

turns
25
1991 - 2016



CT Land Development PLC
Annual Report 2016



**Majestic
City**

Financial Calendar

Financial Statements for 2015/16

INTERIM REPORTS

1st Quarter 30th June 2015	-	12th August 2015
2nd Quarter 30th September 2015	-	30th October 2015
3rd Quarter 31st December 2015	-	29th January 2016
4th Quarter 31st March 2016	-	01st June 2016

Annual Report for the year ended 31st March 2016	-	10th June 2016
--	---	----------------

MEETINGS

195th Board Meeting	-	29th May 2015
196th Board Meeting	-	30th July 2015
197th Board Meeting	-	30th October 2015
198th Board Meeting	-	29th January 2016

33rd Annual General Meeting	-	05th July 2016
-----------------------------	---	----------------

DIVIDENDS

Interim Rs. 1.35 per share	-	Paid on 25th January 2016
Final Rs. 1.65 per share subject to Shareholder approval	-	Payable on 15th July 2016

CONTENTS

Corporate Information	2
Directors' Profile	3
Chairman's Report	4
Corporate Governance	5-8
Annual Report of the Board of Directors	9-10
Directors Responsibility for the preparation of Financial Statements	11
Independent Auditors Report	12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17-40
Three-Year Summary	41
Information to Shareholders & Investors	42-43
Statement of Value Added	44-45
Notice of Annual General Meeting	46
Proxy Form	47-48

C T LAND DEVELOPMENT PLC

CT Land Development PLC is the owning company of Majestic City, Sri Lanka's premier shopping mall-cum-entertainment complex..the vision of the founder Chairman, the late Mr. Albert A. Page.

The sprawling complex is over 250,000 sq. ft., with three floors of shopping space sited around a spacious and airy Atrium, ingeniously lit by day through a massive skylight providing a panoramic view of the upper floors of the building to make shopping a pleasure. The Atrium is also utilized as a venue to stage variety entertainment shows, exhibitions and trade promotion displays.

The complex consists of a diverse range of shops offering famous brands and a galactic array of products.

The facilities include:

- Exclusive International Brands and up-market Fashion Boutiques
- Supermarket
- International Franchise Restaurant
- Fast Food and Drinks
- Food Zone
- Amusement Centre for Children
- Perfumes and Cosmetics, Gift Items, Gems and Jewellery, Eye Wear, Fashion Accessories, Watches and Clocks, Sports and Fitness goods, Handicrafts, Stationery, Household and Electronic goods, Mobile Phones and Accessories, and Computer Equipment
- Hair and Beauty Salon, Tea Centre, Money Changer, Graphics and Photographic Studio
- Banks and ATMs
- Multiplex with four screens

CORPORATE INFORMATION

Legal Form

A Quoted Public Company with limited liability incorporated under the Companies Act No. 17 of 1982 on 9th March 1983 and re-registered under the Companies Act No. 07 of 2007.

Registration No.

P Q 159

Registered Office

10, Station Road, Colombo 4

Contact Details

Tele: 011 2588827

Fax: 011 2592427

E-mail: ctland@sltnet.lk
info@majesticcity.lk

Web: www.majesticcity.lk

Stock Exchange Listing

Colombo Stock Exchange

Board of Directors

R. Selvaskandan (*Chairman*)

J. C. Page (*Deputy Chairman/Managing Director*)

A. D. M. De Alwis (*Executive Director/General Manager*)

(Ms.) M. G. Perera (*Finance Director*)

A. T. P. Edirisinghe

S. C. Niles

Anthony A. Page

L. R. Page

Dr. T. Senthilverl

Sunil Mendis

Company Secretary / Legal Consultant

(Ms.) Charuni Gunawardana

Management

J. C. Page (*Deputy Chairman/Managing Director*)

A. D. M. De Alwis (*Executive Director/General Manager*)

(Ms.) M. G. Perera (*Finance Director*)

A. C. Hewage (*Accounts Executive*)

Audit Committee

A. T. P. Edirisinghe (*Chairman*)

Sunil Mendis

R. Selvaskandan

Remuneration Committee

Sunil Mendis (*Chairman*)

A. T. P. Edirisinghe

R. Selvaskandan

Related Party Transactions Review Committee

A. T. P. Edirisinghe (*Chairman*)

Sunil Mendis

R. Selvaskandan

Auditors

KPMG

Chartered Accountants

Tax Consultants

PriceWaterhouse Coopers

Chartered Accountants

Bankers

People's Bank

Commercial Bank of Ceylon PLC

Holding Company

C T Holdings PLC

DIRECTORS' PROFILE

Mr. R. Selvaskandan (Chairman)*

Mr. R. Selvaskandan is an Attorney-at-Law (SL) and Solicitor (England & Wales and Hong Kong) and was a senior partner of a leading law firm in Hong Kong prior to joining the property sector of the C T Holdings Group. He is a Director of C T Holdings PLC, Deputy Chairman of C T Properties Limited and a Director of other Companies within the CT Holdings Group. He is also a Partner of Varners, a Law firm based in Sri Lanka. He has more than thirty years' experience in legal practice and management in Sri Lanka, UK and Hong Kong.

Mr. J. C. Page (Deputy Chairman/Managing Director)

Mr. J. C. Page is also the Deputy Chairman of Ceylon Theatres (Pvt.) Ltd. and a Director of C T Holdings PLC. He is also a Director of several other Companies within the CT Holdings Group. He has over 33 years of Management experience in the private sector.

Mr. A. T. P. Edirisinghe*

Mr. A. T. Priya Edirisinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow Member of the Chartered Institute of Management Accountants (UK), and holds a Diploma in Commercial Arbitration. He counts over 45 years' experience in both public practice and in the private sector. Mr. Edirisinghe is the Chairman of the company's Audit Committee and Related Party Transactions Review Committee and a member of the company's Remuneration Committee. He serves on the boards of other listed and non-listed companies where in some companies he also serves as Chairman/Member of the Audit Committee, Chairman/Member of the Related Party Transactions Review Committee and Member of the Remuneration Committee.

Mr. Anthony A. Page **

Mr. Anthony Page counts over 45 years of management experience in a diverse array of businesses. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka. He served on the Boards of the Colombo Stock Exchange and several public listed and non-listed companies. Mr. Page also served as a Council Member of the Employers' Federation of Ceylon.

Mr. L. R. Page**

Mr. Louis Page is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants (UK). He has been involved in the operations of the CT Holdings group in a non-executive capacity, in setting and review of policy framework and in decision making. He functions as the Chairman of CT Holdings PLC, Chairman of Cargills (Ceylon) PLC and as a Director of several other group companies.

Dr. T. Senthilverl *

Dr. Senthilverl is a Director of many quoted public Companies including Vidullanka PLC, CW Mackie PLC, Amana Takaful PLC, SMB Leasing PLC, The Finance Company PLC, FLC Hydro Power PLC and Nawaloka Hospitals PLC. He is also engaged in projection, construction and management of irrigation tanks and development of industrial turnkey projects, air and sea cargo, logistics and trading.

Mr. Sunil Mendis*

Desamanya Sunil Mendis was formerly the Chairman of Hayleys Group, and a former Governor of the Central Bank of Sri Lanka. He possesses around 50 years of wide and varied commercial experience, most of which has been in very senior positions. Mr. Mendis serves as a Member of the Company's Audit Committee and Chairman of the Remuneration Committee, and also serves on the boards of several other group companies.

Mr. A. D. M De Alwis

Mr. Mahendra de Alwis is an Associate Member of the Engineering Institution in UK. He possesses over 28 years of engineering management experience in the private sector.

Mr. S.C. Niles**

Mr. Sanjay Niles is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants, UK. He is also the Director, Group Corporate Affairs of CT Holdings PLC and a Director of CT Properties Limited.

Mrs. M. G. Perera

Mrs. Mignon Perera is an Associate Member of the Chartered Institute of Management Accountants, UK and possesses over 32 years of experience in the manufacturing, trading and service sectors. She has held several key positions within the Group companies of CT Holdings PLC, including Directorships, since joining the subsidiary, Millers PLC in 1992.

* Independent Non-Executive Director

**Non- Executive Director

CHAIRMAN'S STATEMENT

I am pleased to present to you the Annual Report and Audited Financial Statements of CT Land Development PLC for the year ended 31st March 2016. The Company is the owner and operator of the Majestic City shopping and entertainment mall.

Completed 25 years

As I write this report, the Majestic City Mall has celebrated its 25th Anniversary on 4th April 2016. The day was indeed a proud and happy one for all of us as we celebrated this momentous occasion. Despite the adverse circumstances at the time the Mall was built, the Board of Directors led by our Late Chairman, Mr. Albert Page stayed the course to deliver on their plan to build this magnificent structure, which has withstood the test of time to still remain as one of the foremost shopping and entertainment Malls in the Island.

It was also heartening to note that several of our present tenants had been with us for most, if not all of the 25 years. My sincere thanks and best wishes to them. The Board of Directors wish to assure the shareholders that the Company would continue to maintain and upgrade the facilities at this location so that it remains as a destination accessible to customers from all walks of life who value a distinctive shopping experience in a relaxed atmosphere.

Operations

The Company continues to pursue the objective of a rational tenant mix offering the widest possible offerings, which in turn would translate into improved returns for the Company and the shareholders. In this regard we note with satisfaction that the occupancy of the complex currently stands at 100%. Further, there are no significant disputes with tenants, which may result in loss of revenue or non-recovery of dues. We will continue to engage with our tenants to ensure that a cordial relationship continues to be maintained.

Energy cost is a significant line of expenditure for the Company. Over the years many initiatives were undertaken to ensure that the energy consumption of the Majestic City Mall was well managed. Presently, the management is looking into the possibility of self-generating part of the energy used as a means of managing costs. Such an initiative, if found to be viable, would also reduce the Company's carbon footprint and place the Company as a more environmentally responsible citizen of this country.

Financial Results

The company recorded another year of steady and continuous growth in revenue and profitability. Although the rental agreements with tenants provide for revision of rentals every year, as per Sri Lanka Accounting Standard LKAS-17, the rental revenues are accounted as revenue on a straight line basis over the lease period. The Company reported a rental income of Rs 434.5Mn, an increase of 15.2% over the previous year.

Further in accordance with the Accounting Standards, the investment property (Majestic City) is revalued every year and any surplus on revaluation is credited as Other Income. The revaluation surplus recorded in the financial statements amount to Rs.180.75Mn (2015-Rs.100Mn). The Company's other revenue

streams includes car park income, advertising revenue and income from short term investments.

The profit before taxation of the Company amounted to Rs.497.6Mn (2015-Rs. 344.0Mn), which is an increase of 44.6% over the last year.

Investee Company - Ceylon Theatres (Pvt) Ltd.

I am also pleased to report that the company's associate company (equity accounted investee), Ceylon Theatres (Pvt) Ltd. has recorded substantially improved results during the year under review, with revenue growth of 66% over the last year and a Profit before tax of Rs. 28.2Mn compared to a loss of Rs. 50.8Mn during the previous year.

Ceylon Theatres is looking to expand its network of cinemas by securing space in Group as well as other property developments. The required funds for such expansion would be obtained from internal sources and borrowings. The Company has a shareholding of 45% in Ceylon Theatres (Pvt) Ltd as at the Balance Sheet date.

