



CT Land Development PLC

Majestic
City

ANNUAL REPORT 2017



A Member of the CT Holdings Group

Financial Calendar

Financial Statements for 2016/17

INTERIM REPORTS

1st Quarter 30th June 2016	-	09th August 2016
2nd Quarter 30th September 2016	-	09th November 2016
3rd Quarter 31st December 2016	-	08th February 2017
4th Quarter 31st March 2017	-	26th May 2017

Annual Report for the year ended 31st March 2017	-	26th May 2017
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MEETINGS

199th Board Meeting	-	27th May 2016
200th Board Meeting	-	29th August 2016
201st Board Meeting	-	28th October 2016
202nd Board Meeting	-	27th January 2017

34th Annual General Meeting	-	05th July 2016
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DIVIDENDS

Interim Rs. 1.40 per share	-	Paid on 16th January 2017
Second Interim Rs. 1.80 per share	-	Paid on 27th March 2017

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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
- Musical Instruments, accessories, etc
- 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 09th 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

Tel: 011 2588827, 2508673-4

Fax: 011 2592427

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

Web: www.majesticcity.lk

Stock Exchange Listing

Colombo Stock Exchange

Board of Directors

Mr. R. Selvaskandan (*Chairman*)

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

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

Mr. A. T. P. Edirisinghe

Mr. Sunil Mendis

Mr. S. C. Niles

Mr. Anthony A. Page

Mr. L. R. Page

Mr. V. R. Page (*appointed wef 27/01/2017*)

Mr. T. Senthilvel

Company Secretary / Legal Consultant

(Ms.) Charuni Gunawardana

Management

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

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

Mr. I. A. Gunasekara (*General Manager*)

Mr. A. C. Hewage (*Accounts Executive*)

Audit Committee

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

Mr. Sunil Mendis

Mr. R. Selvaskandan

Remuneration Committee

Mr. Sunil Mendis (*Chairman*)

Mr. A. T. P. Edirisinghe

Mr. R. Selvaskandan

Related Party Transactions Review Committee

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

Mr. Sunil Mendis

Mr. R. Selvaskandan

Auditors

KPMG

Chartered Accountants

Tax Consultants

KPMG

Chartered Accountants

Bankers

Cargills Bank Ltd

Commercial Bank of Ceylon Ltd

Peoples Bank

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 CT 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.

Mrs. M. G. Perera (Finance Director)

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.

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. Senthilvel *

Dr. Senthilvel 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. 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.

Mr. V. R. Page **

Mr. V. Ranjit Page possesses over 30 years of management experience with expertise in food retailing, food service, and manufacturing, having introduced the concept of super marketing to the Sri Lankan masses. He also serves on the boards of several other companies, and is the Deputy Chairman/Managing Director of the parent company, C T Holdings PLC.

* 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 2017.

Economic Outlook

The Sri Lankan economy grew at a slightly lower than expected rate during this year, affected to some extent by the twin effects of the floods in May 2016 and the subsequent drought conditions. The resultant drop in agricultural output impacted economic growth. Further, after a period of low interest rates, the general interest rate levels also increased during the year.

The construction / property development sector, however, enjoyed a boom during the year, with the launch of several real estate development projects spanning residential, commercial, leisure and mixed developments. Such development projects would increase the quantity and quality of lettable and saleable built up space in the future. Increasing tourism activity also augurs well for retail and entertainment activity in the country.

CT Land has positioned its property "Majestic City" to target the mass market customer. The Mall offers a wide range of products and facilities to customers of all walks of life. It is also easily accessible by public or private transport. Anchor tenants such as the Food City supermarket, Majestic Cineplex, KFC Restaurant as well as the Food Court ensure that the Mall attracts a continuous stream of visitors throughout the day.

Operations

Despite the macro economic challenges, during the year, the Company performed satisfactorily and sustained rental income. The management of the company continues to do its utmost to ensure that the complex is well maintained and positioned as a destination of choice to customers. We also continue to manage the cost elements of managing this mall to ensure that profitability of the Company is sustained. As in the past few years, Majestic City enjoyed close to full occupancy during the year. We expect this trend to continue in the future as well.

Financial Results

The Company enjoyed another year of steady performance in 2016/17 in top line revenue and profits. It should be pointed out that although the rental agreements with tenants provide for revision of rentals each year, the rental revenues are cumulated over the period of the leases and accounted on a straight line basis over the lease period in accordance with the Sri Lanka Accounting Standards. Due to this treatment, the top line (including rental income and service charges) showed a slight decrease from the previous year - Rs 502.4 Mn compared to Rs 502.7 Mn in 2016. However, profits were boosted by the (non-cash) gain in Fair Value of the Investment Property, dividend income and income from equity accounted investee. Expenses were largely contained at the same level as the previous year. Accordingly, profit before taxation of the Company amounted to Rs.628.1Mn compared to Rs. 571.9Mn in the previous year.

Associate Company

The Company owns a 45% stake in the associate company Ceylon Theatres (Pvt) Ltd, which operates 13 cinemas across 6 locations in the country at present. The associate company also showed steady progress in performance during the year with profits increasing by 34.2% over the previous year. Ceylon Theatres continues to look for opportunities for growth and expansion by expanding its network of cinemas over the coming years. This would, in turn, contribute to the bottom line profits of the Company as well.

Appropriations

The company paid an interim dividend of Rs. 1.40 per share on 16th January 2017 and a second interim dividend of Rs. 1.80 per share on 27th March 2017 from the profits of the current year. The Directors do not recommend a final dividend from the profits of the Company for the current year.

Future

2017/18 is widely predicted to be a more challenging year due to global and macro-economic factors. The rapid development taking place in the Colombo city would also bring its own unique certain challenges. The management of the company is cognisant of the changing retail landscape and is taking adequate steps to ensure that the Company's own property - Majestic City maintains its position among the key players in the sector. Appropriate strategies in this regard are constantly formulated, evaluated and implemented as appropriate. We look forward with optimism to 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
26th May 2017

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” and Section 9 - “Related Party Transactions” also set out the Corporate Governance Requirements of listed companies. The Directors hereby confirm that the Company is in compliance with the said sections of the Listing Rules as at 31st March 2017.

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 eight are non-executive directors.
2. Independent Directors		
(a) Two or one-third of non-executive directors appointed to the Board of Directors, whichever is higher, shall be independent.	Complied	Four directors out of the eight 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 the directors who are deemed to be ‘Independent’.	Complied	Dr. T. Senthilvel, Mr. A.T.P. Edirisinghe, 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. Edirisinghe, Dr. T. Senthilvel and Mr. R. Selvaskandan have served the Board for more than 9 years. Further, Mr. R. Selvaskandan, Mr. A.T.P. Edirisinghe and Mr. Sunil Mendis serve as Directors of the Holding Company, C T Holdings PLC, as well as other group companies. The Board of Directors, having considered their credentials and integrity has resolved that they are deemed independent.
(c) The Board shall publish in its Annual Report, a brief resume 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 resume of such director for dissemination to the public.	Complied	Not applicable.

