executive Committee. The Board also monitor compliance with the policies and actual performance against set objectives through regular dialogue with management personnel.

Principle Responsibilities and Duties

The Board's key responsibilities and duties include;

» Providing direction and guidance to the Company in the establishment of its strategies with an emphasis on medium and long term in the pursuance of its operational and financial goals
» Evaluating and approving annual budget plans
» Reviewing Human Resources processes; with emphasis on top management succession planning
» Appointing and evaluating the performance of Chief Executive Officers (CEOs) of subsidiaries in the Group
» Monitoring systems of governance and compliance
» Overseeing systems of internal control and risk management
» Determining any changes to the discretions / authorities delegated from the Board to the executive levels
» Evaluation and approving acquisitions, takeovers, disposals and capital expenditure which can amount to a major transaction in terms of the Companies Act No. 07 of 2007.
» Approval of any material changes, which requires shareholder approval

Composition of the Board

No. of Members	Executive	Non- Executive	Independent	Non-Independent	Gender Representation		Age Distribution			
					Male	Female	Below 50	50-60	61 -70	Above 70
07	02	05	02	05	07	-	01	4	02	-

The Board of Directors of MTD Walkers PLC as at 31 March 2019 comprises seven Directors of whom two are Executive Directors whilst five are Non-Executive Directors. Based on the declarations submitted by the Non-Executive Directors namely, Messrs Anurath Abeyrathna and Kalhara Hapuarachchi are "Independent" as per the Listing Rules. Brief profiles of the Directors are set out on page 06 to 09.

Board Meetings and Directors Participation

The respective Managing Directors / Chief Executive Officers of each subsidiary of the Group are responsible to present to the Board with progress updates regarding the implementation of approved business strategies, operational performance and the respective funding strategies at each of these meetings. The Board also receives reports from the Board Sub-Committees and also receive reports from the Company Secretary, who is also the Secretary of the Group Board Sub-Committees and the Executive Committee on any relevant Corporate Governance matters.

CORPORATE GOVERNANCE

Attendance of Directors at Board Meetings up to 31 March 2019

Names	Attendance of Meeting
Number of Meetings Held	**7**
Dato' Nik Faizul Bin Tan Sri Nik Hussain *Non-Independent Non-Executive Director*	6/7
Mr. Jehan Prasanna Amaratunga *Non-Independent Executive Director*	6/7
Mr. Keith George Cowling *Non-Independent Non-Executive Director* *Resigned with effect from 23.04.2018* *Non-Independent Executive Director* *Appointed with effect from 24.07.2018*	5/7
Mr. Albert Rasakantha Rasiah *Independent Non-Executive Director* *Retired with effect from 27.09.2018*	4/7
Mr. Niranjan Joseph de Silva Deva-Aditya *Independent Non-Executive Director* *Retired with effect from 27.09.2018*	3/7
Mr. Hewawasamge Ravindranath Srilal Wijeratne *Independent Non-Executive Director* *Resigned with effect from 11.12.2018*	3/7
Mr. Kim Siew Tee *Non-Independent Non-Executive Director*	6/7
Mr. Zukri Bin Samat *Non-Independent Non-Executive Director* *Appointed with effect from 23.04.2018* *Resigned with effect from 17.07.2018*	2/7
Mr. Hizamuddin Bin Jamalluddin *Non-Independent Non-Executive Director* *Appointed with effect from 15.05.2018* *Resigned with effect from 08.08.2018*	2/7
Mr. Md Rijaluddin bin Mohd Salleh *Non-Independent Non-Executive Director* *Appointed with effect from 08.08.2018*	4/7
Mr. Kumaragewattage Sharm Viraj Fernando *Independent Non-Executive Director* *Appointed with effect from 27.12.2018* *Resigned with effect from 04.03.2019*	1/7
Mr. Yogendraprasath Sathiyaseelan *Independent Non-Executive Director* *Appointed with effect from 27.12.2018* *Resigned with effect from 04.03.2019*	1/7
Mr. Malagalage Anurath Abeyratne *Independent Non-Executive Director* *Appointed with effect from 05.03.2019* *Resigned with effect from 15.07.2019*	1/7
Mr. Nekada Hapuarachchige Chanaka Gayan Kalhara Hapuarachchi *Independent Non-Executive Director* *Appointed with effect from 05.03.2019* *Resigned with effect from 15.07.2019*	1/7

The Chairman

The Chairman's primary role is to lead the Board in order to ensure governance and effective operations of the Board. The Chairman plays an active role in setting the agenda, style and the tone of the Board deliberations. Furthermore, he is also responsible for ensuring that opinions of all Directors are appropriately considered in decision making.

Key Responsibilities

- Leading the Board for its effectiveness and setting the quality for the governance and ethical framework.
- Guaranteeing that constructive working relations are maintained between the Executive and Non-Executive Members of the Board.
- Ensuring with the aid of the Board Secretary that Board procedures are followed and information is distributed in a timely manner to the Board Members.

The Executive Deputy Chairman

The Executive Deputy Chairman is responsible for the execution of strategies and policies of the Board.
The Executive Deputy Chairman is also the Head of the Executive Committee, who guides and supervises the Committee towards ensuring that the operating model of the Group is aligned to the short term and long term strategies of the Group.

Board responsibility of Financial Reporting

The Board holds the overall responsibility in ensuring that MTD Walkers PLC and its business units maintain sound financial reporting standards. In the Annual Financial Statements, the Group complied with the requirements of the Companies Act No. 07 of 2007 and prepared and presented in conformity with Sri Lanka Financial Reporting Standards (SLFRS) and Lanka Accounting Standards (LKAS).

Role of the Company Secretary

The Company Secretary plays an important role in ensuring that the Board procedures are followed and are regularly reviewed. Additionally, the Company Secretary ensures that all relevant information, details and documents are made available to the Directors and Senior Management for effective decision-making at meetings. To ensure healthy deliberation and optimum decision making, the Directors have access to the services of the Company Secretary ensuring that all regulations and statutory requirements are met. The Board is responsible for the appointment or removal of the Company Secretary.

Minutes of all physically held meetings are recorded by the Company Secretary, who also facilitates Circular of Resolutions sought for impromptu approvals from the Board. All these are promptly distributed among the Board by the Company Secretary.

Relationship with Shareholders and Investors

The notice of the meeting and the form of proxy is sent to each shareholder at least 15 working days prior to the date of the AGM to encourage active participation of shareholders. The Interim Financial Statements are provided to the Colombo Stock Exchange and are also made available on the website of CSE. At all shareholder meetings individual shareholders and institutional shareholders are encourage to use their voting right when the necessity arise. Shareholders are free to communicate with the Company Secretary or any other Senior Officer of the Company depending on the matter to be addressed.

CORPORATE GOVERNANCE

Board Sub-Committees

The Board of Directors has delegated certain responsibilities to Board Sub-Committees which operate within clearly defined terms of reference

- Audit Committee
- Remuneration Committee
- Related Party Transactions Review Committee

The Board Sub-Committees comprises predominantly of Independent Non-Executive Directors. The reports of the three Board Sub-Committees are as below.

Report of the Audit Committee
Please refer to page 13 of this Annual Report.

Report of the Remuneration Committee
Please refer to page 15 of this Annual Report.

Report of the Related Party Transactions Review Committee
Please refer to page 16 of this Annual Report.

REPORT OF THE AUDIT COMMITTEE

Introduction

The Audit Committee of the Company is constituted as a Sub-Committee of the Board to which it is accountable. The Charter of the Committee clearly defines its terms of reference and the activities of the Audit Committee are in line with the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

Purpose

The Audit Committee assists the Board in fulfilling its responsibility to the shareholders and other stakeholders relating to the Company's financial statements and the financial reporting process to ensure that the financial reporting systems adhere to the Sri Lanka Accounting Standards and with other regulatory bodies.

The committee also reviews the internal controls, business risks and pursues other operational activities of the Group.

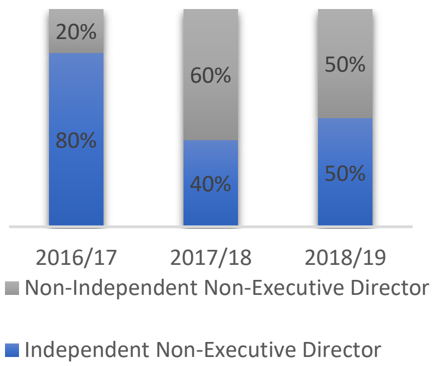
Composition

The Audit Committee comprises of 02 Non-Independent Non - Executive Directors and 02 Independent Non - Executive Directors as at 31 March 2019.

The members of the Audit Committee of MTD Walkers PLC, during the financial year under review were;

- **Mr. Albert Rasakantha Rasiah (Chairman)**
  Independent Non-Executive Director
  Retired with effect from 27.09.2018
- **Dato' Nik Faizul Bin Tan Sri Nik Hussain**
  Non-Independent Non-Executive Director
- **Mr. Niranjan Joseph de Silva Deva-Aditya**
  Independent Non-Executive Director
  Retired with effect from 27.09.2018
- **Mr. Hewawasamge Ravindranath Srilal Wijeratne**
  Independent Non-Executive Director
  Resigned with effect from 11.12.2018
- **Mr. Keith George Cowling**
  Non-Independent Non-Executive Director
  Resigned with effect from 23.04.2018
- **Mr. Kim Siew Tee**
  Non-Independent Non-Executive Director
  Appointed with effect from 24.07.2018
- **Mr. Zukri Bin Samat**
  Non-Independent Non-Executive Director
  Appointed with effect from 23.04.2018
  Resigned with effect from 04.07.2018
- **Mr. Hizamuddin Bin Jamalluddin**
  Non-Independent Non-Executive Director
  Appointed with effect from 04.07.2018
  Resigned with effect from 24.07.2018
- **Mr. Kumaragewattage Sharm Viraj Fernando**
  Independent Non-Executive Director -
  Appointed with effect from 31.12.2018
  Resigned with effect from 04.03.2019
- **Mr. Yogendraprasath Sathiyaseelan**
  Independent Non-Executive Director
  Appointed with effect from 31.12.2018
  Resigned with effect from 04.03.2019
- **Mr. Malagalage Anurath Abeyratne**
  Independent Non-Executive Director –
  Appointed with effect from 22.03.2019
  Resigned with effect from 15.07.2019
- **Mr. Nekada Hapuarachchige Chanaka Gayan Kalhara Hapuarachchi**
  Independent Non-Executive Director
  Appointed with effect from 22.03.2019
  Resigned with effect from 15.07.2019

Composition of the Audit Committee Members



Financial Reporting

The Audit Committee monitors and reviews the integrity of the Financial Information/ Financial Statements of the company and its business units ("the Group").

The Committee reviews significant financial reporting issues and decisions, any changes in accounting policies and practices, significant adjustments arising from the audits and the Going Concern Assumptions.

Further, it verifies the Group's compliance with financial reporting requirements information requirements of the Companies Act No. 07 of 2007 and other relevant financial reporting related regulations and requirements.

Having assessed the prevailing internal controls and procedures, the Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the financial position of the Group is well monitored and accurately reported.

Meetings

The Audit Committee held two meetings during the financial year under review and attendance of members are shown below

REPORT OF THE AUDIT COMMITTEE (CONTD.)

Names	Attended
Mr Kim Siew Tee *Non-Independent Non-Executive Director* *Appointed with effect from 24.07.2018*	1/2
Mr Zukri Bin Samat *Non-Independent Non-Executive Director* *Appointed with effect from 23.04.2018* *Resigned with effect from 04.07.2018*	0
Mr Hizamuddin Bin Jamalluddin *Non-Independent Non-Executive Director* *Appointed with effect from 04.07.2018* *Resigned with effect from 24.07.2018*	-
Mr Kumaragewattage Sharm Viraj Fernando *Independent Non-Executive Director* *Appointed with effect from 31.12.2018* *Resigned with effect from 04.03.2019*	-
Mr Yogendraprasath Sathiyaseelan *Independent Non-Executive Director* *Appointed with effect from 31.12.2018* *Resigned with effect from 04.03.2019*	-
Mr Malagalage Anurath Abeyratne *Independent Non-Executive Director* Appointed with effect from 22.03.2019 Resigned with effect from 15.07.2019	-
Mr Nekada Hapuarachchige Chanaka Gayan Kalhara Hapuarachchi *Independent Non-Executive Director* *Appointed with effect from 22.03.2019* *Resigned with effect from 15.07.2019*	-

Internal Audit

The Group's Internal Audit Department which has been established by the Audit Committee of MTD Walkers PLC is responsible for conducting the internal audit process for the Group. The Internal Audit function is independent of the activities it audits and is performed with impartiality, proficiency, and due professional care. Necessary Internal Audit Reports are tabled at the Audit Committee Meetings. The Committee will review, assess and approve the internal audit plans and programs. Also it reviews and monitors the responsiveness of the management to significant audit findings and recommendations of the Internal Auditor.

Regulatory Compliance

The Audit Committee monitors the Group's compliance with mandatory finance and other statutory requirements, systems, and procedures to ensure the compliance with such requirements. The Committee has advised the Group Internal Audit Department to conduct compliance reviews on a regular basis in order to ensure compliance awareness.

External Audit

The Audit Committee of the Group reviews the external audit process to ensure independence, objectivity, and effectiveness in accordance with the applicable standards of best practice. The committee remains satisfied with the level of independence of the External Auditors and is of the view that they have not been impaired by any event or services that give rise to conflict of interest.

Due consideration has been given to the nature of the services provided by the auditors and the level of audit fees received by the auditors from MTD Walkers PLC.

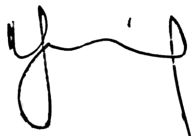
Main role and responsibility of the Audit Committee

» Review and discuss the annual and quarterly financial statements prior to their release to Colombo Stock Exchange, to ensure compliance with the Sri Lanka Accounting Standards and the Companies Act No. 07 of 2007.

» Review the operational effectiveness of the internal controls of the systems and procedures and the bank risk and the procedures in place to mitigate such risk.

» Assessment of the independence and performance of the External Auditors

** During the financial year Mr Albert Rasakantha Rasiah was the Chairman of the Audit Committee from 1 April 2018 to 26 September 2018. Mr Rasiah retired from the Board on 27 September 2018. Upon the retirement of Mr Rasiah, from the Board, this report is now signed by Dato' Nik Faizul Bin Tan Sri Nik Hussain, Non-Independent Non-Executive Director, who is also the Chairman of the Company and a member of the Audit Committee.



Dato' Nik Faizul Bin Tan Sri Nik Hussain,
Non-Independent Non-Executive Director,
Member of the Audit Committee

08th December 2020

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee is a Sub-Committee of the Board to which it is accountable.

Composition

The Remuneration Committee comprises of 01 Non – Independent Non - Executive Directors and 02 Independent Non - Executive Directors as at 31 March 2019.

The members of the Remuneration Committee of MTD Walkers PLC, during the financial year under review were;

» **Mr. Albert Rasakantha Rasiah (Chairman)**
Independent Non-Executive Director
Retired with effect from 27.09.2018

» **Dato' Nik Faizul Bin Tan Sri Nik Hussain**
Non-Independent Non-Executive Director

» **Mr. Niranjan Joseph de Silva Deva-Aditya**
Independent Non-Executive Director
Retired with effect from 27.09.2018

» **Mr. Hewawasamge Ravindranath Srilal Wijeratne**
Independent Non-Executive Director
Resigned with effect from 11.12.2018

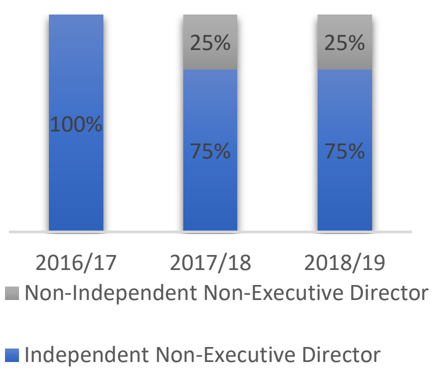
» **Mr. Kumaragewattage Sharm Viraj Fernando**
Independent Non-Executive Director
Appointed with effect from 31.12.2018
Resigned with effect from 04.03.2019

» **Mr. Yogendraprasath Sathiyaseelan**
Independent Non-Executive Director
Appointed with effect from 31.12.2018
Resigned with effect from 04.03.2019

» **Mr. Malagalage Anurath Abeyratne**
Independent Non-Executive Director
Appointed with effect from 22.03.2019
Resigned with effect from 15.07.2019

» **Mr. Nekada Hapuarachchige Chanaka Gayan Kalhara Hapuarachchi**
Independent Non-Executive Director
Appointed with effect from 22.03.2019
Resigned with effect from 15.07.2019

Composition of Remuneration Committee Members



The Remuneration Committee meetings were not held during the respective financial year under review.

The Remuneration Committee reviews and recommends to the Board the remuneration packages of the Key Management Personnel, after taking into account the market conditions and the guidelines set by the Company.

** During the financial year Mr Albert Rasakantha Rasiah was the Chairman of the Remuneration Committee from 1 April 2018 to 26 September 2018. Mr Rasiah retired from the Board on 27 September 2018. Upon the retirement of Mr Rasiah, from the Board of Directors, this report is now signed by Dato' Nik Faizul Bin Tan Sri Nik Hussain, Non Independent Non Executive Director, who is also the Chairman of the Company and a member of the Remuneration Committee.

Dato' Nik Faizul Bin Tan Sri Nik Hussain
Non-Independent Non Executive Director,
Member of the Remuneration Committee1

08th December 2020

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee ("RPTRC") was formed by the Board of MTD Walkers PLC as a Sub-Committee to the Board in compliance with the Code of Best Practice on Related Party Transactions (Code) issued by the Securities and Exchange Commission of Sri Lanka ("SEC") in March 2016, to conduct independent review and oversight of all related party transactions ("RPT") of the Company and its business units, to ensure that the Company complies with the Rules set out in the Code.

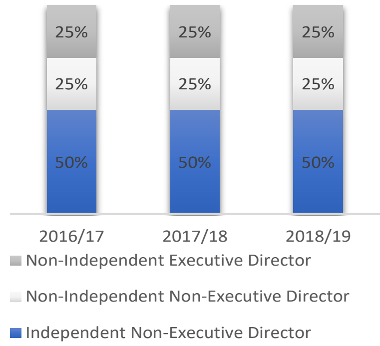
Composition

The Related Party Transactions Review Committee comprises of 01 Non – Independent Non - Executive Director, 02 Independent Non - Executive Directors and 01 Non – Independent Executive Director as at 31 March 2019.

The members of the Related Party Transactions Review Committee of MTD Walkers PLC, during the financial year under review were;

- **Mr. Albert Rasakantha Rasiah (Chairman)**
  Independent Non-Executive Director
  Retired with effect from 27.09.2018
- **Dato' Nik Faizul Bin Tan Sri Nik Hussain**
  Non-Independent Non-Executive Director
- **Mr. Yogendraprasath Sathiyaseelan (Chairman)**
  Independent Non-Executive Director
  Appointed with effect from 31.12.2018
  Appointed as the Chairman with effect from 16.01.2019
  Resigned with effect from 04.03.2019
- **Mr. Jehan Prasanna Amaratunga**
  Non-Independent Executive Director
- **Mr. Niranjan Joseph de Silva Deva-Aditya**
  Independent Non-Executive Director
  Retired with effect from 27.09.2018
- **Mr. Kumaragewattage Sharm Viraj Fernando**
  Independent Non-Executive Director
  Appointed with effect from 31.12.2018
  Resigned with effect from 04.03.2019
- **Mr. Malagalage Anurath Abeyratne**
  Independent Non-Executive Director
  Appointed with effect from 22.03.2019
  Resigned with effect from 15.07.2019
- **Mr. Nekada Hapuarachchige Chanaka Gayan Kalhara Happuarachchi**
  Independent Non-Executive Director
  Appointed with effect from 22.03.2019
  Resigned with effect from 15.07.2019

Composition of Related Party Transactions Review Committee Members



Meetings

The committee held four meetings during the year under review and attendance of Directors are shown below

Names	Attendance of Meeting
Number of Meetings Held	4
Mr. Albert Rasakantha Rasiah (Chairman) *Independent Non-Executive Director* *Retired with effect from 27.09.2018*	2/4
Mr. Yogendraprasath Sathiyaseelan (Chairman) *Independent Non-Executive Director* *Appointed with effect from 31.12.2018* *Appointed as the Chairman with effect from 16.01.2019* *Resigned with effect from 04.03.2019*	2/2
Dato' Nik Faizul Bin Tan Sri Nik Hussain *Non-Independent Non-Executive Director*	4/4
Mr. Jehan Prasanna Amaratunga *Non-Independent Executive Director*	2/4
Mr. Niranjan Joseph de Silva Deva-Aditya *Independent Non-Executive Director* *Retired with effect from 27.09.2018*	1/4
Mr. Kumarage Wattage Sharm Viraj Fernando *Independent Non-Executive Director* *Appointed with effect from 31.12.2018* *Resigned with effect from 04.03.2019*	2/2
Mr. Malagalage Anurath Abeyratne *Independent Non-Executive Director* *Appointed with effect from 22.03.2019* *Resigned with effect from 15.07.2019*	-
Mr. Nekada Hapuarachchige Chanaka Gayan Kalhara Happuarachchi *Independent Non-Executive Director* *Appointed with effect from 22.03.2019* *Resigned with effect from 15.07.2019*	-

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (CONTD).

POLICIES AND PROCEDURES

In compliance with section 9 of the listing Rules of the Colombo Stock Exchange, the Committee's key responsibility is to review all proposed Related Party Transactions prior to entering into or completion of the transaction in line with procedures laid down by the Listing Rules.

In the event a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction) the Related Party Transactions Review Committee has established guidelines for the senior management to follow in its ongoing dealings with the Related Party. Its responsibilities are as follows:

- Evaluate any proposed related party transactions and make recommendation to the management and the Directors on the appropriate procedures that should be adopted by the Company to align with the Listing rule and the Code of Best Practices on Related Party Transactions.

- Review any post quarter confirmations on related party transactions.

- Review the threshold for related party transactions to decide whether it requires shareholders' approval or immediate market disclosures.

- Reviews and assess ongoing relationships with any related party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remain appropriate.

DURING THE YEAR UNDER REVIEW:

The Related Party Transactions Review Committee held 04 Meetings the year during under review.

The Committee reviewed all proposed Related Party Transactions and ongoing Related Party Transactions during the year. The Committee deliberations were presented to the Board by tabling minutes of the meeting of the Committee, at Board Meetings.

** During the financial year Mr Albert Rasakantha Rasiah was the Chairman of the Related Party Transactions Review Committee from 1 April 2018 to 26 September 2018. Mr Rasiah retired from the Board on 27 September 2018.
Mr Yogendraprasath Sathiyaseelan was appointed as the Chairman of the Related Party Transactions Review Committee on 16 January 2019. Mr Sathiyaseelan resigned from the Board of Directors of the Company on 4 March 2019.
Upon the retirement of Mr Rasiah and the resignation of Mr Sathiyaseelan, from the Board of Directors, this report is now signed by Dato' Nik Faizul Bin Tan Sri Nik Hussain, Non Independent Non Executive Director, who is also the Chairman of the Company and a member of the Related Party Transactions Review Committee.

Dato' Nik Faizul Bin Tan Sri Nik Hussain,
Non-Independent Non-Executive Director,
Member of the Related Party Transactions Review Committee

08th December 2020

Related party Interest - As at 31 March 2019

	MTD Walkers PLC	Walker Sons & Company Limited	Walker Sons & Company Engineers (Private) Limited	MTD Walkers Infracon Limited	MTD Walkers Projects Limited	Walkers Piling (Private) Limited	Northern Power Company (Private) Limited	CML-MTD Construction Limited	Colombo Engineering Services (Private) Limited	Western Airducts Lanka (Private) Limited	CML-MTD Joint Venture Limited	Walkers CML Properties (Private) Limited	Walkers Equipment Limited	Walkers Colombo Shipyard (Private) Limited	Special Projects Company (Private) Limited	Walkers M3 (Private) Limited	Walkers Subsea Services (Private) Limited	Walkers Trinco Shipyard (Private) Limited	Walkers CML International Private Limited	Walkers CML Properties Lanka (Private) Limited	CML-MTD Housing Projects (Private) Limited	Colombo Fort Heritage Company (Private) Limited	Walkers CML Real Estate (Private) Limited	Walkers Shipyards Limited	Walkers CML Property Development (Private) Limited
Dato' Nik Faizul Bin Tan Sri Nik Hussain	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X	X	X	-	-	X
Jehan Prasanna Amaratunga	X	-	-	X	X	-	-	X	X	X	X	X	-	-	X	X	X	-	X	X	X	X	X	-	X
Keith George Cowling	X	-	-	-	-	X	X	X	X	X	-	-	X	X	-	X	-	X	X	-	-	-	-	X	-
Kim Siew Tee	X	X	X	X	X	X	X	-	-	-	-	X	-	-	-	-	-	-	-	-	-	X	-	-	-
Md Rijaluddin bin Mohd Salleh	X	-	-	-	-	-	-	-	-	-	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Malagalage Anurath Abeyratne**	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nekada Hapuarachchige Chanaka Gayan Kalhara Hapuarachchi**	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

X - Board Director but no related party interests
- - Neithe Board Director nor related party interest
*** - Resigned with effect from 15 July 2019*

Statement of Compliance with Listing Rules of the Colombo Stock Exchange on Corporate Governance

CSE Rule Number	*Corporate Governance Principle*	*Compliance*	*Remarks / Status /Reference*
7.6 (i)	Names of persons who during the financial year were directors of the Entity.	Complied	Refer Board of Directors Page 06 to 09
7.6 (ii)	Principal activities of the Entity and its subsidiaries during the year and any changes therein	Complied	Refer Notes to the Financial Statements Page 38
7.6 (iii)	The names and the number of shares held by the 20 largest holders of shares and the percentage of such shares held	Complied	Refer Share Information Page 107
7.6 (iv)	The public holding percentage	Complied	Refer Share Information Page 107
7.6 (v)	A statement of each Director's holding's and Chief Executive Officer holding's in shares of the Entity at the beginning and end of each financial year	Complied	Refer Share Information Page 107
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	Complied	Refer Enterprise Risk Management Page 21
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	During 2018/19 there were no material issues pertaining to employees and industrial relations of the Entity
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Complied	Refer Notes to the Financial Statements Page 58-60
7.6 (ix)	Number of shares representing the Entity's stated capital	Complied	Refer Notes to the Financial Statements Page 65
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Complied	Refer Share Information Page 107
7.6 (xi)	Financial ratios and market price information	Complied	Refer Financial Highlights Page 03 and Share Information Page 107
7.6 (xii)	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value.	Complied	Refer Notes to the Financial Statements Page 56-57
7.6 (xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	In 2018/19 no funds were raised through a public issue, rights issue or a private placement	
7.6 (xiv)	Employee Share Option Schemes and Employee Share Purchase Schemes	Refer Share Information Page 108	
7.6 (xv)	Disclosures pertaining to corporate governance practices in terms of Rules 7. 10. 3, 7. 10. 5. c. and 7. 10. 6. c. of Section 7 of the Rules	Complied	Rule 7. 10. 3 – refer Corporate Governance on page 10 Rule 7. 10. 5. c – refer Remuneration Committee Report on page 15 and Note 39.2 Key Management Personnel on page 101 Rule 7. 10. 6. C – refer Audit Committee Report on page 13
7.6 (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	Refer Notes to the Financial Statements Page 91-101 and Related Party Transactions Review Committee Report Page 16
7.10.1(a)	Non-Executive Directors	Complied	Five out of Seven Directors are Non-Executive Directors.
7.10.2(a)	Independent Directors	Not Complied	Two out of Five Non-Executive Directors were Independent
7.10.2(b)	Independent Directors	Complied	All the Non-Executive Directors have submitted declarations on his Independence / Non Independence during 2018/ 2019.
7.10.3(a)	Disclosure relating to Directors	Complied	Please refer page 06 and 09 for the names of Independent Directors
7.10.3(b)	Disclosure relating to Directors	Not Complied	Due to the present change in independent director rate, at certain periods the rule is not complied due to the resignation of such Directors. The appointment of Independent Directors are governed by the major shareholder, MTD Capital Bhd, Malaysia

Statement of Compliance with Listing Rules of the Colombo Stock Exchange on Corporate Governance

CSE Rule Number	*Corporate Governance Principle*	*Compliance*	*Remarks / Status /Reference*
7.10.3(c)	Disclosure relating to Directors	Complied	Refer Board of Directors Page 06-09
7.10.3(d)	Disclosure relating to Directors	Complied	Provided necessary information to the CSE immediately upon such appointment
7.10.5	Remuneration Committee	Complied	Refer Remuneration Committee Report on Page 15
7.10.5(a)	Composition of Remuneration Committee	Complied	Refer Remuneration Committee Report on Page 15
7.10.5(b)	Functions of Remuneration Committee	Not Complied	Remuneration Committee meetings were not held during the respective financial year under review.
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration Committee	Complied	Refer Remuneration Committee Report on Page 15
7.10.6	Audit Committee	Complied	Refer Audit Committee Report on Page 13
7.10.6(a)	Composition of Audit Committee	Not Complied	Two out of the four members were only Independent
7.10.6(b)	Functions of Audit Committee	Complied	Refer Audit Committee Report on Page 13
7.10.6(c)	Disclosure in Annual Report relating to Audit Committee	Complied	Refer Audit Committee Report on Page 13
9.2.1	Related Party Transactions Review Committee	Complied	Refer Related Party Transaction Review Committee Report on Page 16
9.2.2	Composition	Complied	Refer Related Party Transaction Review Committee Report on Page 16
9.2.4	Meetings	Complied Not Complied	Three quarterly Meetings were held for q1, q2 and q4. Meeting for q3 not held
9.3.2(a) and (b)	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Complied	Refer Notes to the Financial Statements Page 91-101
9.3.2(c)	The Report by the Related Party Transactions Review Committee	Complied	Refer Related Party Transaction Review Committee Report on Page 16
9.3.2(d)	A Declaration by the Board of Directors	Not Complied	

ENTERPRISE RISK MANAGEMENT

Risk management is a firmly entrenched component of the corporate governance process of the MTD Group and is an integral part of the Groups overall Corporate Governance Framework. The Groups Internal Audit function also play a key role in risk identification, to ensure risks stemming from all aspects can be identified and managed.