Appropriations

The company paid an interim dividend of Rs. 1.35 per share on 25th January 2016 from the profits of the current year and the Directors are pleased to recommend a Final Dividend of Rs. 1.65 per share, payable subject to shareholder approval at the forthcoming Annual General Meeting. The proposed final dividend out of the profits of the current year has not been reflected as a liability in the Financial Statements.

Future

The perceptible development of the Leisure sector of the country combined with the construction of several star-class hotels and luxury condominium complexes is expected to further improve the customer footfall in to the complex in the coming years. Economic growth and increased disposable income would also result in more shoppers. Further expansion and growth of the associate Ceylon Theatres would also bring in additional returns to the Company. We are therefore confident of further steady growth in revenue and profitability in the future.

Acknowledgements

On behalf of the Board of Directors, I wish to place on record my sincere thanks to our tenants, bankers for their continued support and most importantly to customers of the Majestic City for their continued patronage. I also wish to thank my colleagues on the Board and staff for their co-operation and assistance throughout the year.

Finally, I wish to thank the shareholders of the company for their continued support.



R. Selvaskandan
Chairman
10th June 2016

CORPORATE GOVERNANCE

Compliance with good practices of Corporate Governance has been an area of emphasis within the company and the overall Group. It encompasses development and adherence to good practices and continuous improvement in all areas of the Company.

Guidelines on Corporate Governance have been issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka. The provisions of Section 7.10 of the Listing Rules – “Corporate Governance” also set out the Corporate Governance Requirements of listed companies. The Directors hereby confirm that the Company is in compliance with the said section of the Listing Rules as at 31st March 2016.

Details of the Company’s compliance with the listing rules are set out below in detail.

Subject	Compliance Status	Remarks
1. Non – Executive Directors		
(a) The Board shall include at least two non-executive directors; or one third of the total number of Directors whichever is higher.	Complied	The Board of Directors consists of ten Directors of whom seven are Non-Executive Directors.
2. Independent Directors		
(a) Two or 1/3 of Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be ‘independent’.	Complied	Four Directors out of the seven Non-Executive Directors are independent.
(b) The Board shall require each Non-Executive Director to submit a declaration annually of his/her independence or non-independence in the prescribed format.	Complied	All Non- Executive Directors submit signed declarations of Independence / Non independence annually.
3. Disclosures relating to Directors		
(a) The Board shall make a determination annually as to the independence or non-independence of each non-executive director and set out in the annual report the names of directors determined to be ‘independent’.	Complied	Dr. T. Senthilverl, Mr. A T P Edirisighe, Mr. R. Selvaskandan and Mr. Sunil Mendis are independent Directors of the company.
(b) In the event a director does not qualify as ‘independent’ but if the board, taking account of all the circumstances, is of the opinion that the director is nevertheless ‘independent’, the board shall specify the criteria not met and the basis for its determination in the annual report.	Complied	Mr. A T P Edirisighe has served in the Board for more than nine (9) years. Further, Mr. R Selvaskandan, Mr. A T P Edirisighe and Mr. Sunil Mendis serve as Directors of the holding Company, C T Holdings PLC, and other Group Companies. The Board of Directors, having considered their credentials and integrity has resolved that they are deemed independent Directors.
(c) The Board shall publish in its annual report a brief resumé of each director on its Board.	Complied	Disclosed in the Annual Report.
(d) Upon appointment of a new director to its board, the company shall forthwith provide to the Exchange a brief resumé of such director for dissemination to the public.	Complied	Not applicable.

CORPORATE GOVERNANCE

Subject	Compliance Status	Remarks
4. Remuneration Committee <p>(a) A listed company shall have a remuneration committee comprising a minimum of two independent non-executive directors or exclusively by non-executive directors, a majority of whom shall be independent, whichever shall be higher.</p> <p>One non-executive director shall be appointed as Chairman of the Committee by the Board.</p> <p>(b) The Remuneration Committee shall recommend the remuneration payable to the executive directors and Chief Executive Officer, to the Board.</p> <p>(c) The annual report should set out the names of directors comprising the remuneration committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to executive and non-executive directors.</p>	<p>Complied</p> <p>Complied</p>	<p>The Remuneration Committee consists of three independent Directors.</p> <p>The Chairman of the Remuneration Committee is an Independent Non-Executive Director.</p> <p>Disclosed in the Remuneration Committee Report.</p> <p>Disclosed under Corporate Information. Remuneration paid to Directors is disclosed in Notes to the accounts.</p>
5. Audit Committee <p>(a) A listed company shall have an audit committee comprising a minimum of two independent non-executive directors; or exclusively by non-executive directors a majority of whom shall be independent whichever shall be higher.</p> <p>One non-executive director shall be appointed chairman of the committee by the Board.</p> <p>Unless otherwise determined by the audit committee the chief executive officer and the chief financial officer of the listed company shall attend audit committee meetings.</p> <p>The chairman or one member of the committee should be a Member of a recognised professional accounting body.</p> <p>(b) Functions of the Audit Committee</p> <p>The annual report should set out the names of Directors comprising the Audit Committee.</p> <p>The committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination in the annual report.</p> <p>The annual report shall contain a report by the audit committee, setting out the manner of compliance, during the period to which the annual report relates.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Compliant</p>	<p>The Audit Committee consists of three Non-Executive Directors, all of whom are Independent.</p> <p>The Chairman of the Audit Committee is an Independent Non-Executive Director.</p> <p>The Deputy Chairman / Managing Director and Finance Director attend all Audit Committee meetings. Other Executive Directors may be invited to attend as required.</p> <p>Chairman is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants, UK.</p> <p>Disclosed in the Report of the Audit Committee.</p> <p>Disclosed under Corporate Information.</p> <p>Disclosed in the Report of the Audit Committee.</p> <p>Disclosed in the Report of the Audit Committee.</p>

CORPORATE GOVERNANCE

Audit Committee Report

The Audit Committee of CT Land Development PLC is appointed by the Board of Directors of the Company and reports directly to the Board. It consists of three Non-Executive Directors. The Chairman of the Audit Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. The composition of the members of the Audit Committee satisfies the criteria as specified in the Standards on Corporate Governance for listed Companies. They are:

Name	Non-Executive Directors
Mr. A. T. P. Edirisinghe FCMA, FCA – Chairman	Independent
Mr. S. Mendis	Independent
Mr. R. Selveskandan	Independent

The Audit Committee is empowered to examine all matters pertaining to the financial affairs of the Company and assist the Board of Directors in effectively discharging their duties. The Committee also reviews the process of external reporting of financial information to ensure compliance with presentation and disclosure requirements in accordance with the prevailing legal and accounting framework and best practice.

The Audit Committee also reviews the adequacy and proper continuous functioning of the Internal Control Procedures of the Company to obtain reasonable assurances that the financial statements accurately reflect the state of affairs of the Company and the results for the period to which it relates. Independent internal audit reports are reviewed periodically and discussed with management with a view to further strengthening the internal control environment within the Company.

The Committee is also empowered to liaise directly with the External Auditors of the Company and study all matters brought to the attention of the Management by the External Auditors. The Committee met with the External Auditors once, to review matters pertaining to the Financial Statements of the previous year.

The regular Audit Committee meetings were held twice during the year, in addition to the meeting with the External Auditors referred to above. All members of the Committee were in attendance at these meetings except in the case of inability to attend. In addition, where required, the quarterly financial statements were circulated, discussed and recommended to the Board prior to Board approval. In all instances, the Audit Committee obtained relevant declarations from relevant key officials stating that the respective financial statements are in conformity with the applicable Accounting Standards, Company Law and other Statutes including Corporate Governance Rules and that the presentation of such Financial Statements are consistent with those of the previous quarter or year as the case may be and listing any departures from financial reporting, statutory requirements and Group policies, if any.

The Managing Director and Finance Director attend all Audit Committee meetings and other Senior Managers attend such meetings as and when requested to do so by the Audit Committee. The Company Secretary acts as the Secretary to the Committee. The Audit Committee is of the opinion that the control procedures and environment within the Company provide reasonable assurance regarding the monitoring of the operations, accuracy of the financial statements and safeguarding of assets of the Company.

The Audit Committee has assessed the independence and performance of the External Auditors, M/s. KPMG, Chartered Accountants, and recommends to the Board of Directors that they be reappointed as Auditors of the Company for the year ending 31st March 2017.



A. T. P. Edirisinghe
Chairman – Audit Committee
10th June 2016

CORPORATE GOVERNANCE

Related Party Transactions Review Committee

The Related Party Transactions Review Committee of CT Land Development PLC consists of the following Non-Executive Directors -

Mr. A. T. P. Edirisinghe - Chairman

Mr. Sunil Mendis

Mr. R. Selvaskandan

The inaugural meeting of the Committee was held on 29th January 2016.

With the approval of the Board of Directors, the Managing Director and Finance Director were appointed as ex-officio members of the Committee. The Company Secretary was appointed as the Secretary of the Committee.

The Committee adopted policies and procedures for:-

- a) reviewing the Related Party Transactions at each quarterly meeting and,
- b) identifying & reporting on recurrent & non-recurrent transactions to be in line with the applicable CSE Rules.

The Committee noted that there were no changes to practices followed over the years and general Terms and Conditions applicable to Rental Agreements entered into with Related Parties are similar to those entered into with non-related parties taking into account, if any, due consideration of factors such as the long term nature of the occupancy, anchor tenancies, the extent and location of the area occupied and the ability of the entity concerned to attract customers into the complex.

The Committee agreed that all transactions with Related Parties will hereafter be reviewed by it and supporting documents and/or justification of such terms will be called for. Its comments/ observations will thereafter be communicated to the Board of Directors.



A.T.P. Edirisinghe

Chairman - Related Party Transactions Review Committee

10th June 2016

Remuneration Committee Report

The Remuneration Committee of CT Land Development PLC consists of the following Non-Executive Directors -

Mr. Sunil Mendis- Chairman

Mr. A. T. P. Edirisinghe

Mr. R. Selvaskandan

The Deputy Chairman/Managing Director of the Company may also be invited to join in the deliberations as required.

The Committee is tasked with studying and recommending appropriate remuneration packages for the Executive Directors in line with applicable market values. The Committee also maintains the process of consultation with regard to the setting up of remuneration / compensation structures. After deliberations, its recommendations are forwarded for approval by the Board of Directors.

The Committee is authorized to carry out periodic reviews to ensure that the remunerations are in line with market conditions.

The Committee met once during the year.



Sunil Mendis

Chairman - Remuneration Committee

10th June 2016

ANNUAL REPORT OF THE BOARD OF DIRECTORS

In compliance with the provisions of the Companies Act No. 07 of 2007, the Directors present their Report on the state of affairs of the Company together with the Audited Financial Statements for the year ended 31st March 2016. The report also provides information as required by the Listing Rules of the Colombo Stock Exchange, best Accounting Practices and other disclosures deemed relevant to the stakeholders of the Company.

Principal Activity

The principal activity of the Company is property development as approved by the Urban Development Authority.

Review of Operations

A review of the operations during the financial year and the performance of the Company are given in the Chairman's Statement appearing on page 4 of the Annual Report and forms an integral part of this report.

Financial Statements

The Audited Financial Statements of the Company for the financial year ended 31st March 2016 are given on pages 13 to 40 and form an integral part of the Annual Report.

Accounting Policies

The Accounting Policies adopted in preparation of the Financial Statements are given on pages 17 to 28.