CORPORATE GOVERNANCE

Subject	Compliance Status	Remarks
4. Remuneration Committee		
(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 is higher.	Complied	The Remuneration Committee consists of three independent non-executive directors.
b) One non-executive director shall be appointed as Chairman of the Committee by the Board.	Complied	The chairman of the Remuneration Committee is an independent non-executive director.
c) The Remuneration Committee shall recommend the remuneration payable to executive directors and the chief executive officer, to the Board.	Complied	Disclosed in the Remuneration Committee Report.
d) 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.	Complied	Disclosed under Corporate Information and in the Remuneration Committee report. Remuneration paid to directors is disclosed in Notes to the Financial Statements.
5. Audit Committee		
(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 is higher.	Complied	The Audit Committee consists of three independent non-executive directors.
b) One non-executive director shall be appointed as Chairman of the Committee by the Board.	Complied	The Chairman of the Audit Committee is an independent non-executive director.
c) Unless otherwise determined by the Audit Committee, the chief executive officer and chief financial officer of the listed company shall attend audit committee meetings.	Complied	The Deputy Chairman / Managing Director and Finance Director attend all Audit Committee meetings, except in the case of an inability to attend.
d) The chairman or one member of the committee should be a member of a recognized professional accounting body.	Complied	The Chairman of the Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants, UK.
e) The Annual Report should set out the names of directors comprising the Audit Committee	Complied	Disclosed under Corporate Information and in the Audit Committee report.
f) The Committee shall make a determination of the independence of the Auditors and shall disclose the basis for such determination in the Annual Report.	Complied	Disclosed in the report of the Audit Committee.
g) 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.	Compliant	Disclosed in the Report of the Audit Committee.

CORPORATE GOVERNANCE

Subject	Compliance Status	Remarks
6. Related Party Transactions Review Committee		
a) A listed company shall have a Related Party Transactions Review Committee comprising a combination of non-executive and independent non-executive directors. The composition of the Committee may also include executive directors, at the option of the Listed Entity.	Compliant	The Related Party Transactions Review Committee consists of three independent non-executive directors.
b) One independent non-executive director shall be appointed as Chairman of the Committee by the Board.	Compliant	The Chairman of the Related Party Transactions Review Committee is an independent non-executive director.
c) The Committee shall meet at least once a calendar quarter and shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	Compliant	The Committee was formally set up towards the end of the last financial year and three subsequent meetings of the Committee were held during the current year. The Company Secretary functions as the Secretary to the Committee and ensures that the minutes of the meetings are properly documented and communicated to the Board of Directors.
d) The Listed Entity shall ensure that neither the Listed Entity nor any of its subsidiaries, acquires a substantial asset (exceeds 1/3 of the Total Assets) from, or disposes of a substantial asset to, any Related Party of the Entity without obtaining the approval of the shareholders of the Entity by way of a Special Resolution".	Compliant	Not applicable.
e) The Listed Entity shall make an immediate announcement to the Exchange of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements or of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements.	Compliant	Not applicable
f) The Listed Entity shall disclose subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the financial year.	Compliant	Not Applicable

CORPORATE GOVERNANCE

Subject	Compliance Status	Remarks
g) The Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income as per the latest Audited Financial Statements unless the transactions entered into are recurrent, of revenue or trading nature and are necessary for day-to-day operations of a Listed Entity or its subsidiaries.	Compliant	Disclosed in the Notes to the Financial Statements.
h) The Annual Report shall contain a report by the Related Party Transactions Review Committee, in the prescribed format, setting out the manner of compliance.	Compliant	Disclosed in the report of the Related Party Transactions Review Committee.
i) The members of the Related Party Transactions Review Committee should obtain 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under consideration. A person who is in the same group of the Listed Entity or who has a significant Interest in or financial connection with the Listed Entity or the relevant Related Party shall not be eligible to give such advice.	Compliant	Not applicable.

CORPORATE GOVERNANCE

Audit Committee Report

The Audit Committee of C T 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. Selvaskandan	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 three times 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. 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 2018.



A. T. P. Edirisinghe
Chairman – Audit Committee
26th May 2017

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 -

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

The Managing Director and Finance Director are ex-officio members of the Committee. The Company Secretary functions as the Secretary of the Committee.

The Committee is tasked with:-

- Reviewing Related Party Transactions,
- Calling for supporting documents and/or justification of the terms and conditions of such transactions and,
- Identifying & reporting on recurrent & non-recurrent transactions with related parties in line with the applicable CSE Rules.

The Committee was formally set up towards the end of the last financial year and three subsequent meetings of the Committee were held during the current year. All the members of the Committee were present at these meetings.

The Committee noted that there were no non-recurrent transactions with related parties during the year. It also noted that in respect of recurrent transactions, the transactions were in the ordinary course of business, 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 observations of the Committee have been communicated to the Board of Directors.

The details of the recurrent transactions entered into with Related Parties are disclosed in Note 29 to the Financial Statements.



A.T.P. Edirisinghe
Chairman - Related Party Transactions Review Committee
26th May 2017

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
26th May 2017

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 2017. 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

The Chairman's Statement appearing on page 4 of the Annual Report gives a review of the operations carried out and the performance of the Company during the current financial year, and forms an integral part of this report.

Financial Statements

The Audited Financial Statements of the Company for the financial year ended 31st March 2017 are given on pages 15 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 19 to 30.

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 2017. The current effective capital value of the investment property increased to Rs. 3.59 Bn 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. 269.25Mn is recorded in the Statement of Comprehensive Income for the year ended 31st March 2017.

Stated Capital

The stated capital of the Company as at 31st March 2017 was Rs. 487.5Mn comprising 48.75Mn Ordinary Shares.

Directors

Mr. A.D.M. De Alwis resigned on 31st December 2016 and Mr. V.R. Page was appointed as a Director of the company with effect from 27th January 2017. All other directors indicated on page 2 have been Directors of the Company throughout the year under review.

Mr. L.R. Page and Mr. S.C. Niles, retire under Articles 103 and 104 of the Articles of Association of the Company and being eligible, offer themselves for re-election.

Mr. V.R. Page who was appointed as a Director until the Annual General Meeting, is eligible for election as a Director as per Article 110.