The Group firmly believes that by the adoption of sound risk management processes, future risks and opportunities can be accurately identified and dealt with. This in turn will aid the Group in achieving its goal of sustainable long term growth and reaching strategic and operational objectives.

Each Group company carries out its respective risk identification and review process bi-annually, based on the Groups risk policy and risk management process. As such, company specific risks as well as common sectoral risks are analysed and reviewed by the respective CEO of each business unit, subsequently the Presidents of the Clusters and the members of the Groups Executive Committee evaluates the process at an overall Group level. The Group and its subsidiaries track enterprise risks covering operational risks, cyber risks, natural disasters and occupational hazards, fraud and corruption, labour related risks, risks of negative impacts on environment and society as well as environmental and social risks in its key supply chain partners.

The Group is committed to embedding effective and efficient risk management practices into its businesses to ensure that risks, which may delay or prevent achievement of both strategic and operational objectives are assessed and controlled in time.

The Group has designed its Integrated Risk Management Framework based on the ISO 31000 principles, and strives to ensure that the Risk Management Framework is embedded into its organisational culture, governance and accountability arrangements, planning, reporting, performance review, business transformation and improvement processes.

The Groups risk management process is a bottom-up approach, starting at the level of individual business units where risks are identified. Business units are the ultimate risk owners of their business specific risks and are responsible for complying with risk procedures and identifying, assessing and managing risks by ensuring that appropriate mitigation plans are put in place. All business unit risks are validated by the CEO of each subsidiary, and its specific Cluster Head who in turn identify the level of risk that can be taken within the risk appetite parameters set by the Executive Committee of the Group. The Executive Committee is responsible for determining the risk appetite and overall risk policy for the Group, and is also responsible for assessing risks on a Group-wide basis by considering the risks emanating from each business unit.

The Risk Management Division is responsible for driving the culture of risk management across the Group business units and acts as a facilitator to the risk process and as a resource point for Risk Management best practices and process improvements. The risk management process adopted by the Group commences with the identification of enterprise risk by each Group company, assessing the implications of such risks, quantifying the impact severity, likelihood of occurrence and velocity of risk. Risks identified in this manner are then discussed by the management team of each business unit and strategies, processes and management controls are put in place to mitigate, minimise or transfer the risk. These controls are reviewed bi-annually by the respective CEO of the business unit and verified by the members of the Executive Committee.

The risk management cycle is concluded with an annual Group Risk Report containing a Group wide risk status, analysis and profile which is presented to the Executive Committee and any policy level decisions stemming from this review are incorporated in the next risk review cycle. The highlights of the identified Group level risks along with key impacts and opportunities are detailed below.

Macro-Economic and Political Environment

	Risk Rating
FY 2018/19	Moderate
FY 2017/18	Moderate
FY 2016/17	Moderate

The Sri Lankan economy recorded a slow growth during the year under review. Uncertainty on policies both locally and globally is likely to be offset by several trade agreements in the coming years.

As the Government finalises its investment policy and embarks on a series of long overdue fiscal reforms over the coming months, many bottlenecks for investment should disappear enabling a more robust economic growth.

The Group has a planned strategy to adopt and develop new technologies that allow the Group to remain competitive in the wake of increasing raw material and labour costs.

Government Policy, Regulatory Environment and Portfolio Management

	Risk Rating
FY 2018/19	Moderate
FY 2017/18	Moderate
FY 2016/17	Moderate

A lack of clarity and uncertainty on Government Policies regarding tax, regulatory frameworks and infrastructure development have continued to impact the Groups ability to execute its strateagies. As one of the largest infrastructure developers in the country the Group relies heavily on Government-led infrastructure projects to achieve growth.

The members of the Executive Committee and the senior management team regularly liaise with key Government Institutions and engage with policy making forums to stress the need for consistency in Government policies and regulations. Participation of the Groups senior managers in various industry associations and industry chambers helps to bring clarity and consistency to Government policies and regulations.

The Group is actively looking at ways to diversify its revenue composition to ease the reliance on Government infrastructure projects and reduce the impact from any adverse change in Government Policies or Regulations.

Financial Exposure

	Risk Rating
FY 2018/19	High
FY 2017/18	High
FY 2016/17	High

The Group Treasury Division is responsible for managing the financial and liquidity risks of the Group. The nature of the Groups business requires large amounts of working capital to finance projects which exposes the Group to liquidity risks if payments are delayed. The Treasury Division has regular meetings to monitor the liquidity and financial requirements of the Group where interest rate and exchange rate movements are discussed and appropriate strategies adopted to minimise any adverse impacts.

Human Resources and Talent Management

	Risk Rating
FY 2018/19	High
FY 2017/18	High
FY 2016/17	High

As the construction sector and the Group continue to grow, the ability to attract skilled employees to its workforce determine the future growth potential of the Group.

Recognition as a preferred employer within the industry and marketplace at large, has allowed the Group to attract capable employees to its workforce.

However, the shortage of skilled labour remains one of the key concerns of the Group, and as a result the Group has taken proactive steps to address this shortage by augmenting its local labour force by hiring skilled labour within the region. The Group employs a people-centric approach in the work place and believes that effective talent management is a key to sustaining the growth trajectory of the Group.

The senior management of the Group regularly engage with all employees to ensure that both the expectations of the Group and the employee can be met while being mutually beneficial.

The Group recognises the importance of the role played by its employees in the overall operations of the Group, and in addition to having an effective grievance mechanism in place provides training to all employees to ensure development of skills. This in turn allows the Group to maintain and improve the quality of services offered, and continue to attract skilled individuals.

Health and Safety

	Risk Rating
FY 2018/19	Moderate
FY 2017/18	Moderate
FY 2016/17	Moderate

Maintaining a safe work place for all employees, clients, customers and other stakeholders is a key aspect of the Groups Standard Operating Procedures. All business units with significant operations maintain OSHAS 18001 at a minimum, while all business units follow the Groups internal Health and Safety Policy.

Environmental Stewardship

	Risk Rating
FY 2018/19	Moderate
FY 2017/18	Moderate
FY 2016/17	Moderate

While carrying out operations the Group strives to leave the least possible impact on the environment and has a robust Environmental Policy in place. Significant operating entities within the Group follow the ISO 14001 Environmental Management System and maintains the certification. All business units are required to obtain Environmental Protection Licences and scheduled waste disposal plans, management licenses, where applicable, at a minimum to ensure compliance with local laws. The Audit Report is reviewed by the senior management team of the Group where new polices and recommendations are discussed and adopted. Each business unit is encouraged to maximise resource utilisation by minimising wastage.

Service Quality

	Risk Rating
FY 2018/19	Moderate
FY 2017/18	Moderate
FY 2016/17	Moderate

As a Group focused on engineering and the development of infrastructure, the quality and safety standards of its work are of vital importance. The future growth and sustained profitability of the Group rely on its reputation and brand as one of the leading entities in Sri Lanka. The Group has strict controls in place to ensure all work is carried out in a timely manner and to the highest standards of quality and safety, while all business units maintain the ISO 9001 certification.

The Group has a Sourcing Policy in place to ensure all material is procured on time and meets the minimum quality specifications. Monthly meetings between the Project Managers, members of the Executive Committee and subsidiary CEOs take place to ensure the Group meets its performance targets with regards to quality and timeliness.

The Group further has an Employee Code of Conduct and Communication Policy in place to guarantee representatives of the Group and external communications by the Group conform to standards befitting its reputation.

Integrated Group Performance Review

MACRO-ECONOMIC ENVIRONMENT

The Global Economy

Global economic activity is picking up with a long-awaited cyclical recovery in investment, manufacturing and trade.
World economic growth is expected to rise from 3.7 percent in 2019 as estimated by the IMF. Economic Activity was impacted principally by the trade war among China, US and BREXIT and its implication on Europe, and a strong US dollar leading to a tightening of financial policy in the emerging markets. Overall, the need for credible strategies in advanced economies and emerging markets and developing ones to tackle a number of common challenges in an integrated global economy exists.

Sri Lankan Economy

According to the Central Bank of Sri Lanka, the Sri Lankan economy grew by 2.3 percent in 2019, 3.3 percent in 2018, below the emerging market and developing economies average of 4.1 percent. However, Sri Lanka experienced a recovery in agriculture and the service sectors and the advances in the export and tourism sectors contributed to the overall performance in 2018 and will drive growth in 2019.

Inflation

Inflation in the economy increased averaging at 3.53 percent as compared to the average of 2.14 percent in the previous year 2018. During the financial year 2018/19, the Government tightened their monetary and fiscal policies in order to control the inflation rate in the country.

Interest Rates

The average weekly weighted lending rate increased during the period under review year ranging from 13.59 to 13.29 percent and the weekly AWPLR increased to 12.09 percent from 11.55 percent. Monetary policy tightening in the financial year 2019 as a result of high private sector credit growth, led to the increase in AWPLR, however this is broadly stable now due to the tight control over the inflation rate in Sri Lanka during the latter part of the year.

Exchange Rate

The Sri Lankan Rupee exchange rate against the USD depreciated by 19% against the US dollar in 2018. This had a negative impact on all the imported raw materials and USD priced condominium units.

The Construction Industry

Global construction sector grew by 3.5% in 2018 from 2.7% in 2017, recording the fastest growth rate during the current construction cycle from 2008/18. It is forecasted to grow by 3.0 in 2019 after a gradual slowdown.

The Construction industry contracted by 2.1 percent when compared to the previous year of 4.3 percent in previous year .
Furthermore, the country's construction industry has also seen acceleration since 2011 due to the addition of new airports, harbours, expressways and numerous real estate development projects.

OPERATIONAL REVIEW

During the financial year 2018/19, the Group posted a revenue of LKR 10.5 billion, decrease of 35.84 percent Year on Year.

The Civil Engineering Sector of the Group, decreased by 27.65 percent during the year to report a revenue of LKR 9.1 billion.

The Group's Property Development, Marine Engineering, Heavy Engineering, Power Generation and Trading businesses decreased by 73.65 percent to LKR 0.9 billion during the year to account for 9.26 percent of the Group's revenue.

The Group's Civil Engineering Sector's main focus during the period under review was to complete their small scale projects in order to utilise their existing resources for their current and upcoming larger scale projects; the irrigation project in Upper Elahera, water project in Wilgamuwa, rehabilitation /Improvement and maintenance of rural roads in Badulla and Monaragala District, building projects and the piling work for Central Expressway- MAGA Engineering, ICC, CML- MTD Construction, Renuka Hotel, Harbour Village, etc.

The development of the Group's first shipyard has concluded and will commence full scale operations in the upcoming financial year 2019/20. Amidst the development, limited afloat ship repair and ship building work were carried out in order to gain experience.

Engineering Sector suffered the most as the increase in costs could not be passed onto customers.

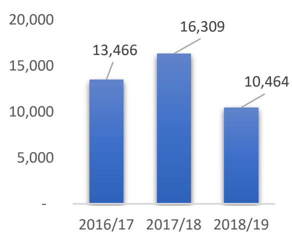
FINANCIAL CAPITAL

Revenue

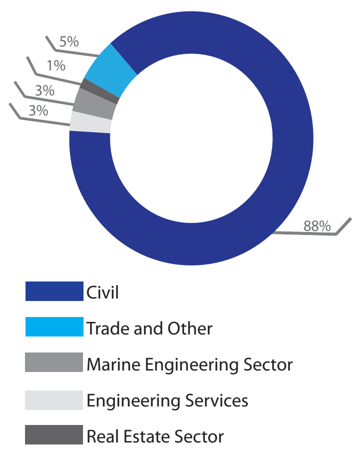
The revenue of the Group decreased by 36.35 percent Year on Year to LKR 10.3 billion during this financial year [FY 2017/18: LKR 16.3 billion].
The Civil Engineering Sector contributed 90.74 percent to the Group revenue, Real Estate and Heavy Engineering contributed 1.34 percent and 3.2 percent respectively. The balance sectors comprising of Marine Engineering and Trading and Other contributed 4.73 percent to the total revenue of the Group.

The Civil Engineering, Real Estate, Marine Engineering and Trading and Other Sectors revenue decreased by 25.6 percent, 92.04 percent, 66.78 percent and 45.44 percent respectively during the period under review, whilst Heavy Engineering revenue plunged by 66.78 percent Year on Year.

Revenue



Revenue Composition



Gross Profit Margin

The Group recorded a Gross Loss of LKR 1 billion a drop of 380 percent in comparison to the last financial year. This drop was primarily contributed by the Civil Engineering and the Heavy Engineering Sectors in comparison to the previous financial year. Low levels of Investment in infrastructure over the past few years compelled the Group to take on smaller projects at thinner margins to engage its existing resources.

The prevailing shortage of skilled labour resulted in the Group not being able to achieve its usual productivity levels, resulting in project delays and increased project and finance costs

Further to the above, some of the large scale projects were on lump sum basis; when the essential raw materials increased significantly, the Civil was the Civil Engineering Sector, Heavy Engineering and Power Generation Sector. The Group's selling, general and administrative expenses amounted to LKR 2.84 billion during the year, an increase of 42 percent Year on Year [FY 2017/18: LKR 2 billion].

Operating Profit (EBIT) During the year under review, the Group recorded an operating loss of LKR 1 billion, a decline of 388 percent Year on Year [FY 2017/18: 358 million]. The principal contributors to the drop in the Group's EBIT

Finance Income

The Group reported a finance income of LKR 192 million during the year, decreased by 34 percent Year on Year [FY 2017/18: LKR 290 million]. The finance income comprises of an interest income of LKR 284 million from fixed deposits and saving deposits. Further details On finance income can be found in Note 29 of the Financial Statements

Finance Cost

The Group's finance costs amounted to LKR 4.2 billion [FY 2017/18:2.8 billion]. Increase in borrowing rates and increase in borrowings contributed towards this growth. The interest expenses on loans and liabilities increased to LKR 2.3 billion from LKR 1.4 billion, while finance charges on lease liabilities increased to LKR 120 million from LKR 83 million.

Profit after Tax

The Group recorded a loss of LKR 6.8 billion for the year. [FY 2017/18: Loss of LKR 3.5 billion]. The Civil Engineering, Heavy Engineering, Real Estate sector, Trading and Other and Marine Engineering Sectors recorded a net loss of LKR 5.5 billion, LKR 103 million, LKR 256 million, respectively, while the Power Generation Sector recorded a profit of LKR 279 million.

Return on Assets

For the financial year under review, the Return on Assets (ROA) of the Group was (19) percent [FY 2017/18: (7.7) percent]. The drop in ROA was mainly due to the Civil Engineering and Trading and other Sector operating loss.

Taxation

During the financial year 2018/19, the Group tax decreased by 162 percent to LKR 77 million- Tax Credit [FY 2017/18: LKR 125 million]. For further details on the Group's tax impact refer to Note 31 of the Financial Statements..

Financial Information

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of MTD Walkers PLC present their Annual Report together with the Audited Financial Statements for the year ended 31 March 2019.

Principal Activities
MTD Walkers PLC consists of a portfolio of diverse business operations covering a range of sectors including Civil Engineering, Heavy Engineering, Marine Engineering, Power Generation, Real Estate, Trading and investment activities.

Review of Performance
The Chairman's review which forms an integral part of the Directors' Report, contains a detailed description of the operations of the Company and the Group during the year ended 31 March 2019.

Financial Results
The loss after tax for the year of the Company and the Group amounted to LKR 0.7 billion and LKR 6.9 billion respectively, as compared to last year's loss of 1.3 billion and LKR 3.6 Billion. respectively. The results for the year and changes in equity are set out in the Income Statement and the Statement of changes in equity on pages 35 and 36.

Financial Statements
The Financial Statements of the Group and the Company for the year ended 31 March 2019 have been prepared in accordance with Sri Lanka Accounting Standards (SLFRs/LKASs) and comply with requirements of the Companies Act No. 07 of 2007. The Report also includes relevant disclosures required to be made under the Listing Rules of the Colombo Stock Exchange and is guided by the recommended best practices on accounting and corporate governance.

The aforesaid Financial Statements, duly signed by the Deputy General Manager, two Directors on behalf of the Board and the Auditors are included in this Annual Report and form an integral part of this Annual Report of the Board of Directors.
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Accounting Policies
The accounting policies adopted in the preparation of the Financial Statements are given on Page 38 to 55 to the Financial Statements. There has been no significant change in the accounting policies adopted by the Group during the year under review.

Property, Plant and Equipment
Information relating to Property, Plant and Equipment and their movement have been disclosed in the Note 04 to the Financial Statements on page 56.

The Group's and Company's capital expenditure amounted to LKR 1.1 billion of which the majority of the additions were attributable to plant and machinery. The book value of property, plant and equipment for the Group amounted to LKR 4.5 billion, as per the Statement of Financial Position dated 31st March 2019. Majority of property, plant and equipment comprised of plant and machinery which accounted for approximately 51.6 percent of total property, plant and equipment.

Non-Current Assets
The total value of non-current assets of the Group as at 31 March 2019 amounted to LKR 12.7 billion Details of the non-current assets are given on page 56 on this Annual Report.

Directors' responsibility for Financial Reporting
The Directors are responsible for the preparation of the Financial Statements of the Company and the Group to reflect a true and fair view of the statement of its affairs.

The Directors are of the view that the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements appearing on page 38 to 105 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on Page 29.

Investments
A detailed description of long term investments held by the Group as at the reporting date are disclosed in Note 09 to the Financial Statements on page 62.

Directors of the Company
The Board of Directors of the Company as at 31 March 2019 consisted of seven (7) Directors.

The name of the Directors who held office as at 31 March 2019 are given below:

- Dato' Nik Faizul Bin Tan Sri Nik Hussain - Chairman
- Mr. Jehan Prasanna Amaratunga - Group Executive Deputy Chairman
- Mr. Keith George Cowling
- Mr. Kim Siew Tee
- Mr. Md Rijaluddin bin Mohd Salleh
- Mr. Malagalage Anurath Abeyratne *
- Mr. Nekada Hapuarachchige Chanaka Gayan kalhara Hapuarachchi*

**Independent Directors as per the Listing Rules of Colombo Stock Exchange and Resigned with effect from 15 July 2019*

However, the movement of the Directors is given below post 31 March 2019 in keeping with the disclosures made to the Colombo Stock Exchange

- Messrs Malagalage Anurath Abeyratne and Nekada Hapuarachchige Chanaka Gayan Kalhara Hapuarachchi resigned with effect from 15 July 2019.

In terms of Article No. 89 of the Articles of Association of the Company, Messrs Jehan Prasanna Amaratunga and Kim Siew Tee are to retire by rotation and are eligible for re-election at the forthcoming Annual General Meeting.

Interest Register
The Company in compliance with the Companies Act No. 07 of 2007, maintains an Interest Register and is kept in the custody of the Group

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Head of Human Resources and Administration.

Directors' Remuneration and other benefits

The Directors' Remunerations and other benefits in respect of the Group for the Financial Year under review are given under Note 30 to the Financial Statements on page 77.

Related Party Transactions

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 31 March 2019.

Details of the Related Party Transaction Review Committee and its Report are given on page 16.

Directors' Interest in shares of the Company

The relevant Director's spouse held shares of the Company as at 31 March 2019 which is illustrated in the table below. Except for the mentioned Director's spouse, none of the other Directors, their spouses or dependent held any shares in the Company during the financial year ended 31 March 2019.

Name	Shareholding	As at 31 March 2019	Movement Shares	As at 31 March 2018
Mrs. P.A.S. Amaratunga (Spouse of Mr. Jehan Amaratunga)	0.13%	214,153	-	214,153

The post of Chief Executive Officer has not yet been designated.

Auditors

The Financial Statements for the period under review were audited by Messrs BDO Partners, Chartered Accountants. The audit and non-audit fees paid to the Auditors by the Company are disclosed in Note 30 on page 77 in this Annual Report. As far as the Directors are aware, the Auditors do not have any relationship (other than as external auditors) with the Group other than those disclosed above.

Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company and the Group is given on Page 30 to 33.

Ownership Structure

MTD Walkers PLC had 167,647,568 ordinary shares as at 31 March 2019, of which MTD Capital Berhad, the largest shareholder of the Company holds 90.78% amounting to 157,183,583 ordinary shares as at 31 March 2019.

Stated Capital

The total stated capital of MTD Walkers PLC as at 31 March 2019 was LKR 6.1Billion which comprised of 167, 647, 568 ordinary shares. Details and movement of the stated capital are given in Note 16 to the Financial Statements on Page 65.

Revaluation Reserves

The total Group Revaluation Reserves as at 31 March 2019 amounted to LKR 923 Million as compared with LKR 851 Million in the previous year. The composition and movements of the reserves are shown in the Statement of Changes in Equity in the Financial Statements on Page 36.

Share information

Information relating to the distribution of individual and institutional shareholding, split of residential and non-residential shareholdings as well as the distribution schedule of the number of shareholders and their percentages holding as per the number of shares are provided in the Share Information section of this Annual Report.

Further information relating to net asset per share, market value per share, the top twenty shareholders names, number of held and the percentage held by them are also presented under Share Information section of this Annual Report.

Ratio and Market Price Information

Details on ratios and market price information are presented under the sections; Financial Highlights on page 03 and Share Information on page 107 of this Annual Report.

Risk Factors

The Group has an ongoing process in place to identify, evaluate and manage the risks that are faced by the Company and its subsidiaries. The Risk Management section of this Annual Report elaborates these practices, Group Risk factors and the details of the foreseeable exposure to risk factors on page 21.

Charitable Contributions

The Group and the Company made donations during the year amounting to LKR 2.7 Million (2017/2018 – Group: LKR 16.6 Million)

Issue of Shares and Debentures

No further debenture shares have been issued for the 12 month period ending 31 March 2019.

Employee Share Option Plans and Profit Sharing Plans

MTD Walkers PLC Employee Share Option will not exceed 3.0 percent of the total issued shares of the Company. Details of option granted, option exercised, the grant price and the options cancelled or lapsed and outstanding as at the date of the Directors' Report as require by the Listing Rules of the Colombo Stock Exchange are given under the Share Information section of this Annual Report.

The Directors confirm that the Company has not granted any funding to employee to exercise the options. The employees are not presented with any profit sharing schemes.

Events occurring after the Reporting Period

No circumstance have arisen since the Reporting date, which would require adjustment or disclosure to the Financial Statements; other than those with their details disclosed in Note 36 to the Financial Statements on page 90.

Going Concern

The Board of Directors after reviewing the financial position and the cash flow of the Company are of the belief that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Company has adopted a "Going Concern" basis in preparing these Financial Statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Corporate Governance
The Board of Directors are responsible for the governance of the Company. The Board has placed considerable emphasis on developing rules, structures and processes to ensure integrity and transparency in all the dealings of the Company and adopting good governance in managing the affairs of the Company. The Board in the discharge of its responsibilities aforesaid had been guided by the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

The Company has not complied with the certain Corporate Governance rules laid down under the listing rules of the Colombo Stock Exchange. A Statement on Corporate Governance appears on Page 10.

Directors' Declaration on Corporate Governance
The Directors of MTD Walkers PLC declare that;

1. The Group has complied with all applicable laws and regulations in relation to conducting the business operations in Sri Lanka.

2. The business is operating on a Going Concern basis with supporting reasonable assumptions.

3. A review of internal controls covering financial and operational aspects of the business together with a review of risk management has been conducted and reasonable assurance of their effectiveness and adherence has been obtained.

Annual Report
The Board of Directors has approved the Group's consolidated Financial Statements for the financial year ended 31 March 2019. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board on 09 December 2020.
This Annual Report is signed for and on behalf of the Board of Directors by

Dato' Nik Faizul Bin Tan Sri Nik Hussain
Chairman

Mr. Jehan Prasanna Amaratunga
Group Executive Deputy Chairman

Ms. Prashanie Saroja Attygalle
Company Secretary

08 December 2020
Colombo

STATEMENT OF THE DIRECTORS' RESPONSIBILITY

STATEMENT OF THE DIRECTORS' RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Board of Directors are responsible for preparing and presenting the Financial Statements, which are set out on page 34 to 105.

As per the provisions 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 Reporting Date and of the profit or loss for the financial year.

In preparing the Financial Statements, the Directors have selected appropriate accounting policies and applied them in a consistent manner. Such policies are supported by reasonable and prudent, judgment and all applicable Accounting Standards have been followed.

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 and that the Financial Statements presented comply with the requirements of the Companies Act No. 07 of 2007.

The Directors are confident that they have discharged their responsibility as set out in this statement.

By the order of the Board
MTD Walkers PLC

Ms. Prashanie Saroja Attygalle
Company Secretary

08 December 2020

Independent Auditors' Report

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65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

TO THE SHAREHOLDERS OF MTD WALKERS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MTD Walkers 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 31st March 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 38 to 105.

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 31st March 2019, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 39 in the financial statements, which indicates that the Group has incurred a net loss of Rs. 6,848,721,909/- during the year ended March 31, 2019 and, as of that date, the Group's total liabilities exceeded its total assets by Rs. 1,656,033,681/- and current liabilities exceeded its current assets by Rs.7,710,811,771/-. Further, as stated in Note 39 these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, are of the most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The construction revenue is recognised overtime by reference to the Group's progress toward completing the contracts amounting to Rs. 9,468,180,317/- for the year ended 31st March 2019. Management judgement is required to estimate the total construction costs, variations or claims recognised as contract revenue, and provision for liquidated damages that will affect the measure of progress and revenue and profit margins recognised from construction contracts.

Further, the Group has adopted SLFRS 15 using the cumulative effect method (without practical expedients) from 1 April 2018. Accordingly, the information presented for 2018 has not been restated and continued to be reported under LKAS 18.

We identified revenue recognition of the Group as a key audit matter because of the revenue recognition is subjective and requires significant management judgement in assessing the estimated total cost of the contracts which include additional cost that could arise from variations to the original contract terms and errors in the recognition of revenue could have a material impact on the Group profit for the year.

We have performed the following audit procedures, among others to address this matter:

- Understood the management's process of estimating the revenue recognized by familiarizing ourselves with the procedures and the key internal controls.
- Assessed and testing the design and implementation of key controls adopted over cost recognition by verifying a sample of contracts, invoices, project status reports and other relevant correspondence to evaluate the reasonableness of the same.
- Verified the revenue recognized against the certifications from the surveyors appointed by the customers or government and the in-house surveyors.
- Checked whether the estimated revenue on completion was consistent by reviewing the key terms and conditions of a sample of contract agreements with customers.
- We sighted certified progress reports from engineers and performed site visits to further support the appropriateness of management's estimates referring to the physical work completed.
- Assessed the adequacy of the Financial Statements disclosures required by SLFRS 15 as disclosed in Note 26 to the financial statements.

Impairment of Trade Receivables

Trade receivables net of impairment of the Group is Rs.12,802,539,781/- as at 31st March 2019, which represents 36% of the total assets of the Group.

The recoverable amount was estimated

by management based on specific recoverability assessments on individual customers considering timing of certification for uncertified balances, the profiles of the customers, ageing of receivables, historical payment patterns and the past experience of defaults.

Impairment allowances represent management's best estimate of the losses expected within receivables as at the financial position date. Hence, we considered the impairment of trade receivables as a key audit matter due to the significance of the balance and involvement of significant judgments and assumptions in relation to the same and the transition adjustments.

Our audit procedures focused on the Management's assessment of recoverability of trade receivables including the following, among others;

- Understood the management's process of evaluating recoverability of trade receivables at the year end.
- Evaluated the accuracy of the ageing of trade receivables considered by management in assessing the recoverability of trade receivables.
- Checked the subsequent settlements and the certification of uncertified balances after the reporting date on a sample basis, to source documents including progress billing reports, invoices and bank statements.
- Assessed the reasonability of the impairment provision determined by the management having considered the ageing of trade receivables, subsequent receipts and historical experience of default or delay.
- Assessed the adequacy of the related disclosures provided in Note 10 to the financial statements.
- Evaluated the appropriateness of the Management approach over adoption, transition and practical expedients applied for SLFRS 9 in Note 12 to the financial statements.

Impairment assessment of investment in subsidiaries

As at 31st March 2019, the investment in subsidiaries net of provision for impairment is amounting to Rs.7,189,266,906/- of the Company, which represents 66% of the Company's total assets.

Management performed the impairment assessment for the subsidiaries with indicators of impairment and determined their recoverable amounts based on management judgment considering the cash flow forecast.

We have identified the assessment of impairment of investments in subsidiaries as a key audit matter because impairment assessment process involves significant Management judgement and required the management to make various assumptions in the underlying cash flow forecasts.

Our audit procedures included,

- Obtained an understanding of Management's impairment assessment process.
- Evaluated the reasonableness of the Group's key assumptions for its cash flow projection such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources including Group budgetary process and reasonableness of historical forecasts.
- Assessed the adequacy of the Group disclosures in the Financial Statements in respect of impairment testing disclosed in Note 9 to financial statements.

Going concern assessment

The management of the MTD Walkers PLC has made an assessment of the group's ability to continue as a going concern and is satisfied that the group has the resources to continue its business into the foreseeable future and they do not intend either to liquidate or to cease trading as disclosed in note 2.3 and 39.

The Directors have made an assessment of the group's ability to continue as a going concern considering the available resources of the group, management plans to address the uncertainty related to going concern, the written representation provided by the parent company, MTD Capital Bhd and the potential projects and cash flow forecast. We have considered the going concern assessment as a key audit matter due to the requirement of significant management judgement involved in impact assessment and since the cash flow forecasts are based on available information and assumptions considering future events and circumstances and the anticipated effects of COVID19 impact.

We have performed the following audit procedures to address the above:

- Analysed and assessed the future cash flow forecast of the companies in the group considering the projects in progress and considerable amount of projects secured by those group companies subsequent to the reporting date.
- Discussed and assessed the potential future outcome of the ongoing cases with lawyers of the group.
- Assessed the indicators of going concern issues and evaluated the mitigation plans for all the unfavourable indicators.
- Reviewed the recoverability of the trade receivable balances from the government.
- Obtained the letter of support from the MTD Capital Bhd which is the parent company in Malaysia.
- Obtained the management's assessment on the COVID 19 impact on the group operations and evaluated the mitigative actions suggested by the group to overcome the unfavourable conditions and circumstances.
- Assessed the changes in those charged with governance in the group to ensure the ability of the group to continue as a going concern.