Property, Plant & Equipment & Investment Property

The movement of property, plant and equipment is shown in note 14 to the financial statements. Investment property as shown in note 16 is stated at market value as at 31st March 2016. The current effective capital value of the investment property increased to Rs. 3.3Bn which sum the Board has adopted as the fair value of the investment property in accordance with LKAS 40 and, arising therefrom, the fair value gain on investment property of Rs.180.75Mn is recorded in the Statement of Comprehensive Income for the year ended 31st March 2016.

Stated Capital

The stated capital of the Company as at 31st March 2016 was Rs. 487.5Mn comprising 48.75Mn Ordinary Shares.

Directors

The Directors indicated on page 2 have been Directors of the Company throughout the year under review.

Mr. R. Selvaskandan and Ms. M. G. Perera, retire under Articles 103 and 104 of the Articles of Association of the Company and being eligible, offer themselves for re-election. Pursuant to sections

210 and 211 of the Companies Act No. 7 of 2007 Dr. T. Senthilvel and Mr. A.T.P. Edirisinghe who are 70 years of age and Mr. Sunil Mendis who is 71 years of age offer themselves for re-election.

The re-election of the retiring Directors has the unanimous support of the other Directors.

Details of attendance at meetings

Name	Board Meetings		General Meetings	
	Held	Attended	Held	Attended
Mr. R. Selvaskandan	4	4	1	1
Mr. J. C. Page	4	2	1	0
Mr. A. D. M. De Alwis	4	4	1	1
Ms. M. G. Perera	4	4	1	1
Mr. A. T. P. Edirisinghe	4	4	1	1
Mr. Sunil Mendis	4	4	1	1
Mr. S. C. Niles	4	4	1	1
Mr. Anthony A. Page	4	0	1	0
Mr. L. R. Page	4	0	1	0
Dr. T. Senthilvel	4	2	1	1

Directors' Interests in Contracts / Related Party Transactions

The Directors' interests in Contracts of the Company are included in Note 29 to the Financial Statements under related party transactions. The Directors have declared their interests at meetings of the Board. The Directors have no direct or indirect interest in any other contract or proposed contract of the Company.

A Related Party Transactions Review Committee was formed in January 2016 in conformity with Section 9 of the CSE Listing Rules. The Committee noted that there were no changes to practices followed over the years and general Terms and Conditions applicable to Rental Agreements entered into with Related Parties are similar to those entered into with non-related parties taking into account, if any, due consideration of factors such as the long term nature of the occupancy, the extent and location of the area occupied and the ability of the entity concerned to attract customers into the complex.

Dividends

An Interim Dividend of Rs. 1.35 per share for the year ended 31st March 2016 was paid to the shareholders on 20th January 2016. The Board has recommended a final dividend of Rs. 1.65 per share amounting to Rs. 80,437,500.00.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Directors' Shareholdings

The interests of the Directors in the shares of the Company at the Balance Sheet date were as follows.

	As at 31.3.2016	As at 31.3.2015
R. Selvaskandan	-	-
J.C. Page	610,804	610,804
A.D.M. De Alwis	-	-
M.G. Perera	-	-
A.T.P. Edirisinghe	3,000	3,000
Sunil Mendis	-	-
S.C. Niles	2,000	2,000
Anthony A. Page	654,264	654,264
L.R. Page	268,487	268,487
Dr. T. Senthilvel	3,101,074	2,516,238

Donations

During the year the Company made charitable donations amounting to Rs. 25,000/- (2015- Rs. 74,000/-).

Going Concern

The Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. The financial statements of the Company have accordingly been prepared on a going concern basis.

Auditors

Messrs. KPMG, Chartered Accountants retire at the end of the meeting and have expressed their willingness to be re-appointed. A resolution to re-appoint them as Auditors and to authorize the Directors to determine their remuneration will be proposed at the General Meeting of the Company in terms of Section 158 of the Companies Act No. 7 of 2007.

The fees paid to the Auditors are disclosed in Note 9 to the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the Company.

For and behalf of the Board of Directors



R. Selvaskandan Chairman	A. T. P. Edirisinghe Director	Charuni Gunawardana Secretary
------------------------------------	---	---

Colombo
10th June 2016

DIRECTORS' RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Companies Act No. 07 of 2007 places the responsibility on the Directors to prepare Financial Statements for each year comprising a Statement of Financial Position and Statements of Profit or Loss and other Comprehensive Income, Cash Flows and Changes in Equity along with the accounting policies and notes thereto, which give a true and fair view of the affairs of the Company at the reporting date and the results for that financial year.

The Directors confirm that the Financial Statements have been prepared in accordance with all applicable laws and the Sri Lanka Accounting Standards have been selected and applied consistently and judgements and estimates have been made which are reasonable and prudent.

The Directors are responsible for ensuring that the Company keeps accounting records which correctly record and explain the Company's transactions, will at any time enable the financial position of the Company to be determined with reasonable accuracy, will enable the Board to prepare Financial Statements in accordance with the Companies Act and will enable the Financial Statements of the Company to be readily and properly audited.

The Directors are also responsible for taking reasonable steps to manage the resources of the Company and to design and implement appropriate internal control systems with a view to protect the Company from undue risks and loss. The financial reporting systems have also been reviewed by the Board through the management accounts submitted at Board Meetings.

The Financial Statements of the Company give a true and fair view of the state of affairs of the Company and the profit for the year ended 31st March 2016. The Financial Statements of the Company have been signed by two Directors of the Company. The Annual Report has also been signed by two Directors and the Company Secretary of the Company on 10th June 2016.

The Directors also confirm that in preparing the Financial Statements for the year ended 31st March 2016 published on pages 12 to 40 of this report, appropriate accounting policies have been selected and applied on a consistent basis, with material departures (if any) disclosed in the Financial Statements and rationale for the same provided.

The Directors confirm that all statutory payments due and payable to all statutory and regulatory authorities have been made by the Company up to date.

The Directors confirm that they have discharged their obligations as set out in this statement.

By order of the Board of Directors



Charuni Gunawardana

Company Secretary

10th June 2016

INDEPENDENT AUDITORS' REPORT



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300,
Sri Lanka.

Tel : + 94 - 11 542 6426
Fax : + 94 - 11 244 5872
+ 94 - 11 244 6058
+ 94 - 11 254 1249
+ 94 - 11 230 7345
Internet : www.lk.kpmg.com

TO THE SHAREHOLDERS OF C T LAND DEVELOPMENT PLC

Report on the Financial Statements

We have audited the accompanying financial statements of C T Land Development PLC ("the Company") and the Company and its equity accounted investee ("the Entity and Investee"), which comprise the statement of financial position as at March 31, 2016, and the statements of profit or loss and other comprehensive income, changes in equity and, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 13 to 40 of this annual report.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company separately and also with its equity accounted investee as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

- The basis of opinion and scope and limitations of the audit are as stated above.
- In our opinion we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company separately and also with its equity accounted investee and the financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

CHARTERED ACCOUNTANTS

Colombo
10th June 2016

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyratne FCA	S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan ACA		

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31 st March	Note	Entity and Investee		Company	
		2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Revenue	6	572,925	498,429	572,925	498,429
Other Income	7	170,131	80,827	170,131	80,827
Personnel Cost	8	(62,481)	(52,274)	(62,481)	(52,274)
Depreciation	14&15	(5,089)	(8,905)	(5,089)	(8,905)
Other Operating Cost		(177,214)	(172,974)	(177,214)	(172,974)
Results from Operating Activities	9	498,272	345,103	498,272	345,103
Finance Costs	10	(636)	(1,096)	(636)	(1,096)
Share of profit/(loss) of Equity Accounted Investee	17	10,243	(22,867)	-	-
Profit before Taxation		507,879	321,140	497,636	344,007
Income Tax Expenses	11	(119,658)	(81,710)	(119,658)	(81,710)
Profit for the Year		388,221	239,430	377,978	262,297
Other Comprehensive Income					
<i>Items that will not be Reclassified to Profit or Loss</i>					
Remeasurement of Defined Benefit Liability		(11,866)	(745)	(11,866)	(745)
Tax on Other Comprehensive Income		3,322	209	3,322	209
Equity Accounted Investee-Share of OCI	17	17	12	-	-
Other Comprehensive Income for the Year		(8,527)	(524)	(8,544)	(536)
Total Comprehensive Income for the year		379,694	238,906	369,435	261,761
<i>Earnings Per Share Rs.</i>	12	7.96	4.91	7.75	5.38

Figures in brackets indicate deductions.

The notes on pages 17 to 40 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

		Entity and investee		Company	
As at 31 st March		2016	2015	2016	2015
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS					
Non Current Assets					
Property, Plant & Equipment	14	23,421	28,051	23,421	28,051
Intangible Assets	15	15	40	15	40
Investment Properties	16	3,320,750	3,140,000	3,320,750	3,140,000
Equity Accounted Investee	17	111,513	101,253	135,000	135,000
Investments-AFS	18	75,226	95,043	75,226	95,043
		<u>3,530,925</u>	<u>3,364,387</u>	<u>3,554,412</u>	<u>3,398,134</u>
Current Assets					
Trade and Other Receivables	19	92,466	92,157	92,466	92,157
Short Term Investments-FVTPL	20	124,912	30,784	124,912	30,784
Cash and Cash Equivalents	21	18,071	27,731	18,071	27,731
		<u>235,449</u>	<u>150,672</u>	<u>235,449</u>	<u>150,672</u>
Total Assets		<u>3,766,374</u>	<u>3,515,059</u>	<u>3,789,861</u>	<u>3,548,806</u>
EQUITY AND LIABILITIES					
Equity					
Stated Capital	22	487,500	487,500	487,500	487,500
Retained Earnings		2,599,567	2,417,925	2,623,054	2,451,672
		<u>3,087,067</u>	<u>2,905,425</u>	<u>3,110,554</u>	<u>2,939,172</u>
Non Current Liabilities					
Employee Benefits	23	37,117	21,105	37,117	21,105
Deferred Tax Liabilities	24	358,854	332,198	358,854	332,198
Security Deposits	25	170,259	142,032	170,259	142,032
Deferred Interest		37,295	55,727	37,295	55,727
		<u>603,525</u>	<u>551,062</u>	<u>603,525</u>	<u>551,062</u>
Current Liabilities					
Trade and Other Payables	26	30,124	26,132	30,124	26,132
Dues to Related Companies		5,226	1,024	5,226	1,024
Income Tax Payable	27	39,409	24,189	39,409	24,189
Bank Overdraft/(Secured)	21	1,023	7,227	1,023	7,227
		<u>75,782</u>	<u>58,572</u>	<u>75,782</u>	<u>58,572</u>
Total Equity and Liabilities		<u>3,766,374</u>	<u>3,515,059</u>	<u>3,789,861</u>	<u>3,548,806</u>

The notes on pages 17 to 40 form an integral part of these financial statements.

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



Mrs. M. G. Perera
Finance Director

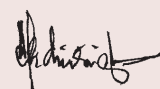
The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

The Financial Statements have been approved by the Board on 10th June 2016

Signed for and on behalf of the Board.