Pursuant to sections 210 and 211 of the Companies Act No. 7 of 2007 Dr. T. Senthilvel, Mr. A.T.P. Edirisinghe and Mr. Sunil Mendis who are 70 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	1	1	0
Ms. M. G. Perera	4	4	1	1
Mr. A. D. M. De Alwis (resigned on 31/12/2016)	3	3	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 (indisposed)	4	0	1	0
Mr. L. R. Page	4	2	1	0
Mr. V. R. Page (appointed on 27/01/2017)	0	0	0	0
Dr. T. Senthilvel	4	4	1	0

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.

The Related Party Transactions Review Committee appointed by the Board was tasked with Reviewing Related Party Transactions, Calling for supporting documents and/or justification of the terms and conditions of such transactions and Identifying & reporting on recurrent & non-recurrent transactions with related parties in line with the applicable CSE Rules.

The Committee has noted that there were no non-recurrent transactions with related parties during the year. It also noted that in respect of recurrent transactions, the transactions were in the ordinary course of business, there were no changes to practices followed over the years and general terms and conditions

ANNUAL REPORT OF THE BOARD OF DIRECTORS

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.

Dividends

An Interim Dividend of Rs. 1.40 per share for the year ended 31st March 2017 was paid to the shareholders on 16th January 2017. A second Interim Dividend of Rs. 1.80 per share for the year ended 31st March 2017 was paid on 27th March 2017.

Directors' Shareholdings

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

	As at 31.3.2017	As at 31.3.2016
R. Selvaskandan	-	-
J.C. Page	610,804	610,804
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
V.R. Page	-	-
Dr. T. Senthilverl	5,606,469	3,101,074
	7,145,024	4,639,629

Donations

During the year the Company made charitable donations amounting to Rs. 2,614,671/- (2016-Rs. 25,000/-).

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



J. C. Page
Deputy Chairman/
Managing Director



Charuni Gunawardana
Secretary

Colombo
26th May 2017

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 2017. 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 26th May 2017.

The Directors also confirm that in preparing the Financial Statements for the year ended 31st March 2017 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
26th May 2017

INDEPENDENT AUDITORS' REPORT



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

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Fax : +94 - 11 244 5872
+94 - 11 244 6058
+94 - 11 254 1249
Internet : www.kpmg.com/lk

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") which comprise the statement of financial position as at March 31, 2017, 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 15 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 as at March 31, 2017, 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 and the financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

CHARTERED ACCOUNTANTS

Colombo
26th May 2017

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
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara ACA
G.A.U. Karunaratne FCA
R.H. Rajan ACA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyratne FCA
R.M.D.B. Rajapakse FCA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA
Ms. C.T.K.N. Perera ACMA (UK)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31 st March	Note	Entity and Investee	
		2017 Rs. '000	2016 Rs. '000
Revenue	6	562,238	572,925
Other Income	7	285,098	170,131
Personnel Cost	8	(62,916)	(62,481)
Depreciation	14&15	(4,984)	(5,089)
Other Operating Cost		(174,449)	(177,214)
Results from Operating Activities	9	604,987	498,272
Finance Costs	10	(108)	(636)
Share of profit/(loss) of Equity Accounted Investee	17	13,740	10,243
Profit before Taxation		618,619	507,879
Income Tax Expenses	11	(115,799)	(119,658)
Profit for the Year		502,820	388,221
Other Comprehensive Income			
<i>Items that will not be Reclassified to Profit or Loss</i>			
Remeasurement of Defined Benefit Liability		14,670	(11,866)
Tax on Other Comprehensive Income		(4,108)	3,322
Equity Accounted Investee-Share of OCI	17	(103)	17
Impairment Reversal on AFS Investment		10,566	-
Other Comprehensive Income for the Year		21,025	(8,527)
Total Comprehensive Income for the year		523,845	379,694
<i>Earnings Per Share Rs.</i>	12	10.31	7.96

Figures in brackets indicate deductions.

The notes on pages 19 to 40 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

For the Year ended 31 st March	Note	Entity and Investee	
		2017 Rs. '000	2016 Rs. '000
ASSETS			
Non Current Assets			
Property, Plant & Equipment	14	18,938	23,421
Intangible Assets	15	-	15
Investment Properties	16	3,590,000	3,320,750
Equity Accounted Investee	17	125,150	111,513
Investments-AFS	18	85,792	75,226
		<u>3,819,880</u>	<u>3,530,925</u>
Current Assets			
Trade and Other Receivables	19	102,551	92,466
Short Term Investments-FVTPL	20	151,882	124,912
Cash and Cash Equivalents	21	1,322	18,071
		<u>255,755</u>	<u>235,449</u>
Total Assets		<u>4,075,635</u>	<u>3,766,374</u>
EQUITY AND LIABILITIES			
Equity			
Stated Capital	22	487,500	487,500
Retained Earnings		2,876,409	2,599,567
AFS Reserve		10,566	-
		<u>3,374,475</u>	<u>3,087,067</u>
Non Current Liabilities			
Employee Benefits	23	27,410	37,117
Deferred Tax Liabilities	24	391,507	358,854
Security Deposits	25	179,621	170,259
Deferred Interest		30,225	37,295
		<u>628,763</u>	<u>603,525</u>
Current Liabilities			
Trade and Other Payables	26	41,811	30,124
Dues to Related Companies		-	5,226
Income Tax Payable	27	25,754	39,409
Bank Overdraft/(Secured)	21	4,832	1,023
		<u>72,397</u>	<u>75,782</u>
Total Equity and Liabilities		<u>4,075,635</u>	<u>3,766,374</u>

The notes on pages 19 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 26th May 2017

Signed for and on behalf of the Board.



R. Selvaskandan
Chairman
Colombo



J. C. Page
Deputy Chairman/Managing Director

STATEMENT OF CHANGES IN EQUITY

	Entity and Investee			Total
	Stated Capital Rs. '000	Retained Earnings Rs. '000	AFS Reserve Rs. '000	Rs. '000
Balance as at 01st April 2015	487,500	2,363,686	-	2,851,186
<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 OCI of Equity Accounted Investee	-	17	-	17
Total Comprehensive Income 2015	-	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 01st April 2016	487,500	2,599,567	-	3,087,067
<i>Profit for the Year</i>	-	502,820	-	502,820
<i>Other Comprehensive Income</i>				
- Defined Benefit Plan Actuarial Gains (Losses) net of Tax	-	10,563	-	10,563
- Share of the OCI of Equity Accounted Investee	-	(103)	-	(103)
- Impairment Reversal on AFS Investment	-		10,566	10,566
Total Comprehensive Income	-	513,280	10,566	523,846
Dividends Paid	-	(236,438)	-	(236,438)
Transactions with owners of the company	-	(236,438)	-	(236,438)
Balance as at 31st March 2017	487,500	2,876,409	10,566	3,374,475