- Assessed the adequacy of the going concern disclosures in the Financial Statements including disclosures associated with the implications of COVID 19.

Other Matter

The financial statements of MTD Walkers PLC for the year ended 31st March, 2018 were audited by another auditor who had expressed an unmodified opinion on those statements on 31st August, 2018.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and the auditor's report thereon.

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

Responsibilities of the Management and Those Charged with Governance 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 the 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 and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Company and the Group's internal control.

- 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 a 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's Audit. We remain solely responsible for our audit.

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 have communicated to 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 the 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 it appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4324.

BDO Partners

CHARTERED ACCOUNTANTS
Colombo
08th December, 2020
HSR/cc

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group 2019 LKR	Group 2018 LKR	Company 2019 LKR	Company 2018 LKR
ASSETS					
Non-current assets					
Property, plant & equipment	4	4,511,200,432	5,047,254,154	20,631,356	41,876,899
Capital work-in-progress	5	2,335,905,518	1,750,104,947	33,500,513	33,500,513
Investment property	6	2,145,900,000	2,018,600,000	-	-
Intangible assets	7	564,251,683	587,743,398	24,848,163	48,339,878
Finance lease receivables	8	3,071,386,932	2,693,861,336	-	-
Investment in subsidiaries	9	-	-	7,189,266,906	7,189,266,906
Other non current financial assets	10	11,091,646	417,442,111	-	-
Amounts due from related parties	14	-	-	905,909,586	383,909,586
Total non-current assets		12,639,736,211	12,515,005,946	8,174,156,524	7,696,893,782
Current assets					
Inventories	11	5,109,211,980	5,526,597,766	-	-
Finance lease receivables	8	355,041,606	340,423,711	-	-
Trade and other receivables	12	15,306,450,198	23,163,991,594	211,019,432	219,069,385
Other current assets	13	980,315,592	1,531,152,185	5,805,993	22,355,219
Amounts due from related parties	14	34,362,418	120,332	2,517,903,139	2,922,446,048
Income tax receivables		22,970,374	47,949,046	-	-
Other current financial assets	10	648,770,186	2,183,345,670	-	82,847,796
Cash and cash equivalents	15	955,042,174	698,667,820	1,746,876	5,514,888
Total current assets		23,412,164,528	33,492,248,124	2,736,475,440	3,252,233,337
Total assets		36,051,900,739	46,007,254,070	10,910,631,964	10,949,127,118
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	16	6,057,497,739	6,057,497,739	6,057,497,739	6,057,497,739
Revaluation reserve	17	922,874,600	850,559,823	-	-
Exchange translation reserve		(22,768,883)	1,879,854	-	-
Accumulated losses		(8,036,864,357)	(2,386,680,480)	(2,621,266,625)	(1,934,992,477)
Equity attributable to equity holders of the parent		(1,079,260,901)	4,523,256,936	3,436,231,114	4,122,505,262
Non-controlling interest	18	(576,772,779)	544,630,795	-	-
Total shareholders' funds and non controlling interest		(1,656,033,680)	5,067,887,731	3,436,231,114	4,122,505,262
Non-current liabilities					
Interest bearing loans & borrowings	19	4,133,661,233	4,344,619,445	1,528,670,495	1,531,723,192
Other non current liabilities	23	2,000,000,000	2,002,129,123	-	-
Deferred tax liabilities	20	337,419,769	350,696,722	-	-
Retirement benefit obligations	21	113,877,118	188,502,378	11,128,387	22,692,082
Total non-current liabilities		6,584,958,121	6,885,947,668	1,539,798,882	1,554,415,274
Current liabilities					
Trade and other payables	22	8,197,148,324	6,169,377,976	404,602,516	90,909,285
Other current liabilities	23	669,280,423	1,956,255,546	-	-
Amounts due to related parties	24	933,119,667	669,313,431	2,123,220,002	369,597,686
Interest bearing loans & borrowings	19	15,945,468,433	18,181,340,510	2,957,857,754	4,354,272,383
Income tax liabilities		173,292,391	182,346,963	33,222,079	37,176,418
Bank overdraft	15.2	5,204,667,061	6,894,784,244	415,699,617	420,250,810
		31,122,976,299	34,053,418,670	5,934,601,968	5,272,206,582
Total equity and liabilities		36,051,900,739	46,007,254,070	10,910,631,964	10,949,127,118

Figures in brackets indicate deductions.
The accounting policies and notes on pages 38 to 105 form an integral part of these financial statements.
These financial statements are prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

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Achala Kumarage
Deputy General Manager Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Board.

....

Kim Siew Tee
Director

....

Keith George Cowling
Director

08th December 2020
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Note	Group		Company	
		2019 LKR	2018 LKR	2019 LKR	2018 LKR
Revenue	26	10,464,120,768	16,308,501,221	201,186,163	181,441,000
Cost of sales		(11,468,438,787)	(15,950,185,489)	-	-
Gross profit/(loss)		(1,004,318,019)	358,315,732	201,186,163	181,441,000
Other operating income	27	1,062,318,826	690,284,673	6,879,835	-
Administrative expenses		(2,638,251,713)	(1,730,633,745)	(372,696,162)	(908,872,725)
Selling & distribution cost		(207,392,018)	(278,287,215)	(946,297)	(4,835,185)
Other expenses		(110,309,663)	-	-	-
Results from operating activities		(2,897,952,587)	(960,320,554)	(165,576,461)	(732,266,910)
Finance cost	28	(4,213,403,694)	(2,764,703,386)	(660,924,190)	(771,836,638)
Finance income	29	207,413,412	290,869,326	127,475,099	158,033,675
Loss before tax	30	(6,903,942,869)	(3,434,154,614)	(699,025,552)	(1,346,069,873)
Income tax expense	31	55,220,960	(125,572,594)	-	-
Loss for the year		(6,848,721,909)	(3,559,727,208)	(699,025,552)	(1,346,069,873)
Other Comprehensive income/(loss) Item that will not be re-classified to the statement of prfit or loss					
Currency translation of foreign operations		(24,648,737)	2,075,084	-	-
Net other comprehensive income/(loss) Item to be re-classified to the statement of profit or loss		(24,648,737)	2,075,084	-	-
Other comprehensive income/(loss) item not be re-classified to the statement of profit or loss					
Revaluation of lands		97,587,676	-	-	-
Actuarial gain/(loss) on defined benefit obligations		95,381,878	(19,807,260)	12,751,404	(1,891,698)
Income tax on retirement benefit obligation		(18,247,420)	2,433,698	-	-
Deferred tax on revaluation of land		(25,272,899)	-	-	-
Other comprehensive income/(loss) for the year, net of tax		149,449,235	(17,373,562)	12,751,404	(1,891,698)
Total comprehensive income/(loss) for the year, net of tax		(6,699,272,674)	(3,577,100,770)	(686,274,148)	(1,347,961,571)
Loss for the year arributable to :					
Equity holders of the parent		(5,723,635,937)	(3,178,783,051)	(699,025,552)	(1,346,069,873)
Non-controlling interest		(1,125,085,972)	(380,944,157)	-	-
Loss for the year		(6,848,721,909)	(3,559,727,208)	(699,025,552)	(1,346,069,873)
Total comprehensive loss for the year arributable to :					
Equity holders of the parent		(5,582,748,331)	(3,185,053,778)	(686,274,148)	(1,347,961,571)
Non-controlling interest		(1,116,524,343)	(392,046,992)	-	-
Total comprehensive income/(loss)		(6,699,272,674)	(3,577,100,770)	(686,274,148)	(1,347,961,571)
Basic loss per share	32	(34.14)	(18.96)	(4.17)	(8.03)

Figures in brackets indicate deductions.
The accounting policies and notes on pages 38 to 105 form an integral part of these financial statements.

Colombo
08th December 2020

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March Group	Attributable to equity holders of the company					Non controlling interest	Total equity
	Stated capital	Revaluation reserve	Exchange translation reserve	Accumulated losses	Total		
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01 April 2017	6,057,497,739	966,796,945	(195,230)	820,159,252	7,844,258,705	960,341,727	8,804,600,433
Net loss for the year	-	-	-	(3,178,783,051)	(3,178,783,051)	(380,944,157)	(3,559,727,208)
Effect of changes in group structure without losing control	-	45,449,893	-	(11,442,632)	34,007,261	(34,007,261)	-
Currency translation of foreign operations	-	-	2,075,084	-	2,075,084	-	2,075,083
Deferred tax effect on revaluation of lands (Note 17.1)	-	(161,687,015)	-	-	(161,687,015)	-	(161,687,015)
Actuarial gains on retirement benefit obligation	-	-	-	(16,614,049)	(16,614,049)	(759,513)	(17,373,562)
Balance as at 31 March 2018	6,057,497,739	850,559,823	1,879,854	(2,386,680,480)	4,523,256,936	544,630,795	5,067,887,731
Currency translation of foreign operations	-	-	(24,648,737)	-	(24,648,737)	-	(24,648,737)
Revaluation during the year, net of tax	-	97,587,676	-	-	97,587,676	-	97,587,676
Deferred tax effect on revaluation of lands (Note 17.1)	-	(25,272,899)	-	-	(25,272,899)	-	(25,272,899)
Actuarial gains on retirement benefit obligation	-	-	-	73,452,060	73,452,060	3,682,398	77,134,458
Net loss for the year	-	-	-	(5,723,635,937)	(5,723,635,937)	(1,125,085,972)	(6,848,721,909)
Balance as at 31 March 2019	6,057,497,739	922,874,600	(22,768,883)	(8,036,864,357)	(1,079,260,901)	(576,772,779)	(1,656,033,680)

Company	**Stated capital LKR**	**Accumulated loss LKR**	**Total LKR**
Balance as at 01 April 2017	6,057,497,739	(587,030,906)	5,470,466,833
Net loss for the year	-	(1,346,069,873)	(1,346,069,873)
Other comprehensive loss	-	(1,891,698)	(1,891,698)
Balance as at 31 March 2018	6,057,497,739	(1,934,992,477)	4,122,505,262
Net loss for the year	-	(699,025,552)	(699,025,552)
Other comprehensive Income/ (loss)	-	12,751,404	12,751,404
Balance as at 31 March 2019	6,057,497,739	(2,621,266,625)	3,436,231,114

Figures in brackets indicate deductions.

The accounting policies and notes on pages 38 to 105 form an integral part of these financial statements.

Colombo
08th December 2020

STATEMENT OF CASH FLOWS

Year ended 31 March 2019	Note	Group 2019 LKR	Group 2018 LKR	Company 2019 LKR	Company 2018 LKR
Cash flows from operating activities					
Loss from operating activities before tax		(6,903,942,869)	(3,434,154,613)	(699,025,552)	(1,346,069,873)
Adjustments for :					
Depreciation of property, plant & equipment	4.1	1,329,414,797	1,257,947,203	18,566,769	24,632,675
Amortization of intangible assets	7	23,491,715	23,491,715	23,491,715	23,491,715
Impairment on investments in subsidiaries		-	-	-	419,526,132
Impairment on amounts due from related parties		110,309,663	-	-	-
Interest income	29	(207,413,412)	(290,869,326)	(127,475,099)	(151,832,283)
Dividend income	27	(53,411)	(560,475)	-	-
Profit on sale of property, plant & equipment	27	(151,656,551)	(6,685,053)	(6,849,835)	-
Finance costs	28	4,213,403,694	2,764,703,386	660,924,190	771,836,638
Provision for retirement benefit plans - gratuity	21.1	36,292,753	53,205,459	4,133,584	7,157,678
Impairment for bad and doubtful debts	12.2	759,943,192	149,045,770	-	
Net unrealized foreign exchange loss	8/19.2	188,665,139	83,847,186	-	96,795,871
Fair value changes in investment property	27	(102,672,000)	(368,083,000)	-	-
Impairment of equity investments		-	17,650	-	17,650
Impairment off goodwill		-	25,491,792	-	-
Impairment of inventory		58,718,191	17,008,119	-	-
Operating profit/(loss) before working capital changes		(645,499,098)	274,405,812	(126,234,228)	(154,443,798)
(Increase)/decrease in inventories		358,667,595	(1,323,783,581)	-	-
(Increase)/decrease in trade and other receivables and other current assets		7,377,287,510	(5,500,814,024)	24,599,182	(34,304,351)
Increase in amounts due from related companies		(34,242,086)	(120,332)	(117,457,092)	(396,235,768)
Increase in trade and other payables and other liabilities		738,666,102	2,496,157,531	313,693,231	68,929,494
Increase/(decrease) in amounts due to related companies		263,806,236	79,407,561	1,753,622,316	(41,713,372)
Cash generated from/(used in) operations		8,058,686,259	(3,974,747,033)	1,848,223,409	(557,767,793)
Finance cost paid	28	(4,213,403,694)	(2,756,851,019)	(660,924,190)	(763,984,271)
Income tax paid		(6,930,428)	(9,831,671)	(3,954,339)	(1,489,786)
Employee benefit paid	21	(15,536,135)	(12,350,431)	(2,945,875)	(56,550)
Net cash flows from/(used in) operating activities		3,822,816,003	(6,753,780,155)	1,180,399,005	(1,323,298,400)
Purchase and constructions of property, plant & equipment		(1,102,318,705)	(2,154,383,112)	(971,392)	(43,200,597)
Proceeds from sale of property, plant & equipment		214,735,388	42,785,937	10,500,000	-
Withdrawal of bank deposits and unit trusts		-	-	82,847,796	82,513,366
Investment/withdrawal in fixed deposits		1,940,925,949	(589,955,982)	-	
Dividend received		53,411	560,475	-	-
Interest received		207,413,412	290,869,326	127,475,099	151,832,283
Net cash flows from/(used in) investing activities		1,260,809,455	(2,410,123,356)	219,851,504	191,145,052
Repayment of interest bearing borrowings	19	(8,431,658,454)	(21,391,782,141)	(399,672,743)	(1,502,657,921)
Repayment of corporate debenture	19	(1,050,313,000)	-	(1,050,313,000)	-
Long term loan obtained during the year	19	6,431,288,675	28,321,969,835	55,913,694	2,219,671,618
Principal payment under finance lease liabilities	19	(86,451,143)	(183,575,452)	(5,395,278)	(7,330,182)
Net cash flows from/(used in) financing activities		(3,137,133,921)	6,746,612,242	(1,399,467,327)	709,683,514
Net (decrease)/increase in cash and cash equivalents		1,946,491,537	(2,417,291,269)	783,182	(422,469,833)
Cash and cash equivalents at the beginning of the year	15	(6,196,116,424)	(3,778,825,155)	(414,735,923)	7,733,911
Cash and cash equivalents at the end of the year	15	(4,249,624,887)	(6,196,116,424)	(413,952,741)	(414,735,922)

Figures in brackets indicate deductions.
The accounting policies and notes on pages 38 to 105 form an integral part of these financial statements.

Colombo
08th December 2020

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

1.1 Reporting Entity

MTD Walkers PLC is a Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office of the Company is located at No. 18, St Michael's Road, Colombo 03, Sri Lanka.

1.2 Consolidated Financial Statements

The Consolidated Financial Statements of MTD Walkers PLC, as at and for the year ended 31st March 2019 encompasses the Company, its Subsidiaries (together referred to as the "Group").

1.3 Nature of Operations and Principal Activities of the Company and the Group

Descriptions of the nature of operations and principal activities of the Company, its Subsidiaries were as follows,

MTD Walkers PLC
MTD Walkers PLC, the Group's holding company, manages a portfolio of investments in the civil and mechanical engineering, marine engineering, heavy and light machinery trading, real estate and power generation industries.

Walker Sons & Company Limited
The Board of Directors of the company decided to temporarily cease all activities, and transferred operations to its subsidiary company Walker Sons & Company Engineers (Private) Limited.

Walker Sons & Company Engineers (Private) Limited
Mechanical Engineering.

MTD Walkers Infracon Limited
Importer and distributor of power tools and light machinery.

MTD Walkers Projects Limited
Facilitates projects which focuses on infrastructure development and construction projects.

Walkers Piling (Private) Limited
Piling of foundations and other related earthwork.

CML-MTD Construction Limited
Civil engineering activities, hiring of machinery and supply of raw materials for construction contracts and providing other engineering services.

Special Projects Company (Private) Limited
Selling of metal items, drilling quarry and metal crushing.

Northern Power Company (Private) Limited
Owner and operator of a 30 MW HFO power plant in Jaffna Peninsula supplying power to the Ceylon Electricity Board.

Colombo Engineering Services (Private) Limited
Provide ship repairing & marine engineering services.

Western Airducts Lanka (Private) Limited
Manufacturing of spiral wound ductwork and associated fittings for exports.

CML-MTD Joint Venture Limited
Carrying on designing, building and constructing of Housing Complex for the Urban Development Regional Project for relocation of underserved settlements for the city of Colombo.

Walkers CML Properties (Private) Limited [Formerly known as Wincon Development Ceylon (Private) Limited]
Construction of houses for sale or lease and the acquisition of land /lands for the purposes aforesaid by purchase or lease or grant or license from the state (Sri Lanka).

Walkers Equipment Limited
Infrastructure development support business.

Walkers Colombo Shipyard (Private) Limited
To establish ships, boats building, repair facility and provides services to general engineering projects in Sri Lanka and other countries.

Walkers Trinco Shipyard (Private) Limited
Ship repair & service provider

Walkers M3 (Private) Limited
IT & software service provider to local & foreign customers

Walkers CML International (Private) Limited
Engage in Civil Engineering, Mechanical Engineering, Electrical Engineering, and Buildings Services.

Walkers Subsea Services (Private) Limited
Ship repair & service provider

Walkers CML Property Development (Private) Limited
Property Development

Walkers CML Properties Lanka (Private) Limited
Property Development

Colombo Fort Heritage Company (Private) Limited
Hoteliering and auxiliary services

1.4 Parent Enterpris and Ultimate Parent Enterprise

In the opinion of the Directors, the Company's parent and ultimate parent undertaking and controlling party is also MTD Capital Bhd, which is incorporated in Malaysia.

1.5 Date of Authorization for Issue

The Consolidated Financial Statements of the Group for the year ended 31 March 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 30th November 2020.

1.6 Responsibility for financial statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for;

- Lands are recognised at cost at the time of

- the acquisition and subsequently measured at fair value.
- Lands which are recognised as investment property are measured at cost at the time of the acquisition and subsequently carried at fair value
- Financial instruments fair value through profit or loss is measured at fair value.

Where appropriate, the specific policies are explained in the succeeding Notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

2.3 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

In determining the basis of preparing the consolidated financial statements for the year ended 31st March 2019, based on available information, the management has assessed the existing and anticipated effect of COVID-19 on the group and the appropriateness of the use of the going concern basis.

Further details are included in note 39.

2.4 Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.5 Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupee (Rs), which is the Group's functional currency.

3 SIGNIFICANT ACCOUNTING POLICES

3.1 Basis of Consolidation

The Consolidated Financial Statements (referred to as the "Group") comprise the Financial Statements of the Company and its subsidiaries.

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or rights to variable returns from its involvement with the investee and when it 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 results 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 the power over an investee.

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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. 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 resulting gain or loss is recognised in the Statement of Profit or Loss. Any investment retained is recognised at fair value.

3.1.1 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measures the non-controlling interest in the acquire either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combinations are expensed

NOTES TO THE FINANCIAL STATEMENTS

and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss recognised in Statement of Profit or Loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with LKAS 39 either in the Statement of Profit or Loss or in Other Comprehensive Income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS/ LKAS.
Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion the cash-generating unit retained.

3.1.3 Subsidiaries

The subsidiaries and their controlling percentages of the Group, which have been consolidated, are as follows:

Company Name	2019	2018
Walker Sons & Company Limited	99.80%	99.80%
Walker Sons & Company Engineers (Private) Limited	99.95%	99.95%
MTD Walkers Infracon Limited	99.81%	99.81%
MTD Walkers Projects Limited	86.39%	86.39%
Walkers Piling (Private) Limited	99.99%	99.99%
CML-MTD Construction Limited	92.11%	92.11%
Northern Power Company (Private) Limited	100%	100%
Special Projects Company (Private) Limited	78.59%	78.59%
Colombo Engineering Services (Private) Limited	100%	100%
Western Airducts Lanka (Private) Limited	79.96%	79.96%
CML-MTD Joint Venture Limited	47.14%	47.14%
Walkers CML Properties (Private) Limited	100%	100%
Walkers Equipment Limited	66.67%	66.67%
Walkers Colombo Shipyard (Private) Limited	94.74%	94.74%
Walkers M3 (Private) Limited	100%	100%
Walkers Trinco Shipyard (Private) Limited	100%	100%
Walkers Subsea Services (Private) Limited	47.37%	47.37%
Walkers CML Property Development (Private) Limited	100%	100%
Walkers CML Property Lanka (Private) Limited	51%	51%
Colombo Fort Heritage Company (Private) Limited	100%	100%
Walkers CML International (Private) Limited	93.58%	93.58%

All the companies operators in Sri Lanka except Walkers CML International (Private Limited operates in Maldives

3.1.3 Non - controlling interests

Profit or loss and each component of other comprehensive income are attributed to 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.

3.1.4 Transactions eliminated on consolidation

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.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency translations

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates applicable on the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Foreign currency differences arising on retranslation are recognised in the Statement of Profit or Loss. All differences arising on settlement or translation of monetary items are taken to Statement of Profit or Loss. Non-monetary assets and liabilities which are carried in terms of historical cost in a foreign currency are translated at the exchange rate that prevailed at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or Statement of Profit or Loss.

3.3 Current versus non-current classification

The Group presents assets and liabilities in Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months afterthe 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 normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- No unconditional rightto defer the settlement of the liability 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.

3.4 Statement of cash flows

The Statement of Cash Flows has been prepared using the "indirect method" in accordance with Sri Lanka Accounting Standard — LKAS 7 — "Statement of Cash Flows". Cash and cash equivalent comprise cash in hand, cash at bank and short-term investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.
Interest received and dividends received are classified as investing cash flows, while dividend paid is classified as financing cash flows and interest paid is classified under the operating cash flows for the purpose of presentation of Statement of Cash Flows.

Cash and cash equivalent includes bank overdrafts that are repayable on demand and form on integral part of the Group's cash management.

3.5 New and amended standards and interpretations

The Group applied SLFRS 15 — "Revenue" from contract with customers and SLFRS 9 — "Financial instruments" for the first time which are effective for the annual reporting periods beginning on or after 1 January 2018. The nature and effect of changes as a result of adoption of these new accounting standards are described below:

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the Consolidated Financial Statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

SLFRS15 — "Revenue from contracts with customers"

SLFRS 15 supersedes LKAS 11 — "Construction Contracts", LKAS 18 — "Revenue and related interpretations" and it applies, with limited exceptions, to all revenue arising from contracts with customers. SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

SLFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Group adopted SLFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 April 2018.

The cumulative effect of initially applying SLFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative was not restated and continues to be reported under LKAS 11, LKAS 18 and related interpretations.

SLFRS 9 — "Financial Instruments"

SLFRS 9 — "Financial Instruments" replaces LKAS 39 — "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; and hedge accounting.

The Group applied SLFRS 9 prospectively, with an initial application date 1 April 2018. The Group has not restated the comparative information, which continues to be reported under LKAS 39. Differences arising from the adoption of SLFRS 9 have been recognised directly in retained earnings and other components of equity.

NOTES TO THE FINANCIAL STATEMENTS

3.6 Fair value measurement

The Group measures financial instruments which are designated as fair value though profit or loss; non-financial assets such as owner occupied lands and investment properties, at fair value. 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:

- Disclosure for valuation methods, significant estimates and assumptions - 25.1
- Quantitative disclosures of fair value measurement hierarchy – Note 25
- Land and Building under revaluation model – Note 4.4
- Investment properties – Note 6.1

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 (unad justed) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which thelowest level input that is significant to the fair value measurement is directly orindirectly 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 at fair value 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.

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.

3.7 Assets and Bases of Their Valuation

3.7.1 Property, plant & equipment

The group applies the requirements of LKAS 16 on 'Property, Plant & Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

3.7.1.1 Basis of recognition

Property, plant & equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

3.7.1.2 Basis of measurement

Items of property, plant & equipment including construction in progress are measured at cost net of accumulated depreciation and accumulated impairment losses, if any, except for land and building which is measured at fair value.

3.7.1.3 Owned assets

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation of land and building is done with sufficient frequency to ensure that the fair value of the land does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Statement of Profit or Loss, the increase is recognised in the Statement of Profit or 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. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

3.7.1.4 Leased Assets

Leased assets Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's Statement of Financial Position.

3.7.1.5 Subsequent costs

The cost of replacing a component of an item of Property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of Property, plant & equipment are recognised Statement of Profit or Loss as incurred.

3.7.1.6 Derecognition

The carrying amount of an item of Property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) in Statement of Profit of Loss. Gains are not classified as revenue.

3.7.1.7 Depreciation

Depreciation is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of Property, plant & equipment, in reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Assets	Years
Buildings	50
Plant and machinery	05-15
Furniture and fittings	08-10
Component assets	03
Construction & other equipment	08-10
Motor vehicles	04-05
Computer and accessories	04

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized.

The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

3.7.2 Capital work in progress

Capital work in progress Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work in progress, whilst the capital assets which have been completed during the year and available to use have been transferred to property, plant and equipment.

3.7.3 Investment property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day to- day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the Statement of Profit or Loss in the year in which they arise. Fair values are evaluated with sufficient frequency by an accredited external, independent valuer.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the Statement of Profit or Loss in the year of retirement or disposal.

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 or inventory (WIP), 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 or inventory (WIP), the Group accounts for such property in accordance with the policy stated under property, plant & equipment up to the date of change in use. Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant & equipment in the consolidated financial statements, and accounted using Group accounting policy for property, plant & equipment.

3.7.4 Leases

3.7.4.1 Finance leases

Leases in terms of which the Group assumes substantially all the risks and benefits incidental to ownership of the leased item, are classified as finance leases. On initial recognition, the leased assets under property, plant and equipment, is measured at an amount equal to the lower of its fair value and the present

NOTES TO THE FINANCIAL STATEMENTS

value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate interest on the remaining balance of the liability.

3.7.4.2 Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the assets are classified as operating leases. Payments under operating leases are recognised as an expense in the statement of profit or loss on a straight-line basis over the term of the lease or any other basis more representative of the time pattern of the benefits derived from the lease. The initial costs incurred in negotiating an operating lease are added to the carrying amount of the lease asset and recognised as a non-current asset and is amortised over the period of the lease in accordance with the pattern of benefits expected to be derived from the lease. The carrying amount of leasehold property is tested for impairment annually.

3.7.4.3 Group as a Lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

3.7.4.4 Determining whether an arrangement contains a lease

At the inception of an arrangement, the Group determines whether such an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. This will be applied if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At the inception or on reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those in respect of the lease and those for other elements, on the basis of their relative fair values. In respect of a finance lease, if the Group concludes that it is impractical to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently as payments are made the liability is reduced and imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

3.7.5 Intangible assets

3.7.5.1 Basis of recognition

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

3.7.5.2 Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

3.7.5.3 Useful economic lives and amortisation

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.7.5.4 De-recognition of intangible assets

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

3.7.5.5 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3.7.5.6 Amortisation

Amortisation is recognised in Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets, from the date on which they are available for use. The estimated useful lives for the current and comparative periods are as follows:

ERP Systems Over 04 Years

3.8 Financial Instruments – Initial recognition and subsequent measurement

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

3.8.1 Financial assets

Accounting policy applicable after to April 2018

3.8.1.1 Initial recognition and measurement

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

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 Group 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

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 Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments.

3.8.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in to four categories based on the entity's business model and the cash flow characteristics:

a. financial assets at amortised cost

b. financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

c. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

d. financial assets at fair value through profit or loss.

3.8.1.3 Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (b) 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 trade receivables, short-term deposits, corporate debt securities and other current financial assets

3.8.1.4 Financial assets at fair value through OCI (debt instruments)

The Group measures financial assets at fair value through OCI if both of the following conditions are met: (a) the financial asset is held within a business model whose objective of both holding to collect contractual cash flows and selling; and (b) 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Profit or Loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

3.8.1.5 Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 — "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

3.8.1.6 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in the fair value recognised in the Statement of Profit or Loss. This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the Statement of Profit or Loss when the right of payment has been established.

3.8.1.7 Derecognition

A financial asset (or, where applicable, apart of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's Consolidated Statement of Financial Position) when: The rights to receive cash flows from the asset have expired; or 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 Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

3.8.1.8 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-month (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.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Accounting policy applicable prior to April 2018

3.8.1.9 Recognition

Prior to 1 April 2018, financial assets are classified in to one of following four categories:

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

Initial and subsequent measurement

Financial assets at fair value through profit or loss
Financial assets at fair value through profit and loss are carried at fair value with changes in fair value recognised in the Statement of Profit or Loss.

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Held-to-maturity investments

Held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. The EIR amortisation is included as finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss.

AFS financial assets

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

Impairment of financial assets
At each reporting date group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that have occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the impairment loss of financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be, recognised are not included in a collective assessment of impairment. The amount of any impairment loss identified is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

3.8.2.1 Financial Liabilities

3.8.2.2 Initial recognition and measurement

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

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

The Group financial liabilities include trade and other payables, loans and borrowings including bank overdraft.

Accounting policy applicable from 1 April 2018

3.8.2.3 Classification and measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss incurred financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SLFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently

measured at amortised cost using the EIR method. Gains and losses are recognised in the 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. This category generally applies to interest-bearing loans and borrowings.

3.8.2.4 Derecognition

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.

Accounting policy applicable prior to 01 April 2018

3.8.2.5 Recognition

Prior to 1 April 2018, financial liabilities are classified in to one of following two categories: Financial liabilities at fair value through profit or loss Other financial liabilities

3.8.2.6 Initial and subsequent measurement

Financial liabilities at fair value through profit or loss Financial liabilities at fair value through profit and loss are carried at fair value with changes in fair value recognised in the Statement of Profit or Loss.

3.8.2.7 Other financial liabilities

Other financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognised in the profit or loss

3.8.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts
  and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

3.8.4 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long 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 using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

3.9 Inventories

Inventories are stated at the lower of cost or net realizable value, after making due allowance for obsolete and slow-moving items.

The cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, are accounted using Weighted average cost formula.