R. Selvaskandan
Chairman
Colombo



A. T. P. Edirisnghe
Director

STATEMENT OF CHANGES IN EQUITY

Entity and Investee	Stated Capital Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 01st April 2014	487,500	2,313,082	2,800,582
<i>Profit for the Year</i>	-	239,430	239,430
<i>Other Comprehensive Income</i>			
- Defined Benefit Plan Actuarial Gains (Losses) net of Tax	-	(536)	(536)
- Share of OCI of Equity Accounted Investee	-	12	12
Total Comprehensive Income 2015	-	238,906	238,906
<i>Dividends Paid</i>	-	(134,063)	(134,063)
Transactions with owners of the company	-	(134,063)	(134,063)
Balance as at 31st March 2015	487,500	2,417,925	2,905,425
<i>Less: Super Gain Tax Paid *</i>	-	(54,240)	(54,240)
Balance as at 01st April 2015 (Re-stated)	487,500	2,363,685	2,851,185
<i>Profit for the Year</i>	-	388,221	388,221
<i>Other Comprehensive Income</i>			
- Defined Benefit Plan Actuarial Gains (Losses) net of Tax	-	(8,544)	(8,544)
- Share of the OCI of Equity Accounted Investee	-	17	17
Total Comprehensive Income 2016	-	379,694	379,694
<i>Dividends Paid</i>	-	(143,813)	(143,813)
Transactions with owners of the company	-	(143,813)	(143,813)
Balance as at 31st March 2016	487,500	2,599,567	3,087,067
Company			
	Stated Capital Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 1st April 2014	487,500	2,323,975	2,811,475
<i>Profit for the Year</i>	-	262,297	262,297
<i>Other Comprehensive Income</i>			
- Defined Benefit Plan Actuarial Gains (Losses) net of Tax	-	(536)	(536)
Total Comprehensive Income 2015	-	261,761	261,761
<i>Dividends Paid</i>	-	(134,063)	(134,063)
Transactions with owners of the company	-	(134,063)	(134,063)
Balance as at 31st March 2015	487,500	2,451,672	2,939,172
<i>Less: Super Gain Tax Paid *</i>	-	(54,240)	(54,240)
Balance as at 01st April 2015 (Re-stated)	487,500	2,397,432	2,884,932
<i>Profit for the Year</i>	-	377,978	377,978
<i>Other Comprehensive Income</i>			
- Defined Benefit Plan Actuarial Gains (Losses) net of Tax	-	(8,544)	(8,544)
Total Comprehensive Income 2016	-	369,435	369,435
<i>Dividends Paid</i>	-	(143,813)	(143,813)
Transactions with owners of the company	-	(143,813)	(143,813)
Balance as at 31st March 2016	487,500	2,623,054	3,110,554

*C T Holdings PLC (the parent company) and all its subsidiaries were deemed liable to Super Gain Tax at the rate of 25% on the taxable profits for the year of assessment 2013/14 and the Company's liability was computed at Rs. 54.2 Mn. The provisions of Part III of the Finance Act No. 10 of 2015 stipulates that the Super Gain Tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 01st April 2013. As per the said Finance Act and as recommended by the Statement of Alternative Treatment (SOAT) on Accounting for Super Gain Tax dated 24th November 2015 issued by the Institute of Chartered Accountants of Sri Lanka, the said liability has been accounted in the Financial Year ended 31st March 2014 and the brought forward Retained Profit figures have been adjusted accordingly.

STATEMENT OF CASH FLOWS

For the year ended 31 st March	Entity and investee		Company	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Tax	507,879	321,140	497,636	344,007
Adjustments for				
Depreciation & Amortization	5,089	8,905	5,089	8,905
Change in Fair Value of Investment Properties	(180,750)	(100,000)	(180,750)	(100,000)
Change in Fair Value of Financial Instruments	872	(784)	872	(784)
Impairment-Equity Investment	19,817	19,957	19,817	19,957
Dividend Received	(10,070)	-	(10,070)	-
Provision for Defined Benefit Obligation	4,146	2,778	4,146	2,778
Share of Profit-Equity Accounted Investee	(10,242)	22,867	-	-
Finance Cost	636	1,096	636	1,096
	<u>337,377</u>	<u>275,958</u>	<u>337,377</u>	<u>275,958</u>
Working Capital Changes				
(Increase)/Decrease in Trade & Other Receivables	(309)	(33,185)	(309)	(33,185)
Increase/(Decrease) in Trade & Other Payables	5,880	(4,285)	5,880	(4,285)
Increase in Security Deposits	9,794	44,140	9,794	44,140
Cash Generated from / (Used in) Operating Activities	<u>352,742</u>	<u>282,628</u>	<u>352,742</u>	<u>282,628</u>
Interest Paid	(636)	(1,096)	(636)	(1,096)
Retirement Benefits Paid	-	(1,870)	-	(1,870)
Super Gains Tax Paid	(54,240)	-	(54,240)	-
Income Tax Paid	(74,460)	(68,322)	(74,460)	(68,322)
Net Cash Generated from / (Used in) Operating Activities	<u>223,406</u>	<u>211,340</u>	<u>223,406</u>	<u>211,340</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant & Equipment	(434)	(3,624)	(434)	(3,624)
Purchase of Intangible Assets	-	(50)	-	(50)
Investments on Financial Instruments	(95,000)	(30,000)	(95,000)	(30,000)
Purchase of Investments	-	(52,500)	-	(52,500)
Dividend Received	10,070	-	10,070	-
Net Cash Generated from / (Used in) Investing Activities	<u>(85,364)</u>	<u>(86,174)</u>	<u>(85,364)</u>	<u>(86,174)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Dividends Paid	(141,497)	(134,063)	(141,497)	(134,063)
Repayment of Interest Bearing Loans & Borrowings	-	-	-	-
Net Cash Generated from / (Used in) Financing Activities	<u>(141,497)</u>	<u>(134,063)</u>	<u>(141,497)</u>	<u>(134,063)</u>
Net Increase/(Decrease) In Cash & Cash Equivalents during The Year	<u>(3,456)</u>	<u>(8,896)</u>	<u>(3,456)</u>	<u>(8,896)</u>
Cash & Cash Equivalents at the Beginning of the Year	20,504	29,400	20,504	29,400
Cash & Cash Equivalents at the End of the Year (Note 21)	<u>17,048</u>	<u>20,504</u>	<u>17,048</u>	<u>20,504</u>

The notes on pages 17 to 40 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

CT Land Development PLC is a “Public Quoted Company” with limited liability incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The company’s registered office is situated at No 10, Station Road, Colombo 04.

The staff strength of the Company as at 31st March 2016 is 26 (2015-23).

The company is in the business of development of property, administration & maintenance.

The company is a subsidiary of CT Holdings PLC.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company and Entity & Investee which comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes thereto have been prepared in accordance with the Sri Lanka Accounting Standards (LKASs and SLFRSs) laid down by the Institute of Chartered Accountants of Sri Lanka, and the requirements of the Companies Act No 7 of 2007.

2.2 Approval of Financial Statements by Directors

The company’s Financial Statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 10th June 2016.

2.3 Basis of Measurement

The financial statements have been prepared on a historical cost basis and accounting policies are applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the following;

- Investment properties are measured at cost at the time of acquisition and subsequently at fair value.
- The liability for defined benefit obligation is recognized as the present value of the defined benefit obligation.

2.4 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the company’s functional currency. All financial information presented in Sri Lankan Rupees has been rounded up to the nearest rupee, unless stated otherwise.

2.5 Presentation of Financial Statements

The assets and liabilities of the Company presented in its Statement of Financial Position are grouped by nature and listed in an order that reflects their liquidity and maturity pattern.

Assets and liabilities are offset and the net amount is reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss and Other Comprehensive Income unless required or permitted by an Accounting Standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

2.6 Use of Estimates and Judgements

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are described in the relevant notes.

- Note 14 - Property, Plant & Equipment
- Note 16 - Investment Properties
- Note 23 - Measurement of Defined Benefit Obligation
- Note 24 - Deferred Taxation

2.7 Materiality and Aggregation

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except the following;

The Company has adopted the following new amendments to standards, including any consequential amendments to other standards.

Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax :

As per the Provisions of Part III of the Finance Act No. 10 of 2015 which was certified on 30th October 2015, the Company was liable for Super Gain Tax of Rs. 54,239,729. According to the Act, the Super Gains Tax was deemed to be an expenditure in the Financial Statements relating to the year of assessment which commenced on 01st April 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standards, hence the expense of Super Gain Tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SOAT) on Accounting for Super Gains Tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24th November 2015.

3.1 Financial Instruments

3.1.1 Non derivative Financial Assets

The company initially recognizes loans and receivables on the date when they are originated. All other financial assets are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the company is recognized as a separate asset or liability.

The company has the following non-derivative financial assets:

Financial Assets at Fair Value through Profit or Loss	A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.
Loans & Receivables	Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method. Loans and receivables of the company comprise trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

Available for Sale Assets	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on instruments, are recognized in OCI and accumulated in the fair value reserve. Dividend income on such instruments is recognized in profit or loss when the company becomes entitled to the dividend. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.
---------------------------	---

Financial assets are designated as at fair value through profit or loss if the company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred.

3.1.2 Non derivative Financial Liabilities

The company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the company becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The company has the following other financial liabilities: bank overdrafts, trade & other payables and security deposits.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

3.1.3 Fair value Measurement

SLFRS 13 defines fair value as 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.

A Fair value measurement requires an entity to determine all the following:

1. The particular asset or liability that is the subject of the measurement
2. For a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use)
3. The principal (or most advantageous) market for the asset or liability
4. The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorized.

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same, to estimate the price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

When an asset is acquired or a liability is assumed in an exchange transaction for that asset or liability, the transaction price is the price paid to acquire the asset or received to assume the liability (an entry price). In contrast, the fair value of the asset or liability is the price that would be received to sell the asset or paid to transfer the liability (an exit price).

NOTES TO THE FINANCIAL STATEMENTS

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

3.1.4 Determining Fair Values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumption and other risks affecting the specific instrument.

- Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

3.1.5 Amortized Cost Measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

3.1.6 Cash and Cash Equivalents

Cash and cash equivalents include notes and coins on hand, balances with banks, money at call and short notice with less than three months maturity from the date of acquisition. Cash and cash equivalents are carried at amortized cost in the Statement of Financial Position.

3.1.7 Trade and Other Receivables

Trade and other receivables are stated at their estimated realisable amounts.

3.2 Property, Plant and Equipment

3.2.1 Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost 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 their intended use.
- and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalized as a part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

3.2.2 Subsequent Costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the company. Ongoing repairs and maintenance is expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

3.2.3 De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain and loss arising from de-recognition of an item of property, plant & equipment is included in profit and loss when the item is derecognized.

When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspection is derecognized.

3.2.4 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

	Depreciation	Useful Life
Buildings	2%	50
Plant & Machinery-Light, A/C Equipment	10%	10
Plant & Machinery-Other	5%	20
Furniture and Equipment	10%	10
IT Equipment	25%	04
Motor Vehicles	25%	04

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.3 Intangible Assets

3.3.1 Basis of Recognition

An intangible asset is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

3.3.2 Measurement

The cost of an intangible asset comprises of its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use.

Intangible assets that are acquired by the company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

3.3.3 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 is recognised in statement of profit or loss as incurred.