STATEMENT OF CASH FLOWS

For the Year ended 31 st March	Entity and Investee	
	2017 Rs. '000	2016 Rs. '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	618,619	507,879
Adjustments for:		
Depreciation & Amortization	4,984	5,089
Change in Fair Value of Investment Properties	(269,250)	(180,750)
Change in Fair Value of Financial Instruments	3,030	872
Impairment-Equity Investment	-	19,817
Dividend Received from Associate	(734)	-
Dividend Received-Short Term Investment	(16,150)	(10,070)
Provision for Defined Benefit Obligation	4,963	4,146
Share of Profit-Equity Accounted Investee	(13,740)	(10,242)
Gain/Loss on Disposal of PPE	(521)	-
Finance Cost	108	636
	331,309	337,377
Working Capital Changes:		
(Increase)/Decrease in Trade & Other Receivables	(10,086)	(309)
Increase/(Decrease) in Trade & Other Payables	4,158	5,880
Increase in Security Deposits	2,293	9,794
Cash Generated from / (Used in) Operating Activities	327,674	352,742
Interest Paid	(108)	(636)
Retirement Benefits Paid	-	-
Super Gains Tax Paid	-	(54,240)
Income Tax Paid	(100,909)	(74,460)
Net Cash Generated from / (Used in) Operating Activities	226,657	223,406
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(835)	(434)
Sale of Property, Plant & Equipment	870	-
Investments on Financial Instruments	(30,000)	(95,000)
Purchase of Investments	-	-
Dividend Received	16,884	10,070
Net Cash Generated from / (Used in) Investing Activities	(13,081)	(85,365)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends Paid	(234,134)	(141,497)
Net Cash Generated from / (Used in) Financing Activities	(234,134)	(141,497)
Net Increase/(Decrease) In Cash & Cash Equivalents during The Year	(20,558)	(3,456)
Cash & Cash Equivalents at the Beginning of the Year	17,048	20,504
Cash & Cash Equivalents at the End of the Year (Note 21)	(3,510)	17,048

The notes on pages 19 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 2017 is 27 (2016 - 26).

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 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 26th May 2017.

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.
- Short term investments in Unit Trusts are measured at fair value.

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.

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 - Retirement Benefit Obligations
- Note 24 - Deferred Taxation

NOTES TO THE FINANCIAL STATEMENTS

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.

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.
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.

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

NOTES TO THE FINANCIAL STATEMENTS

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).

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.

3.2 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 or 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
IT Software	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 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.

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.

NOTES 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.

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.

NOTES 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.

3.12 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.

3.13 Turnover

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

3.13.1 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.

3.13.2 Service Charge and Car Park Income

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

3.14 Other Income

3.14.1 Dividends

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

3.14.2 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.

NOTES TO THE FINANCIAL STATEMENTS

3.15 Expenses

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

3.16 Finance Cost

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

3.17 Taxation

3.17.1 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.

3.17.2 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.

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.

3.17.3 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.

3.18 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.

3.19 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.

3.20 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.

3.21 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.

3.22 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 2017. 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 2017. None of these are expected to have a significant impact and the Company's Financial Statements.

NOTES TO THE 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.

The Company has no property under development and earns significant revenue from rental activities and therefore the impact of the new standard is assessed to be minimal.

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

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 eight 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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	
	2017 Rs. '000	2016 Rs. '000
6. Revenue		
Rental Income	432,774	434,545
Service Charges	69,598	68,177
Car Park Income	15,806	17,487
Promotional Income	33,461	32,012
Sundry Income	10,599	20,704
	<u>562,238</u>	<u>572,925</u>
7. Other Income		
Change in Fair Value of Investment Property	269,250	180,750
Change in Fair Value of Investment in Financial Assets	(3,030)	(872)
Impairment Allowance for Long Term Investment	-	(19,817)
Gain/Loss on Disposal of PPE	521	-
Interest Income-Money Market	1,473	-
Dividend Income from Investment in Financial Instruments	16,150	10,070
Dividend Income from Associate	734	-
	<u>285,098</u>	<u>170,131</u>
8. Personnel Cost		
Salaries and Wages	39,272	39,460
Contribution to Employees Provident Fund	4,049	4,043
Contribution to Employees Trust Fund	1,012	1,049
Provision for Staff Retirement Benefits	4,963	4,146
Other	13,620	13,783
	<u>62,916</u>	<u>62,481</u>
9. Results from Operating Activities		
Results from operating activities are stated after deducting all operating expenses including the following:		
Directors Fees	9,185	3,335
Audit Fees	400	365
Legal & Secretarial Fees	987	1,124
Professional Fees	830	735
10. Finance Cost		
Interest on Bank Overdraft	108	636
	<u>108</u>	<u>636</u>
11. Income Tax Expense		
11.1 Tax recognised in the Statement of Comprehensive Income		
a) Current Tax (Note 11.2)		
Current Year	87,254	89,680
	<u>87,254</u>	<u>89,680</u>
b) Deferred Tax Expense (Note 24)		
Origination and Reversal of Taxable Temporary Differences	29,935	31,834
Change in Recognized Deductible Temporary Differences	(1,390)	(1,856)
	<u>28,545</u>	<u>29,978</u>
Total Tax Expense	<u>115,799</u>	<u>119,658</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 st March	Entity and Investee		
	2017 Rs. '000	2016 Rs. '000	
11.2 Reconciliation of Accounting Profit and Taxable Income			
Profit Before Tax	618,619	507,879	
Add: Disallowable Expenses	18,054	12,935	
Less: Allowable Expenses	(25,159)	(29,312)	
Less: Exempt Income	(13,740)	(10,242)	
Less: Income from other sources			
Dividend Income from Investment in Financial Instruments	(16,150)	-	
Dividend Income from Associate	(734)	-	
Impairment-Investment in Equity	-	19,817	
Change in Fair Value of Investment Property	(269,250)	(180,750)	
Business Income	311,640	320,326	
Income from Other Sources	-	-	
Statutory Income	311,640	320,326	
Assessable Income	311,640	320,326	
Less: Deductions	(20)	(40)	
Total Taxable Income	311,620	320,286	
Tax Liability			
Taxable Income at 28% (2016-28%)	87,254	89,680	
Total Taxable Liability	87,254	89,680	
11.3 Reconciliation of Effective Tax Rate			
Profit before Income Tax	618,619	507,879	
Less: Income from Other Sources	(13,740)	(10,243)	
Profit from Business	604,879	497,636	
Income Tax Using the Domestic Tax Rate	28%	173,213	142,206
Disallowable Expenses	3%	5,055	3,622
Change in Fair Value of Investment Property	-43%	(75,390)	(50,610)
Impairment-Investment in Equity		-	5,549
Allowable Expenses	-4%	(7,044)	(8,207)
Income from Other Sources	-5%	(8,575)	(2,868)
Deductions		(6)	(11)
Other Temporary Differences		28,546	29,977
Total Income Tax Expenses (Note 11.1)	22%	115,799	119,658
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	502,820	388,221	
Weighted Average no. of Ordinary Shares (Nos.)	48,750	48,750	
Earnings/(Loss) per share (Rs.)	10.31	7.96	
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	
Effect of shares issued during the year	-	-	
Weighted average no. of ordinary shares at year end	48,750	48,750	