Net realizable value is the estimated selling price in the normal course of business less estimated cost of realization and/or cost of conversion from their existing state to saleable condition.

Work-in-Progress and Completed Apartments

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, and completed apartments are shown as inventories and measured at the lower of cost and net realizable value.

Cost includes:

- Freehold rights for land
- Amounts paid to contractors for construction
- Planning and design costs, costs of site preparation, property transfer taxes, construction overheads and other related costs.
- Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale. The cost of inventory recognized in profit or loss on disposal is determined with reference to the costs incurred on the property sold and an allocation of costs based on the gross floor area of the property developed.

3.10 Cash and cash equivalents

Cash in hand and at bank and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and short term borrowings as they are considered an integral part of the Group's cash management.

3.11 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 the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.12 Liabilities and provisions

3.12.1 Employee benefits

3.12.1.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in Statement of Profit or Loss in the periods during which services are rendered by employees.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

3.12.1.2 Defined benefit plans

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 LKAS 19 – "Employee benefits". 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. Key assumptions used in determining he defined retirement benefit obligations are given in Note 21. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However for entities of the Group operating in Sri Lanka, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

Recognition of actuarial gains or losses

Actuarial gains or losses are recognised in full in the Other Comprehensive Income.

3.12.2 Short-term benefits

Short-term employee benefit

obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.12.2.1 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.12.3 Capital commitments and contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Note 35 to the Financial Statements.

3.12.4 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.13 Statement of Profit or Loss

For the purpose of presentation of the Statement of Profit or Loss, the function of expenses method is adopted.

3.13.1 Revenue

The Group has initially applied SLFRS 15 from 01 April 2018 for the first time in these Financial Statements, which is effective for annual periods beginning on or after 01 January 2018.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Timing of transferring the goods and services to the customer is determined based on judgements taking into the consideration of the nature of the goods and services that offers to the customers.

The specific recognition criteria described below must also be met before revenue is recognized:

Construction revenue

Revenue from construction-related contracts is recognised upon satisfaction of a performance obligation agreed in the contract. At contract inception, the group determines whether it satisfies the performance obligation over time or at a point in time. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer. For each performance obligation satisfied over time, the group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

The progress is assessed based on surveys of work performed. When the outcome of construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when the control of the asset is transferred to the customer, generally, on delivery of the goods.

Services transferred over time

Under SLFRS 15, the Company determines, at contract inception, whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Company recognises the revenue over time by measuring the progress towards the complete satisfaction of that performance obligation.

Sale of goods

The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods. Sales are measured at the fair value of the consideration received or receivable excluding amounts collected on behalf of third parties (e.g. Sales taxes) and variable consideration (e.g. discounts and rebates).

Sale of Apartments

In the case of sale of apartments, the group has determined that equitable interest in the property has vested in the buyer before legal title passes, and the control of such have been transferred at the time of entering into Sale and Purchase agreement. Therefore, revenue recognition from sale of apartments is begun at the point of time entering in to Sale and Purchase Agreement. Where the property is under development for a considerable time frame and agreement has been reached to sell such an apartment when construction works are completed, the directors consider whether the contract comprises;

- A contract to construct a property or
- A contract for the sale of a completed property

Where the contract is for the sale of a completed property, revenue is recognized at the point in time, when control has been transferred to the buyer, which is normally on unconditional exchange contracts.

Rendering of services
Revenue from rendering of services is recognised in the Statement of Profit or Loss when each performance obligations are satisfied by transferring promised service to the customer.

Commission
When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the commission earned by the Group.

Interest income
For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in the statement of profit or loss.

Dividend income
Dividend income is recognised in statement of income on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Rental income
Rental income is recognized in profit or loss at it accrues.

Gains and losses
Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognised net within "other income" in profit or loss.

Other income
Other income is recognized on an accrual basis.

3.13.2 Expenditure recognition
Expenses are recognized in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the loss of the year.

Repairs and renewals are charged to Statement of Profit or Loss in the year which the expenditure is incurred.

Contract balances

3.13.3 Contract assets
Contract assets are entity's right to consideration in exchange for goods or services that the entity has transferred to a customer, when that right is conditioned on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables. The contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date.

Contract liability
The contract liabilities are entity's obligation to transfer goods and services to a customer for which the entity has received consideration (or the amount is due) from the customer. The contract liabilities primarily relate to the advance consideration received from customers for goods or services provided, for which revenue is recognised over the time.

Other expenses
All expenditure incurred in the running of the business and in maintaining property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year.

For the purpose of presentation of Statement of Profit or Loss, the Directors are of the opinion that function of expenses methods present fairly the elements of the enterprises performance hence such presentation method is adopted.

Recognition of expected losses
Expected losses are recognised as an expense when it is probable that the total cost pertaining to construction contracts will exceed its revenue.

3.13.4 Operating leases
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

3.13.5 Borrowing costs
Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where the borrowing costs, which are directly attributable to the acquisition, construction or production of qualifying assets which are the assets that necessarily take a substantial period of time to get ready for their intended purpose, are added to the cost of those assets until such time, as the assets are substantially ready for their intended use or sale.

Investment income, earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, is deducted from the borrowing cost eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.13.6 Finance income and finance costs
Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in the Statement of Profit or Loss.

Finance cost comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Foreign currency gains and losses are reported on a net basis

3.13.7 Tax expense
Tax expense comprises

current and deferred tax. Current tax and deferred tax are recognised in Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognised directly in Equity or in Other Comprehensive Income.

3.13.7.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. 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.

Northern Power Company (Private) Limited

Pursuant to agreement dated 31 August 2007, entered into with Board of Investments of Sri Lanka under section 17 of the Board of Investment Law No. 04 of 1978, the provision of the Inland Revenue Act No. 10 of 2006 relating to the imposition, payment and recovery of income tax in respect of the profit and income of the Company shall not apply for a period of eight (8) years reckoned from the year of assessment as may be determined by the Board ("the tax exemption period"). For the above purpose the year of assessment shall be reckoned from the year in which the Company commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations whichever comes first, as may be specified in a certificate issued by the Board. This exemption period commence from 01 April 2011 and expires on 31 March 2019.

CML-MTD Joint Venture Limited

As per the agreement entered into with the Board of Investments of Sri Lanka on 12 August 2014, under section 17 of the Board of Investment Law No. 4 of 1978 and as per section 17(A) of the Inland Revenue Act No. 10 of 2006 as amended by the Inland Revenue (Amendment) Act No. 8 of 2014, the Company is exempted from income tax for a period of 09 years, subject to the condition that a minimum investment made by the Company to the project shall be more than Sri Lanka Rs. 1,500 Million on or before 31 March 2015 from the date of agreement. The above investment shall be made in fixed assets.

For the above purpose the year of assessment shall be reckoned from the year in which the Company commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations, whichever year is earlier as determined by the Commissioner General of Inland Revenue.

However, the Company is liable for income tax on other income.

Walkers CML Properties (Private) Limited

Pursuant to agreement dated 03 April 2003, entered into with Board of Investments of Sri Lanka under section 17 of the Board of Investment Law No. 04 of 1978, the provision of the Inland Revenue Act No. 10 of 2006 relating to the imposition, payment and recovery of income tax in respect of the profit and income of the Company shall not apply for a period of ten (10) years reckoned from the year of assessment as may be determined by the Board ("the tax exemption period").

For the above purpose the year of assessment shall be reckoned from the year in which the Company commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations whichever comes first, as may be specified in a certificate issued by the Board. This exemption period commence from 02 July 2015 and expired on 01 July 2025.

After the expiration of the aforesaid tax exemption period, the profits and income of the company shall be charged at the rate of fifteen per centum (15%).

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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
- In respect of taxable temporary differences associated with investments in subsidiaries when 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 tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 credits and unused tax losses can be utilised, except:

- When the deferred 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

- In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only 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 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 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 asset to be recovered.

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

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was Incurred during the measurement period or in the Statement of Profit or Loss.

Tax on dividend income from subsidiaries is recognised as an expense in the Consolidated Statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

3.14 General

3.14.1 Events Occurring After the Reporting Date

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

3.14.2 Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.14.3 Segment reporting

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 Board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the senior management and board of directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Consolidated Financial Statements.

3.14.4 Sri Lanka accounting standards (SLFRS/LKAS) issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these standards when they become effective.

SLFRS 16 - Leases

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under LKAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short term. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

NOTES TO THE FINANCIAL STATEMENTS

SLFRS 16 is effective for annual periods beginning on or after 1January 2019. Early application is permitted, but not before an entity applies SLFRS 15.

This standard will affect primarily the accounting for operating leases and the Management are of the view that the adoption of SLFRS 16 do not have any impact to the financial statements as the Group do not have any operating leases.

IFRIC Interpretation 23 - Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

3.15 Critical Accounting Estimates and Judgments

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

In determining the above significant management judgements, estimates and assumptions the impact of the COVID 19 pandemic has been considered as of reporting date and specific considerations have been disclosed under the relevant notes.

3.15.1 Impairment of trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other financial nature receivables are recognised as other receivables. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the Effective Interest Rate (EIR) method less any provision for impairment.

From 01 April 2018, the Group applies the simplified approach in measuring expected credit losses (ECL) allowance which is recommended by SLFRS 9 on making impairment of trade receivables.

ECLs are probability-weighted estimate of credit losses. It has not resulted in a material change in loss allowance compared with previous policy. The allowance is provided by considering evidence of impairment for receivables of both individual and collective level. Receivables are individually assessed for impairment by considering objective evidence such as experiencing a significant financial difficulty or default in payment by customer. Debtors that are not specifically impaired are then collectively assessed for any impairment. In assessing collective impairment, the Group uses historical information on the probability of default, the timing of recoveries, the amount of loss incurred and makes an adjustment if current and forward looking economic and credit conditions are likely to be greater or lesser than suggested historical trends.

3.15.2 Measurement of the Recoverable Amount of Cash-Generating Units Containing Goodwill

The Group tests annually whether goodwill requires impairment, in accordance with the accounting policy stated in Note 3.1.1 the basis of determining the recoverable amounts of cash generating units and key assumptions used are given in note 7.2. to the Financial Statements.

3.15.3 Income taxes

The group recognises liabilities for anticipated tax based on estimates of taxable income. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

3.15.4 Deferred tax

Deferred tax assets are recognized for 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 judgement is required to determine the amount of deferred tax assets that can be recognised, based on upon the likely timing and the level of future taxable profits together as with future tax planning strategies.

3.15.5 Measurement of the Employee Benefit Obligations

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for the defined benefit plan include the discount rate, future salary increase rate, mortality rate, withdrawal and disability rates and retirement age. Any changes in these assumptions will impact the carrying amount of the defined benefit plan. The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows, expected to be required to settle the defined benefit plan. In determining the appropriate discount rate, the group considers the interest yield of long-term government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit plan. Other key assumptions for the defined benefit plan are based in part on current market conditions.

3.15.6 Revaluation of land and buildings

The Group measures land and buildings which are recognised as property, plant & equipment at revalued amount with change in value being recognised in the Statement of Other comprehensive income. The valuer has used valuation techniques such as open market value. Further details on revaluation of land are disclosed in Note 4.4 to the Financial Statements.

3.15.7 Fair valuation of investment property

The Group measures lands which are recognised as investment property at fair value amount with change in value being recognised in profit or loss. The valuer has used the open market approach in determining the fair value of the land. Further details on fair value of investment property are disclosed in Note 6.1 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Group

Description of Assets	Cost/Valuation Balance as at 01.04.2018 LKR	Additions during the year LKR	Revaluation gain during the Year LKR	Transfer to investment property LKR	Disposals during the year LKR	Balance as at 31.03.2019 LKR
Freehold assets						
Freehold land	625,695,584	-	70,251,500	-	-	695,947,084
Buildings	200,638,197	1,132,000	27,336,176	(28,000,000)	-	201,106,373
Plant & machinery	6,273,297,076	612,284,955	-	-	(67,991,767)	6,817,590,265
Furniture & fittings	94,167,513	878,498	-	-	-	95,046,012
Office equipment	120,216,395	6,992,321	-	-	-	127,208,716
Construction & Other equipment	1,321,108,370	36,969,711	-	-	-	1,358,078,082
Motor vehicles	472,312,159	19,099,749	-	-	(167,951,206)	323,460,702
	9,107,435,294	677,357,236	97,587,676	(28,000,000)	(235,942,973)	9,618,437,234
Leasehold assets						
Motor vehicles	347,937,333	9,000,000	-	-	(99,013,969)	257,923,364
Plant & machinery	1,127,815,721	100,495,000	-	-	-	1,228,310,721
	1,475,753,054	109,495,000	-	-	(99,013,969)	1,486,234,085
Grand Total	10,583,188,348	786,852,236	97,587,676	(28,000,000)	(334,956,942)	11,104,671,319

4.2 Company

Description of Assets	Cost/Valuation Balance as at 01.04.2018 LKR	Additions during the year LKR	Transfer to investment property LKR	Disposals during the year LKR	Balance as at 31.03.2019 LKR
Freehold assets					
Office equipment	2,819,561	760,392	-	-	3,579,954
Furniture	19,334,614	-	-	-	19,334,614
Fixtures & fittings	9,852,892	65,256	-	-	9,918,148
Computer & accessories	51,844,396	145,743	-	-	51,990,138
Motor vehicle	1,044,670	-	-	-	1,044,670
	84,896,133	971,391	-	-	85,867,524
Leasehold assets					
Motor vehicles	38,135,357	-	-	(12,500,000)	25,635,357
Grand total	123,031,490	971,391	-	(12,500,000)	111,502,881

Depreciation				Written down Value	
Balance as at 01.04.2018	Charge For the year	On disposals	Balance as at 31.03.2019	Balance as at 31.03.2019	Balance as at 31.03.2018
LKR	LKR	LKR	LKR	LKR	LKR
-	-	-	-	695,947,084	625,695,584
27,773,119	4,105,884	(2,240,000)	29,639,003	171,467,370	172,865,078
3,805,149,810	752,731,880	(67,977,220)	4,489,904,471	2,327,685,794	2,468,147,266
56,006,759	16,974,436	-	72,981,195	22,064,817	38,160,754
83,750,441	19,347,644	-	103,098,085	24,110,632	36,465,954
655,120,696	254,088,054	-	909,208,750	448,869,332	665,987,675
383,364,517	43,307,774	(136,707,949)	289,964,341	33,496,361	88,947,642
5,011,165,342	1,090,555,672	(206,925,169)	5,894,795,845	3,723,641,389	4,096,269,953
172,542,912	59,256,190	(64,952,936)	166,846,166	91,077,198	175,394,422
352,225,942	179,602,935	-	531,828,877	696,481,844	775,589,779
524,768,853	238,859,125	(64,952,936)	698,675,043	787,559,042	950,984,201
5,535,934,195	1,329,414,797	(271,878,105)	6,593,470,888	4,511,200,432	5,047,254,154

Depreciation				Written down Value	
Balance as at 01.04.2018	Charge For the year	On disposals	Balance as at 31.03.2019	Balance as at 31.03.2019	Balance as at 31.03.2018
LKR	LKR	LKR	LKR	LKR	LKR
1,764,546	582,543	-	2,347,089	1,232,865	1,055,015
15,348,324	1,403,731	-	16,752,054	2,582,559	3,986,290
9,852,892	65,256	-	9,918,148	-	-
31,806,555	11,197,131	-	43,003,686	8,986,452	20,037,840
442,178	209,413	-	651,591	393,079	602,492
59,214,495	13,458,073	-	72,672,568	13,194,956	25,681,638
21,940,095	5,108,696	(8,849,835)	18,198,957	7,436,400	16,195,262
81,154,590	18,566,769	(8,849,835)	90,871,525	20,631,356	41,876,899

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2019

4 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

4.3 During the financial year, the group acquired property, plant & equipment for cash to the aggregate value of Rs.884,423,912/- (2018 Rs. 2,154,383,112/-)

4.4 Revaluation of property, plant and equipment

Freehold land and building of the Company were revalued by an independent valuer Messers.W.D.P.Rupananda, an accredited independent valuer as at 31st March 2019 to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence.

Details of company's lands stated at valuation are indicated below:

Description	Method of valuation	Property valuer	Effective date of valuation	Method of Valuation	Date of Valuation
Lands	Market comparable method	W.D.P Rupananda Chartered Valuation Surveyors	31/03/2019	Market Value	31/03/2019
Buildings	Market comparable method	W.D.P Rupananda Chartered Valuation Surveyors	31/03/2019	Market Value	31/03/2019

4.5 The carrying amount of revalued land if they were carried at cost is LKR 443,056,000/- (2018 - LKR 443,056,000/-)

As at 31 March	Group			
	Cost	Cumulative depreciation if assetsare carried at cost	2019 Net carrying amount	2018 Net carrying amount
	LKR	LKR	LKR	LKR
At cost				
Freehold land	443,056,000	-	443,056,000	443,056,000
Freehold buildings	44,593,785	(11,618,445)	32,975,340	32,975,340
	487,649,785	(11,618,445)	476,031,340	476,031,340

Fair value measurement disclosures for revalued land is provided in Note 4.6.

As at 31 March 2019

4 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

4.6 Value of land and ownership at the year end - Group

Information on the freehold lands and buildings and investment property of the company is as follows:

Company	Property	Method of valuation	Location	Extent	2019 Carrying value LKR
CML- MTD Construction Limited	Land	Market comparable method	No.428/1,Samurdhi Mawatha, Heyanthuduwa	388 Perches	281,000,000
	Land	Market comparable method	Kirwanawatha,Hamanawatha,-Giriulla	758.08 Perches	22,700,000
	Land	Market comparable method	Madatiyawala Mawatha, Pahala Madatiyawala, Kaluwakgala, Divulapitiya.	6353 Perches	205,000,000
	Building	Market comparable method	Heyanthuduwa/Griulla/ Divulapitiya	51,024 Sq Ft	59,300,000
Walkers Piling (Private) Limited	Land	Market comparable method	Piling Yard, Madapatha, Piliyandala	101.51 Perches	38,000,000
Walker Sons & Company Engineers (Private) Limited	Land	Market comparable method	Mahahena Road,Siyambaape South, Siyambalape.	260.10 Perches	58,000,000
	Land	Market comparable method	Akuressa Road,Wanchawala, Galle	30.1 Perches	13,500,000
	Land	Market comparable method	Karamadala,Gelioya.	173.5 Perches	7,500,000
Walker Sons & Company Limited	Land	Market comparable method	Walden Place, Waligama Road, Bandarawela	445 Perches	66,600,000
Western Airducts Lanka (Private) Limited	Land	Market comparable method	Mahahena Road, Siyabalape south, Siyabalape.	445.3 Perches	14,000,000

5 Capital Work In Progress

5.1 Capital Work-In-Progress

Group	Balance as at 01.04.2018 LKR	Expenses Incurred during the year LKR	On acquisition of subsidiary LKR	Balance as at 31.03.2019 LKR	Balance as at 31.03.2018 LKR
Capital work in progress	1,750,104,947	327,373,793	258,426,778	2,335,905,518	1,750,104,947
	1,750,104,947	327,373,793	258,426,778	2,335,905,518	1,750,104,947

5.2 Capital Work-In-Progress

Company	Balance as at 01.04.2018 LKR	Expenses Incurred during the year LKR	Balance as at 31.03.2019 LKR	Balance as at 31.03.2018 LKR
Capital work in progress	33,500,513	-	33,500,513	33,500,513
	33,500,513	-	33,500,513	33,500,513

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2019

6 INVESTMENT PROPERTY - GROUP

	2019 LKR	2018 (Reclassified) LKR
Carrying value		
At the beginning of the year	2,018,600,000	1,050,517,000
Transfer from property, plant & equipment	25,760,000	600,000,000
Change in fair value during the year	101,540,000	368,083,000
At the end of the year	2,145,900,000	2,018,600,000
Freehold property	1,811,400,000	2,018,600,000
Leasehold property	334,500,000	-
	2,145,900,000	2,018,600,000

6.1 Valuation of investment property

Fair value of the investment property is ascertained by independent valuations carried out by Messers.W. D. V. Rupananda (Chartered valuation surveyors), who have recent experience in valuing properties of similar location and category. Investment property is appraised in accordance with LKAS 40, SLFRS 13 and International Valuation Standards published by the International Valuation Standards Committee (IVSC) by the independent valuers. In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

6.2 Description of valuation techniques used to valuation on investment properties:

Property	Method of valuation	Effective date of valuation	Value 2019	Value 2018
Freehold property				
CML-MTD Construction Limited				
Nos 20-31 St Michel's Road, Kollupitya	Open market value	31 March 2019	334,500,000	317,700,000
Nos 14, 20,28/1 and 28/2 Mosque Lane, Kollupitiya.	Open market value	31 March 2019	461,400,000	438,300,000
Katunayaka, Seeduwa, Gampaha	Open market value	31 March 2019	520,000,000	502,600,000
Walker Sons & Company Limited				
No. 18, St. Michael's Road, Colombo 03	Open market value	31 March 2019	830,000,000	760,000,000

6.3 The land classified as held for sale in the year 2017/2018 has been re-classified to investment property since the Company had not been committed to sell the asset as at 31st March 2019 Note 34 to financial statements .

Fair value of measurement disclosures for investment properties are provided in Note 25.

7 INTANGIBLE ASSETS - GROUP

	Goodwill LKR	ERP system LKR	2019 LKR	2018 LKR
Cost				
At the beginning of the year	564,895,312	93,966,860	658,862,172	658,862,172
Transfer from capital work in progress	-	-	-	-
Acquisitions during the year	-	-	-	-
At the end of the year	564,895,312	93,966,860	658,862,172	658,862,172
Amortisation and impairment				
At the beginning of the year	(25,491,792)	(45,626,982)	(71,118,774)	(22,135,267)
Amortisation/Impairment for the year	-	(23,491,715)	(23,491,715)	(48,983,507)
At the end of the year	(25,491,792)	(69,118,697)	(94,610,489)	(71,118,773)
Carrying amount	539,403,520	24,848,163	564,251,683	587,743,398

As at 31 March 2019

7 INTANGIBLE ASSETS - GROUP (CONTD.)

7.1 Goodwill

Goodwill acquired through business combinations have been allocated to cash generating units (CGU's) for impairment testing as follows;

	Group	
	2019 LKR	2018 LKR
Northern Power Company (Private) Limited	289,069,326	289,069,326
Colombo Engineering Services (Private) Limited	160,060,258	160,060,258
Western Airducts Lanka (Private) Limited	62,728,428	62,728,428
Walkers Colombo Shipyard (Private) Limited	27,545,508	27,545,508
Walkers Trinco Shipyard (Private) Limited	25,491,792	25,491,792
	564,895,312	564,895,312
Less; Impairment recognized on Walkers Trinco Shipyard (Private) Limited	(25,491,792)	(25,491,792)
	539,403,520	539,403,520

The recoverable amount of all CGU's have been determined based on the fair value less cost to sell or the value in use (VIU) calculation.

7.2 Key assumptions used in the VIU calculations

Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates

The discount rate used (11% - 14%) is the risk free rate, adjusted by the addition of an appropriate risk premium.

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic condition.

Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to five years immediately subsequent to the budgeted year based on industry growth rates. Cash flows beyond the five year period are extrapolated using 0%-2% growth rate based on the current market conditions and considering the operational stages of each company.

7.3 INTANGIBLE ASSETS - COMPANY

	2019 LKR	2018 LKR
ERP System	24,848,163	48,339,878

Amount paid to acquisition and implementation of SAP-ERP system is classified as Intangible assets and amortized over 4 years.

8 FINANCE LEASE RECEIVABLES

Upon recognition of the power plant owned by Northern Power Company (Private) Limited, under IFRIC 4 the arrangement was accounted as a finance lease where Northern Power Company (Private) Limited is treated as the lessor.

Receivable from Ceylon Electricity Board (CEB), which is owned and administrated by government of Sri Lanka.

	Group	
	2019 LKR	2018 LKR
Balance at the beginning of the year	3,034,285,046	2,964,672,567
Adjustments for exchange difference	392,143,492	69,612,479
Balance at the end of the year	3,426,428,538	3,034,285,046
Current portion of finance lease receivables	355,041,606	340,423,711
Non current portion of finance lease receivables	3,071,386,932	2,693,861,336

8.1 Ageing of gross finance lease receivables and present value of lease receivables

	Gross investment LKR	Unearned income LKR	Present value LKR
Not later than one year	875,626,614	(520,585,009)	355,041,605
One to five years	4,728,317,973	(1,656,931,041)	3,071,386,933
	5,603,944,587	(2,177,516,050)	3,426,428,538

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2019

9 INVESTMENTS IN SUBSIDIARY - COMPANY

Non - Quoted

	2019		2018	
	Holding	LKR	Holding	LKR
Walker Sons & Company Limited	99.80%	76,999,860	99.80%	76,999,860
Walker Sons & Company Engineers (Private) Limited	99.60%	400,026,132	99.60%	400,026,132
MTD Walkers Projects Limited	86.38%	399,940	86.38%	399,940
MTD Walkers Infracon Limited	92.55%	34,650	92.55%	34,650
Walkers Pilling (Private) Limited	99.99%	411,044,200	99.99%	411,044,200
CML- MTD Construction Limited	92.11%	1,098,834,919	92.11%	1,098,834,919
Northern Power Company (Private) Limited	100%	2,535,565,347	100%	2,535,565,347
Colombo Engineering Services (Private) Limited	100%	275,000,000	100%	275,000,000
Walkers CML Properties (Private) Limited	100%	2,357,145,400	100%	2,357,145,400
Walkers Equipment Limited	66.67%	6,666,667	66.67%	6,666,667
Walkers Colombo Shipyard (Private) Limited	94.74%	426,874,923	94.74%	426,874,923
Walkers M3 (Private) Limited	100%	1,000	100%	1,000
Walkers CML International (Private) Limited	70%	700,000	70%	700,000
Walkers Trinco Shipyard (Private) Limited	100%	19,500,000	100%	19,500,000
		7,608,793,038		7,608,793,038
Less; Provision of impairment (Note 9.1)		(419,526,132)		(419,526,132)
		7,189,266,906		7,189,266,906

9.1 Provision of impairment

	2019		2018	
Company	Holding	LKR	Holding	LKR
Walker Sons & Company Engineers (Private) Limited	99.60%	400,026,132	99.60%	400,026,132
Walkers Trinco Shipyard (Private) Limited	100%	19,500,000	100%	19,500,000
		419,526,132		419,526,132

10 OTHER FINANCIAL ASSETS

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
-Non current				
Investments carried at fair value thorugh profit and loss	2,255,510	2,462,387	-	--
Unquoted equity securities	260,370	260,370	-	--
Investment in Fixed Deposits	8,575,766	414,719,354	-	--
	11,091,646	417,442,111	-	--
-Current				-
Short term deposits at ammortized cost	648,770,186	2,183,345,670	-	82,847,796
	648,770,186	2,183,345,670	-	82,847,796

As at 31 March 2019

11 INVENTORIES

	Group	
	2019 LKR	2018 LKR
Materials	1,342,659,473	842,013,884
Work-in-progress	2,783,841,100	3,378,046,096
Spare parts & consumables	996,721,521	1,174,618,439
Completed apartments and Finished goods	61,716,196	123,735,369
Other inventories	-	25,192,097
	5,184,938,290	5,543,605,884
Less : Provision for write-down of inventories	(75,726,310)	(17,008,119)
	5,109,211,980	5,526,597,766

12 TRADE AND OTHER RECEIVABLES

		Group		Company	
		2019 LKR	2018 LKR	2019 LKR	2018 LKR
Trade receivables		14,132,008,146	19,022,307,505	-	-
Less: Impairment for trade debtors	(Note 12.2)	(1,329,468,364)	(569,525,172)	-	-
	(Note 12.1)	12,802,539,781	18,452,782,333	-	-
Retention money, advances and other receivables		2,530,604,592	4,814,626,706	211,019,432	219,069,385
Less: Impairment for other receivables		(26,694,175)	(103,417,445)	-	-
		2,503,910,417	4,711,209,261	211,019,432	219,069,385
Extra fuel chargers receivable		368,172,482	368,172,482	-	-
Less: Impairment for fuel chargers receivables		(368,172,482)	(368,172,482)	-	-
		15,306,450,198	23,163,991,594	211,019,432	219,069,385

12.1 The aging analysis of trade debtors is as follows:

	Group			
			Past due but not impaired	
	Total LKR	Neither past due nor impaired LKR	01 - 02 year LKR	< 02 year LKR
31 March 2019	12,802,539,781	6,840,845,135	2,492,987,659	3,468,706,987
31 March 2018	18,452,782,333	12,491,087,687	3,927,293,143	2,034,401,502

The Group carries out a significant portion of its businesses with the Road Development Authority (RDA), Ceylon Electricity Board (CEB) and to the Urban Development Authority (UDA) which are owned and administered by the Government of Sri Lanka (GOSL). It is an inherent factor that invoices relating to work carried out by the Group to these entities affiliated to the GOSL have long settlement cycles which is, consistent with the current practice in the industry.

The Board of directors of the group is of the view, that this phenomenon is an inherent factor in the construction industry and further provisioning is not required for bad and doubtful debts on receivables, as they are deemed to be recoverable. Further, the directors of the group is of the view that the current provisioning for bad and doubtful debts is adequate to meet any potential bad debts that could crystallize in the future.