3.3.4 Amortization

Amortisation is recognized in the statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful life for intangible assets held by the company is as follows:

NOTES TO THE FINANCIAL STATEMENTS

	Amortisation	Useful Life
Website	50%	2 years

3.4 Identification and Measurement of Impairment

3.4.1 Impairment of Financial Assets

At each reporting date the company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition costs, net of any principal repayment and amortisation, and the current fair value; less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

3.4.2 Impairment of Non-Financial Assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

NOTES TO THE FINANCIAL STATEMENTS

3.5 Equity Accounted Investee

Equity accounted investees are those entities in which the company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the company holds between 20 and 50 percent of the voting power of another entity. Equity accounted investee is accounted for using the equity method. The Financial Statements include the company's share of income and expenses and equity movements of equity accounted investee from the date that significant influence commences until the date significant influence ceases. When the company's share of losses exceeds its investment in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the company has incurred obligations or has made payments on behalf of the investee.

A listing of the company's equity accounted investees is set out in Note 17 to the Financial Statements.

3.6 Investment Property

Investment properties are those which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. An external, independent valuation company, having an appropriate recognized professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on open market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

Any gain or loss arising from a change in fair value is recognized in profit or loss. Rental income from investment property is accounted for as described in the accounting policy.

When an item or property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized directly in equity if it is a gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss arising in this manner is recognized in profit or loss immediately.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

When the company begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on fair value model, and is not reclassified as property, plant and equipment during the redevelopment.

3.7 Investment Property under development

Property that is being constructed or developed for future use as investment property is classified as investment property under development (development projects) and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. At the date of transfer, the difference between fair value and cost is recorded as income in profit or loss.

All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure for the development qualifying as acquisition costs are capitalized. Related borrowing costs are recognized in profit or loss as they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

3.8 Liabilities and Provisions

3.8.1 Dividend payable

Provision for final dividends is recognized at the time the dividend recommended and declared by the Board of Directors, is approved by the shareholders. Interim dividends payable is recognized when the Board approves such dividend in accordance with the Companies Act No. 7 of 2007.

3.9 Stated Capital - Ordinary Shares

Company's stated capital comprises of ordinary shares, which are classified as equity.

3.10 Employee Benefits

3.10.1 Defined Benefit Plan

Defined Benefit Plan is a post-employment benefit plan other than defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries, using projected unit credit method, as recommended by LKAS 19 Employee Benefit. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in the note 23 to the Financial Statements.

This liability is not externally funded and the item is grouped under non-current liabilities in the statement of financial position. However, under the payment of gratuity Act No. 12 of 1983 the liability to an employee arises only on completion of five years of continued service.

The company recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income and expenses related to defined benefit plans in staff expenses in profit or loss.

3.10.2 Defined Contribution Plan

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 any further amounts. Obligations for contributions to Employees Provident Fund and Employees Trust Fund covering all employees are recognized as an expense in the statement of comprehensive income, as incurred.

(a) Employees' Provident Fund

The company and employees contribute 12% and 8% respectively on the salary of each employee to the Employees' Provident Fund.

(b) Employees' Trust Fund

The company contributes 3% of the salary of each employee to the Employees' Trust Fund. The total amount recognized as an expense to the company for contribution to ETF is disclosed in the Note 8 to the financial statements.

(c) Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.11 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

3.12 Trade and other Payables

Trade and Other Payables are stated at their cost.

3.13 Commitments and Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless they are remote.

3.14 Turnover

The turnover of the company represents the gross rental, service charge, car park income and sundry income.

3.14.1 Rental Income

Rental income from investment property leased out under operating lease is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

3.14.2 Service Charge and Car Park Income

Service charge and car park income are recognized on accrual basis in the profit or loss.

3.15 Other Income

3.15.1 Dividends

Dividend income is recognized when the right to receive income is established. Usually this is the ex-dividend date for equity securities.

3.15.2 Others

Other income is recognized on an accrual basis. Net gains and losses of a revenue nature on the disposal of plant and equipment and other non-current assets including investments have been accounted for in profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

3.16 Expenses

Expenses are recognized in profit or loss as they are incurred, in the period to which they relate.

3.17 Finance Cost

Finance cost comprise of interest expense on borrowings, interest on overdrafts and other charges.

3.18 Taxation

3.18.1 Current taxes

The provision for Income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No 10 of 2006 and subsequent amendments thereon.

3.18.2 Deferred Taxation

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax is not recognized for the undistributed profits of associates as the Company has control over the dividend policy of its associates and distribution of those profits.

Deferred tax asset are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.18.3 Offsetting of Tax Assets and Liabilities

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax law.

3.19 Earnings per Share

The company presents basic and diluted earnings per share (EPS) data 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.

3.20 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard 07-Statement of Cash Flows.

3.21 Events occurring after the Reporting Period

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in respective notes to the financial statements.

3.22 Comparative information

Except when a standard permits or requires otherwise, comparative information is disclosed in respect of the previous period. Where the presentation or classification of items in the financial statements are amended, comparative amounts are reclassified unless it is impracticable.

3.23 Directors' Responsibility Statement

The Board of Directors of the company is responsible for the preparation and presentation of these Financial Statements.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued the following new Sri Lanka Accounting Standards which are effective after the period ended 31st March 2016. Accordingly, these Standards have not been applied in preparing these financial statements.

The extent of the impact of these Standards to the Financial Statements has not been determined as at 31st March 2016. None of these are expected to have a significant impact and the Company's Financial Statements.

4.1 SLFRS 9 - Financial Instruments: Classification & Measurement

SLFRS 9, as issued, reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities, depending on the entity's business model for managing contractual cash flow characteristics of the financial asset.

This standard will be effective for financial periods beginning on or after 01st January 2018.

4.2 SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining revenue recognition by a 5 step model and will replace the existing LKAS 18 & LKAS 11.

This standard will be effective for financial periods beginning on or after 01st January 2018.

NOTES TO THE FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT

5.1 Introduction and Overview

The company has exposure to the following risks from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

5.2 Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board consists of seven non-executive directors including four independent directors with wide financial and commercial knowledge and experience.

The Board discharges its governance responsibility through the Board of Directors and the Audit Committee. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee is responsible for monitoring compliance with the company's risk management policies and procedures.

5.3 Credit Risk

Credit risk is the risk of financial loss to the company if a tenant or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from tenants.

Trade and other Receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each tenant.

The Board of Directors has established a credit policy under which each new tenant is analysed individually for creditworthiness. The company's review includes review of financial position and bank references.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

5.4 Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

5.5 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

NOTES TO THE FINANCIAL STATEMENTS

5.6 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management within the company. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective

5.7 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the company's approach to capital management during the year. The Company wishes to raise additional capital to invest in more diversified investments to mitigate the future operational risk.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 st March	Entity and Investee / Company	
	2016 Rs. '000	2015 Rs. '000
6. Revenue		
Rental Income	434,545	377,087
Service Charges	68,177	68,002
Car Park Income	17,487	18,210
Promotional Income	32,012	16,935
Sundry Income	20,704	18,195
	<u>572,925</u>	<u>498,429</u>
7. Other Income		
Change in Fair Value of Investment Property	180,750	100,000
Change in Fair Value of Investment in Financial Assets	(872)	784
Impairment Allowance for Long Term Investment	(19,817)	(19,957)
Dividend Income from Investment in Units	10,070	-
	<u>170,131</u>	<u>80,827</u>
8. Personnel Cost		
Salaries and Wages	39,460	35,083
Contribution to Employees Provident Fund	4,043	3,519
Contribution to Employees Trust Fund	1,049	1,033
Provision for Staff Retirement Benefits	4,146	2,778
Other	13,783	9,861
	<u>62,481</u>	<u>52,274</u>
9. Results from Operating Activities		
Results from operating activities are stated after deducting all operating expenses including the following:		
Directors Fee	3,335	3,235
Audit Fees	365	341
Legal Fees	-	13
Professional Fees	617	735
10. Finance Cost		
Interest on Bank Overdraft	636	1,096
	<u>636</u>	<u>1,096</u>
11. Income Tax Expense		
11.1 Tax recognised in the Statement of Comprehensive Income		
a) Current Tax (Note 11.2)		
Current Year	89,680	68,979
	<u>89,680</u>	<u>68,979</u>
b) Deferred Tax Expense (Note 24)		
Origination and Reversal of Taxable Temporary Differences	31,834	12,986
Change in Recognized Deductible Temporary Differences	(1,856)	(256)
	<u>29,978</u>	<u>12,731</u>
Total Tax Expense	<u>119,658</u>	<u>81,710</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 st March	Entity and Investee		Company	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
11.2 Reconciliation of Accounting Profit and Taxable Income				
Profit Before Tax	507,879	321,140	497,636	344,007
Add: Disallowable Expenses	12,935	15,422	12,935	15,422
Less: Allowable Expenses	(29,312)	(32,187)	(29,312)	(32,187)
Less: Exempt Income	(10,243)	22,867	-	-
Less: Income from other sources	-	-	-	-
Interest Income - Treasury Bill / Financial Instruments	-	-	-	-
Change in Fair Value of Investment in Financial Assets	-	(784)	-	(784)
Impairment-Investment in Equity	19,817	19,956	19,817	19,956
Change in Fair Value of Investment Property	(180,750)	(100,000)	(180,750)	(100,000)
Business Income	320,326	246,414	320,326	246,414
Income from Other Sources	-	-	-	-
Statutory Income	320,326	246,414	320,326	246,414
Assessable Income	320,326	246,414	320,326	246,414
Less: Deductions	(40)	(60)	(40)	(60)
Total Taxable Income	320,286	246,354	320,286	246,354
Tax Liability				
Taxable Income at 28% (2015-28%)	89,680	68,979	89,680	68,979
Total Taxable Liability	89,680	68,979	89,680	68,979
11.3 Reconciliation of Effective Tax Rate				
Profit before Income Tax	507,879	321,140	497,636	344,007
Less: Income from Other Sources	-	-	-	-
Profit from Business	507,879	321,140	497,636	344,007
Income Tax Using the Domestic Tax Rate	28%	142,206	89,919	139,338
Disallowable Expenses	3%	3,622	4,318	3,622
Change in Fair Value of Investment Property	-36%	(50,610)	(28,000)	(50,610)
Change in Fair Value of Investment in Financial Assets	-	-	(220)	-
Impairment-Investment in Equity		5,549	5,588	5,549
Allowable Expenses	-6%	(8,207)	(9,012)	(8,207)
Exempt Income	0.00%	(2,868)	6,403	-
Deductions		(11)	(17)	(11)
Other Temporary Differences		29,978	12,731	29,978
Total Income Tax Expenses (Note 11.1)	22%	119,659	81,710	119,659

12. Earnings per Share

The calculation of the Earnings/(Loss) per share is based on the profit/(loss) attributable to ordinary shareholders of the company divided by the average number of ordinary shares in issue during the year.