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 st March	Entity and Investee	
	2017 Rs. '000	2016 Rs. '000
13. Dividends per Share		
Final 2015/16 Rs. 1.65 per share (2014/15 - Rs. 1.60 per share)	80,438	78,000
Interim 2016/17 Rs. 1.40 per share (2015/16 - Rs. 1.35 per share)	68,250	65,813
2nd Interim 2016/17 Rs. 1.80 per share (2015/16 - Nil)	87,750	-
	<u>236,438</u>	<u>143,813</u>
Dividends per share (Rs.)	4.85	2.95
Dividend Payout Ratio (%)	47.0%	37.0%

Dividends per share is based on the dividends paid during the year covered by the financial statements.

14. Property, Plant & Equipment

	Entity and Investee					Total 2017 Rs. '000	Total 2016 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	13,767	25,741	28,504	2,775	82,009	81,575
Additions	-	478	248	-	109	835	434
Disposals	-	-	-	(5,580)	-	(5,580)	-
As at 31st March	<u>11,222</u>	<u>14,245</u>	<u>25,989</u>	<u>22,924</u>	<u>2,884</u>	<u>77,264</u>	<u>82,009</u>
Accumulated Depreciation							
As at 01st April	4,735	8,012	16,602	26,877	2,363	58,589	53,524
Charge for the year	224	729	2,480	1,279	257	4,969	5,064
Disposals	-	-	-	(5,232)	-	(5,232)	-
As at 31st March	<u>4,959</u>	<u>8,741</u>	<u>19,082</u>	<u>22,924</u>	<u>2,620</u>	<u>58,326</u>	<u>58,588</u>
Carrying Value							
As at 31st March 2017	<u>6,263</u>	<u>5,504</u>	<u>6,907</u>	<u>-</u>	<u>264</u>	<u>18,938</u>	
As at 31st March 2016	<u>6,487</u>	<u>5,755</u>	<u>9,139</u>	<u>1,627</u>	<u>412</u>		<u>23,421</u>

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	
	2017 Rs. '000	2016 Rs. '000
Cost		
Balance as at 01st April	50	50
Additions	-	-
Balance as at 31st March	<u>50</u>	<u>50</u>
Accumulated Amortization		
Balance as at 01st April	35	10
Amortization	15	25
Balance as at 31st March	<u>50</u>	<u>35</u>
Carrying amounts		
As at 31 March	<u>-</u>	<u>15</u>

NOTES TO THE FINANCIAL STATEMENTS

16. Investment Property

16.1 Reconciliation of Carrying Amount

	Land		Entity and Investee Buildings		Total	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
As at 01 April	1,818,111	1,730,768	1,502,639	1,409,232	3,320,750	3,140,000
Additions	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
Fair value gain	246,139	87,343	23,111	93,407	269,250	180,750
As at 31 March	<u>2,064,250</u>	<u>1,818,111</u>	<u>1,525,750</u>	<u>1,502,639</u>	<u>3,590,000</u>	<u>3,320,750</u>

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 2017	3,590,000

Description	Fair Value at 31st March 2017 Rs. '000	Valuation Technique(s)	Square Feet or Perch		Unobservable input	Valued @
Land	2,064,250	Investment Method (Income Approach) based on market rental values	Front land	0A-2R-35P	Price per Perch	Rs. 9Mn per Perch
Building	1,525,750		Rear land	0A-3R-27.25P	Price per Perch	Rs. 7.5Mn per Perch
			Floor Area	277,514 Sq.ft	Price per Sq.ft	Rs. 5,600 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. 13.6 Mn (2016 - Rs. 10.3Mn).

During the year, the Entity and Investee received a dividend of Rs. 0.7Mn from its equity accounted investee (2016-Nil).

Summary of financial information for the equity accounted investee, is as follows.

	2017 Rs. '000	2016 Rs. '000
CEYLON THEATRES (PVT) LTD		
Ownership	45.00%	45.00%
Current Assets	65,208	45,949
Non current Assets	267,080	257,101
Total Assets	332,288	303,050
Current Liabilities	54,822	55,185
Non current Liabilities	4,083	2,986
Total Liabilities	58,905	58,171
Net Assets	273,383	244,879
Income	448,184	424,020
Expenses	(417,880)	(401,222)
Total Comprehensive Income	30,304	22,798
Entity and Investee Share of Profit/(Loss)	13,637	10,260

The company's investment in its associate is Rs.135Mn (2016-Rs.135Mn). The following table analyses, in aggregate, the carrying amount and share of profit and OCI of the associate.

	Entity & Investee	
	2017 Rs.'000	2016 Rs.'000
As at 1st April	111,513	101,253
Shares Purchased during the year	-	-
Share of Profit / (Loss)	13,740	10,243
Share of OCI	(103)	17
As at 31st March	125,150	111,513

18. Investments

	Entity & Investee	
	2017 Rs.'000	2016 Rs.'000
C T Properties Ltd.	11,500,000	4.6%
As at 01st April	75,226	95,043
Additions / Disposals	-	-
Impairment Provision Gain / (Loss)	10,566	(19,817)
As at 31st March	85,792	75,226

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 and the drop in the holding percentage from 8.36% to 4.6% an impairment reversal of Rs. 10.6Mn was noted during the year.