12.2 Movement in the provision for Impairment - Group

	2019 LKR	2018 LKR
Balance at the beginning of the year	569,525,172	420,479,402
Charge for the year	759,943,192	149,045,770
Balance as at end of the year	1,329,468,364	569,525,172

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2019

13 OTHER CURRENT ASSETS

	Group		Company	
	2019 LKR	2018 LKR	**2019 LKR**	2018 LKR
VAT receivable	19,676,559	196,052,669	-	-
Deposits and advances	744,587,309	1,284,753,525	5,805,993	22,355,219
Other receivables	258,485,042	50,345,991	-	-
	1,022,748,910	1,531,152,185	5,805,993	22,355,219
Less; Provision on Impairment	(42,433,318)	-	-	-
	980,315,592	1,531,152,185	5,805,993	22,355,219

14 AMOUNTS DUE FROM RELATED PARTIES

	Relationship	Group		Company	
		2019 LKR	2018 LKR	2019 LKR	2018 LKR
Non-Current					
Loans receivable					
Northern Power Company (Private) Limited	Subsidiary	-	-	374,212,928	374,212,928
Walkers Colombo shipyard (Private) Limited	Subsidiary	-	-	522,000,000	-
MTD Walkers Projects Limited	Subsidiary	-	-	9,696,658	9,696,658
		-	-	905,909,586	383,909,586
Current					
Walker Sons & Company Limited	Subsidiary	-	-	59,918,749	59,853,071
Walkers Piling (Private) Limited	Subsidiary	-	-	291,687,986	265,676,367
Northern Power Company (Private) Limited	Subsidiary	-	-	766,673,320	728,347,684
CML-MTD Construction Limited	Subsidiary	-	-	-	68,488,922
MTD Walkers Projects Limited	Subsidiary	-	-	43,243,245	42,375,819
Walkers CML Properties (Private) Limited	Subsidiary	-	-	-	72,864,172
MTD Walkers Infracon Limited	Subsidiary	-	-	5,864,528	5,414,256
Walker Sons & Co. Engineers (Private) Limited	Subsidiary	-	-	118,422,934	62,985,813
Western Airducts Lanka (Private) Limited	Subsidiary	-	-	-	8,939,733
Walkers Equipment Limited	Subsidiary	-	-	27,643,417	79,150,349
Special Projects Company (Private) Limited	Subsidiary	-	-	-	3,676,163
CML MTD Joint Venture Limited	Subsidiary	-	-	-	44,621,311
Walkers Colombo shipyard (Private) Limited	Subsidiary	-	-	1,023,232,579	1,433,278,504
Walkers M3 (Private) Limited	Subsidiary	-	-	13,240,199	10,479,444
Walkers CML International (Private) Limited	Subsidiary	-	-	224,841,663	93,159,921
MTD Walkers Overseas (Private) Limited	Affiliate	120,332	120,332	120,332	120,332
Colombo Fort Hertage Company (Private) Limited	Subsidiary	-	-	6,000,000	6,000,000
Key management personal	Director	34,242,086	-	-	-
		34,362,418	120,332	2,580,888,952	2,985,431,861
Less: Impairment for related companies		-	-	(62,985,813)	(62,985,813)
Total Amounts Due from Related Parties		34,362,418	120,322	2,517,903,139	2,922,446,048

As at 31 March 2019

15 CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

Components of Cash & Cash Equivalents

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
15.1 Favourable cash and cash equivalent balances				
Cash & bank balances	955,042,174	682,091,568	1,746,876	5,514,888
Call deposits	-	16,576,252	-	-
	955,042,174	698,667,820	1,746,876	5,514,888
15.2 Unfavourable cash & cash equivalents balances				
Bank overdrafts	(5,204,667,061)	(6,894,784,244)	(415,699,617)	(420,250,810)
Total cash and cash equivalents for the purpose of the Cash flow statements	(4,249,624,887)	(6,196,116,424)	(413,952,741)	(414,735,922)

16 STATED CAPITAL - GROUP

Description	2019 Number of shares	2019 Value of shares LKR	2018 Number of shares	2018 Value of shares LKR
Fully paid ordinary shares	167,647,568	6,057,497,739	167,647,568	6,057,497,739

16.1 STATED CAPITAL - COMPANY

Description	2019 Number of shares	2019 Value of shares LKR	2018 Number of shares	2018 Value of shares LKR
Fully paid ordinary shares	167,647,568	6,057,497,739	167,647,568	6,057,497,739

17 REVALUATION RESERVE

	Group	
	2019 LKR	2018 LKR
As at the beginning of the year	850,559,823	966,796,945
Revaluation during the year, net of tax	97,587,676	-
Deferred tax on revaluation of lands	(25,272,899)	(161,687,015)
Effect on deemed acquisitions	-	45,449,893
As at the end of the year	922,874,600	850,559,823

The above revaluation surplus consist of net surplus resulting from the revaluation of lands of the Group.

17.1 As per the new inland revenue act No 24 of 2017 which is effective from 1 April 2018, Business assets including land will attract income tax at the corporate tax rate applicable to the company, at the time of realization of such assets. Accordingly, land carried under revaluation model in the financial statements has now been considered as a business asset and subjected to taxable temporary differences. Accordingly a deferred tax liability amounted to Rs. 25,272,899/- has recognized through other comprehensive income (OCI) and charged to revaluation reserve.

17.2 The new inland revenue act has introduced a new tax rate of 28% (previously 12%) for constrcuction industry. The new tax rate will be applicable to the company from 1 April 2018. Accordingly the revised rate of 28% has been applied for deferred tax computation of the company for the year ended 31 March 2018.

18 NON-CONTROLLING INTEREST

	Group	
	2019 LKR	2018 LKR
As at the beginning of the year	544,630,795	960,341,727
Total Comprehensive income	(1,121,403,574)	(381,703,671)
Effect of changes in group structure without losing control	-	(34,007,261)
As at the end of the year	(576,772,779)	544,630,795

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2019

19 INTEREST BEARING LOANS & BORROWINGS

Group	2019 Amounts repayable within 1 year LKR	2019 Amounts repayable after 1 year LKR	2019 Total LKR	2018 Amounts repayable within 1 year LKR	2018 Amounts repayable after 1 year LKR	2018 Total LKR
Unsecured debentures (Note 19.1.1)	1,051,947,000	883,417,999	1,935,364,999	2,102,260,000	883,417,999	2,985,677,999
Bank loans (Note 19.2)	14,605,817,177	2,083,781,113	16,689,598,290	15,862,767,236	2,246,392,201	18,109,159,437
Finance leases (Note 19.3)	287,704,256	522,122,421	809,826,677	216,313,274	570,469,545	786,782,819
Related party loans (Note 19.4)	-	644,339,700	644,339,700	-	644,339,700	644,339,700
	15,945,468,433	4,133,661,233	20,079,129,666	18,181,340,510	4,344,619,445	22,525,959,955

Company	2019 Amounts repayable within 1 year LKR	2019 Amounts repayable after 1 year LKR	2019 Total LKR	2018 Amounts repayable within 1 year LKR	2018 Amounts repayable after 1 year LKR	2018 Total LKR
Unsecured debentures (Note 19.1.1)	1,062,967,000	883,417,999	1,946,384,999	2,113,280,000	883,417,999	2,996,697,999
Bank loans (Note 19.2.1)	1,705,445,137	-	1,705,445,137	2,049,204,187	-	2,049,204,187
Finance leases(Note 19.3.1)	3,895,617	912,796	4,808,413	6,238,196	3,965,493	10,203,690
Related party loans (Note 19.4.1)	185,550,000	644,339,700	829,889,700	185,550,000	644,339,700	829,889,700
	2,957,857,754	1,528,670,495	4,486,528,249	4,354,272,383	1,531,723,192	5,885,995,576

19.1 Unsecured debentures

On 30 September 2015, MTD Walkers PLC has issued 30,000,000 of unsecured redeemable debentures at LKR 100/- each. Details of the debentures are as follows;

Type of debentures	Interest payable	Face value LKR	Amortized cost Company LKR	Amortized cost Group LKR	Interest Rate (per annum)	Period	Redemption date
Type A	Semi annual	2,113,280,000	2,113,280,000	2,102,260,000	11.75%	4 Years	30-Sep-19
Type B	Semi annual	886,720,000	883,417,999	883,417,999	12.25%	5 Years	30-Sep-20
		3,000,000,000	2,996,697,999	2,985,677,999			

Subsequent to the default of payment of Type A debentures on the 30 September 2018, revisions were made to the date of redemption to 30 September 2019 from 3 years to 4 years from the date of allotment. In return the Company agreed for a change of interest rate of Type A debentures from 9.75% p.a to 11.75p.a and Type B debentures from 10.25% to 12.25% per annum up to the maturity with effect from 01 October 2018.

19.1.1 Corporate Debentures-(Group)

	Balance as at 01.04.2018 LKR	Payments LKR	Balance as at 31.03.2019 LKR	Current as at 31.03.2019 LKR	Non-current as at 31.03.2019 LKR
Corporate debentures	2,996,697,999	(1,050,313,000)	1,946,384,999	1 ,051,947,000	883,417,999
	2,996,697,999	(1,050,313,000)	1,946,384,999	1 ,051,947,000	883,417,999

As at 31 March 2019

19 INTEREST BEARING LOANS & BORROWINGS (CONTD.)

Corporate Debentures-(Company)	Balance as at 01.04.2018 LKR	Payments LKR	Balance as at 31.03.2019 LKR	Current as at 31.03.2019 LKR	Non-current as at 31.03.2019 LKR
Corporate Debentures	2,996,697,999	(1,050,313,000)	1,946,384,999	1,062,967,000	883,417,999

19 INTEREST BEARING LOANS & BORROWINGS

19.2 Bank loans - Group

	Balance as at 01.04.2018 LKR	New loans obtained LKR	Repayment LKR	Impact of exchange rate on conversion LKR	Balance as at 31.03.2019 LKR
Hatton National Bank PLC	1,158,702,334	907,021,209	(1,172,382,009)	-	893,341,534
Development Finance Corporation Ceylon PLC	400,042,778	52,602,000	(65,897,111)	-	386,747,667
Merchant Credit Bank of Sri Lanka Limited	81,078,039	-	-	-	81,078,039
People's Bank	3,683,721,293	2,120,321,577	(2,653,843,260)	-	3,150,199,610
People's Merchant & Finance PLC	-	20,200,000	-	-	20,200,000
Bank of Ceylon	972,992,995	435,226,678	(444,222,196)	34,130,041	998,127,518
National Development Bank PLC	297,190,784	405,646,640	(268,766,445)	-	434,070,980
LB Finance PLC	30,000,000	-	(29,650,000)	-	350,000
Nations Trust Bank PLC	157,923	-	(157,923)	-	-
Sampath Bank PLC	2,384,294,252	1,248,023,258	(1,502,325,550)	-	2,129,991,960
Amana Bank PLC	3,472,775	-	(3,472,775)	-	-
EXIM Bank Malasiya BHD	3,112,779,375	-	(250,000,000)	461,317,348	3,324,096,723
LOLC Finance PLC	81,416,670	-	(64,434,149)	-	16,982,521
Seylan Bank PLC	1,262,464,920	162,025,284	(412,333,928)	-	1,012,156,276
Pan Asia Banking Corporation PLC	100,000,000	-	(16,302,198)	-	83,697,802
Cargills Bank Limited	135,208,295	293,254,659	(162,440,740)	-	266,022,214
Commercial Bank of Ceylon PLC	4,107,795,916	734,869,342	(1,362,055,134)	85,361,242	3,565,971,366
Abans Finance PLC	116,666,680	-	(1,504,162)	-	115,162,518
Siyapatha Finance PLC	181,174,408	32,098,028	(21,659,098)	-	191,613,338
Richard Peiris Finanace Limited	-	20,000,000	(211,776)	-	19,788,224
	18,109,159,437	6,431,288,675	(8,431,658,454)	580,808,631	16,689,598,290

	2019 LKR	2018 LKR
Current portion of Bank loan	14,605,817,177	15,862,767,235
Non current portion of Bank loan	2,083,781,113	2,246,392,201
	16,689,598,290	18,109,159,437

19.2.1 Bank loans - Company

Current	Balance as at 01.04.2018 LKR	New loans obtained LKR	Repayment LKR	Impact of exchange rate on conversion LKR	Balance as at 31.03.2019 LKR
Development Finance Corporation Ceylon PLC	150,000,000	-	-	-	150,000,000
Commercial Bank of Ceylon PLC	1,399,204,187	55,913,694	(399,204,187)	-	1,055,913,694
Seylan Bank PLC	500,000,000	-	(468,557)	-	499,531,443
	2,049,204,187	55,913,694	(399,672,743)	-	1,705,445,137

	2019 LKR	2018 LKR
Current portion of Bank loan	1,705,445,137	2,049,204,187
Non-current portion of Bank loan	-	-
	1,705,445,137	2,049,204,187

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2019

19 INTEREST BEARING LOANS & BORROWINGS (CONTD.)

19.3 Finance leases - Group

	Balance as at 01.04.2018 LKR	New leases obtained LKR	Repayment LKR	Balance as at 31.03.2019 LKR
Hatton National Bank PLC	12,327,356	-	(12,060,688)	266,668
Bank Of Ceylon	63,664,397	-	(25,431,361)	38,233,036
Seylan Bank PLC	(261,708)	-	261,708	-
Development Finance Corporation Ceylon PLC	233,660,501	11,771,472	(55,295,063)	190,136,910
Pan Asia Banking Corporation PLC	179,095,248	75,498,509	(12,321,060)	242,272,697
Mercantile Investment & Finance PLC	1,433,154	-	(1,433,154)	-
Nations Trust Bank PLC	54,813,153	-	(15,679,655)	39,133,498
Softlogic Finance PLC	144,959,136	-	(35,828,340)	109,130,796
Sampath Bank PLC	14,383,897	-	(7,191,948)	7,191,949
Commercial Bank of Ceylon PLC	301,980,377	-	(31,581,303)	270,399,074
Richard Pieris Finance Limited	-	56,400,480	(3,525,030)	52,875,450
HNB Grameen Finance Limited	-	7,208,760	(561,855)	6,646,905
Gross liability	1,006,055,511	150,879,221	(200,647,749)	956,286,983
Finance charges allocated to future period	(219,272,692)	(41,384,221)	114,196,606	(146,460,307)
Net liability	786,782,820	109,495,000	(86,451,143)	809,826,677

	2019 LKR	2018 LKR
Current portion of Finance leases	287,704,256	216,313,274
Non current portion of Finance leases	522,122,421	570,469,546
	809,826,677	786,782,820

19.3.1 Finance leases - Company

	Balance as at 01.04.2018 LKR	New leases obtained LKR	Repayment LKR	Balance as at 31.03.2019 LKR
Hatton National Bank PLC	3,427,312	-	(3,427,312)	-
Bank Of Ceylon	7,736,586	-	(2,678,050)	5,058,536
Gross liability	11,163,898	-	(6,105,362)	5,058,536
Finance charges allocated to future period	(960,208)	-	710,084	(250,123)
Net liability	10,203,690	-	(5,395,278)	4,808,413

	2019 LKR	2018 LKR
Current portion of Finance leases	3,895,617	6,238,196
Non current portion of Finance leases	912,796	3,965,493
	4,808,413	10,203,690

19.4 Related Party Loans - Group

	Relationship	Balance as at 01.04.2018 LKR	New loans obtained	Impact of exchange rate on conversion LKR	Balance as at 31.03.2019 LKR
MTD Capital BHD	Ultimate Parent	644,339,700	-	-	644,339,700

19.4.1 Related Party Loans - Company

		Balance as at 01.04.2018	New loans obtained	Impact of exchange rate on conversion	Balance as at 31.03.2019
MTD Capital BHD	Ultimate Parent	644,339,700	-	-	644,339,700
Walkers CML Properties (Private) Limited	Subsidiary	185,550,000	-	-	185,550,000
		829,889,700	-	-	829,889,700

19.5 Details of assets which were pledged against above bank facilities are disclosed in note 33.

20 DEFERRED TAX

DEFERRED TAX LIABILITIES

	Group	
	2019 LKR	2018 LKR
Balance at the beginning of the year	350,696,722	120,259,873
Amount origination/ (reversal) of temporary differences		
- Recognised in profit or loss	(56,797,272)	71,124,596
- Recognised in other comprehensive income	18,247,420	(2,374,762)
Deferred tax on revaluation	25,272,899	161,687,015
Balance at the end of the year	337,419,769	350,696,722

20.1 Deferred tax assets and liabilities are attributable to the following:

	2019		2018	
	Temporary difference LKR	Deferred tax LKR	Temporary difference LKR	Deferred tax LKR
Deferred tax liability				
Property, plant and equipment	1,647,076,078	447,793,970	1,439,037,814	402,930,588
Revaluation reserve	656,737,793	186,959,914	625,164,022	161,687,015
Deferred tax asset				
Retirement benefit obligation	(81,088,129)	(22,704,677)	83,885,847	(37,495,661)
Tax losses	(912,932,959)	(274,629,438)	(564,096,941)	(176,425,220)
	1,309,792,783	337,419,769	1,583,990,742	350,696,722

20.2 Movement in temporary differences during the year

	Balance as at 01 April 2018 LKR	Recognised in total comprehensive income LKR	Balance as at 31 March 2018 LKR	Recognised in total comprehensive income LKR	Balance as at 31 March 2019 LKR
Property, plant and equipment	224,038,593	296,484,005	520,133,158	(69,265,856)	450,867,302
Revaluation reserve	-	44,484,445	44,484,445	139,402,137	183,886,582
Retirement benefit obligation	(12,388,381)	(24,043,735)	(37,495,661)	(14,790,984)	(22,704,677)
Tax losses	(91,390,341)	(85,034,879)	(176,425,220)	(98,204,218)	(274,629,438)
	120,259,871	231,889,836	350,696,722	(42,858,921)	337,419,769

20.3 Unrecognized deferred tax assets

The Company did not recognize the deferred tax asset on the unused tax losses due to uncertainty in earning future taxable profits.The unused tax losses as at 31March 2019 is Rs. 1,743,766,015/- which will have an effect of deferred tax asset of Rs. 488,254,484/-.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2019

21 RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
At the beginning of the year	188,502,378	127,840,090	22,692,082	13,699,256
Current service cost	17,882,307	35,751,138	1,864,376	5,411,023
Interest cost	18,410,446	17,454,321	2,269,208	1,746,655
Benefits Paid/Payable	(15,536,135)	(12,350,431)	(2,945,875)	(56,550)
Actuarial (gains)/losses	(95,381,878)	19,807,260	(12,751,404)	1,891,698
At the end of the year	113,877,118	188,502,378	11,128,387	22,692,082

21.1 Expense recognised in profit or loss

Current service cost	17,882,307	35,751,138	1,864,376	5,411,023
Interest cost	18,410,446	17,454,321	2,269,208	1,746,655
	36,292,753	53,205,459	4,133,584	7,157,678

21.2 Actuarial gains and losses recognised directly in OCI

Recognized during the period	(95,381,878)	19,807,260	(12,751,404)	1,891,698
	(95,381,878)	19,807,260	(12,751,404)	1,891,698

LKAS 19 (Revised) - 'Employee Benefits' - requires the use of actuarial techniques to make a reliable estimate of the amount of employee benefit that employees have earned in return for their service in the current and prior periods and discount that benefit using the Projected Unit Credit Method in order to determine the present value of the employee benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit.

The principal assumptions used are as follows :	Group/Company	
	2019	2018
Discount rate	10% - 12%	10% - 12%
Future salary increases	10%	10%
Retirement age	55 Years	55 Years

21.3 Sensitivity of assumptions used

Values appearing in the financial statements are very sensitive to the financial and non-financial assumptions used.

A sensitivity analysis was carried out as follows:

	Expected Future Salaries		**Discount Rate**	
	1% increase LKR	**1% decrease** LKR	**1% increase** LKR	**1% decrease** LKR
2019				
Group				
Present value of defined benefit obligation	129,172,030	121,840,872	107,985,217	118,450,290
Company				
Present value of defined benefit obligation	11,549,980	10,729,887	10,775,914	11,507,469
2018				
Group				
Present value of defined benefit obligation	196,006,468	181,394,143	182,087,779	195,391,041
Company				
Present value of defined benefit obligation	23,565,190	21,872,857	21,960,764	23,485,988

As at 31 March 2019

21 RETIREMENT BENEFIT OBLIGATION (CONTD.)

21.4 Maturity analysis of the payments

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
The following payments are expected on employee benefit liabilities in future years.				
Less than or equal 1 year	20,046,047	49,971,498	795,772	4,225,370
Over 1 year and less than or equal 2 years	9,275,368	11,955,850	2,468,637	183,823
Over 2 years and less than or equal 5 years	84,555,703	45,531,187	7,863,978	18,282,888
Over 5 years and less than or equal 10 years	-	78,284,885	-	-
Over 10 years	-	2,677,575	-	-
Total expected payments	113,877,118	188,420,995	11,128,387	22,692,082

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Trade creditors	4,220,757,617	3,326,135,363	-	-
Retention payable	284,970,485	211,893,442	-	-
Sundry creditors including accrued expenses	3,444,293,708	2,185,733,544	404,602,516	90,909,285
Deposits and advances	247,126,514	445,615,627	-	-
	8,197,148,324	6,169,377,976	404,602,516	90,909,285

23 OTHER CURRENT LIABILITIES

Mobilization advance	2,000,000,000	3,958,384,669	-	-
Other taxes Payables	669,280,423	-	-	-
	2,669,280,423	3,958,384,669	-	-
Current portion of other current liabilities	669,280,423	1,956,255,546	-	-
Non current portion of other current liabilities	2,000,000,000	2,002,129,123	-	-

24 AMOUNTS DUE TO RELATED PARTIES

Current account balances	Relationship	Group 2019 LKR	Group 2018 LKR	Company 2019 LKR	Company 2018 LKR
MTD Capital Bhd	Ultimate parent	819,271,932	591,408,479	397,042,381	345,578,949
Colombo Engineering Services (Private) Limited	Subsidiary	-	-	10,533,035	10,533,035
Interocean Services Limited	Affiliate	3,314,527	14,375,000	-	-
Western Airducts Lanka (Private) Limited	Subsidiary	-	-	22,243,874	-
CML-MTD Joint Venture Limited	Subsidiary	-	-	1,077,955,312	-
Walkers CML Properties (Private) Limited	Subsidiary	-	-	131,971,754	-
CML-MTD Constrcutions Limited	Subsidiary	-	-	469,534,740	-
Special Projects Company (Private) Limited	Subsidiary	-	-	453,204	-
Key management personnel	Director	110,533,208	63,529,952	13,485,702	13,485,702
		933,119,667	669,313,431	2,123,220,002	369,597,686

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

25 FAIR VALUE MEASUREMENT

25.1 The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either (directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

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

As at 31 March 2019	Date of valuation	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
Assets measured at fair value					
Non financial assets					
Property, plant and equipment					
- Freehold land	31 March 2019	-	-	695,947,084	695,947,084
- Investment property	31 March 2019	-	-	2,145,900,000	2,145,900,000
Total non financial assets		-	-	2,841,847,084	2,841,847,084
Financial assets					
Other non current financial assets					
- Quoted equity securities	31 March 2019	2,255,510	-	-	2,255,510
Total financial assets		2,255,510	-	-	2,255,510

As at 31 March 2018	Date of valuation	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
Assets measured at fair value					
Non financial assets					
Property, plant and equipment					
- Freehold land	31 March 2018	-	-	625,695,584	625,695,584
- Investment property	31 March 2018	-	-	1,050,517,000	1,050,517,000
Total non financial assets		-	-	1,676,212,584	1,676,212,584
Financial assets					
Other non current financial assets					
- Quoted equity securities	31 March 2018	2,462,387	-	-	2,462,387
Total financial assets		2,462,387	-	-	2,462,387

Year ended 31 March 2019

25.2 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used for the Group in measuring Level 3 fair values, and the significant unobservable inputs used.

Non financial assets	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Investment property and Lands			
- Freehold land	Market comparable method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land Investment property LKR 250,000 - LKR 19,000,000 Freehold Land LKR 25,000 - LKR 1,000,000	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)

26 REVENUE

Summary

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Net revenue	10,464,120,768	16,308,501,221	201,186,163	181,441,000

26.1 Goods and services analysis

Sales of goods	637,937,559	1,456,226,944	-	-
Contract revenue	9,468,180,317	11,942,351,367	-	-
Rendering of services	218,664,155	1,158,631,843	-	-
Management fees	-	-	163,200,000	181,441,000
Rent Income	-	-	37,986,163	-
Sale of apartments	139,338,737	1,751,291,068	-	-
	10,464,120,768	16,308,501,221	201,186,163	181,441,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31March 2018

26 REVENUE (CONTD.)

26.2 Segment information

	Civil Engineering Segment		Engineering Segment		Marine Engineering Segment	
	2019	2018	2019	2018	2019	2018
	LKR	LKR	LKR	LKR	LKR	LKR
Segment revenue						
Revenue	9,159,010,137	12,659,326,636	285,981,702	998,845,882	305,961,760	305,679,305
Inter segmental revenue	-	(716,975,269)	-	(155,085,328)	-	-
Total revenue to external customers	9,159,010,137	11,942,351,367	285,981,702	843,760,554	305,961,760	305,679,305
Cost of sale	(10,148,041,758)	(12,508,213,646)	(340,425,358)	(829,371,094)	(265,781,891)	(172,316,793)
Other operating income	211,462,054	411,049,317	95,323,162	205,991,899	10,848,837	1,431,246
Administrative expenses	(1,600,205,540)	(746,657,751)	(59,599,120)	(164,641,019)	(207,262,069)	(151,096,063)
Selling & distribution cost	(173,547,050)	(190,942,505)	(4,798,561)	(50,199,199)	(5,629,218)	(7,133,276)
Other expenses	(110,309,663)	-	-	-	-	-
Segment results	(2,661,631,820)	(1,092,413,218)	(23,518,175)	5,541,141	(161,862,581)	(23,435,581)
Finance cost	(3,110,481,169)	(1,768,094,751)	(81,615,494)	(84,692,556)	(112,323,447)	(5,042,063)
Finance income	178,934,732	258,381,130	17,830,233	8,552,841	2,361,988	2,604,154
Net Financing (cost)/income	(2,931,546,436)	(1,509,713,621)	(63,785,261)	(76,139,715)	(109,961,459)	(2,437,909)
Profit /(loss) before tax	(5,593,178,257)	(2,602,126,839)	(87,303,436)	(70,598,573)	(271,824,040)	(25,873,490)
Tax expense	39,720,233	(120,230,444)	-	393,177	(8,372,208)	(6,125,229)
Profit/(loss) for the year	(5,553,458,024)	(2,722,357,283)	(87,303,436)	(70,205,397)	(280,196,248)	(31,998,720)
Segment assets	20,767,294,713	31,097,148,654	2,185,979,049	2,382,757,984	2,781,547,290	2,765,990,855
Goodwill on consolidation	-	-	62,728,428	62,728,428	187,605,766	187,605,766
Total assets	20,767,294,713	31,097,148,654	2,248,707,477	2,445,486,412	2,969,153,056	2,953,596,621
Segment liabilities	26,619,249,734	26,743,170,433	917,334,386	1,416,834,694	1,630,726,693	961,190,935
Total liabilities	26,619,249,734	26,743,170,433	917,334,386	1,416,834,694	1,630,726,693	961,190,935

Trading Segment		Power Generation Segment		Real Estate Segment		Others		Total	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
567,994,843	1,841,566,831	-	-	139,338,737	1,751,291,068	5,833,589	320,676,724	10,464,120,768	17,877,386,445
-	(515,383,627)	-	-	-	-	-	(181,441,000)	-	(1,568,885,223)
567,994,843	1,326,183,204	-	-	139,338,737	1,751,291,068	5,833,589	139,235,724	10,464,120,768	16,308,501,221
(535,324,325)	(1,191,144,184)	(14,997,990)	(39,078,609)	(157,478,579)	(1,099,996,444)	(6,388,886)	(110,064,718)	(11,468,438,787)	(15,950,185,489)
3,885,616	1,187,960	733,619,322	69,612,479	-	536,326	7,179,835	475,446	1,062,318,826	690,284,673
(105,724,895)	(109,691,443)	(34,152,607)	(165,127,342)	(65,663,509)	(128,386,721)	(565,643,973)	(265,033,407)	(2,638,251,713)	(1,730,633,746)
(372,249)	(2,214,497)	-		(22,098,642)	(22,527,551)	(946,297)	(5,270,185)	(207,392,018)	(278,287,213)
-	-	-	-	-	-	-	-	(110,309,663)	-
(69,541,009)	24,321,040	684,468,725	(134,593,472)	(105,901,993)	500,916,677	(559,965,733)	(240,657,141)	(2,897,952,586)	(960,320,554)
(200,535,848)	(82,996,268)	(44,762,389)	(44,557,105)	(1,542,113)	(1,688,939)	(662,143,234)	(777,631,705)	(4,213,403,694)	(2,764,703,386)
365,993	193,153	-	4,002	4,967,447	6,835,921	2,953,019	14,298,126	207,413,412	290,869,326
(200,169,855)	(82,803,115)	(44,762,390)	(44,553,103)	3,425,334	5,146,982	(659,190,215)	(763,333,579)	(4,005,990,282)	(2,473,834,060)
(269,710,864)	(58,482,075)	639,706,335	(179,146,575)	(102,476,659)	506,063,660	(1,219,155,948)	(1,003,990,720)	(6,903,942,869)	(3,434,154,613)
25,193,079	3,630,974	(790,013)	(1,996,935)	(530,131)	(1,244,138)	-	(1,578,011)	55,220,960	(125,572,594)
(244,517,785)	(54,851,101)	638,916,323	(181,143,510)	(103,006,790)	504,819,522	(1,219,155,948)	(1,003,990,720)	(6,848,721,909)	(3,559,727,208)
699,481,202	1,498,072,394	5,028,601,900	4,285,920,359	3,407,835,218	2,786,255,086	641,757,847	651,705,217	35,512,497,218	45,467,850,548
-	-	289,069,326	289,069,326	-	-	-	-	539,403,520	539,403,520
699,481,202	1,498,072,394	5,317,671,226	4,574,989,685	3,407,835,218	2,786,255,086	641,757,847	651,705,217	36,051,900,738	46,007,254,068
674,542,683	1,384,274,852	1,021,669,859	772,068,406	1,305,657,477	726,897,045	5,394,124,032	5,703,498,054	37,563,304,864	37,707,934,419
674,542,683	1,384,274,852	1,021,669,859	772,068,406	1,305,657,477	726,897,045	5,394,124,032	5,703,498,054	37,563,304,864	37,707,934,419

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

27 OTHER OPERATING INCOME

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Profit on sale of property, plant & equipment	151,656,551	6,685,053	6,849,835	-
Creditors & customers advances written back	46,302,293	-	-	-
Sundry income	28,201,553	199,263,958	30,000	-
Fair value changes in investment property	101,540,000	368,083,000	-	-
Fair Value Changes in Property Plant & Equipment	1,132,000	-	-	-
Sludge income	437,840	4,554,903	-	-
Dividend income	53,411	560,475	-	-
Exchange gain	732,995,178	111,137,285	-	-
	1,062,318,826	690,284,674	6,879,835	-