Profit/(Loss) attributable to ordinary shareholders of the company (Rs. '000)	388,221	239,430	377,978	262,297
Weighted Average no. of Ordinary Shares ('000)	48,750	48,750	48,750	48,750
Earnings/(Loss) per share (Rs.)	7.96	4.91	7.75	5.38
Diluted Earnings per Share is same as computed above.				
<i>Weighted Average no. of Ordinary Shares:</i>				
Issued ordinary shares ('000)	48,750	48,750	48,750	48,750
Effect of shares issued during the year	-	-	-	-
Weighted average no. of ordinary shares at year end	48,750	48,750	48,750	48,750

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 st March	Entity and Investee		Company	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
13. Dividends per Share				
Final 2014/15 Rs. 1.60 per share (2013/14 - Rs. 1.50 per share)	78,000	73,125	78,000	73,125
Interim 2015/16 Rs. 1.35 per share (2014/15 - Rs. 1.25 per share)	65,813	60,938	65,813	60,938
	143,813	134,063	143,813	134,063
Dividends per share (Rs.)	2.95	2.75	2.95	2.75
Dividend Payout Ratio (%)	37.0%	56.0%	38.0%	51.1%

14. Property, Plant & Equipment

	Entity and Investee / Company					Total 2016 Rs. '000	Total 2015 Rs. '000
	Buildings Rs. '000	Plant & Machinery Rs. '000	Furniture & Equipment Rs. '000	Motor Vehicles Rs. '000	IT Equipment Rs. '000		
Cost/ Valuation							
As at 01st April	11,222	13,509	25,741	28,504	2,598	81,575	77,951
Additions	-	258	-	-	177	434	3,624
Disposals	-	-	-	-	-	-	-
As at 31st March	11,222	13,767	25,741	28,504	2,775	82,009	81,575
Accumulated Depreciation							
As at 01st April	4,510	7,307	14,129	25,482	2,096	53,524	44,629
Charge for the year	224	705	2,473	1,395	267	5,064	8,895
Disposals	-	-	-	-	-	-	-
As at 31st March	4,734	8,012	16,602	26,877	2,363	58,588	53,524
Carrying Value							
As at 31st March 2016	6,488	5,755	9,139	1,627	412	23,421	
As at 31st March 2015	6,712	6,202	11,612	3,022	502		28,051

Property, Plant and Equipment includes fully depreciated assets having a gross amount of Rs. 12,062,769 (2015 - Rs. 11,438,095).

15. Intangible Assets

	Entity and Investee / Company	
	2016 Rs. '000	2015 Rs. '000
Cost		
Balance as at 01st April	50	-
Additions	-	50
Balance as at 31st March	50	50
Accumulated Amortization		
Balance as at 01st April	10	-
Amortization	25	10
Balance as at 31st March	35	10
Carrying amounts		
As at 31 March	15	40

NOTES TO THE FINANCIAL STATEMENTS

16. Investment Property

16.1 Reconciliation of Carrying Amount

	Land		Entity and Investee / Company Buildings		Total	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
As at 01 April	1,730,768	1,692,500	1,409,232	1,347,500	3,140,000	3,040,000
Additions	-	-	-	-	-	-
Fair value gain	87,343	38,268	93,407	61,732	180,750	100,000
As at 31 March	1,818,111	1,730,768	1,502,639	1,409,232	3,320,750	3,140,000

Investment Property comprises a number of commercial properties that are leased to third parties and to a number of related companies. Each of the leases contains a maximum period of 4 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

In accordance with LKAS 40, a property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the company holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Changes in fair values are recognised as gains in profit or loss and included in Other Income (Note 7).

16.2 Measurement of Fair Values

16.2.1 Fair Value Hierarchy

The carrying amount of investment property is the fair value of property as determined by an external, independent property valuer, having an appropriate recognized professional qualification and recent experience in the location and the category of the property being valued. Fair values were determined having regard to recent market transactions for similar properties in the same location as the company's investment property.

The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

16.2.2 Valuation Technique and Significant Unobservable Inputs

Address

No 10, Station Road, Colombo 04

Extent	Name of the Valuer	Date of Valuation	Market Value Rs. '000
1A-2R-17.25P	Mr.T Weeratne (Incorporated Valuer)	31st March 2016	3,320,750

Description	Fair Value at 31st March 2016 Rs. '000	Valuation Technique(s)	Square Feet or Perch		Unobservable input	Valued @
Land	1,818,111	Investment Method (Income Approach) based on market rental values	Front land	0A-2R-35P	Price per Perch	Rs. 7.25Mn per Perch
Building	1,502,639		Rear land	0A-3R-27.25P	Price per Perch	Rs. 6.35Mn per Perch
			Floor Area	277,514 Sq.ft	Price per Sq.ft	Rs. 5,415 per Sq.ft

NOTES TO THE FINANCIAL STATEMENTS

17. Equity accounted Investee - Entity and Investee

The Entity and Investees' share of Profit/(Loss) in its equity accounted investee for the year was Rs.10.3 Mn (2015 - Rs. (22.8Mn)). In 2016 and 2015, the Entity and Investee did not receive any dividends from its equity accounted investee. Summary of financial information for the equity accounted investee, is as follows.

	2016	2015
CEYLON THEATRES (PVT) LTD		
Ownership	45.00%	45.00%
Current Assets	45,949	26,172
Non current Assets	257,101	173,313
Total Assets	303,050	199,485
Current Liabilities	55,185	109,826
Non current Liabilities	2,986	2,959
Total Liabilities	58,171	112,785
Net Assets	244,879	86,700
Income	424,020	257,133
Expenses	(401,222)	(307,921)
Total Comprehensive Income	22,798	(50,788)
Entity and Investee Share of Profit/(Loss)	10,260	(22,855)

The following table analyses, in aggregate, the carrying amount and share of profit and OCI of the associate.

	Entity & Investee		Company	
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1st April	101,253	71,607	135,000	82,500
Shares Purchased during the year	-	52,500	-	52,500
Share of Profit / (Loss)	10,243	(22,867)	-	-
Share of OCI	17	12	-	-
As at 31st March	111,513	101,253	135,000	135,000

18. Investments

	Entity & Investee / Company			
	No. of Shares	% Share	2016	2015
			Rs.'000	Rs.'000
C T Properties Ltd.	11,500,000	8.36%		
As at 01st April			95,043	115,000
Additions / Disposals			-	-
Impairment Allowance			(19,817)	(19,957)
As at 31st March			75,226	95,043

Unquoted shares of C T Properties Ltd. are classified as available-for-sale financial assets. Based on the valuation of the investment carried out at the reporting date, it is observed that there is objective evidence of impairment, which resulted in an impairment loss during the period.

19. Trade and Other Receivables

Trade Receivables	22,148	22,055
Other Receivables	72,800	72,584
	94,948	94,639
Less: Provision for impairment	(2,482)	(2,482)
	92,466	92,157

20. Short-term Investments-FVTPL

Investment in Unit Trust	124,912	30,784
--------------------------	---------	--------

21. Cash and Cash Equivalents

Cash and Bank Balances	18,071	27,731
Bank Overdrafts	(1,023)	(7,227)
Cash and Cash Equivalents in the Statement of Cash Flows	17,048	20,504

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March	Entity and Investee / Company	
	2016 Rs. '000	2015 Rs. '000
22. Stated Capital		
48,750,000 Fully paid Ordinary Shares	487,500	487,500
The holders of ordinary shares are entitled to one vote per individual present at meetings of the shareholders and one vote per share in case of a poll and are also entitled to receive dividends as declared from time to time.		
23. Retirement Benefit Obligations		
23.1 Movement in the Present Value of Defined Benefit Obligations		
Liability for Defined Benefit Obligations as at 1st April	21,105	19,452
Current Service Cost	2,036	1,004
Interest Cost	2,110	1,774
Actuarial (Gain) / Loss	11,866	745
Benefits Paid	-	(1,870)
Liability for Defined Benefit Obligations as at 31st March	37,117	21,105
23.1 (a) Amount Recognized in the Statement of Comprehensive Income		
Current Service Cost	2,036	1,004
Interest Cost	2,110	1,774
Provision for Staff Retirement Benefit (Note 8)	4,146	2,778
23.1 (b) Amount Recognized in Other Comprehensive Income		
Actuarial (Gain) / Loss Immediately Recognized in OCI	11,866	745
	11,866	745
23.1 (c) Actuarial Assumptions		
The following are the principal actuarial assumptions at the reporting date		
Retirement Age (Years)	55 / 65	55 / 60
Rate of Discount	10%	10%
Salary Increment Rate	15%	8%

An actuarial valuation of the Employee Benefit Obligation was carried out as at 31st March 2016 by a firm of professional actuaries. The valuation method used by the actuaries was the "Projected Unit Credit Method", the method recommended by the Sri Lanka Accounting Standard (LKAS 19) "Employee Benefits".

Sensitivity of Assumptions Employed in Actuarial Valuation

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would affect the defined benefit obligation by the amounts shown below

Change in Assumption

	31st March 2016		31st March 2015	
	Increase Rs.'000s	Decrease Rs.'000s	Increase Rs.'000s	Decrease Rs.'000s
Discount Rate (Change by 1%)	(1,903)	2,705	(443)	460
Salary Increment Rate (Change by 1%)	2,656	(1,901)	501	(455)

NOTES TO THE FINANCIAL STATEMENTS

24. Deferred Tax Liabilities

As at 31 st March	Entity and Investee / Company					
	Assets		Liabilities		Net	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
PPE & Investment Property	-	-	369,937	338,109	369,937	338,109
Defined Benefit Obligations	(10,393)	(5,910)	-	-	(10,393)	(5,910)
Intangible Assets	-	(1)	4	-	4	(1)
Bad Debt Provision	(695)	-	-	-	(695)	-
Net Deferred Tax (Assets) / Liabilities	(11,088)	(5,911)	369,941	338,109	358,854	332,198

24.1 Movement in Deferred Tax balances during year

	2015 - 2016				2014 - 2015			
	Balance as at 01st April	Recognized in Profit or Loss	Recognized in OCI	Balance as at 31st March	Balance as at 01st April	Recognized in Profit or Loss	Recognized in OCI	Balance as at 31st March
PPE & Investment Property	338,109	31,828	-	369,937	325,123	12,986	-	338,109
Defined Benefit Obligations	(5,910)	(1,161)	(3,322)	(10,393)	(5,447)	(254)	(209)	(5,910)
Intangible Assets	(1)	6	-	4	-	(1)	-	(1)
Bad Debt Provision	-	(695)	-	(695)	-	-	-	-
As at 31st March	332,198	29,978	(3,322)	358,854	319,676	12,731	(209)	332,198

For the year ended 31 st March	Entity and Investee / Company	
	2016 Rs. '000	2015 Rs. '000
25. Security Deposits		
Related Companies	4,200	2,915
Others	166,059	139,117
	170,259	142,032
26. Trade & Other Payable		
Trade Creditors	22,920	21,544
Other Payables	(322)	146
Dividends Payable	2,941	626
Accrued Expenses	4,585	3,816
	30,124	26,132
27. Income Tax Payable		
As at 1st April	24,189	23,532
Less: Payments made during the year	(74,460)	(68,322)
Provision made during the year	89,680	68,979
As at 31st March	39,409	24,189

NOTES TO THE FINANCIAL STATEMENTS

28. Financial Risk Management

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arise principally from the company's receivables from customers.

The maximum exposure to credit risk at the reporting date was as follows;

Carrying value

	Entity and Investee / Company	
	2016	2015
	Rs.'000s	Rs.'000s
Trade & Other Receivables	92,466	92,157
Cash & Cash Equivalents	18,071	27,731

Management of Credit Risk

Trade & Other Receivables

The company has a well-established credit control policy & process to minimize credit risk. Customers are categorized according to segments and credit limits have been fixed as per the security deposits given by the respective customer. Transactions will be started only when the company receives the security deposit from the customers and further invoicing will be done only for the customers whose outstanding balance do not exceed the security deposit.

Impairment losses

The aging of trade receivables at the reporting date that were not impaired was as follows;

Carrying value

	Entity and Investee / Company	
	2016	2015
Below 31 days	17,284	18,769
31 - 62 days	3,272	2,540
63 - 93 days	1,056	486
94 - 124 days	195	193
Over 125	341	67
	<u>22,148</u>	<u>22,055</u>

The movement in the provision for impairment in respect of trade and other receivables during the year was as follows.