19. Trade and Other Receivables

Trade Receivables	27,797	22,148
Other Receivables	77,236	72,800
	105,033	94,948
Less: Provision for impairment	(2,482)	(2,482)
	102,551	92,466

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March	Entity and Investee	
	2017 Rs. '000	2016 Rs. '000
20. Short-term Investments-FVTPL		
Investment in Unit Trust	151,882	124,912
21. Cash and Cash Equivalents		
Cash and Bank Balances	1,322	18,071
Bank Overdrafts	(4,832)	(1,023)
Cash and Cash Equivalents in the Statement of Cash Flows	(3,510)	17,048
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	37,117	21,105
Current Service Cost	1,251	2,036
Interest Cost	3,712	2,110
Actuarial (Gain) / Loss	(14,670)	11,866
Payments	-	-
Liability for Defined Benefit Obligations as at 31st March	27,410	37,117
23.1 (a) Amount Recognized in the Statement of Comprehensive Income		
Current Service Cost	1,251	2,036
Interest Cost	3,712	2,110
Provision for Staff Retirement Benefit (Note 8)	4,963	4,146
23.1 (b) Amount Recognized in Other Comprehensive Income		
Actuarial (Gain) / Loss arising from;		
- Experience Adjustment	(3,993)	682
- Financial Assumptions	(10,677)	11,328
- Demographic Assumptions	-	(144)
	(14,670)	11,866
23.1 (c) Actuarial Assumptions		
The following are the principal actuarial assumptions at the reporting date		
Retirement Age (Years)	55 / 65	55 / 65
Rate of Discount	12%	10%
Salary Increment Rate	10%	15%

An actuarial valuation of the Employee Benefit Obligation was carried out as at 31st March 2017 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 2017		31st March 2016	
	Increase Rs.'000s	Decrease Rs.'000s	Increase Rs.'000s	Decrease Rs.'000s
Discount Rate (Change by 1%)	(1,156)	1,248	(1,903)	2,705
Salary Increment Rate (Change by 1%)	1,307	(1,228)	2,656	(1,901)

NOTES TO THE FINANCIAL STATEMENTS

24. Deferred Tax Liabilities

As at 31 st March	Entity and Investee					
	Assets		Liabilities		Net	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
PPE & Investment Property	-	-	399,877	369,937	399,877	369,938
Defined Benefit Obligations	(7,675)	(10,393)	-	-	(7,675)	(10,393)
Intangible Assets	-	-	-	4	-	4
Bad Debt Provision	(695)	(695)	-	-	(695)	(695)
Net Deferred Tax (Assets) / Liabilities	<u>(8,370)</u>	<u>(11,088)</u>	<u>399,877</u>	<u>369,941</u>	<u>391,507</u>	<u>358,854</u>

24.1 Movement in Deferred Tax balances during year

	2016 - 2017				2015 - 2016			
	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	369,938	29,939	-	399,877	338,110	31,828	-	369,938
Defined Benefit Obligations	(10,393)	(1,390)	4,108	(7,675)	(5,910)	(1,161)	(3,322)	(10,393)
Intangible Assets	4	(4)	-	-	(2)	6	-	4
Bad Debt Provision	(695)	-	-	(695)	-	(695)	-	(695)
As at 31st March	<u>358,854</u>	<u>28,545</u>	<u>4,108</u>	<u>391,507</u>	<u>332,198</u>	<u>29,978</u>	<u>(3,322)</u>	<u>358,854</u>

For the year ended 31 st March	Entity and Investee	
	2017 Rs. '000	2016 Rs. '000
25. Security Deposits		
Related Companies	4,960	4,200
Others	174,661	166,059
	<u>179,621</u>	<u>170,259</u>
26. Trade & Other Payable		
Trade Creditors	18,708	22,920
Other Payables	15,783	(322)
Dividends Payable	5,244	2,941
Accrued Expenses	2,076	4,585
	<u>41,811</u>	<u>30,124</u>
27. Income Tax Payable		
As at 1st April	39,409	24,189
Less: Payments made during the year	(100,909)	(74,460)
Provision made during the year (Note 11.2)	87,254	89,680
As at 31st March	<u>25,754</u>	<u>39,409</u>

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	
	2017	2016
	Rs.'000s	Rs.'000s
Trade & Other Receivables	102,551	92,466
Cash & Cash Equivalents	1,322	18,071

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	
	2017	2016
Below 31 days	20,319	17,284
31 - 62 days	5,852	3,272
63 - 93 days	1,222	1,056
94 - 124 days	404	195
Over 125	-	342
	<u>27,797</u>	<u>22,149</u>

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

	Entity and Investee	
	2017	2016
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. 1.3Mn at 31st March 2017 (2016-Rs.18.1Mn), 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 Rs. '000	Current Upto 1 year Rs. '000	Non Current		
			Upto 2 years Rs. '000	Upto 5 years Rs. '000	Above 5 years Rs. '000
Bank Overdrafts	4,832	4,832	-	-	-
Trade and Other Payables	39,735	39,735	-	-	-
Income Tax Payable	25,754	25,754	-	-	-

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	
	2017 Rs. '000	2016 Rs. '000
Total liabilities	701,160	679,307
Less: cash and cash equivalents	(1,322)	(18,071)
Net debt	699,838	661,236
Total equity	3,374,475	3,087,067
Net debt to equity ratio at 31 March	0.21	0.21

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.

31st March 2017	Note	Carrying Amounts (Rs.'000)					Fair Values (Rs.'000)			
		FVTPL	L&R	AFS	OFL	Total	Level 1	Level 2	Level 3	Total
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets Measured at Fair Value										
Investments	18	-	-	85,792	-	85,792	-	-	85,792	85,792
Short Term Investments	20	151,882	-	-	-	151,882	151,882	-	-	151,882
		151,882	-	85,792	-	237,674	151,882	-	85,792	237,674
Financial Assets Not Measured at Fair Value										
Trade and Other Receivables	19	-	102,551	-	-	102,551	-	-	-	-
Cash and Cash equivalents	21	-	1,322	-	-	1,322	-	-	-	-
		-	103,873	-	-	103,873	-	-	-	-
Financial Liabilities Not Measured at Fair Value										
Security Deposits	25	-	-	-	179,621	179,621	-	-	-	-
Trade and Other Payables*	26	-	-	-	39,735	39,735	-	-	-	-
Dues to Cargills (Ceylon) PLC	-	-	-	-	-	-	-	-	-	-
Bank Overdraft/(Secured)	21	-	-	-	4,832	4,832	-	-	-	-
		-	-	-	224,188	224,188	-	-	-	-
31st March 2016	Note	FVTPL	L&R	AFS	OFL	Total	Level 1	Level 2	Level 3	Total
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	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
		124,912	-	75,226	-	200,138	124,912	-	75,226	200,138
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	-	-	-	-
		-	110,537	-	-	110,537	-	-	-	-
Financial Liabilities Not Measured at Fair Value										
Security Deposits	25	-	-	-	170,259	170,259	-	-	-	-
Trade and Other Payables*	26	-	-	-	25,540	25,540	-	-	-	-
Dues to Cargills (Ceylon) PLC	-	-	-	5,227	5,227	-	-	-	-	-
Bank Overdraft/(Secured)	21	-	-	-	1,023	1,023	-	-	-	-
		-	-	-	202,048	202,048	-	-	-	-

* Accrued Expenses that are not Financial Liabilities are not included

FVTPL - Fair Value through Profit or Loss

L&R - Loans & Receivables

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.