28 FINANCE COST

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Interest expense on loans & borrowings	2,357,324,929	1,449,107,786	302,712,433	314,314,051
Interest expense on overdrafts	801,658,105	715,266,712	56,727,631	24,202,626
Finance charges on lease liabilities	120,685,876	83,271,040	410,012	1,533,032
Default interest on leases & loans	4,434,031	1,286,064	63,500	395,289
Interest on MTD Capital BHD loans	40,998,091	-	33,291,596	29,699,549
Guarantee charges	16,675,651	51,438,482	-	-
Foreign exchange loss	603,907,993	159,547,335	-	96,906,124
Interest on debentures	267,719,018	304,785,967	267,719,018	304,785,967
	4,213,403,694	2,764,703,386	660,924,190	771,836,638

29 FINANCE INCOME

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Interest income on fixed deposits and savings deposits	192,400,201	284,633,599	2,802,334	7,893,360
Dividend Income	156,727	-	-	-
Net gain on financial assets at fair value through profit or loss	14,856,484	6,235,727	-	6,201,392
Interest income on related parties loan	-	-	124,672,766	143,938,923
	207,413,412	290,869,326	127,475,099	158,033,675

30 PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is stated after charging all expenses including the following.

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Auditors' remuneration				
- Statutory audit fees	6,160,228	7,239,843	483,582	963,267
- Audit related fees	7,943,955	-	6,679,798	-
Directors fees	10,049,613	34,620,540	1,900,000	5,400,000
Depreciation	1,329,414,797	1,257,947,203	18,566,769	24,632,675
Employee benefits including the following				
- Defined contribution plan costs - EPF & ETF	72,696,935	65,554,071	15,287,634	18,223,619
- Defined benefit plan costs - Gratuity	39,388,532	56,093,038	4,133,584	7,157,678
- Other staff costs	1,654,366,428	1,732,529,544	15,287,634	45,023,471
Bonus	3,836,787	31,495,108	-	13,654,104
Donation	2,660,532	16,554,257	5,000	732,800
EPF/ETF surcharge	-	218,248	-	-
Penalty & surcharge	20,818,950	1,744,503	-	-
Legal fees	11,687,851	13,562,335	-	569,120
Professional fees	92,642,547	20,552,041	-	-
Advertising	3,861,277	12,565,749	556,000	4,735,573
Business promotion	9,563,531	34,163,995	-	-
Impairment for debtors	777,730,719	159,280,298	-	-

31 TAX EXPENSE

The major components of income tax expense for the year ended 31 March are as follows :

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Income statement				
Current income tax				
Current income tax expense on ordinary activities for the year (Note 31.1)	1,576,312	56,008,351	-	-
Under/(over) provision of current taxes in respect of prior years	-	(1,949,794)	-	-
	1,576,312	54,058,557	-	-
Deferred income tax	-	-		-
Deferred taxation (reversal) /charge (Note 20)	(56,797,272)	71,514,037	-	-
Income tax credit expense reported in the income statement	(55,220,960)	125,572,594	-	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

31.1 A reconciliation between tax expenses and the product of accounting profit multiplied by the applicable tax rates is as follows:

	Group		Company	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Loss before taxation	(6,903,942,869)	(3,434,154,614)	(699,025,552)	(1,346,069,872)
Other comprehensive income	95,381,878	-	12,751,404	-
Less : Income considered separately	(1,356,726,423)	(643,175,736)	(60,389,736)	-
Exempt (profit)/ loss	-	(493,678,443)	-	-
Adjusted accounting profit chargeable to income taxes	(8,165,287,413)	(4,571,008,793)	(746,663,884)	(1,346,069,872)
Aggregate disallowable items	5,605,281,177	1,290,221,333	92,606,677	138,694,233
Aggregate allowable items	(977,327,959)	(1,317,667,121)	(12,314,651)	(9,985,536)
Less: Balancing allowances				
Add: Assessable Charge	37,860,000			
Loss from business	(3,499,474,195)	(4,598,454,581)	(666,371,858)	(1,217,361,176)
Add: Current year loss not utilized	3,517,486,274	4,687,917,398		
Less: Tax loss utilized 100%	-	-		
	18,012,079	89,462,817	(666,371,858)	(1,217,361,176)
Add: Interest income	201,519,155	244,571,414	2,802,334	
Add: Rent income	37,986,163	-	37,986,163	
	257,517,397	334,034,231	40,788,497	-
Less: Unrelieved loss under section 19/ Section 32 of Act No.10 of 2006	(251,887,711)	(109,210,246)	(40,788,497)	
Taxable income	5,629,687	224,823,985	-	-
Tax liability @12%	-	4,622,624	-	-
Tax liability @28%	1,576,312	51,385,727	-	-
Total tax liability	1,576,312	56,008,351	- -	
Tax loss carried forward for the year 2019/2020				
Losses from business	16,497,718,794	8,782,160,030	2,452,690,453	1,827,107,092
Losses from investment	-	-	-	-

32 LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

32.1 The following reflects the income and share data used in the basic loss per share computation.

	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Amounts used as numerator:				
Net loss for the year attributable t o the owners of the parent	(5,723,635,937)	(3,178,783,051)	(699,025,552)	(1,346,069,873)
Numbers of ordinary shares used as denominator:				
Weighted average number of ordinary shares in issue applicable to basic loss per share	167,647,568	167,647,568	167,647,568	167,647,568
Basic loss per share (LKR)	(34.14)	(18.96)	(4.17)	(8.03)

32.2 There were no potentially dilutive ordinary shares outstanding at any time during the year.

33 ASSETS PLEDGED

Name of the Company	Nature of liabilities and the name of bank	Loan/Facility granted LKR	Balance outstanding as at 31.03.2019 LKR	Balance outstanding as at 31.03.2018 LKR	Repayment	Security Pledged
Walkers Piling (Private) Limited						
a.	Term Loans					
i.	People's Bank	80,000,000	7,547,076	10,482,876	48 Monthly Installment	Primary mortgage over piling machine and Corporate Guarantee of MTD Walkers PLC
		250,000,000	18,619,158	33,771,910	48 Monthly Installment	Primary mortgage over piling machine and Corporate Guarantee of MTD Walkers PLC
		75,000,000	6,337,099	8,831,348	36 Monthly Installment	Mortgage over land at 18A, St. Michel Road, Colombo 03 and Corporate Guarantee of MTD Walkers PLC
ii.	National Development Bank PLC	82,500,000	22,867,191	31,041,081	60 Monthly Installment	Primary mortgage over casagrande machine and Corporate Guarantee of MTD Walkers PLC
		67,500,000	4,388,828	6,765,885		
		160,000,000	40,297,985	55,797,205	48 Monthly Installment	Primary mortgage over BG 25 machine and Corporate Guarantee of MTD Walkers PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

33 ASSETS PLEDGED (CONTD.)

	Name of the Company	Nature of liabilities and the name of bank	Loan/Facility granted LKR	Balance outstanding as at 31.03.2019 LKR	Balance outstanding as at 31.03.2018 LKR	Repayment	Security Pledged
	ii.	National Development Bank PLC	90,000,000	20,625,000	30,000,000	48 Monthly Installment	Primary mortgage over Sany 280 R II machine and Corporate Guarantee of MTD Walkers PLC
			190,000,000	21,437,720	48,234,855	48 Monthly Installment	Primary mortgage over Ancillary equipment and Corporate Guarantee of MTD Walkers PLC
			70,000,000	15,753,601	22,316,221	60 Monthly Installment	Primary Mortgage over crane & pile breaking machine and Corporate Guarantee of MTD Walkers PLC
			50,000,000	46,406,456	49,914,950	60 Monthly Installment	Primary Mortgage over crane & pile breaking machine and Corporate Guarantee of MTD Walkers PLC
	iii.	Hatton National Bank PLC	167,000,000	125,021,385	137,441,528	60 Monthly Installment	Primary Mortgage over crane & pile breaking machine and Corporate Guarantee of MTD Walkers PLC
			167,000,000	124,179,443	137,441,528	60 Monthly Installment	Primary Mortgage over crane & pile breaking machine and Corporate Guarantee of MTD Walkers PLC
			156,500,000	156,500,000	-	60 Monthly Installment	Primary Mortgage over Piling Rigs & Kelly Bars
			125,000,000	80,584,719	41,510,065	60 Monthly Installment	Primary Mortgage over Piling Rigs & Kelly Bars
			45,500,000	43,225,001		60 Monthly Installment	Primary Mortgage over Piling Rigs & Kelly Bars
	iv.	Seylan Bank	47,800,000	46,199,800	-	60 Monthly Installment	Primary Mortgage over Excavators
	v.	People's merchant finance PLC	20,200,000	20,200,000	-	On Demand	Corporate Guarantee of MTD Walkers PLC
	vi.	Commercial bank PLC	47,000,000	12,000,000	47,000,000	On Demand	Corporate Guarantee of MTD Walkers PLC
	b.	Lease Facilities					
	i.	Hatton National Bank PLC	12,800,000	266,668	3,466,684	60 Monthly Installment	2 Nos Double cabs
	c.	Short-Term Loans					
	i.	People’s Bank	200,000,000	199,317,507	151,979,351	120 days - 360 days	Mortgage over land at 18A, St. Michael's Road, Colombo 03 and Corporate Guarantee of MTD Walkers PLC
			147,000,000	147,000,000	147,000,000	120 days - 360 days	
	ii.	Seylan Bank PLC	110,000,000	110,000,000	110,000,000	On Demand	Corporate Guarantee of MTD Walkers PLC
			110,000,000	76,354,350	96,354,000	On Demand	Corporate Guarantee of MTD Walkers PLC
			100,000,000	81,950,000	80,000,000	On Demand	Corporate Guarantee of MTD Walkers PLC
			64,000,000	59,000,000	-	On Demand	Corporate Guarantee of MTD Walkers PLC

33 ASSETS PLEDGED (CONTD.)

Name of the Company	Nature of liabilities and the name of bank	Loan/Facility granted LKR	Balance outstanding as at 31.03.2019 LKR	Balance outstanding as at 31.03.2018 LKR	Repayment	Security Pledged
	d. Overdraft Facilities					
	i. People's Bank	25,000,000	28,882,875	19,466,743	On Demand	Mortgage over land at 18A, St. Michel Road, Colombo 03 and Corporate Guarantee of MTD Walkers PLC
	ii. Hatton National Bank PLC	50,000,000	37,644,694	51,058,933	On Demand	Corporate Guarantee of MTD Walkers PLC
	iii. National Devel-opment Bank PLC	115,000,000	118,156,321	115,000,000	On Demand	Corporate Guarantee of MTD Walkers PLC
	iv. Cargills Bank Limited	50,000,000	51,631,765	50,617,640	On Demand	Corporate Guarantee of MTD Walkers PLC
Special Projects Company (Private) Limited						
	a. Overdraft Facilities					
	i.People's Bank	12,000,000	10,835,966	7,141,441	On Demand	Fixed Deposit - 14 Mn
Walkers CML Properties Lanka (Private) Limited						
	a. Short-Term Loans					
	i. Pan Asia bank PLC	100,000,000	83,697,802	100,000,000	Short Term Loan - One Off	Mortgage over land at Subhuthipura Road, Battaramulla
Walkers CML Property Development (Private) Limited						
	a. Overdraft Facilities					
	i.Hatton National Bank PLC	200,000,000	94,091,574	50,050,712	On Demand	Mortgage over Immovable Property at Siri Dhamma Mawatha, Colombo 10
CML-MTD Construction Limited						
	a. Term Loans					
	i. People's Bank	1,340,997,175	1,153,609,662	1,166,034,213	Repayable in 48 monthly instalment	Mortgage over Machinery and Vehicles
	ii. Seylan Bank PLC	28,385,000	3,263,520	11,114,920	Repayable in 36 monthly instalment	Mortgage over Machinery and Vehicles
	iii. Seylan Bank PLC	28,100,000	10,316,000	14,996,000	Repayable in 60 monthly instalment	Mortgage over Machinery and Vehicles
	iv. Hatton National Bank PLC	104,584,500	72,894,641	65,734,770	Repayable in 60 monthly instalment	Mortgage over Machinery and Vehicles
	v. Cargills Bank Limited	203,356,891	192,247,902	90,333,383	Repayable in 36 monthly instalment	Mortgage over Machinery and Vehicles
	vi. Amana Bank PLC	9,200,000	-	3,472,775	Repayable in 48 monthly instalment	Mortgage over Vehicles
	vii. Commercial Bank PLC	950,000,000	900,298,570	950,000,000	Repayable in 24 monthly instalment	Mortgage over Machinery and Vehicles

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

33 ASSETS PLEDGED (CONTD.)

Name of the Company	Nature of liabilities and the name of bank	Loan/Facility granted LKR	Balance out-standing as at 31.03.2019 LKR	Balance out-standing as at 31.03.2018 LKR	Repayment	Security Pledged
viii.	Nations Trust Bank PLC	9,804,400	-	157,923	Repayable in 60 monthly instalment	Mortgage over Vehicles
ix.	Richard Pieris Finance PLC	20,000,000	19,788,224	-	Repayable in 48 monthly instalment	Mortgage over Machinery and Vehicles
x.	Sampath Bank PLC	175,000,000	140,236,670	173,562,220	one off	Property Mortgage
xi.	Abans finance PLC	-	115,162,518	116,666,680	Repayable in 48 monthly installment	Mortgage over Vehicles
		1,467,000,000	1,467,000,000	1,167,000,000	one off	Property Mortgage
b.	Short-Term Loans					
i.	People's Bank	378,730,000	373,682,590	373,682,590	one off	Fixed Deposit
ii.	LB Finance PLC	60,000,000	350,000	30,000,000	one off	Mortgage over Machinery and Vehicles
iii.	LOLC Finance PLC	131,000,000	16,982,521	81,416,670	Repayable in 12 monthly installment	Mortgage over Machinery and Vehicles
iv.	Bank Of Ceylon	710,000,000	644,291,403	706,849,940	On demand	Corporate Guarantee from MTD Walkers PLC
v.	Cargills Bank Limited	70,000,000	69,112,463	24,913,312	On demand	Corporate Guarantee from MTD Walkers PLC
vi.	Commercial Bank PLC	1,100,000,000	816,402,899	1,032,524,489	Repayable in 12 monthly installment	Mortgage over Machinery and Vehicles
vii.	DFCC Bank PLC	200,000,000	177,934,422	197,488,834		Mortgage over Vehicles & Machinery
viii.	Hatton National Bank PLC	72,000,000	72,000,000	-		Mortgage over Vehicles & Machinery
ix.	National Development Bank PLC	100,000,000	93,004,600	15,035,255		
x.	Seylan Bank PLC	450,000,000	125,541,163	450,000,000	one off	Property Mortgage
xi	Siyapatha Finance PLC	200,000,000	191,613,338	181,174,408	one off	Property Mortgage
c.	Bank Guarantees					
i.	People's Bank	2,000,000,000	856,413,029	1,492,326,237	one off	Fixed Deposit
ii.	Seylan Bank PLC	350,000,000	492,395,682	620,654,295	one off	Property Mortgage
iii.	DFCC Bank PLC	500,000,000	183,022,156	223,022,156	one off	Mortgage over Machinery and Vehicles & Fixed Deposit
iv.	National Development Bank PLC	1,550,000,000	1,156,285,327	866,165,611	one off	Fixed Deposit
d.	Lease Facilities					
i.	DFCC Bank PLC	213,957,500	190,136,910	233,660,501	Repayable in 48 monthly installment	Mortgage over Vehicles & Machinery

33 ASSETS PLEDGED (CONTD.)

Name of the Company	Nature of liabilities and the name of bank	Loan/Facility granted LKR	Balance out-standing as at 31.03.2019 LKR	Balance out-standing as at 31.03.2018 LKR	Repayment	Security Pledged
ii.	Hatton National Bank PLC	25,546,704	-	3,033,677	Repayable in 48 monthly installment	Mortgage over Vehicles & Machinery
iii.	Pan Asia Banking Corporation PLC	201,620,000	242,272,697	179,095,248	Repayable in 48 monthly installment	Mortgage over Vehicles & Machinery
iv.	Sampath bank PLC	42,600,000	7,191,948	14,383,897	Repayable in 48 monthly installment	Mortgage over Vehicles & Machinery
v.	Nation Trust Bank PLC	39,981,805	39,133,503	51,371,527	Repayable in 48 monthly installment	Mortgage over Vehicles & Machinery
vi.	Bank Of Ceylon	23,302,506	18,223,650	24,784,164	Repayable in 48 monthly installment	Mortgage over Vehicles & Machinery
vii.	Softlogic Finance PLC	100,000,000	109,130,796	144,959,136	Repayable in 48 monthly installment	Mortgage over Vehicles & Machinery
viii.	Commercial Bank PLC	222,536,013	270,399,074	301,980,377	Repayable in 48 monthly installment	Mortgage over Vehicles & Machinery
d.	Lease Facilities					
ix.	Richard Pieris Finance PLC	40,000,000	52,875,450	-	Repayable in 48 monthly installment	Mortgage over Vehicles & Machinery
x.	HNB Grameen Finance Limited	6,895,380	6,646,901	-		Mortgage over Vehicles & Machinery
e.	Overdraft Facilities					
i.	Sampath Bank PLC	250,000,000	444,499,272	856,266,100	On demand	Corporate Guarantee of MTD Walkers PLC
ii.	Sampath Bank PLC	350,000,000	356,710,841		On demand	Property Mortgage - situated in Seeduwa & Colombo 03
iii.	People's Bank	300,000,000	536,371,105	771,853,525	On demand	Promissory note
iv.	People's Bank	150,000,000	36,319,738	42,471,480	On demand	Personnel Guarantees from Mr. J. Amaratunga & Mr. D.N. Jayasuriya
v.	Seylan Bank PLC	161,000,000	216,732,827	276,191,544	On demand	Counter Indemnity
vi.	National Development Bank PLC	300,000,000	465,509,867	641,807,808	On demand	Corporate Guarantee from MTD Walkers PLC
vii.	Cargills Bank Limited	100,000,000	8,903,231	102,517,117	On demand	Corporate Guarantee from MTD Walkers PLC
viii.	Commercial Bank PLC	50,000,000	80,608,520	53,443,888	On demand	Corporate Guarantee from MTD Walkers PLC
ix.	Bank of Ceylon	150,000,000	209,520,019	221,421,546	On demand	Corporate Guarantee from MTD Walkers PLC
x.	Hatton National Bank PLC	784,052,000	867,078,741	1,125,195,114	On demand	Demand Promisory Note & Corporate Guarantee of MTD Walkers PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

33 ASSETS PLEDGED (CONTD.)

	Name of the Company	Nature of liabilities and the name of bank	Loan/Facility granted LKR	Balance outstanding as at 31.03.2019 LKR	Balance outstanding as at 31.03.2018 LKR	Repayment	Security Pledged
Walkers Colombo Shipyard (Private) Limited							
a.	Term Loans						
i.		Commercial Bank PLC	USD 5,000,000	694,178,175	599,067,240	Repayable in 78 monthly instalments	Mortgage Bond for USD 4 Mn executed over movable project assets and related equipments.
							Agreement to mortgage for USD 4mn over movable project assets and related equipments.
							Primary Mortgage Bond for USD 0.5 Mn over 10,000 Shares of Walkers Colombo Shipyard (Private) Limited. (9000 shares held in the name of MTD Wlkers PLC and 1000 shares held in the name of Dr. S M B Obeysekera
							Assignment Agreement for USD 5 Mn
							Corporate Guarantee for USD 5 Mn executed by MTD Walkers PLC
							Corporate Guarantee for LKR 272 Mn executed by MTD Walkers PLC
Walkers Equipment Limited							
b.	Short-Term Loans						
i.		National Development Bank PLC	100,000,000	8,923,839	38,085,332	Settled within 180 days	Corporate Guarantee From MTD Walkers PLC
ii.		Hatton National Bank PLC	300,000,000	218,936,346	196,373,625	Settled within 120 days with Company's own funds.	Corporate Guarantee From MTD Walkers PLC
iii.		Cargills Bank Limited	35,000,000	4,661,849	19,961,600	Settled within 90 days	Corporate Guarantee From MTD Walkers PLC/ Primary Mortgage over Stocks and Book Debts
iv.		People's Bank	300,000,000	198,163,760	301,998,006	Settled within 180 days	Corporate Guarantee From MTD Walkers PLC
v.		Bank of Ceylon	200,000,000	40,567,516	49,334,319	Settled within 3 months	Corporate Guarantee From MTD Walkers PLC / Primary Mortgage over Stocks and Book Debts
vi.		DFCC Bank PLC	60,000,000	58,812,274	52,552,973	Settled within 120 days	Corporate Guarantee From MTD Walkers PLC
vii.		Sampath Bank PLC	200,000,000	-	-	Settled within 180 days	Corporate Guarantee From MTD Walkers PLC

33 ASSETS PLEDGED (CONTD.)

Name of the Company	Nature of liabilities and the name of bank	Loan/Facility granted LKR	Balance out-standing as at 31.03.2019 LKR	Balance out-standing as at 31.03.2018 LKR	Repayment	Security Pledged
Walkers Sons & Company Engineers (Private) Limited						
a.	Term Loans					
i.	People's Bank	25,000,000	-	171,139,748	Repayable on demand	Primary Mortgage over property at Siyambalape, Sapu-gaskanda
ii.	Merchant Bank of Sri Lanka & Finance PLC	100,000,000	81,078,039	81,078,039	Repayable within 60 months by equal monthly installments	Mortgage over property situated at Kahattewela Village, Mahapalata Korale, Haputale, Badulla (Total extent of 444.90 perches), Owned by Walkers Sons & Co. Limited
	Commercial bank	25,000,000	16,927,721	-	Repayable on demand	Corporate Guarantee From MTD Walkers PLC
	Commercial bank	80,000,000	80,000,000	-	Repayable on demand	Corporate Guarantee From MTD Walkers PLC
b.	Letter of Guarantee					
i.	People's Bank	150,000,000	-	-	Revolving and renewed annully	Secondary Mortgage over residual value of land situated at No.18, St. Michael's Road, Colombo 03
						Corporate Guarantee From MTD Walkers PLC
c.	Short-Term Loans					
i.	Bank of Ceylon	300,000,000	250,938,776	216,808,735	Maximum 12 months	Corporate Guarantee From MTD Walkers PLC
d.	Lease Facilities					
i.	Bank of Ceylon	15,000,000	4,973,341	14,142,858	On demand	Corporate Guarantee of MTD Walkers PLC
e.	Overdraft Facilities					
i.	People's Bank	25,000,000	29,302,737	26,023,881	Repayable on demand	Primary Mortgage over property at Siyambalape, Sapugaskanda
ii.	Bank of Ceylon	100,000,000	102,052,155	117,252,757	On demand	Coporate guarentee of MTD Walkers PLC
Northern Power Company (Private)Limited						
a.	Overdraft Facilities					
	Union Bank of Colombo PLC	25,000,000	29,644,890	23,696,509	On demand	Primary floating mortgage over leasehold land and building.

34 COMPARATIVE INFORMATION

Comparative information has been re-classified/ re-stated where necessary to conform to the current year's presentation / classification.

34.1 CML-MTD Construction Limited

	Balance as at 31.03.2018 LKR		Re-classification adjustment LKR	Re-classification adjustment 31.03.2018 LKR
Other income	315,356,425	34.1.1	541,641	315,898,066
Finance income	178,582,159	34.1.1	(541,641)	178,040,518
Amounts due from director	-	34.1.2	37,493,768	37,493,768
Trade and other receivables	12,370,677,513	34.1.2	(37,493,768)	12,333,183,745
Assets classified as held for sale	502,600,000	34.1.3	(502,600,000)	-
Investment property	756,000,000	34.1.3	502,600,000	1,258,600,000
Property, plant and equipment	2,831,023,186	34.1.4	(10,000,000)	2,821,023,186
Capital work in progress	-	34.1.4	10,000,000	10,000,000

34.1.1 The dividend income recorded in finance income has been re classified to other income for better presentation.

34.1.2 Amount due from trade director amounting to Rs 37,493,768/-, which was erroneously classified as other receivable in the statement of financial position, has now been reclassified under amount due from directors.

34.1.3 The land classified as held for sale in the year 2017/2018 has been reclassified to investment property since the Company has not committed to sell the asset as at 31st March 2019.

34.1.4 'Building on construction previously recognized in property, plant and equipment balance has been reclassified to capital work in progress.

34.2 Walkers Equipment Limited

STATEMENT OF FINANCIAL POSITION	Balance as at 31.03.2018 LKR	Re-classification adjustment LKR	Re-classification adjustment 31.03.2018 LKR
Inventory - WIP balance	7,305,918	(7,305,918)	-
Inventory - spares/machinery balance	581,491,620	(130,369,237)	451,122,383
STATEMENT OF COMPREHENSIVE INCOME			
Cost of sales	1,682,292,821	137,675,155	1,819,967,976

34.3 Walkers Colombo Shipyard (Private) Limited

STATEMENT OF FINANCIAL POSITION	Balance as at 31.03.2018 LKR		Re-classification adjustment LKR	Re-classified balance as at 31.03.2018 LKR
Property, plant & equipment	1,877,700,283	34.3.1	(1,731,230,620)	146,469,663
Capital working progress	-	34.3.1	1,731,230,620	1,731,230,620

34 COMPARATIVE INFORMATION (CONTD.)

34.4 Special Projects Company (Private) Limited

comparative information of the company has reclassified wherever necessary of conflication to the current years presentation/ classification -except below ;

STATEMENT OF FINANCIAL POSITION	Balance as at 31.03.2018 LKR	Re-classification adjustment LKR	Re-classification adjustment 31.03.2018 LKR
Amount due to related party	107,456,346	(25,107,564)	82,348,782
Amount due from related party	28,783,728	(25,107,564)	3,676,164

34.5 Colombo Engineering Services (Private) Limited

	Balance as at 31.03.2018 LKR	Re-classification adjustment LKR	Re-classification adjustment 31.03.2018 LKR
Tax Recoverable			
VAT Refund	1,387,046	(1,387,046)	-
Income tax recoverable	598,120	-	598,120
	1,985,166	(1,387,046)	598,120
Trade and other receivable			
VAT Refund	-	1,387,046	1,387,046
	-	1,387,046	1,387,046

34.6 CML MTD Joint Venture Limited

Statement of comprehensive income

	Balance as at 31.03.2018 LKR	Re-classification adjustment LKR	Re-classification adjustment 31.03.2018 LKR
Revenue	1,801,609,073	(182,198,484)	1,619,410,589
Administrative expenses	(72,680,415)	55,847,264	(16,833,151)
Finance cost	(256,918,868)	(55,847,264)	(312,766,132)

Statement of financial position

	Balance as at 31.03.2018 LKR	Re-classification adjustment LKR	Re-classification adjustment 31.03.2018 LKR
Trade and other receivables	1,801,609,073	3,171,109,982	4,972,719,055
Accumulated losses	(72,680,415)	(86,782,633)	(159,463,048)

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2019

35 COMMITMENTS & CONTINGENCIES

35.1 Capital Expenditure Commitments

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

35.2 Contingencies

a) Lawsuits

The Group is the plaintiff/defendant in lawsuits filed in respect of the followings:

Company	Type of Cases	Name/Institution	Case No.
Northern Power Company (Private) Limited	Revision for Mallakam MC Order	Dr.Irajalingam Shi-wasankar & 12 Others	Court of Appeal Case CA/PHC/ APN/29/2015
	Revision for Mallakam MC Order		Next Date 04/03/2020
	Related matter to case no SC/ FR/141/2015		SC/FR/141/2015 Next Date 04/04/2019
Walker Sons & Company Limited	Ownership of Land	MMA Izadeen	HC/Badulla/60/2014
			LT/36/BW/168/2012
	Non payment of gratuity and EPF	Mr. L.J.K Hettiarachchi & H.G Fonseka	SC/(SPL)LA/53/2017 CA/WAIT/280/2012
Western Airducts Lanka (Private) Limited	Ownership of Land - Cemetery	Mr. Hettiarrchchige Don Amaradasa	592/L (Gampaha)
CML-MTD Construction Limited	Winding up	Abance Finance PLC	DDR-1135-19
	Money Recovery	Siyapatha Finance PLC	517-19-MR

Although, there can be no assurance, the directors believe, based on the information currently available, that the ultimate resolution of such legal procedures would not likely have a material adverse affect on the results of operations, financial position or liquidity of the company. Accordingly no provision for any liability has been made in the financial statements, nor has any liability been determined by the ongoing legal cases, as at 31 March 2019.

b) Tax Assessments

MTD Walkers PLC-Company

Income Tax Assessments issued for the Year of Assessment 2010/2011. 2011/2012 and 2012/2013

The Department of Inland Revenue has issued Income Tax assessments to the company for the years of assessment 2010/2011, 2011/2012 and 2012/2013, estimating investment income and interest income on loan given to related parties of the company. To pay tax 2010/2011 of LKR 28,035,381 plus penalty of LKR 14,017,691/=, to pay tax 2011/2012 of LKR 26,549,136/= plus penalty of LKR 13,274,568/= and to pay tax 2012/2013 of LKR 13,736,632/= plus penalty of LKR 5,219,920/=. The company has made valid appeals against to the assessments for the 2010/2011 and 2012/2013 and even though, the company has failed to file valid appeal for the 2012/2013, valid objection has been filed with the Commissioner General of the Inland Revenue (CGIR).

VAT Assessments issued for the Taxable Periods (Quarter Ended) June 2014, September 2014, December 2014 and March 2015

The Department of Inland Revenue has issued VAT assessments to the company for the above taxable periods, back dating VAT registration and estimating taxable income of the company. To pay tax Q/E June 2014 of LKR 12,293,225/= plus penalty of LKR 8,851,122/=, to pay tax Q/E September 2014 of LKR 12,293,225/= plus penalty of LKR 8,113,528/=, to pay tax Q/E December 2014 of LKR 12,293,225/= plus penalty of LKR 7,375,935/= and to pay tax Q/E March 2015 of LKR 11,268,790/= plus penalty of LKR 6,085,146/=. The company has made valid appeals to against to these assessments. The appeals were still not determined by the CGIR.

CML-MTD Construction Limited-Subsidiary

Value Added Tax (VAT) Assessments issued for the Taxable Period March 2016

The Department of Inland Revenue has issued VAT assessment to the company for the above taxable period, estimating taxable income of the company. To pay tax LKR 26,914,058/= plus penalty of LKR 18,570,700/=. The company has made valid appeal to against to this assessment. The appeal were still not determined by the CGIR.