	Entity and Investee / Company	
	2016	2015
As at 1st April	2,482	2,482
Impairment loss recognised	-	-
As at 31st March	<u>2,482</u>	<u>2,482</u>

The Company believes that the unimpaired amounts that are past due by more than 45 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk. Based on the Group's monitoring of customer credit risk, the Group believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

Cash & cash equivalents

The Company held cash and cash equivalents of Rs. 18.1Mn at 31 March 2016 (2015-Rs.27.7Mn), which represents its maximum credit exposure on these assets.

NOTES TO THE FINANCIAL STATEMENTS

28. Financial Risk Management (Contd.)

Corporate Guarantee

A Corporate Guarantee had been given by the company on 4th November 2013 as security for a temporary overdraft facility of Rs. 25 Million granted to Ceylon Theatres (Pvt) Ltd by Commercial Bank of Ceylon PLC. This temporary overdraft was converted to a permanent overdraft facility during the year and Commercial Bank of Ceylon PLC has granted banking facilities not exceeding Rs.25,000,000 (Rs.25 Million) to Ceylon Theatres secured by the corporate guarantee given by the company.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest.

The maturity analysis of Liabilities-Entity and Investee / Company:

	Carrying Value	Current Upto 1 year	Upto 2 years	Non Current Upto 5 years	Above 5 years
Bank Overdrafts	1,023	1,023	-	-	-
Trade and Other Payables	25,539	25,539	-	-	-
Dues to Related Companies	5,226	5,226	-	-	-

Capital Management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The company monitors the return on capital, which the company defines as Results from Operating Activities divided by Total Shareholders' Equity. The company also monitors the level of dividends to ordinary shareholders.

The company's debt to adjusted capital ratio at the end of the reporting period was as follows.

	Entity & Investee		Company	
	2016	2015	2016	2015
Total liabilities	679,307	609,634	679,307	609,634
Less: cash and cash equivalents	(18,071)	(27,731)	(18,071)	(27,731)
Net debt	661,236	581,903	661,236	581,903
Total equity	3,087,594	2,905,425	3,110,554	2,939,172
Net debt to equity ratio at 31 March	0.21	0.20	0.21	0.20

There were no changes in the company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

Accounting Classification and Fair Values

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying Amounts (Rs.'000)					Fair Values (Rs.'000)			
31st March 2016	Note	FVTPL Rs.'000	L&R Rs.'000	AFS Rs.'000	OFL Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Financial Assets Measured at Fair Value										
Investments	18	-	-	75,226	-	75,226	-	-	75,226	75,226
Short Term Investments	20	124,912	-	-	-	124,912	124,912	-	-	124,912
		<u>124,912</u>	<u>-</u>	<u>75,226</u>	<u>-</u>	<u>200,138</u>	<u>124,912</u>	<u>-</u>	<u>75,226</u>	<u>200,138</u>
Financial Assets Not Measured at Fair Value										
Trade and Other Receivables	19	-	92,466	-	-	92,466	-	-	-	-
Cash and Cash equivalents	21	-	18,071	-	-	18,071	-	-	-	-
		<u>-</u>	<u>110,537</u>	<u>-</u>	<u>-</u>	<u>110,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Liabilities Not Measured at Fair Value										
Security Deposits	25	-	-	-	170,259	170,259	-	-	-	-
Trade and Other Payables*	26	-	-	-	25,539	25,539	-	-	-	-
Dues to Cargills (Ceylon) PLC		-	-	-	5,226	5,226	-	-	-	-
Bank Overdraft/(Secured)	21	-	-	-	1,023	1,023	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>202,047</u>	<u>202,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31st March 2015	Note	FVTPL Rs.'000	L&R Rs.'000	AFS Rs.'000	OFL Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Financial Assets Measured at Fair Value										
Investments	18	-	-	95,043	-	95,043	-	-	95,043	95,043
Short Term Investments	20	30,784	-	-	-	30,784	30,784	-	-	30,784
		<u>30,784</u>	<u>-</u>	<u>95,043</u>	<u>-</u>	<u>125,827</u>	<u>30,784</u>	<u>-</u>	<u>95,043</u>	<u>125,827</u>
Financial Assets Not Measured at Fair Value										
Trade and Other Receivables	19	-	92,157	-	-	92,157	-	-	-	-
Cash and Cash equivalents	21	-	27,731	-	-	27,731	-	-	-	-
		<u>-</u>	<u>119,888</u>	<u>-</u>	<u>-</u>	<u>119,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Liabilities Not Measured at Fair Value										
Security Deposits	25	-	-	-	142,032	142,032	-	-	-	-
Trade and Other Payables*	26	-	-	-	22,316	22,316	-	-	-	-
Dues to Cargills (Ceylon) PLC		-	-	-	1,024	1,024	-	-	-	-
Bank Overdraft/(Secured)	21	-	-	-	7,227	7,227	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>172,599</u>	<u>172,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* Accrued Expenses that are not Financial Liabilities are not included

FVTPL - Fair Value through Profit or Loss

AFS - Available for Sale

L&R - Loans & Receivables

OFL - Other Financial Liabilities

NOTES TO THE FINANCIAL STATEMENTS

29. Related Party Transactions

Parent and the Ultimate Controlling Party

The Company is a subsidiary of C T Holdings PLC, the ultimate parent, which owns 64.2% of the controlling interest of the Company.

29.1 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, Key Management Personnel are those having authority for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors, have been classified as Key Management Personnel of the Company.

The following Directors are Directors of CT Holdings PLC as well.

Mr. R. Selvaskandan

Mr J.C.Page

Mr A.T.P. Edirisinghe

Mr Anthony A Page

Mr L. R. Page

Mr. Sunil Mendis

a. Loans given to Key Management Personnel

There are no loans given to Directors or Key Management Personnel during the year.

b. Key Management Personnel compensation for the period comprised of the following.

	2016	2015
Short term employee benefits	24,585	28,718
Post employment benefits	-	2,018
	<u>24,585</u>	<u>30,736</u>

Post employment benefits accrued are not included in the above as it cannot be identified separately due to the actuarial valuation.

c. Key Management Personnel and Directors transactions

Directors of the company control 9.5% of the voting shares of the company.

A number of key management personnel and their related parties hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Company during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably expected to be available, on similar transactions to non-key management personnel of related entities on an arm's length basis.

There are no other transactions and outstanding balances with key management personnel except for the items mentioned in Note No. 29.1(b).

NOTES TO THE FINANCIAL STATEMENTS

The aggregate value of transactions and outstanding balances related to Other Related Parties are as follows.

Parties Accommodated	(Relationship)	Transaction	Transaction Value for the year ended 31st March			Balance outstanding as at 31st March Due From / (Due To)	
			2016	2015		2016	2015
			Rs. 000	% of Total Revenue	Rs. 000	Rs. 000	Rs. 000
Ceylon Theatres (Pvt) Ltd	Group Company	Rental & Service Charges Security Deposit	21,044	4.5%	23,049	- (600)	3,266 (600)
CT CLSA Securities (Pvt) Ltd	Group Company	Rental & Service Charges Security Deposit	7,721	1.6%	7,476	- (638)	- (328)
CT CLSA Capital (Pvt) Ltd	Group Company	Rental & Service Charges Security Deposit	2,640	0.6%	2,556	- (218)	- -
Comtrust Asset Management (Pvt) Ltd	Group Company	Rental & Service Charges Security Deposit	3,341	0.7%	3,055	- (369)	- (138)
CT CLSA Holdings Ltd	Group Company	Rental & Service Charges Security Deposit	1,927	0.4%	1,867	- 159	- -
Cargills Foods Co. (Pvt) Ltd	Group Company	Rental & Service Charges Security Deposit	22,168	4.7%	21,277	- (1,862)	- (1,186)
Cargills Food Processors (Pvt) Ltd	Group Company	Rental & Service Charges Security Deposit	12,148	2.6%	11,656	- (1,002)	- (479)
Cargills (Ceylon) PLC	Group Company	Management Fees	3,966	-	4,196	(4,790)	(1,024)
		Purchases	-	-	504	-	-
		Reimbursement	2,860	-	-	-	-
Millers Ltd.	Group Company	Services Provided	568	-	624	(95)	(47)
CT Properties Ltd.	Group Company	Services Provided	437	-	-	(437)	-

The rental and service charges are from the related parties who have occupied the investment property. The terms and conditions of the Related Party transactions are general terms applicable to all tenants taking into consideration factors such as the long term nature of the occupancy, the extent and location of the area occupied and the ability of the entity concerned to attract customers into the complex.

30. Litigation and Claims

There is no Litigation and no Claims against the Company as at the reporting date.

31. Employee and Industrial Relations Issues

There are no issues as at the reporting date.

32. Events after the reporting date

The Board of Directors of the Company recommends a final ordinary dividend of Rs.1.65 per share for the year 2016 to be approved at the Annual General Meeting.

No circumstances have arisen since the reporting date which would require adjustments to or disclosure in the Financial Statements other than those disclosed above.

33. Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control. There were no material capital commitments or contingencies outstanding as at the reporting date.

THREE YEAR SUMMARY

Year ended 31 st March	Entity and investee				2014
	2016		2015		
	Rs. '000	% Change	Rs. '000	% Change	
OPERATING RESULTS					
Revenue	572,925	14.9%	498,429	15.8%	430,471
Results from Operating Activities	498,272	44.4%	345,103	-16.4%	412,584
Finance Cost	(636)	-42.0%	(1,096)	-57.3%	(2,564)
Share of Profit-Equity Accounted Investee	10,243	-147.2%	(22,867)	89.9%	(12,039)
Profit before Taxation	507,879	58.3%	321,140	-19.3%	397,981
Profit after Taxation	388,221	62.4%	239,430	-22.6%	309,395
Total Comprehensive Income for the year	379,694	59.2%	238,906	-22.5%	308,214
ASSETS					
Non Current Assets	3,530,925	5.0%	3,364,387	3.2%	3,259,929
Current Assets	235,449	56.3%	150,672	70.5%	88,372
EQUITY AND LIABILITIES					
Stated Capital	487,500	0.0%	487,500	0.0%	487,500
Reserves	2,599,567	7.5%	2,417,925	4.5%	2,313,081
Deferred Liabilities	395,971	12.1%	353,303	4.2%	339,128
Security Deposits	207,554	5.0%	197,759	0.0%	197,759
Current Liabilities	75,782	29.4%	58,572	6.5%	54,974
KEY INDICATORS					
Earnings per Share (Rs.)	7.96	49.0%	5.35	0.1%	5.35
Net Assets per Share (Rs.)	63.32	6.3%	59.60	3.7%	57.45
Market Price per Share (Rs.)	45.40	29.7%	35.00	20.3%	29.10
OTHERS					
Market Capitalization (Rs. '000)	2,213,250	29.7%	1,706,250	20.3%	1,418,625
Price Earnings Ratio (times)	5.70	-12.9%	6.54	20.2%	5.44
Dividends per Share (Rs.)	2.95	7.3%	2.75	19.6%	2.30
Interest Cover (times)	783.34	148.8%	314.91	95.7%	160.90
Current Ratio (times)	3.11	20.8%	2.57	59.8%	1.61
Dividend Yield (%)	6.50	-17.3%	7.86	-0.5%	7.90
Equity to Total Assets (%)	81.96	-0.8%	82.66	-1.2%	83.64
Number of Shares in Issue ('000)	48,750	0.0%	48,750	0.0%	48,750

INFORMATION TO SHAREHOLDERS AND INVESTORS

1. Stock Exchange Listing

The issued ordinary shares of CT Land Development PLC are listed with the Colombo Stock Exchange.

