



MAJESTIC CITY



CT LAND DEVELOPMENT PLC  
ANNUAL REPORT 2018 | 2019



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**Fast Food and Drinks**

INTERNATIONAL

**Supermarket**

FRANCHISE

RESTAURANT

**Banks and ATMs**

FOOD ZONE

**EXCLUSIVE INTERNATIONAL**

**BRANDS AND UP-MARKET**

**FASHION BOUTIQUES**

MULTIPLEX WITH

FOUR SCREENS

**Wide Array of Products**

**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 utilised 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.

# FINANCIAL SPOTLIGHT

Year ended 31st March	Company				2017
	2019 Rs. '000	% Change	2018 Rs. '000	% Change	
<b>OPERATING RESULTS</b>					
Revenue	594,634	5.2%	565,115	0.5%	562,238
Results from Operating Activities	569,772	3.5%	550,686	-8.9%	604,988
Finance Cost	(869)	21.3%	(716)	562.9%	(108)
Share of Profit-Equity Accounted Investee	(33,142)	88.1%	(17,266)	-225.7%	13,740
Profit before Taxation	535,761	0.7%	532,704	-13.9%	618,620
Profit after Taxation	412,229	0.5%	410,012	-18.5%	502,821
<b>Total Comprehensive Income for the year</b>	<b>416,515</b>	<b>2.7%</b>	<b>406,199</b>	<b>-22.5%</b>	<b>523,846</b>
<b>ASSETS</b>					
Non Current Assets	4,249,510	5.5%	4,027,301	5.4%	3,819,879
Current Assets	490,567	50.2%	326,668	27.7%	255,756
<b>EQUITY &amp; LIABILITIES</b>					
Stated Capital	1,982,500	0.0%	1,982,500	306.7%	487,500
Reserves	1,962,814	20.6%	1,627,549	-43.6%	2,886,975
Deferred Liabilities	492,790	5.5%	467,040	11.5%	418,917
Security Deposits	249,370	17.2%	212,725	1.4%	209,846
Current Liabilities	52,602	-18.2%	64,155	-11.4%	72,397
<b>KEY INDICATORS</b>					
Earnings per Share (Rs.)	5.07	0.7%	5.05	-50.1%	10.11
Net Assets per Share (Rs.)	48.56	9.3%	44.43	-35.8%	69.22
Market Price per Share (Rs.)	28.40	-8.7%	31.10	-29.3%	44.00
<b>OTHERS</b>					
Market Capitalization (Rs. '000)	2,307,500	0.0%	2,526,875	17.8%	2,145,000
Price Earnings Ratio (times)	5.60	-0.7%	6.16	44.3%	4.35
Dividends per Share (Rs.)	1.00	-71.4%	3.50	-27.8%	4.85
Interest Cover (times)	655.60	-14.7%	769.11	-86.3%	5,601.70
Current Ratio (times)	9.33	83.5%	5.09	44.2%	3.53
Dividend Yield (%)	3.52	-71.4%	11.25	2.1%	11.02
Equity to Total Assets (%)	83.23	0.4%	82.91	0.1%	82.80
Number of Shares in Issue ('000)	81,250	0.0%	81,250	66.7%	48,750



Net Assets

Rs. **3.9**Bn



Profit For The Year

Rs. **412.2**Mn



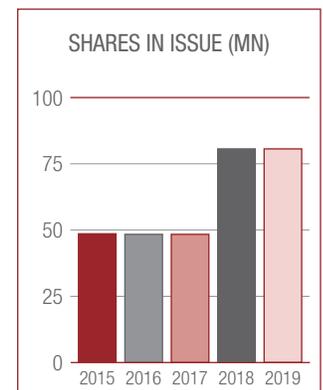
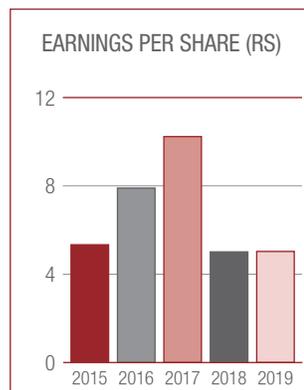
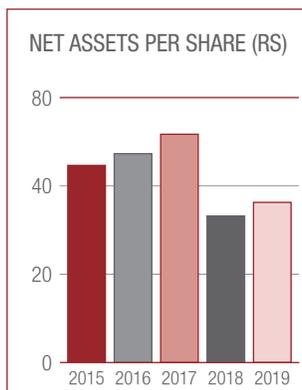
Market Capitalisation

Rs. **2.3**Bn



Dividend Paid

Rs. **81.2**Mn



## CHAIRMAN'S MESSAGE

An additional car park with a parking facility for about 35 vehicles was completed and the management has just commenced a refurbishment programme, with a proposed investment of about Rs 450 Million covering much of the services and facilities as well as the shopping areas.



Profit For The Year

Rs. **412.2**Mn



Net Assets

Rs. **3.9**Bn

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 2019.

### REVIEW OF OPERATIONS

The Company owns and operates the Majestic City shopping and entertainment Mall which functions as a mass market destination, attracting a wide segment of the population. The Mall boasts of over 200 shops, a super market, Food Zone, four cinema screens, three Banks and an international Franchise Restaurant. Conveniently located and easily accessible, Majestic City has been a key destination in the shopping and entertainment landscape of Colombo for over 25 years.

The management of the Company has always taken steps to maintain this Mall to the highest standards in order to offer shoppers and visitors to the mall a unique and enjoyable shopping experience. Towards this end the Company undertakes periodic refurbishment of the mall in order to maintain the services to tenants and customers. An additional car park with a parking facility for about 35 vehicles was completed during the year under review and the management has just commenced a refurbishment programme, with a proposed investment of about Rs. 450 Million covering much of the services and facilities as well as the shopping areas. The programme would be spread over a period of about 12 months and is expected to be completed by June 2020. The investment would be funded from internal sources and borrowings.