As at 31 March 2019

35 COMMITMENTS & CONTINGENCIES (CONTD.)

35.2 Contingencies (Contd.)

c) Bank and Corporate Guarantees

The Group had given bank & corporate guarantees to its client where contracts are in progress. Based on the information currently available, The directors do not expect a liability to arise from these Guarantees.

Bank Guarantees - LKR

	2019 LKR	2018 LKR
People's Bank	3,380,075,812	2,068,579,489
Seylan Bank PLC	423,690,568	702,053,295
Nations Trust Bank PLC	-	67,744,565
DFCC Vardhana Bank PLC	183,022,156	223,022,156
Hatton National Bank PLC	233,501,996	1,599,551,058
National Development Bank PLC	1,757,189,274	1,895,615,885
Bank of Ceylon	311,124,113	366,576,505
Sampath Bank PLC	441,222,688	651,317,943
Commercial Bank PLC	1,759,168,332	1,012,151,101
Cargills Bank Limited	142,532,803	649,756,288
	8,631,527,743	9,236,368,285

Bank Guarantees - USD

	2019 USD.	2018 USD.	2019 LKR	2018 LKR
National Development Bank (Private) Limited	-	751,624	-	117,049,504
Seylan Bank PLC	482,595	-	84,984,980	-
Cargills Bank Limited	471,045	-	75,838,245	-
Peoples Bank	822,976	-	148,140,000	-
	1,776,616	751,624	308,963,225	117,049,504
Total Bank Guarantees - LKR			8,940,490,967	9,353,417,788

Corporate Guarantees - LKR

Walkers Piling (Private) Limited	3,345,000,000	3,620,000,000
Walkers Sons and Company Engineers (Private) Limited	938,000,000	1,170,000,000
CML -MTD Construction Limited	17,927,000,000	17,927,000,000
Northern Power Company (Private) Limited	436,000,000	739,645,000
Walkers Equipment Limited	1,280,000,000	1,595,000,000
Walkers Colombo Shipyard (Private) Limited	75,000,000	75,000,000
Western Airducts Lanka (Private) Limited	27,500,000	27,500,000
Colombo Fort Heritage Company (Private) Limited	700,000,000	700,000,000
Walkers CML Properties (Private) Limited	300,000,000	-
Walkers CML International (Private) Limited	363,000,000	-
	25,391,500,000	25,854,145,000

Corporate Guarantees - USD

	2019	2018	2019	2018
Walkers Colombo Shipyard (Private) Limited	5,000,000	5,000,000	880,650,000	778,644,000
Walkers CML international (Private) Limited	-	2,100,000	-	327,030,480
	5,000,000	7,100,000	880,650,000	1,105,674,480
Total Corporate Guarantees - LKR			26,272,150,000	26,959,819,480

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

35 COMMITMENTS & CONTINGENCIES (CONTD.)

35.2 Contingencies (Contd.)

c) Bank and Corporate Guarantees (Contd.)

Bank Gurantees Claims-Bank/Wise	2019 USD.	2018 USD.	2019 LKR	2018 LKR
People's Bank	-	-	38,445,000	-
Seylan Bank PLC	-	-	32,594,131	-
National Development Bank PLC	171,250	-	74,070,763	-
Commercial Bank PLC	939,750	-	131,600,000	-
	1,111,000	-	331,759,894	-

Bank Guarantees Claims-Companies/Wise

	2019 USD	2018 USD	2019 LKR	2018 LKR
Walkers Sons and Company Engineers (Private) Limited	-	-	38,445,000	-
CML -MTD Construction Limited	-	-	87,644,131	-
Walkers Colombo Shipyard (Private) Limited	411,000	-	74,070,763	-
MTD Walkers PLC - WCIC Guarantee	700,000	-	131,600,000	-
	1,111,000	-	331,759,894	-

d) Employees' Provident Fund & Employees' Trust Fund

Where ever foreseeable the company has made adequate provision for unpaid EPF & ETF liabilities as at the financial year end on all group companies. As per the information currently available with the company, no evidence has immerged for us to believe that further provisions are necessary for additional surcharge/levies for the non-payment of such dues as the management is of the view that provisioning has been made for any future liability that may crystallize on the same.

36 EVENTS AFTER THE REPORTING PERIOD

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak in the Island has resulted in reduced customer traffic and the temporary reduction of operating hours for the company as well as temporary closures of the business operation where government mandated. At the current time, the management is unable to quantify the potential effects of this pandemic on the future financial statements. However, the directors of the company is confident that the possible impact, if any could not result significant adjustment or disclosure in the financial statements for the year ended 31st March 2019.

37 MATERIAL PARTLY-OWNED SUBSIDIARIES

Summarised statement of income

	2019			2018		
	CML- MTD Construction Limited	Walkers Piling (Pvt) Limited	Walkers Equipment Limited	CML- MTD Construction Limited	CML- MTD Joint Venture Limited	Walkers Equipment Limited
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue	6,733,205,309	1,508,645,687	616,471,659	8,480,263,176	1,801,609,073	1,840,130,322
Cost of sales	(6,935,844,672)	(1,742,614,205)	(574,905,777)	(9,512,343,146)	(1,898,504,605)	(1,682,292,820)
Administrative expenses	(1,118,302,181)	(121,480,926)	(120,383,339)	(698,012,356)	(16,833,151)	(108,214,270)
Finance costs	(2,067,475,689)	(255,857,361)	(201,167,670)	(1,338,559,475)	(312,766,132)	(84,647,336)
Loss before tax	(4,214,002,511)	(754,970,492)	(280,603,917)	(2,574,713,221)	(288,278,331)	(34,707,804)
Income tax	(57,812,008)	99,108,553	25,193,079	(70,143,896)	(7,238,428)	3,630,974
Loss for the year	(4,271,814,519)	(655,861,939)	(255,410,838)	(2,644,857,116)	(295,516,759)	(31,076,830)
Total comprehensive income	(4,171,618,297)	(640,315,623)	(254,723,780)	(2,783,388,400)	(295,516,759)	(31,201,495)

Year ended 31 March 2019

37 MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTD.)

Summarised statement of financial position

	2019			2018		
	CML- MTD Construction Limited LKR	Walkers Piling (Pvt) Limited LKR	Walkers Equipment Limited LKR	CML- MTD Construction Limited LKR	CML- MTD Joint Venture Limited LKR	Walkers Equipment Limited LKR
Current Assets	14,923,507,956	1,853,016,159	773,855,611	19,475,201,921	5,206,996,196	1,550,663,226
Non- Current Assets	3,983,309,599	1,019,253,057	45,555,826	3,724,565,572	783,005,812	36,006,062
Current Liabilities	(18,783,468,981)	(2,877,871,842)	(1,222,602,055)	(19,068,501,390)	(5,212,268,620)	(1,600,436,138)
Non- Current Liabilities	(4,043,433,848)	(511,283,054)	(1,849,781)	(3,878,669,535)	(259,591,172)	1,737,834
Total equity	(3,920,085,274)	(516,885,680)	(405,040,399)	252,596,568	518,142,216	(12,029,016)

Summarised cash flow information

	2019			2018		
	CML- MTD Construction Limited LKR	Walkers Piling (Pvt) Limited LKR	Walkers Equipment Limited LKR	CML- MTD Construction Limited LKR	CML- MTD Joint Venture Limited LKR	Walkers Equipment Limited LKR
Operating	684,226,849	133,160,083	(14,690,050)	(7,006,556,723)	(536,194,475)	(450,143,559)
Investing	1,426,508,811	(278,587,971)	14,421,944	(2,014,695,383)	95,890,635	(4,378,685)
Financing	(1,279,375,269)	262,554,146	(128,240,271)	4,167,784,474	768,337,986	482,300,256
Net increase / (decrease) in cash and cash equivalents	831,360,391	117,126,258	(128,508,377)	(4,853,467,632)	328,034,146	27,778,012

38 RELATED PARTY DISCLOSURES

38.1 Transaction with the Related Entities

The Company and the Group have entered in toth efollwing tranactions during the year in the ordinary course of business with related entities at commercial rates.

Name of the related party	Nature of the relationship	Details of the transactions/balances	Value of the transactions 2018/2019 Rs	2017/2018 Rs
(a) MTD WALKERS PLC				
CML- MTD Construction Limited	Subsidiary	Expenses incurred	123,376,736	(109,991,129)
		Expenses reimbursement	(79,497,256)	17,743,761
		Interest received/(paid)	(1,500,000)	(24,741,558)
		Loans given taken	628,177,786	(3,084,848,810)
		Loans given	(1,208,580,932)	4,304,461,755
Walkers Piling (Private) Limited	Subsidiary	Temporary advances Given	82,175,979	11,636,642
		Management fee charged	(32,712,000)	(21,504,000)
		Corporate Guarantee Commission	-	8,620,674
		Interest charged	-	5,065,337
		GP Square Rent charged	(5,792,656)	(1,181,152)
		Company Expenses paid by Related party	1,100,676	16,208,793
		Related party expenses paid by Company	(18,760,374)	(10,000)
CML-MTD Joint Venture Limited	Sub-Subsidiary	Expenses incurred	26,927,094	205,073,318
		Expenses reimbursement	(1,803,767)	(146,177,463)
		Loans given	(1,147,699,950)	(13,000,000)
Western Airducts Lanka (Private) Limited	Sub-Subsidiary	Management Fee	2,112,120	-
		Fund Transfers	(33,537,285)	-
		Head Office Related Expenses	(44,000)	-
		Expenses Incurred by Ultimate Parent on Behalf of the Company	285,558	-

Year ended 31 March 2019

38 RELATED PARTY DISCLOSURES (CONTD.)

38.1 Transaction with the Related Entities

Walker Sons & Co Engineers (Private) Limited	Subsidiary	Fund Transfer	46,150,000	108,439,445
		EPF Paid/Payable	4,508,291	11,050,108
		ETF Paid/Payable	-	(28,836)
		Management Fee	7,040,760	11,731,500
		Expenses Incurred	(4,766,201)	30,568,739
		Salaries Paid	2,192,981	-
		Staff Loan	(150,000)	-
		TOD Settlement	480,000	-
		Petty Cash	(18,709)	-
		Lease Settlement	-	(905,236)
		Interest Accrued	-	2,304,601
		Gratuity Paid	-	670,000
Northern Power Company (Private) Limited	Subsidiary	Interest Accrued	29,937,034	29,968,600
		Expenses Incurred	773,077	10,505,293
		Salaries Paid	287,850	2,436,724
		Suppier Settlement	7,045,276	38,608,812
		EPF Paid	282,400	-
Special Projects Company (Private) Limited	Sub-Subsidiary	Company Expenses paid by Related party	(4,401,853)	-
		Expenses incurred on behalf of the other companies	272,485	-
Walkers Colombo shipyard (Private) Limited	Subsidiary	Fund Transfer	1,568,400	512,000,000
		Reclassification to loans	(522,000,000)	-
		Management Fee	15,918,240	13,906,000
		Expenses Incurred	-	3,917,993
		Vendors Settlement	604,262	9,881,875
		Rent charged by H/O	-	2,627,340
		Lease payment	-	(1,149,265)
		Electricity Charged by H/O	228,638	-
		Interest Accrued	93,634,535	70,257,359
Walkers CML Properties (Private) Limited	Subsidiary	Temporary Loan Given	(228,309,058)	(22,036,230)
		Goods & services received/ (transferred)	28,774,276	31,042,699
		Temporary Loan Repayment	-	52,016,479
		Settlement of liabilities	(5,301,143)	(22,136,261)
MTD Walkers Projects Limited	Subsidiary	Interest	851,303	851,303
		Expenses incurred	16,123	-
Walker Sons & Company Limited	Subsidiary	Expenses incurred	65,679	-
Walkers M3 (Private) Limited	Subsidiary	Goods & services received/ (transferred)	1,171,341	2,479,433
		Management Fee	1,515,940	-
		Expenses incurred	73,475	-
		Temporary advances Given/ (Received)	-	8,000,000

Year ended 31 March 2019

38 RELATED PARTY DISCLOSURES (CONTD.)

38.1 Transaction with the Related Entities

	MTD Walkers Infracon Limited	Subsidiary	Expenses incurred	411,516	-
			Company Expenses paid by Related party	238,756	1,608,579
			Fund Transfer	(200,000)	1,900,000
	Walkers CML International (Private) Limited	Subsidiary	Fund Transfer	-	60,580,000
			Company Expenses paid by Related party	131,681,743	29,828,616
(b) MTD WALKERS PROJECTS LIMITED					
	MTD Walkers PLC	Parent	Intercompany Interest	851,303	773,606
			Reimbursement of expenses	16,123	729,490
			Temporary advances obtained	-	43,000,000
			Temporary advances settled	-	(38,000,000)
	CML-MTD Construction Limited	Subsidiary	Rent expenses	900,000	1,800,000
			Reimbursement of expenses	-	122,199
(c) WALKER SONS & COMPANY LIMITED					
	MTD Walkers PLC	Parent	Expenses reimbursed	296,732	987,360
(d) WALKERS PILING (PRIVATE) LIMITED					
	MTD Walkers PLC	Parent	Temporary advances Give/(Received)	(82,175,979)	(11,636,642)
			Management fee charged	32,712,000	21,504,000
			Corporate Guarantee Commission	-	(8,620,674)
			Interest charged	-	(5,065,337)
			GP Square Rent charged	5,792,656	1,181,152
			Company Expenses paid by Related party	(1,100,676)	(16,208,793)
			Related party expenses paid by Company	18,760,374	10,000
	CML-MTD Construction Limited.		Expenses reimbursement	(3,306,723)	(832,451)
			Expenses incurred	19,886,010	3,710,933
			Loans given / (taken)	(88,185,000)	21,228,614
		Subsidiary	Loans given / (taken)	51,500,144	-
	Walker sons & co. engineers (Private) Limited	Subsidiary	Fund Transfer	1,550,000	-
			Expenses Incurred	239,183	-
	CML-MTD Joint Venture Limited	Subsidiary	Loans given	1,793,417	-
	Walkers Equipment Limited	Subsidiary	Temporary advances Give/(Received)	(6,900,000)	(61,124,102)
			Related party expenses paid by Company	-	40,232
	MTD Walkers Infracon Limited	Subsidiary	Temporary advances Give/(Received)	60,000	-
	Western Airducts Lanka (Private) Limited	Subsidiary	Temporary advances Give/(Received)	(800,000)	-
	Northern Power Company (Private) Limited	Subsidiary	Interest Receivable	(2,821,474)	(3,573,118)
			Fund Transfers	(590,000)	-
			Suppier Settlement	(2,000,000)	-
	Walkers M3 (Private) Limited	Subsidiary	Related party expenses paid by Company	350,000	-
	Walkers CML International (Private) Limited	Subsidiary	Related party expenses paid by Company	91,600	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

38 RELATED PARTY DISCLOSURES (CONTD.)

38.1 Transaction with the Related Entities

(e) CML-MTD CONSTRUCTION LIMITED

MTD Walkers PLC	Parent	Expenses incurred	(123,376,736)	(109,991,129)
		Expenses reimbursement	79,497,256	17,743,761
		Interest received/(paid)	1,500,000	(24,741,558)
		Loans given taken	(628,177,786)	(3,084,848,810)
		Loans given	1,208,580,932	4,304,461,755
CML MTD Joint venture (Private) Limited	Subsidiary	Expenses incurred	-	(12,120,990)
		Expenses reimbursement	263,277,917	543,145,055
		Interest received/(paid)	-	(35,993,522)
		Loans given	75,136,860	354,247,613
		Loans given taken	(335,714,883)	(117,532,700)
Walker Sons & Company Engineers (Private) Limited	Subsidiary	Expenses reimbursement	3,494,557	109,463
		Interest received/(paid)	56,342	56,342
		Loans given	126,900,000	637,685,000
		Loans given taken	(69,900,000)	(491,142,500)
Walkers Equipment Limited	Subsidiary	Expenses incurred	(1,795,000)	-
		Expenses reimbursement	751,331	102,200
		Loans given / (taken)	155,300,000	90,000,000
		Loans given / (taken)	(108,600,303)	(10,000,000)
MTD Walkers Project (Private) Limited	Subsidiary	Expenses reimbursement	900,000	1,922,199
Walkers CML International (Private) Limited	Subsidiary	Expenses reimbursement	67,588,180	18,472,827
		Loans given / (taken)		10,968,204
Northern Power Company (Private) Limited	Subsidiary	Expenses reimbursement	296,224	968,750
		Interest received/(paid)	1,101,923	1,101,923
		Loans given / (taken)	5,500,000	1,000,000
Special Projects Company (Private) Limited	Subsidiary	Expenses reimbursement	10,334,731	3,285,580
		Expenses incurred	(19,103,458)	-
Walkers Infracon Limited	Subsidiary	Expenses reimbursement	158,565	850,025
Walkers CML Properties (Private) Limited	Subsidiary	Expenses reimbursement	79,133	-
		Expenses incurred	(13,698,992)	(10,856,425)
		Loans given / (taken)	33,000,000	17,000,000
		Loans given / (taken)	(46,590,170)	(249,000,000)
Walkers Colombo Shipyard (Private) Limited	Subsidiary	Expenses reimbursement	557,767	65,540
		Loans given / (taken)	3,000,000	123,000,000
		Loans given / (taken)	(12,000,000)	(146,000,000)

Year ended 31 March 2019

38 RELATED PARTY DISCLOSURES (CONTD.)

38.1 Transaction with the Related Entities

Walkers Piling (Private) Limited	Subsidiary	Expenses reimbursement	3,306,723	832,451
		Expenses incurred	(19,886,010)	(877,047)
		Interest paid	-	(2,833,886)
		Loans given / (taken)	88,185,000	350,103,614
		Loans given / (taken)	(51,500,144)	(371,332,229)
Walkers CML Property Development (Private) Limited	Subsidiary	Loans given / (taken)	-	(50,000,000)
CML MTD Housing Projects (Private) Limited	Subsidiary	Loans given / (taken)	-	(50,000,000)
Western Airducts (Private) Limited	Subsidiary	Expenses reimbursement	2,307,000	50,650
		Expenses incurred	(6,646,665)	-
		Loans given / (taken)	(600,000)	-
(f) WALKER SONS & COMPANY ENGINEERS (PRIVATE) LIMITED				
MTD Walkers PLC	Parent	Fund Transfer	(46,150,000)	(108,439,445)
		EPF Paid/Payable	(4,508,291)	(11,050,108)
		ETF Paid/Payable	-	28,836
		Management Fee	(7,040,760)	(11,731,500)
		Expenses Incurred	4,766,201	(30,568,739)
		Salaries Paid	(2,192,981)	-
		Staff Loan	150,000	-
		TOD Settlement	(480,000)	-
		Petty Cash	18,709	-
		Lease Settlement	-	905,236
		Interest Accrued	-	(2,304,601)
		Gratuity Paid	-	(670,000)
Northern Power Company (Private) Limited	Subsidiary	Fund Transfer	6,000,000	-
		Salaries Paid	914,370	-
		Interest Accrued	-	(5,483,412)
		Legal Fee	-	100,000
CML-MTD Construction Limited	Subsidiary	Expenses Incurred	(3,494,557)	(109,463)
		Interest Paid	(56,342)	(56,342)
		Fund Transfer	(57,000,000)	(146,542,500)
Western Airducts Lanka (Private) Limited	Subsidiary	Fund Transfer	42,117,260	55,430,996
		Interest Accrued	2,400,000	3,630,507
		Salaries Paid	-	(10,367,792)
		Supplire Settlement	-	(23,592)
Walker Piling (Private) Limited	Subsidiary	Fund Transfer	(1,550,000)	(29,687,500)
		Expenses Incurred	(239,183)	94,155
		Balance Setting-Off	8,618,394	-
		Supplire Settlement	-	(3,500,000)

Year ended 31 March 2019

38 RELATED PARTY DISCLOSURES (CONTD.)

38.1 Transaction with the Related Entities

(f) WALKER SONS & COMPANY ENGINEERS (PRIVATE) LIMITED (CONTD.)

Walkers CML Properties (Private) Limited	Subsidiary	Fund Transfer	(7,220,000)	(10,450,000)
		Expenses Incurred	(3,501,484)	-
		EPF Paid	-	(359,700)
Walker Colombo Shipyard (Private) Limited	Subsidiary	Fund Transfer	7,000,000	795,558
		Salaries Paid	(7,750,000)	-
		Expenses Incurred	(459,889)	20,692
Walkers M3 (Private) Limited	Subsidiary	Cash Margin	300,000	-
		Fund Transfer	-	(4,450,000)
		Over Draft Settlement	-	1,000,000
Walkers Equipment Limited	Subsidiary	Fund Transfer	(8,060,000)	36,800,000
MTD Walkers Infracon Limited	Subsidiary	Fund Transfer	300,000	-
		Expenses Incurred	-	345,800

(g) NORTHERN POWER COMPANY (PRIVATE) LIMITED

MTD Capital BHD	Ultimate Parent	Interest Accrued	4,530,347	4,422,427
		Expenses Incurred	22,863	-
MTD Walkers PLC	Parent	Interest Accrued	29,937,034	29,968,600
		Expenses Incurred	773,077	10,505,293
		Salaries Paid	287,850	2,436,724
		Supplier Settlement	6,739,524	38,608,812
		EPF Paid	282,400	-
CML-MTD Construction Limited	Subsidiary	Interest Accrued	1,101,923	1,101,923
		Expenses Incurred	293,224	68,750
		Fund Transfers	400,000	1,900,000
		Supplier Settlement	5,103,000	908,046
Walkers CML Properties (Private) Limited	Subsidiary	Expenses Incurred	240,000	300,000
		Fund Transfers	1,200,000	17,900,000
		Salaries Paid	1,810,000	5,660,000
		Supplier Settlement	1,306,498	5,000,000
Western Airducts Lanka (Private) Limited	Subsidiary	Fund Transfers	100,000	-
Walker Sons & Co. Engineers (Private) Limited	Subsidiary	Interest Accrued	-	5,483,412
		Expenses Incurred	-	100,000
		Fund Transfers	6,000,000	-
		Salaries Paid	914,370	-
Walker Piling (Private) Limited	Subsidiary	Interest Receivable	2,821,474	3,061,474
		Fund Transfers	590,000	7,000,000
		Supplier Settlement	2,000,000	-
Walkers Equipment Limited	Subsidiary	Expenses Incurred	53,125	1,071,192
		Fund Transfers	150,000	2,300,000
		Salaries Paid	1,278,289	1,235,097

Year ended 31 March 2019

38 RELATED PARTY DISCLOSURES (CONTD.)

38.1 Transaction with the Related Entities

(h) SPECIAL PROJECTS COMPANY (PRIVATE) LIMITED

MTD Walkers PLC	Ultimate Parent	Expenses incurred on behalf of the company	(272,485)	(3,637,493)
		Expenses incurred on behalf of the other companies	4,401,853	-
CML-MTD Construction Limited	Immediate Parent	Sales of goods/services	9,033,034	69,175,912
		Rendering/obtaining services	(830,888)	(22,977,515)
		Expenses incurred on behalf of the company	(21,014,789)	(15,252,341)
		Expenses incurred on behalf of the other companies	29,783,515	11,966,762
Walkers CML Properties (Private) Limited	Subsidiary	Fund received	(10,617,753)	(89,141,433)
		Sales of goods/services	313,613	197,064
		Fund received	(5,000,000)	-
		Settlement of laibilities by the other companies	17,436	-
Walkers Equipment Limited	Subsidiary	Sales of goods/services	(566,887)	(283,959)
		Expenses incurred on behalf of the other companies	543,616	-
		Payments made	81,075	408,734
CML MTD Joint Venture (Private) Limited	Subsidiary	Sales of goods/services	5,271,219	33,714,792
		Fund received	(21,120,743)	-

(i) COLOMBO ENGINEERING SERVICES (PRIVATE) LIMITED

MTD Walkers PLC	Parent	Feasibility study expenses	-	10,533,035
		Professional Charges	162,307	-
		Accrued Audit fee	166,962	-

(j) WESTERN AIRDUCTS LANKA (PRIVATE) LIMITED

MTD Walkers PLC	Ultimate Parent	Management Fees	2,112,120	-
		Fund Transfers	(34,037,393)	-
		Head Office Related Expenses	456,109	-
		Expenses Incurred by Ultimate Parent on Behalf of the Company	285,558	-
Walker Sons Co. Engineers (Private) Limited	Parent	Temporary Funding	57,931,440	-
		Fund Transfers	(6,300,000)	-
		Expenses Incurred on Behalf of the Company	952,821	-
		Temporary Funding Obtained & Fund Transfers	(11,667,001)	-
		Finance Charges	3,600,000	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

38 RELATED PARTY DISCLOSURES (CONTD.)

38.1 Transaction with the Related Entities

(j) WESTERN AIRDUCTS LANKA (PRIVATE) LIMITED

CML - MTD Construction Limited	Subsidiary	Fund Transfers	4,397,532	-
		Fund Transfers	(9,337,197)	-
Walkers Piling (Private) Limited	Subsidiary	Fund Transfers	1,000,000	-
		Fund Transfers	(1,800,000)	-
Northern Power (Private) Limited	Subsidiary	Fund Transfers	(100,000)	-
Walkers Equipment Limited	Subsidiary	Fund Transfers	32,350,000	-
		Fund Transfers	(28,000,000)	-
Walkers CML Properties (Private) Limited	Subsidiary	Fund Transfers	(1,000,000)	-
Walkers M3 (Pvt) Limited	Subsidiary	Fund Transfers	(100,000)	-

(k) WALKERS EQUIPMENT LIMITED

MTD Walkers PLC	Parent	Management Fees	(12,000,000)	(5,519,000)
		Reimbursement of expenses	(1,520,658)	(19,355,398)
		Fund Transfer	(39,122,705)	(147,306,129)
		Payment Made	1,136,432	176,639,250
CML-MTD Construction Limited	Subsidiary	Fund Transfer	(48,374,567)	(80,102,200)
		Payment Made	2,718,538	-
Northern Power Company Limited	Subsidiary	Fund Transfer	(182,260)	(4,606,290)
		Payment Made	895	-
Walkers CML Properties (Private) Limited	Subsidiary	Fund Transfer	38,000,000	2,000,000
Walkers Colombo Shipyard (Private) Limited	Subsidiary	Fund Transfer	(10,000,000)	(3,000,000)
Walkers Engineers & Sons (Private) Limited	Subsidiary	Fund Transfer	8,060,000	(36,800,000)
Walkers CML International (Private) Limited	Subsidiary	Payment Made	12,830,178	4,153,534
Special Projects Company (Private) Limited	Subsidiary	Salaries Paid	(543,616)	-
Walkers Piling (Private) Limited	Subsidiary	Fund Transfer	6,900,000	82,550,000
		Expenses Incurred	-	(40,232)
Western Airduct Lanka (Private) Limited	Subsidiary	Fund Transfer	4,350,000	-
Walkers M3 (Private) Limited	Subsidiary	Fund Transfer	300,000	-

(l) CML-MTD JOINT VENTURE LIMITED

BHD Capital	Ultimate Parent	Expenses incurred	(128,351,221)	(469,771)
		Exchange Gain loss/ Profit	(6,490,378)	-
MTD Walkers PLC	Parent	Expenses incurred	(26,927,094)	(205,073,318)
		Expenses reimburse-ment	1,803,767	146,177,463
		Fund Transfers given	1,147,699,950	13,000,000
CML - MTD Construction Limited	Immediate Parent	Expenses reimburse-ment	-	12,120,990
		Expenses incurred	63,277,917)	(543,145,055)
		Interest received/(paid)	-	35,993,522
		Fund Transfers taken	(75,136,860)	(354,247,613)
		Fund Transfers given	335,714,883	117,532,700
Walkers Piling (Private) Limited	Subsidiary	Fund Transfers given	1,793,417	-
Walkers Colombo Shipyard (Private) Limited	Subsidiary	Fund Transfers given	30,000,000	-

Year ended 31 March 2019

38 RELATED PARTY DISCLOSURES (CONTD.)

38.1 Transaction with the Related Entities

(m) WALKERS CML PROPERTIES (PRIVATE) LIMITED

MTD Walkers PLC	Parent	Temporary loan given	228,309,058	22,036,230
		Goods & services received/ (transferred)	(28,774,276)	(31,042,699)
		Temporary loan repayment	-	(52,016,479)
		Settlement of liabilities	4,621,596	22,136,261
Walkers Piling (Private) Limited	Subsidiary	Temporary loan given	119,939,895	10,476,968
		Goods & services received/ (transferred)	(33,303,498)	-
		Temporary loan received	(140,064,343)	-
		Settlement of liabilities	17,950,000	-
Walkers Sons & Co Engineering (Private) Limited	Subsidiary	Temporary loan given	13,821,484	68,428,163
		Goods & services received/ (transferred)	4,618,789	(57,978,163)
		Temporary loan received	(3,100,000)	
		Impairment	-	(13,334,425)
CML-MTD Construction Limited	Subsidiary	Temporary loan given	63,917,392	253,714,229
		Temporary Loan received	(33,207,363)	(14,357,804)
Northern Power Company (Private) Limited	Subsidiary	Temporary loan given	4,556,498	11,530,000
Walkers Equipment Limited	Subsidiary	Temporary loan given	38,000,000	2,957,720
Walkers Colombo Shipyard (Private) Limited.	Subsidiary	Temporary loan given	2,765,000	-
Special Projects Company (Private) Limited.	Subsidiary	Temporary loan given	5,000,000	-
		Goods & services transferred	(126,264)	126,264
Walkers CML Properties Lanka (Private) Limited	Subsidiary	Temporary loan given	64,611,885	466,498,204
		Temporary loan received	(2,369,660)	(1,673,240)

(m) **WALKERS CML PROPERTIES (PRIVATE) LIMITED (CONTD)**

Walkers CML Property Development (Private) Limited	Subsidiary	Temporary loan given	124,085,059	125,584,123
		Temporary loan received	(179,095,897)	(101,222,803)
Colombo Fort Heritage Company (Private) Limited	Subsidiary	Temporary loan given	46,974,963	-
Walkers M3 (Private) Limited	Subsidiary	Temporary loan given	300,000	-
Walkers CML International (Private) Limited	Subsidiary	Temporary loan given	36,000	-
Walkers CML Real Estate (Private) Limited	Subsidiary	Temporary loan received	(100)	-
Western Airducts Lanka (Private) Limited.	Subsidiary	Temporary loan received	(1,000,000)	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

38 RELATED PARTY DISCLOSURES (CONTD.)

38.1 Transaction with the Related Entities

(n) WALKERS COLOMBO SHIPYARD (PRIVATE) LIMITED

MTD Walkers PLC	Parent	Fund Transfer	(1,568,400)	(512,000,000)
		Management Fee	(15,918,240)	(13,906,000)
		Expenses Incurred	-	(3,917,993)
		Vendors Settlement	(604,262)	(9,881,875)
		Rent charged by H/O	-	(2,627,340)
		Lease payment	-	1,149,265
		Electricity Charged by H/O	(228,638)	-
		Interest Accrued	(93,634,535)	(70,257,359)
Walkers Subsea Services (Private) Limited	Subsidiary	Loan Repayment	(10,834,239)	-
CML-MTD Construction Limited	Subsidiary	Expenses Incurred	(557,767)	(65,540)
		Fund Transfer	9,000,000	23,000,000
Walker Sons & Co. Engineering (Private) Limited	Subsidiary	Fund Transfer	(7,000,000)	(795,558)
		Salaries Paid	7,750,000	-
		Expenses Incurred	459,889	(20,692)
Walkers Equipment Limited	Subsidiary	Fund Transfer	(10,000,000)	(3,000,000)
CML-MTD Joint Venture Limited	Subsidiary	Fund Transfer	(30,000,000)	-
Walkers CML Properties (Private) Limited	Subsidiary	Expenses Incurred	(165,000)	-
		Lease payment	(2,600,000)	-

(o) WALKERS M3 (PRIVATE) LIMITED

MTD Walkers PLC	Parent	STL given	-	10,479,443
		Expenses incurred on behalf of the company	3,230,589	-
		Expenses incurred on behalf of the other companies	(469,833)	-
Walkers Sons & Company Engineers (Private) Limited	Subsidiary	STL given	-	4,700,000
		STL settled	-	(1,250,000)
		Impairment of related parties	-	(3,450,000)
Walkers CML Properties (Private) Limited	Subsidiary	Expenses incurred on behalf of the company	(300,000)	-

(o) WALKERS M3 (PRIVATE) LIMITED (CONTD.)