2. Distribution of Shareholdings

Size of Shareholding	31 st March 2016				31 st March 2015			
	Shareholders		Holdings		Shareholders		Holdings	
	Number	%	Number	%	Number	%	Number	%
1 - 1,000	2,283	75.2	650,173	1.3	2,163	68.9	508,083	1.0
1,001 - 5,000	520	17.1	1,253,953	2.6	697	22.2	1,349,151	2.8
5,001 - 10,000	98	3.2	756,642	1.6	115	3.7	759,798	1.6
10,001 - 50,000	101	3.3	1,859,720	3.8	127	4.0	2,143,090	4.4
50,001 - 100,000	14	0.5	1,080,127	2.2	16	0.5	1,151,353	2.44
100,001 - 500,000	10	0.3	2,995,910	6.1	13	0.4	3,478,532	7.1
500,001 - 1,000,000	7	0.2	4,696,999	9.6	7	0.2	4,531,056	9.3
1,000,001 - Over	3	0.1	35,456,476	72.7	3	0.1	34,828,937	71.4
	3,036	100.0	48,750,000	100.0	3,141	100.0	48,750,000	100.0

3. Analysis of Shareholders

Categories of Shareholders	31 st March 2016				31 st March 2015			
	Non-Residents	Residents	Total	%	Non-Residents	Residents	Total	%
Individuals	851,744	9,345,878	10,197,622	20.92	806,609	9,190,056	9,996,665	20.51
Institutions & Corporate Holdings	74,976	38,477,402	38,552,378	79.08	74,976	38,678,359	38,753,335	79.49
	926,720	47,823,280	48,750,000	100.00	881,585	47,868,415	48,750,000	100.00

4. Top 20 Shareholders

The holdings of the top 20 shareholders as at 31st March 2016 is given below:-

	31 st March 2016		31 st March 2015	
	No of Shares	%	No. of Shares	%
C T Holdings PLC	31,298,407	64.2%	31,298,407	64.2%
Seylan Bank PLC/Thirugnanasambandar Senthilverl	2,856,843	5.9%	2,516,238	5.2%
Mr. A.M. Weerasinghe	1,301,226	2.7%	1,014,292	2.1%
Bank of Ceylon A/C Ceybank Unit Trust	947,904	1.9%	884,593	1.8%
Mrs. C.K. Muttukumaru	740,000	1.5%	730,000	1.5%
Bank of Ceylon A/C Ceybank Century Growth Fund	717,563	1.5%	627,222	1.3%
Mr. A.A. Page	654,264	1.3%	654,264	1.3%
Mr. J.C. Page	610,804	1.3%	610,804	1.3%
Dr. A.C. Visvalingam	525,359	1.1%	449,814	0.9%
Tudawe Brothers Limited	501,105	1.0%	501,105	1.0%
Mr. V.R. Page	453,062	0.9%	453,062	0.9%
E.W. Balasuriya & Co. (Pvt) Ltd	415,381	0.9%	410,417	0.8%
Merrill J Fernando & Sons (Pvt) Limited	392,535	0.8%	392,535	0.8%
Mrs. T. Selvaratnam	375,813	0.8%	375,813	0.8%
J.B. Cocoshell (Pvt) Ltd	359,635	0.7%	340,957	0.7%
Mrs. J.N. Mather	270,618	0.6%	270,618	0.6%
Mr. L.R. Page	268,487	0.6%	268,487	0.6%
Dr. T. Senthilverl	244,231	0.5%	-	0.0%
Mr. S. Srikanthan	109,882	0.2%	107,882	0.2%
Mr. P.G.K. Fernando	106,266	0.2%	106,266	0.2%
Capital Alliance Finance PLC/A.H.Udeshi	-	0.0%	523,068	1.1%
	43,149,385	88.5%	42,535,844	87.3%
Others (3,016 Shareholders as at 31st March 2016)	5,600,615	11.5%	6,214,156	12.7%
TOTAL	48,750,000	100.0%	48,750,000	100.0%

INFORMATION TO SHAREHOLDERS AND INVESTORS

5. Share Valuation

The market value of each Ordinary share on 31st March 2016 was Rs. 45.40 (2015-Rs. 35.00). The highest and lowest values recorded during the year ended 31st March 2016 were Rs. 53.50 and Rs. 41.10 respectively. The highest value was recorded on 06th January 2016 and the lowest value was recorded on 29th February 2016.

6. Share Trading

For the year ended 31 st March	2016	2015
No. of Transactions	193	330
No. of Shares Traded	208,201	219,430
Value of Shares Traded (Rs.)	9,365,719	8,221,278

7. Dividends

An Interim Dividend of Rs. 1.35 per share was paid on 25th January 2016.

The Directors have recommended a Final Dividend of Rs. 1.65 per share subject to approval of shareholders at the Annual General Meeting.

8. Public Holders

The percentage of shares held by the public as at 31st March 2016 (3,020 shareholders) was 23.5% (31st March 2015 - 3,126 shareholders holding 24.7%).

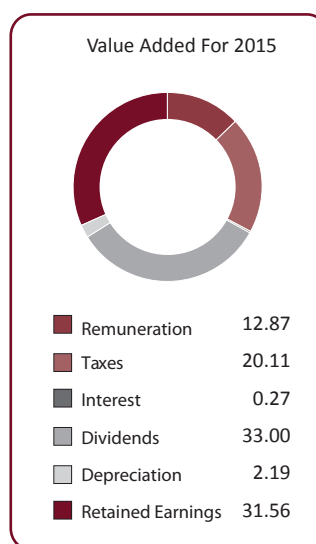
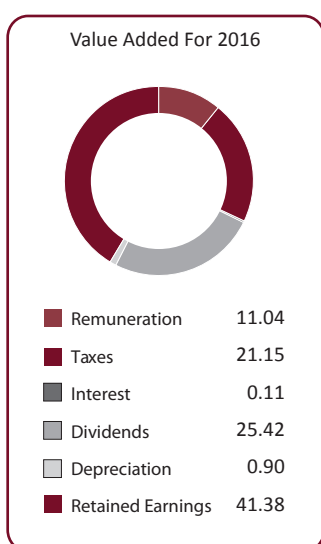
STATEMENT OF VALUE ADDED

For the year ended 31 st March	Company			
	2016		2015	
	% of Total	Rs. '000	% of Total	Rs. '000
Creation of Value Added				
Revenue		572,925		498,429
Operating Expenses		(177,214)		(172,974)
Value Added from Operations		395,711		325,455
Other Income		9,198		784
Change in Fair Value of Investment Property		180,750		100,000
Impairment-Investment in Equity		(19,817)		(19,957)
Total Value Added		565,842		406,282
Distribution of Value Added				
To Associates				
Salaries, Wages and related costs	11.04	62,481	12.87	52,274
To Government				
as Income Taxes	15.85	89,680	16.98	68,979
as Deferred Taxes	5.30	29,978	3.13	12,731
		119,658		81,710
To Lenders of Capital				
as Interest	0.11	636	0.27	1,096
To Shareholders				
as Dividends	25.42	143,813	33.00	134,063
Retained for Growth				
Depreciation	0.90	5,089	2.19	8,905
Retained Earnings	41.38	234,166	31.56	128,235
		239,255		137,140
	100.00	565,842	100.00	406,282

STATEMENT OF VALUE ADDED - GRAPHS

For the year ended 31st March

	Company		2015	
	2016		2015	
	% of Total	Rs. '000	% of Total	Rs. '000
Distribution of Value Added				
Remuneration	11.04%	62,481	12.87%	52,274
Taxes	21.15%	119,658	20.11%	81,710
Interest	0.11%	636	0.27%	1,096
Dividends	25.42%	143,813	33.00%	134,063
Depreciation	0.90%	5,089	2.19%	8,905
Retained Earnings	41.38%	234,166	31.56%	128,235
	100.00%	565,842	100.00%	406,282



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Third Annual General Meeting of the Company will be held at the Sri Lanka Foundation Institute, No.100, Independence Square, Colombo 7 on 05th July 2016 at 9.30 a.m. in order to:

1. Receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2016 with the Report of the Auditors thereon.
2. Declare a Dividend as recommended by the Directors.
3. Re-elect Directors who are due to retire by rotation and are eligible for re-election:
 - (a) Mr. R. Selvaskandan
 - (b) Ms. M. G. Perera
4. Re-elect Mr. Sunil Mendis who is over 70 years of age as a Director.
5. Re-elect Dr. T. Senthilverl who is over 70 years of age as a Director.
6. Re-elect Mr. A.T.P. Edirisinghe who is over 70 years of age as a Director.
7. Authorise the Directors to determine contributions to Charities.
8. Authorise the Directors to determine the remuneration of the Auditors, Messrs. KPMG, who are deemed reappointed as auditors at the General Meeting of the Company in terms of Section 158 of the Companies Act No. 7 of 2007.

By order of the Board,



Charuni Gunawardana
Secretary

Colombo
10th June 2016

FORM OF PROXY

For use at the Thirty Third Annual General Meeting

I/We.....

of

being a member/members of CT Land Development PLC hereby appoint

of

whom failingof

..... or failing him/her, the
Chairman of the Meeting as my/our proxy to represent me/us and to vote on my/our behalf at the Thirty Third Annual
General Meeting of the company to be held on 05th July 2016 and at any adjournment thereof and at every Poll which
may be taken in consequence thereof in the manner indicated below.

Ordinary Resolutions

Resolution No.	1	2	3 (a)	3 (b)	4	5	6	7	8
For									
Against									

.....
Signature of Member (s)

.....
Date

NOTES:

- (a) Strike out whichever is not desired
- (b) Instructions as to completion of the Form of Proxy are set out on the reverse hereof
- (c) A Proxy holder need not be a member of the company
- (d) Please indicate with an "X" in the cage provided how your Proxy holder should vote. If no indication is given, or if there is, in the view of the proxy holder, any doubt (by reason of the manner in which the instructions contained in the Proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder in his/her discretion may vote as he/she thinks fit

PROXY FORM

Instructions as to completion of the Proxy Form

1. To be valid, the completed Form of Proxy should be deposited at the Registered Office of the company at No. 10, Station Road, Colombo 04 not less than 48 hours before the time appointed for holding the meeting.
2. In perfecting the form, please ensure that all details are legible. If you wish to appoint a person other than the Chairman as your Proxy, please fill in your full name and address and the name and address of the Proxy holder and sign in the space provided and fill in the date of the signature.
3. The instrument appointing a Proxy shall, in the case of an individual, be signed by the appointer or by his Attorney and in the case of a limited liability company must be executed under its Common Seal or in such other manner prescribed by its Articles of Association or other constitutional documents.
4. If the Proxy Form is signed by an Attorney, the relevant Power of Attorney or a notarially certified copy thereof, should also accompany the completed Form of Proxy, if it has not already been registered with the Company.
5. In the case of joint holders, only one needs to sign. The votes of the senior holder who tenders a vote will alone be counted.



CT Land Development PLC

10, Station Road, Colombo 4.

Tel. 2 508673-4, Fax. 2 592427