	2017	2016
Short term employee benefits	24,565	24,585
Post employment benefits	-	-
	<u>24,565</u>	<u>24,585</u>

c. Key Management Personnel and Directors transactions

Directors of the company control 14.7% 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 be 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

29.2 The aggregate value of transactions and outstanding balances related to 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)	
			2017		2016		2017	2016
			Rs. 000	% of Total Revenue	Rs. 000	% of Total Revenue	Rs. 000	Rs. 000
Ceylon Theatres (Pvt) Ltd	Group Company	Rental & Service Charges	21,210	4.3%	21,044	4.5%	-	-
		Security Deposit					(1,667)	(600)
CT CLSA Securities (Pvt) Ltd	Group Company	Rental & Service Charges	7,979	1.6%	7,721	1.6%	-	-
		Security Deposit					(638)	(638)
CT CLSA Capital (Pvt) Ltd	Group Company	Rental & Service Charges	2,728	0.5%	2,640	0.6%	-	-
		Security Deposit					(218)	(218)
Comtrust Asset Management (Pvt) Ltd	Group Company	Rental & Service Charges	3,009	0.6%	3,341	0.7%	-	-
		Security Deposit					(249)	(369)
CT CLSA Holdings Ltd	Group Company	Rental & Service Charges	1,992	0.4%	1,927	0.4%	-	-
		Security Deposit					(159)	(159)
Cargills Foods Co. (Pvt) Ltd	Group Company	Rental & Service Charges	23,104	4.6%	22,168	4.7%	-	-
		Security Deposit					(1,862)	(1,862)
Cargills Food Processors (Pvt) Ltd	Group Company	Rental & Service Charges	12,664	2.5%	12,148	2.6%	-	-
		Security Deposit					(1,002)	(1,002)
Cargills (Ceylon) PLC	Group Company	Management Fees	3,004	-	3,966	-	-	(4,790)
Cargills Foods Co. (Pvt) Ltd	Group Company	Purchases	150	-	168	-	-	-
Millers Ltd	Group Company	Services Provided	530	-	568	-	-	(951)
Ceylon Theatres (Pvt) Ltd	Group Company	Dividend Received	735	-	-	-	-	-
Comtrust Asset Management (Pvt) Ltd	Group Company	Short Term Investment	151,882	-	124,912	-	151,882	124,912
		Income from Investment	16,150	-	10,070	-	-	-
CT Properties Ltd	Group Company	Services Provided	486	-	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

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				2015
	2017		2016		
	Rs. '000	% Change	Rs. '000	% Change	
OPERATING RESULTS					
Revenue	562,238	-1.9%	572,925	14.9%	498,429
Results from Operating Activities	604,987	21.4%	498,272	44.4%	345,103
Finance Cost	(108)	-83.0%	(636)	-42.0%	(1,096)
Share of Profit-Equity Accounted Investee	13,740	34.2%	10,242	-144.8%	(22,867)
Profit before Taxation	618,619	21.8%	507,878	58.1%	321,140
Profit after Taxation	502,820	29.5%	388,219	62.1%	239,430
Total Comprehensive Income for the year	523,845	38.0%	379,693	58.9%	238,906
ASSETS					
Non Current Assets	3,819,880	8.2%	3,530,924	4.9%	3,364,387
Current Assets	255,755	8.6%	235,449	56.3%	150,672
EQUITY AND LIABILITIES					
Stated Capital	487,500	0.0%	487,500	0.0%	487,500
Reserves	2,886,975	11.1%	2,599,567	7.5%	2,417,925
Deferred Liabilities	418,917	5.8%	395,971	12.1%	353,303
Security Deposits	209,846	1.1%	207,554	5.0%	197,759
Current Liabilities	72,397	-4.5%	75,782	29.4%	58,572
KEY INDICATORS					
Earnings per Share (Rs.)	10.31	29.5%	7.96	48.9%	5.35
Net Assets per Share (Rs.)	69.22	9.3%	63.32	6.2%	59.60
Market Price per Share (Rs.)	44.00	-3.1%	45.40	29.7%	35.00
OTHERS					
Market Capitalization (Rs. '000)	2,145,000	-3.1%	2,213,250	29.7%	1,706,250
Price Earnings Ratio (times)	4.27	-25.2%	5.70	-12.8%	6.54
Dividends per Share (Rs.)	4.85	64.4%	2.95	7.3%	2.75
Interest Cover (times)	5,607.84	615.9%	783.34	148.8%	314.91
Current Ratio (times)	3.53	13.7%	3.11	20.9%	2.57
Dividend Yield (%)	11.02	69.6%	6.50	-17.3%	7.86
Equity to Total Assets (%)	82.80	1.0%	81.96	-0.8%	82.66
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 2017				31 st March 2016			
	Shareholders		Holdings		Shareholders		Holdings	
	Number	%	Number	%	Number	%	Number	%
1 - 1,000	1,859	71.7	528,843	1.1	2,283	75.2	650,173	1.3
1,001 - 10,000	607	23.4	1,900,134	3.9	618	20.4	2,010,595	4.2
10,001 - 100,000	111	4.3	2,856,826	5.9	115	3.8	2,939,847	6.0
100,001 - 1,000,000	13	0.5	4,792,626	9.8	17	0.5	7,692,909	15.8
1,000,001 - Over	3	0.1	38,671,571	79.3	3	0.1	35,456,476	72.7
	2,593	100.0	48,750,000	100.0	3,036	100.0	48,750,000	100.0

3. Analysis of Shareholders

Categories of Shareholders	31 st March 2017				31 st March 2016			
	Non-Residents	Residents	Total	%	Non-Residents	Residents	Total	%
Individuals	651,737	7,070,200	7,721,937	15.84	851,744	9,345,878	10,197,622	20.92
Institutions & Corporate Holdings	171,611	40,856,452	41,028,063	84.16	74,976	38,477,402	38,552,378	79.08
	823,348	47,926,652	48,750,000	100.00	926,720	47,823,280	48,750,000	100.00