Walkers Equipment Limited	Subsidiary	Expenses incurred on behalf of the company	(300,000)	-
Walkers Piling (Private) Limited	Subsidiary	Expenses incurred on behalf of the company	(350,000)	-
Western Airducts Lanka (Private) Limited	Subsidiary	Expenses incurred on behalf of the company	(100,000)	-

(p) WALKERS CML PROPERTY DEVELOPMENT (PRIVATE) LIMITED

Walkers CML Properties (Private) Limited	Parent	Temporary Loan Given	125,228,335	41,066,893
		Temporary Loan Received	(135,645,710)	-
Walkers CML Properties Lanka (Private) Limited	Subsidiary	Temporary Loan Given	-	30,816,252

38 RELATED PARTY DISCLOSURES (CONTD.)

38.1 Transaction with the Related Entities

	Walkers Pilling (Private) Limited	Subsidiary	Goods and Services Received/ (Transferred)	(64,611,292)	-
			Settlement of Liabilities	54,338,751	-
	CML - MTD Construction Limited	Subsidiary	Goods and Services Received/ (Transferred)	(51,237,510)	-
			Temporary Loan Given	-	50,000,000
			Settlement of Liabilities	37,099,076	-
(q) WALKERS CML PROPERTIES LANKA (PRIVATE) LIMITED					
	Walkers CML Properties (Private) Limited	Parent	Temporary Loan Given	(62,298,807)	(464,768,892)
			Share issue	-	510
	Walkers CML Property Development (Private) Limited	Subsidiary	Temporary Loan Given	-	(30,816,252)
			Share issue	-	490
(r) COLOMBO FORT HERITAGE COMPANY (PRIVATE) LIMITED					
	MTD Walkers PLC	Parent	Fund Transfer		6,000,000
	CML-MTD Construction Limited	Subsidiary	Building Rent	13,567,500	57,325,587
			Fund Transfer	100,000	
	Walkers CML Properties (Private) Limited	Subsidiary	Fund Transfer		46,959,963
			Expenses Incurred	15,000	
	Walkers CML Property Development (Private) Limited	Subsidiary	Loan Settlement	50,589,163	
	Mr. Dian Nearcus Jayasuriya	Director	Fund Transfer	5,000,000	
			Vendors Settlement	3,645,646	
			Building Rent	15,219,675	

38.2 Transactions with Key Management Personnel of the Group

Key management personnel include members of the Board of Directors of MTD Walkers PLC and its subsidiary companies

a) Key Management Personnel Compensation

-	Group		Company	
	2019 LKR	2018 LKR	2019 LKR	2018 LKR
Short-term employee benefits	-	71,262,800	1,900,000	5,400,000

b) Other Transactions with Key Management Personnel

		Group		Company	
		2019 LKR	2018 LKR	2019 LKR	2018 LKR
Mr. J P Amaratunga	Director	-	11,950,824	-	-
		-	11,950,824	-	-

38.3 There are no related party transactions other than those disclosed in Notes 14, 19.4.1, 24, 38.1 & 38.2 to the financial statements.

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39 GOING CONCERN

The Board of Directors of the Company / Group has determined that the use of going concern assumption in the preparation of financial statements as at 31st March 2019 is appropriate based on following factors.

39.1 Company

The Company has incurred a net loss of Rs. 669,025,552/- during the year ended 31st March 2019 (2018: Rs.1,346,069,873/-).Its accumulated losses as of 31st March 2019 was Rs.2,621,266,625/- (2018: Rs. 1,934,992,477/-). Further, the Company's current liabilities exceeded its current assets by Rs. 3,198,126,528/- (2018– Rs. 2,019,973,245/-) as at the reporting date.

During the year 2015/2016, the Company issued the Type A Debentures, amounting to Rs. 2.1 billion, matured on 30th September 2018 and the Type B Debentures, amounting to Rs. 886.7 million, maturing on 30th September 2019. The Company was able to settle only Rs.1 billion from the Type A Debentures during the financial year 2018/2019, while there had been no settlement on the Type B Debentures, due to the financial constraints encountered during the period.

These factors raised concerns over the appropriateness of the use of going concern assumption in the preparation of the financial statements of the Company. However, the Board of Directors of the Company have determined that the use of the going concern assumption in the preparation of financial statements of the Company for the year ended 31st March 2019 is appropriate based on the following factors.

- As disclosed in Note 1.3 to the financial statements, the Company's principal operation has been manage its investment portfolio in civil and mechanical engineering, marine engineering, heavy and light machinery trading, real estate and power generation industries. As the Company's ability to generate profits depends on the return from these investments, it expects to improve its profitability and financial position through the measures taken by the group of companies to enhance their profitability as detailed in Note 39.2.

- Based on the negotiations had with debenture holders, the Company rescheduled the payment terms during the year 2017/2018. Subsequent to the reporting period, the management has been in negotiation with debenture holders, bankers and other applicable authorities to further restructure the payment terms of the debentures so that the settlements can be made according to its anticipated cash flow generation pattern.

Group

The Group has incurred a net loss of Rs. 6,848,721,909/- (2018 – Rs 3,559,727,208/-) during the year ended 31st March 2019. Its accumulated losses as of 31st March, 2019 was Rs.8,036,864,357/- (2018 - Rs.2,386,680,480/-). Further, the Group's total liabilities exceeded its total assets by Rs. 1,656,033,681/- and the current liabilities exceeded its current assets by Rs. 7,710,811,771/- (2018 – Rs 561,170,546/-).

As detailed in Note 12, the Group's trade receivables net of impairment as at the reporting date amounted to Rs. 12.8 bn, out of which Rs. 6 bn receivables have been outstanding for more than a year, reflecting inordinate delays in debt recoveries. Currently, the Group is heavily dependent on government orders and any change in government's policy on the construction sector will have a significant impact on the Group's operation including debt recoveries. Currently, construction segment of the Group accounts contribute for 90% of the total group revenue. Moreover, MTD Walkers, being a leading civil engineering construction contractor, has a major exposure to government's infrastructure and mega development projects. Therefore, the Group is highly exposed to political and regulatory risks, especially with the changes in government policies and prevailing market conditions such as government's fiscal constraints, which have led to delays in collecting dues and consequently long outstanding debt balances. Further, the detrimental effect of prevailing Covid - 19 situation on the Group's clientele, income base has also adversely affected the collection of debts as they fall due.

Northern Power Company (Private) Limited (NPC), a subsidiary of the Company is the owner and operator of a 30 MW HFO power plant in Jaffna peninsula, supplying power to the Ceylon Electricity Board (CEB). A petition was filed in the Magistrate Court, Mallakam in Jaffna in 2014, by eleven residents of Chunnakam area in Jaffna alleging that their wells had been contaminated with oil, citing CEB and NPC as respondents. Consequently, NPC's operations were suspended on 27 January 2015 due to an interim court order from Magistrate Mallakam (MC/2982/14) siting that oil pollutes the wells in the surrounding area of the plant. Another case was filed in 2015 in the Supreme Court of Colombo, by the Institute of Fundamental Rights Studies in Colombo, in a Fundamental Right case (SC/FR/141/15) on the same issue, citing NPC, CEB, NWS&DB, BOI and CEA (Central Environment Authority) as respondents.

39 GOING CONCERN (CONTD.)

Mitigating Steps taken by management

The Directors of the Group are confident that the financial position of the Group will improve in the future as a result of the following several steps taken by the Group.

i. The Group has initiated plans to restructure the operations and cost minimization measures with the objective of improving efficiency, and thereby increasing the profitability and cash flows.

ii. The Group expects to increase its revenue and future cash flows by securing the following significant projects in the Civil Engineering segment, in addition to the existing projects in progress.

   a. CML-MTD Construction Limited (CML), a subsidiary of the Company has been awarded a road development project in Kurunegala, initiated by the Road Development Authority (RDA).

   b. CML has also secured a project to construct a luxury apartment complex at Havelock City in Colombo 05. The land has been obtained from the UDA and the project is expected to commence in March 2021 with the financial assistance from a new investor.

   c. Sethsiripaya - Phase 4 contract has been awarded to CML and the construction is scheduled to commence in January 2021 with the financial assistance from new investing partners.

iii. As an industry leader, the Group is also expecting new opportunities from the following developments in civil and mechanical engineering, marine engineering, heavy and light machinery trading, real estate and power generation industries.

   a. Potential opportunities in the construction of essential infrastructure facilities such as buildings, expressway and canals which are expected to be initiated by the Government.

   b. Walkers Pilling (Pvt) Ltd, a subsidiary company in the Group, also is a key player in the industry, expects to secure new piling contracts from other main construction projects that are expected to be launched.

   c. Real Estate sector of the Group is planning to increase the revenue from the initiatives undertaken to expedite the existing projects and securing new projects that are planned to be launched in the near future, including Nila Sevana housing project in Kandy, which is expected to generate revenue from the year 2020/21 onwards.

   d. Marine Engineering Sector of the group foresees certain opportunities from the Port City project and related development initiatives. As these would result in a surge the number of ships arriving at the port of Colombo, there will be increased demand for repair and servicing and, also the existence of few competitors in the sector provides ample job opportunities. The strategic location of the Walkers Colombo Shipyard (a subsidiary of MTD Walkers PLC), availability of the latest technology and specialized skilled work force will further strengthen the ability of the Group to benefit from the anticipated demand.

   e. Furthermore, the foreseen growth in the construction industry driven by the development initiatives, undertaken by both the public and private entities, is also expected to result in increased demand for construction equipment and servicing. This will benefit Walkers Equipment Ltd (a subsidiary of MTD Walkers PLC) to enhance its revenue and profitability.

   f. The Group is planning to commence operations of two ready-mix plants in Wattala and Malabe , with the financial assistance from the Bank of Ceylon, and it expects to generate more revenue from these operations as well in the near future.

   g. CML anticipate to progress the balance works of existing project in hand, more specifically Upper Elahera project, Wilgamuwa water supply project, Asian Development Bank (ADB) funded Integrated roads (Badulla and Monaragala districts) and National Housing Development Authority (NHDA) Housing Projects.

iv. Northern Power Company (Private) Limited is expected to commence its suspended operations as per the order of the FR case delivered on 04 April 2019 in favour of the Northern Power Company (Private) Limited with the approval of CEB and BOI. As a result, the Power Generation sector of the Group is expected to generate revenue from the beginning of the financial year 2020/21.

v. Ultimate parent company of the Company, MTD Capital Bhd has undertaken via a letter of comfort to the Board of Directors that it will continue to provide financial assistance where necessary.

39 GOING CONCERN (CONTD.)

COVID 19 impact assessment

On 11th March 2020, the World Health Organization declared COVID-19 outbreak as a Global Pandemic and this situation has significantly affected the Sri Lanka economy as well as the Group and Company's business environment. The management has assessed the existing and anticipated effect of COVID-19 on the Company and its subsidiaries and determined the use of going concern basis as appropriate. This assessment considered plans devised with strategies for future operations including the several steps taken as outlined above, requesting for claims for price escalations and other cost variations, relief measures for covid 19 from bankers such as moratorium and servicing of debt, review of cost structure and developing cost cutting strategies, and thereby continue in business as a going concern.

Based on the above factors, the Board of Directors has determined that the use of going concern assumption in the preparation of financial statements of the Group for the year ended 31st March 2019 is appropriate.

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies

The Group's principal financial liabilities comprise short and long term borrowings, trade and other payables, and trade and financial guarantee contracts. 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 loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds fair value through profit or loss investments.

The Group is exposed to market risk, credit risk and liquidity risk.

The Board of Directors and Group's senior management oversees the management of these risks. Reviews and agrees policies for managing each of these risks, which are summarized 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: finance 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 fair value through profit or loss investments.

Interest rate risk

Finance rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market 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 rates. The rates applied to Groups short term borrowings are fixed periodically. The Group manages its finance rate risk by aggressively negotiating rates for short and long term borrowings and having a portfolio of facilities from various financial institutions which gives avenues use the facility based on competitive rates.

	Change in Interest rate	Effect on loss before tax
2019	+ 0.5%	345,197,143
	- 0.5%	(345,197,143)
2018	+ 0.5%	171,707,731
	- 0.5%	(171,707,731)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk by having a balance of receivables and payables which enables a natural hedging & through leading and lagging of transactions.

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market-price risk arising from uncertainties about future values of the investment securities.

At the reporting date, the Group exposure to quoted equity securities at market value was Rs.2,255,510/- A decrease in comparison to the previous financial year where the market value stood at Rs. 2,462,387/-.

At the reporting date, the Group exposure to non-quoted equity securities at carrying value was Rs. 260,370/-. This is the exact carrying value which was held in 2018 for Rs. 260,370/-.

Financial risk management objectives and policies

At the reporting date, the Group exposure to quoted equity securities at market value was LKR2,462,387/- A decrease in comparison to the previous financial year where the market value stood at LKR 3,614,332/-.

At the reporting date, the Group exposure to non-quoted equity securities at carrying value was LKR 260,370/-. This is the exact carrying value which was held in 2018 for LKR 260,370/-.

Credit risk

Credit risk is the risk that 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 and other receivable

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management.

Liquidity risk

The Group manages liquidity risk exposure through effective working capital management. The Group also has planning guidelines in place to ensure that the short term and medium term liquidity is managed at acceptable levels.

The table below summaries the maturity profile of Group's financial liabilities based on contractual payments.

Year ended 31 March 2019	01 to 03 Months	03 to 12 Months	01 to 03 Years LKR	Total LKR
Bank financing	3,651,454,294	10,954,362,883	10,954,362,883	16,689,598,290
Public debt securities	-	1,051,947,000	1,051,947,000	1,935,364,999
Finance leases	71,926,064	215,778,192	215,778,192	809,826,677
Trade and other payables	8,197,148,324	-	-	8,197,148,324

SUPPLIMENTARY INFORMATION

SHARE INFOMRATION

Share Information at a Glance

Share Information at a Glance	
Total shares issued as at 31 March 2019	167,647,568
Public Shareholding as at 31 March 2019	8.4%
Stock Ticker	KAPI.N0000

20 Major Shareholders

	Name of Shareholder	31st March 2019		31st March 2018	
		No of shares	%	No of shares	%
1	MTD CAPITAL BHD	152,183,583	90.78	152,183,583	90.78
2	MR C.K. ATAPATTU	1,024,905	0.61	1,026,816	0.61
3	MR U.I. THUDUWATTA	647,971	0.39	-	-
4	STANDARD CHARTERED BANK SINGAPORE S/A HL BANK SINGAPORE BRANCH	591,091	0.35	591,091	0.35
5	MR A.A.M. RAZIK	400,000	0.24	400,000	0.24
6	HATTON NATIONAL BANK PLC / CHOKSHANADA KUMARA SANGAKKARA	382,024	0.23	-	-
7	MR B.U. HETTIARACHCHI	330,511	0.20	-	-
8	MRS C.A.D.S. WOODWARD	314,000	0.19	314,000	0.19
9	MIS U.M.C.L. FERNANDO	264,933	0.16	-	-
10	DR S. YADDEHIGE	237,480	0.14	237,480	0.14
11	MRS P.A.S. AMARATUNGA	214,153	0.13	214,153	0.13
12	NATIONAL DEVELOPMENT BANK OF SRI LANKA LIMITED A/C NO 2	200,494	0.12	200,494	0.12
13	SEYLAN BANK PLC/K.L.G.UDAYANANDA	185,500	0.11	311,272	0.19
14	MERCHANT BANK OF SRI LANKA & FINANCE PLC 01	165,000	0.10	130,000	0.08
15	PEOPLE'S LEASING & FINANCE PLC/L.P.HAPANGAMA	147,555	0.09	149,657	0.09
16	PEOPLE'S MERCHANT FINANCE PLC / K.K. SHUJEEVAN	147,330	0.09	-	-
17	MR R.A.A.I. PERERA	141,780	0.08	-	-
18	COMMERCIAL CREDIT AND FINANCE PLC	132,000	0.08	132,000	0.08
19	MR NISHANTHAN	126,000	0.08	-	-
20	MR A.M.V.A. CHAMINDA	125,000	0.07	125,000	0.08

Analysis Report of Shareholders

	31st March 2019				31st March 2018			
	No of Shareholdres	%	Total Sahreholdings	%	No of Shareholders	%	Total Shareholdings	%
Individual	2,428	94.00	11,555,750	6.89	2,366	92.75	10,240,975	6.11
Institutional	155	6.00	156,091,818	93.11	185	7.25	157,406,593	93.89
TOTAL	2,583	100.00	167,647,568	100.00	2,551	100.00	167,647,568	100.00
Resident	2,562	99.19	14,163,633	8.45	2,529	99.14	13,791,303	8.23
Non-Resident	21	0.81	153,483,935	91.55	22	0.86	153,856,265	91.77
TOTAL	2,583	100.00	167,647,568	100.00	2,551	100.00	167,647,568	100.00

SHARE INFOMRATION

No. of Shares Held

	31st March 2019				31st March 2018			
	No of Shareholdres	%	Total Sahreholdings	%	No of Shareholders	%	Total Shareholdings	%
1 - 1000	1,603	62.06	472,512	0.28	1520	59.59	433,614	0.26
1001 - 10,000	747	28.92	2,672,558	1.59	775	30.38	2,530,590	1.51
10,001 - 100,000	209	8.09	6,099,202	3.64	234	9.17	6,192,403	3.69
100,001 - 1,000,000	22	0.85	5,194,808	3.10	20	0.78	6,307,378	3.76
1,000,001 & Over	2	0.08	153,208,488	91.39	2	0.08	152,183,583	90.78
	2,583	100.00	167,647,568	100.00	2551	100	167,647,568	100.00

Public Holding as at 31st March 2019

	As at 31st March 2019
Public Holding	8.49 percent
Number of shares	14,224,927
Number of public shareholders	2580
Float adjusted market capitalization	LKR 210,528,919.60

*The Company is not in compliance with the Colombo Stock Exchange (CSE) Listing Rule 7.13.1 (a) option five, however the Company is making all endeavors to achieve this task.

Market Value of a Share for the 12 Months Ended 31st March 2019

	2019 (LKR)	2018 (LKR)
Market price per share - Highest	21.70	43.90
Market price per share - Lowest	6.90	19.10
Market price per share - Closing	14.80	20.50

* The Trading of securities of the Company have been halted from 14 February 2019

Share Trading for the 12 Months Ended 31st March 2019

	2019 (LKR)	2018 (LKR)
Number of Transactions	21,890	5,569
Number of Shares Traded	25,770,863	6,729,092
Values of Shares Traded (LKR)	365,753,034.80	208,701,773.30

Employee Share Option Plan

The Group announced an Employee Share Option Plan (ESOP) during the financial year 2015/16 amounting to 3.0 percent of the issued shares of MTD Walkers PLC. No ESOPs were exercised during the financial year 2017/18, while out of the 5,029,427 unexercised ESOPs 4,023,542 are eligible for immediate exercise.

Year of Vesting	Category of Employee			Total	Options Exercised	Price	Expiry
	Senior Management	Middle Management	Executives				
2015/16	540,160	492,180	476,488	1,508,828	0	53.7	Jul 2020
2016/17	540,160	492,180	476,488	1,508,828	0	53.7	Jul 2020
2017/18	360,107	328,120	317,659	1,005,885	0	53.7	Jul 2020
2018/19	360,107	328,120	317,659	1,005,885	N/A	53.7	Jul 2020
Total	1,800,534	1,640,600	1,588,293	5,029,427			

DECADE AT A GLANCE

LKR in 000s	31 March 2010	31 March 2011	31 March 2012	31 March 2013	31 March 2014	31 March 2015	31 March 2016	31 March 2017	31 March 2018	31 March 2019
Operating results										
Group revenue	1,933,584	2,769,685	5,853,313	7,389,640	10,092,371	14,025,193	11,964,383	13,465,970	16,308,501	10,464,121
Group Gross Profit	445,898	386,031	1,168,249	1,661,960	2,106,367	3,122,915	1,397,466	2,615,613	358,316	(1,004,318)
EBIT	119,197	(23,796)	675,214	1,072,714	1,335,777	1,968,290	141,843	1,938,324	(960,321)	(2,897,953)
Net finance cost	(164,814)	(173,989)	(253,840)	(455,981)	(605,358)	(547,255)	(899,671)	(1,638,045)	(2,473,834)	(4,005,990)
Profit before tax	(20,672)	(197,785)	421,375	616,734	730,419	1,421,035	(757,827)	300,279	(3,434,155)	(6,903,943)
Tax expenses	(43,835)	(39,595)	(22,638)	(62,516)	(129,623)	(313,767)	(49,697)	(86,381)	(125,573)	55,221
Profit for the year	(64,507)	(237,380)	398,737	554,218	600,796	1,107,269	(807,524)	213,898	(3,559,727)	(6,848,722)
Capital employed										
Stated capital	74,332	3,659,428	3,659,428	3,659,428	3,659,428	6,057,498	6,057,498	6,057,498	6,057,498	6,057,498
Other reserves	123,646	123,646	123,646	123,646	123,646	379,459	378,562	966,602	852,440	900,106
Retained earnings	(60,319)	(266,448)	66,099	500,678	936,225	1,609,716	745,962	820,159	(2,386,680)	(8,036,864)
	137,659	3,516,627	3,849,173	4,283,753	4,719,299	8,046,673	7,182,021	7,844,259	4,523,257	(1,079,261)
Non-controlling interest	188,864	179,309	242,013	297,079	382,650	723,611	773,011	960,342	544,631	(576,773)
Total equity	326,523	3,695,936	4,091,186	4,580,832	5,101,949	8,770,284	7,955,033	8,804,600	5,067,888	(1,656,034)
Total debt	788,469	1,224,132	2,853,145	3,178,019	5,296,447	8,841,290	14,276,578	19,443,090	29,420,744	25,283,797
	1,114,992	4,920,068	6,944,331	7,758,851	10,398,396	17,611,574	22,231,611	28,247,690	34,488,632	23,627,763
Assets employed										
Property, plant and equipment (PP&E)	1,047,952	1,610,488	2,305,894	2,450,630	2,604,047	4,232,778	4,685,889	5,916,055	6,797,359	6,847,106
Non current assets other than PP&E	378	2,499,826	2,608,787	2,774,552	3,294,274	3,796,220	4,221,985	4,730,865	5,215,047	5,792,630
Current assets	1,654,064	2,686,608	4,423,141	6,536,583	9,752,516	14,226,573	19,844,830	26,197,377	33,492,248	23,412,164
Liabilities net of debt	2,375,083	3,099,762	5,243,783	7,177,754	10,543,592	13,476,445	20,783,394	28,020,253	40,909,946	36,752,892
	327,311	3,697,160	4,094,040	4,584,010	5,107,246	8,779,125	7,969,309	8,824,044	4,594,708	- 701,052
Cashflow										
Net cashflow from operating activities	(104,363)	185,190	(433,584)	859,861	(52,396)	(925,662)	(3,145,594)	(3,764,958)	(6,753,780)	3,822,816
Net cash flow from investing activities	(321,822)	(759,564)	(513,289)	(999,327)	(1,129,662)	(2,659,244)	(2,109,683)	(816,125)	(2,410,123)	1,260,809
Net cash flow from financing activities	400,201	555,662	592,482	(242,526)	228,179	1,882,828	4,889,918	4,676,978	6,746,612	(3,137,134)
Net increase/(decrease) in Cash and cash equivalents	(25,984)	(18,712)	(354,391)	(381,993)	(953,879)	(1,702,078)	(365,359)	95,895	(2,417,291)	1,946,492
At a glance										
EPS (LKR)	(16)	0	3	4	4	5	(5)	1	(19)	(34)
Interest cover (no. of times)	1	(0)	3	2	2	4	0	1	(0)	-
Net assets per share	24	31	34	38	41	48	43	47	27	(10)
ROE (%)	(20)	(6)	10	12	12	13	(10)	2	(70)	-
Debt/debt+equity ratio (%)	71	25	41	41	51	50	64	69	85	106
Current ratio	1	1	1	1	1	1	1	1	1	1
Market price per share	387	65	23	25	30	46	33	35	21	15

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Third (33rd) Annual General Meeting of the Company will be held by way of electronic means on 06 January 2021 at 11.30 am centered at No.18, St. Michael's Road, Colombo 03 for the following purposes:

1. To receive and consider the Report of the Directors and Statement of Accounts for the year ended 31 March 2019 with the Report of the Auditors thereon.

2. To re-elect Mr Jehan Prasanna Amaratunga who retires by rotation at the Annual General Meeting in terms of Article 89 of the Articles of Association, as a Director of the Company

3. To re-elect Mr Kim Siew Tee who retires by rotation at the Annual General Meeting in terms of Article 89 of the Articles of Association, as a Director of the Company

4. To re-appoint Messrs BDO Partners, Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.

By Order of the Board,
M T D Walkers PLC

Ms Prashanie Saroja Attygalle
Company Secretary
08 December 2020

Notes
1. A Shareholder entitled to attend and vote at the above virtual meeting is entitled to appoint a proxy to attend and vote on behalf of him/her by electronic means.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. For more information on how to participate by virtual means in the above virtual meeting, please refer Guidelines and Registration Process enclosed herewith.

FORM OF PROXY

The Board of Directors
M T D Walkers PLC
No.18, St. Michael's Road,
Colombo 03

I/We……………………………………………………………………………..…………………………...of
……………………………………………………………………………………..…………….............being
a Shareholder / Shareholders of the above named Company hereby appoint

Dato' Nik Faizul Bin Tan Sri Nik Hussain	or failing him
Mr Jehan Prasanna Amaratunga	or failing him
Mr Keith George Cowling	or failing him
Mr Kim Siew Tee	or failing him
Mr Md Rijaluddin bin Mohd Salleh	or failing him

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty Third (33rd) Annual General Meeting of the Company to be held by way of electronic means on 06 January 2021 at 11.30 am and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

		FOR	AGAINST
1.	To receive and consider the Report of the Directors and Statement of Accounts for the year ended 31 March 2019 with the Report of the Auditors thereon.		
2.	To re-elect Mr Jehan Prasanna Amaratunga who retires by rotation at the Annual General Meeting in terms of Article 89 of the Articles of Association, as a Director of the Company		
3.	To re-elect Mr Kim Siew Tee who retires by rotation at the Annual General Meeting in terms of Article 89 of the Articles of Association, as a Director of the Company		
4.	To re-appoint Messrs BDO Partners, Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.		

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

*please delete as appropriate

……………………………..
Signature of Shareholder /s

Notes :
1. A proxy need not to be a shareholder of the Company.
2. Instructions as to completion appear overleaf

FORM OF PROXY

Instructions for 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 through the Company Secretary of MTD Walkers PLC, No. 18, St. Michael's Road, Colombo 03 or emailed to emalshi@mtdwalkers.com or dilhara@mtdwalkers.com to be received by the Company Secretary not later than 36 hours before the time appointed for the meeting.

   In forwarding the completed and duly signed Proxy to the Company, please follow the Guidelines and Registration Process enclosed with the Notice of Annual General Meeting.

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 / s 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. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

CORPORATE INFORMATION

Company
MTD Walkers PLC

Legal Form
Public Quoted Company

Company Registration No.
PQ 80

Date of Incorporation
08 October 1981

Registered Office
No.18, St. Michael's Road, Colombo 03
E-mail : info@mtdwalkers.com
Web site : www.walkerscml.com

Board of Directors

- Dato' Nik Faizul Bin Tan Sri Nik Hussain
- Mr Jehan Prasanna Amaratunga
- Mr Keith George Cowling
- Mr Kim Siew Tee
- Mr Md Rijaluddin bin Mohd Salleh
- Mr Malagalage Anurath Abeyratne *
- Mr Nekada Hapuarachchige Chanaka Gayan Kalhara Hapuarachchi *

**Resigned with effect from 15 July 2019*

Company Secretary
Mrs. P S Attygalle; ACIS (UK); ACCS
No.18, St. Michael's Road, Colombo 03

Auditors
Messrs BDO Partners,
Chartered Accountants,
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