4. Top 20 Shareholders

The holdings of the top 20 shareholders as at 31st March 2017 is given below:-

	31 st March 2017		31 st March 2016	
	No of Shares	%	No. of Shares	%
C T Holdings PLC	33,083,657	67.9%	31,298,407	64.2%
Seylan Bank PLC/Thirugnanasambandar Senthilvel	2,979,879	6.1%	2,856,843	5.9%
Sampath Bank PLC/Dr. T. Senthilvel	2,608,035	5.3%	244,231	0.5%
Mr. A.A. Page	654,264	1.3%	654,264	1.3%
Mr. J.C. Page	610,804	1.3%	610,804	1.3%
Mrs. C.K. Muttukumar	510,004	1.0%	740,000	1.5%
Tudawe Brothers Limited	501,105	1.0%	501,105	1.0%
E.W. Balasuriya & Co. (Pvt) Ltd	415,381	0.9%	415,381	0.9%
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%
Mr. A.M. Weerasinghe	301,226	0.6%	1,301,226	2.7%
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. A.C. Visvalingam	217,858	0.4%	525,359	1.1%
Mr. P.G.K. Fernando	164,649	0.3%	106,266	0.2%
Mr. S. Srikanthan	109,882	0.2%	109,882	0.2%
Orit Apparels Lanka (Pvt) Ltd	100,000	0.2%	-	0.0%
Mr. J.D. Bandaranayake	98,174	0.2%	-	0.0%
Hallsville Trading Group Inc.	96,635	0.2%	-	0.0%
Mrs. T.H. Fernando	90,000	0.2%	-	0.0%
Bank of Ceylon A/c Ceybank Unit Trust	-	0.0%	947,904	1.9%
Bank of Ceylon A/c Ceybank Century Growth Fund	-	0.0%	717,563	1.5%
Mr. V.R. Page	-	0.0%	453,062	0.9%
J.B. Cocoshell (Pvt) Ltd	-	0.0%	359,635	0.7%
	43,849,006	89.9%	43,149,385	88.5%
Others (2,573 Shareholders as at 31st March 2017)	4,900,994	10.1%	5,600,615	11.5%
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 2017 was Rs. 44.00 (2016-Rs. 45.40). The highest and lowest values recorded during the year ended 31st March 2017 were Rs. 60.00 and Rs. 42.00 respectively. The highest value was recorded on 21st October 2016 and the lowest value was recorded on 30th January 2017.

6. Share Trading

For the year ended 31 st March	2017	2016
No. of Transactions	1,166	193
No. of Shares Traded	5,040,650	208,201
Value of Shares Traded (Rs.)	286,735,368	9,365,719

7. Dividends

An Interim Dividend of Rs. 1.40 per share was paid on 16th January 2017.

A Second Interim Dividend of Rs. 1.80 per share was paid on 27th March 2017.

8. Public Holders

The percentage of shares held by the public as at 31st March 2017 (2,577 shareholders) was 16.07% (31st March 2016 - 3,020 shareholders holding 23.5%).

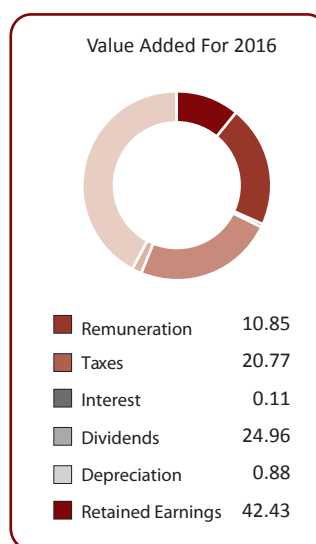
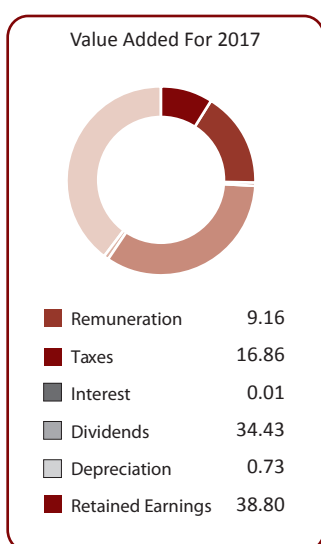
STATEMENT OF VALUE ADDED

For the year ended 31 st March	Company			
	2017		2016	
	% of Total	Rs. '000	% of Total	Rs. '000
Creation of Value Added				
Revenue		562,238		572,925
Operating Expenses		(174,449)		(177,214)
Value Added from Operations		387,789		395,712
Other Income		15,848		9,198
Change in Fair Value of Investment Property		269,250		180,750
Share of Profit/(Loss) of Equity Accounted Investee		13,740		10,243
Impairment-Investment in Equity		-		(19,817)
Total Value Added		686,627		576,085
Distribution of Value Added				
To Associates				
Salaries, Wages and related costs	9.16	62,916	10.85	62,481
To Government				
as Income Taxes	12.71	87,254	15.57	89,680
as Deferred Taxes	4.16	28,545	5.20	29,978
		115,799		119,658
To Lenders of Capital				
as Interest	0.01	108	0.11	636
To Shareholders				
as Dividends	34.43	236,438	24.96	143,813
Retained for Growth				
Depreciation	0.73	4,984	0.88	5,089
Retained Earnings	38.80	266,382	42.43	244,407
		271,366		249,497
	100.00	686,627	100.00	576,085

STATEMENT OF VALUE ADDED - GRAPHS

For the year ended 31st March

	Company		Company	
	2017	2016	2017	2016
	% of Total	Rs. '000	% of Total	Rs. '000
Distribution of Value Added				
Remuneration	9.16%	62,916	10.85%	62,481
Taxes	16.86%	115,799	20.77%	119,658
Interest	0.01%	108	0.11%	636
Dividends	34.43%	236,438	24.96%	143,813
Depreciation	0.73%	4,984	0.88%	5,089
Retained Earnings	38.80%	266,382	42.43%	244,407
	100.00%	686,627	100.00%	576,085



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Fourth Annual General Meeting of the Company will be held at the Sri Lanka Foundation Institute, No. 100, Independence Square, Colombo 7 on 27th June 2017 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 2017 with the Report of the Auditors thereon.
2. Re-elect Directors who are due to retire by rotation and are eligible for re-election:
 - (a) Mr. L. R. Page
 - (b) Mr. S. C. Niles
3. Re-elect Mr. Sunil Mendis who is over 70 years of age as a Director.
4. Re-elect Dr. T. Senthilvelu who is over 70 years of age as a Director.
5. Re-elect Mr. A.T.P. Edirisinghe who is over 70 years of age as a Director.
6. Elect Mr. V.R. Page as a Director, pursuant to Article 110 of the Articles of Association of the Company.
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
26th May 2017

FORM OF PROXY

For use at the Thirty Fourth 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 Fourth Annual
General Meeting of the company to be held on 27th June 2017 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 (a)	2 (b)	3	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 FORM OF PROXY:

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