The management is confident that the refurbishment programme would enable the Company to continue to maintain Majestic City to its customary high standards and position the mall as an attractive shopping and entertainment destination.

### FINANCIAL RESULTS

The Company recorded a steady performance during the year with Revenue for the year amounting to Rs. 594.6 Mn which is 5.2% above the previous year. The Company adopts a practice of signing rolling four-year rental agreements up to a fixed date. Accordingly, new rental agreements which run up to end 2022 were signed with all its tenants with effect from 1st January 2019. In accordance with the Sri Lanka accounting standards, rental income is accounted in profit or loss on a straight line basis over the period of the lease and the increase effective for the first quarter of 2019 has been included in the Revenue for the year.

There was a marginal increase of 0.5% in the profit after taxation of the company due to the operating profit being eroded due to its share of loss from Ceylon Theatres (Pvt) Ltd., in which the company owns a 45% stake. The profit after taxation of the Company amounted to Rs. 412.2Mn compared to Rs. 410.0Mn in the previous year.

### APPROPRIATIONS

The company paid an interim dividend of Rs. 1.00 per share on 29th November 2018 from the profits of the current year. The Directors are pleased to recommend a final dividend of Rs. 1.25 payable on 02nd August 2019, subject to shareholder approval at the forthcoming Annual General Meeting. The proposed final dividend has not been reflected as a liability in the Financial Statements.

### OUTLOOK

The events subsequent to the reporting period in April 2019 caused a sharp decline in visitors to the mall and a drop in revenue in the outlets within the mall. Access to the shopping area also had to be restricted for about 10 days due to security considerations. As a mitigating measure, the management of the company decided to forego the rental charge for this period and offer discounted rentals during this year. Although there would be a negative impact on the financial results due to these rental reductions, the management is of the view that there will be minimal impact on the medium term, as the situation is expected to improve in the future.

We are confident that the mall would continue to be attractive to its core customer base despite the entry of new properties with different offerings. The refurbishment being carried out will ensure that the mall is maintained on a level comparable to the market.

### 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  
03rd July 2019

# BOARD OF DIRECTORS

**MR. R. SELVASKANDAN**

*Chairman, Independent Non-Executive Director*

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

**MR. J. C. PAGE**

*Deputy Chairman/Managing Director, Executive 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 35 years of Management experience in the private sector.

**MRS. M. G. PERERA**

*Finance Director, Executive Director*

Mrs. Mignon Perera is an Associate Member of the Chartered Institute of Management Accountants, UK and possesses over 35 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**

*Independent Non-Executive Director*

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 possesses 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. L. R. PAGE**

*Non-Executive Director*

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 functions as the Chairman of CT Holdings PLC, Chairman of Cargills (Ceylon) PLC and as a Director of several other group companies. He has also held a number of senior positions at the highest level in overseas public companies and institutions.

**DR. T. SENTHILVERL**

*Independent Non-Executive Director*

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

**MR. SUNIL MENDIS**

*Independent Non-Executive Director*

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**

*Non-Executive Director*

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 Managing Director of Ceylon Theatres (Pvt) Ltd and a Director of the parent company, C T Holdings PLC as well as other companies within the group.

**MR. V. R. PAGE**

*Non-Executive Director*

Mr. V. Ranjit Page possesses over 35 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.

## CORPORATE GOVERNANCE

Subject	Compliance Status	Remarks
<p><b>1. Non-Executive Directors</b></p> <p>a) The Board shall include at least three non-executive directors; or one third of the total number of directors whichever is higher.</p>	Complied	The Board of Directors consists of nine directors of whom seven are non-executive directors.
<p><b>2. Independent Directors</b></p> <p>a) Three or one-third of non-executive directors appointed to the Board of Directors, whichever is higher, shall be independent.</p> <p>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.</p>	Complied Complied	Four directors out of the seven non-executive directors are independent. All non-executive directors submit signed declarations of independence / non-independence annually.
<p><b>3. Disclosures relating to Directors</b></p> <p>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'.</p> <p>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.</p> <p>c) The Board shall publish in its Annual Report, a brief resume of each director on its Board.</p> <p>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.</p>	Complied Complied Complied Complied	Dr. T. Senthilvel, Mr. A.T.P. Edirisinghe, Mr. R. Selvaskandan and Mr. Sunil Mendis are independent directors of the Company. 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. Disclosed in the Annual Report. Not applicable.

Subject	Compliance Status	Remarks
<p><b>4. Remuneration Committee</b></p> <p>a) A listed company shall have a Remuneration Committee comprising a minimum of two independent non-executive directors or exclusively by non-executive directors, a majority of whom shall be independent, whichever is higher.</p> <p>b) One non-executive director shall be appointed as Chairman of the Committee by the Board.</p> <p>c) The Remuneration Committee shall recommend the remuneration payable to executive directors and the chief executive officer, to the Board.</p> <p>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.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>	<p>The Remuneration Committee consists of three independent non-executive directors.</p> <p>The chairman of the Remuneration Committee is an independent non-executive director.</p> <p>Disclosed in the Remuneration Committee Report.</p> <p>Disclosed under Corporate Information and in the Remuneration Committee report. Remuneration paid to directors is disclosed in Notes to the Financial Statements.</p>
<p><b>5. Audit Committee</b></p> <p>a) A listed company shall have an Audit Committee comprising a minimum of two independent non-executive directors or exclusively by non-executive directors, a majority of whom shall be independent, whichever is higher.</p> <p>b) One non-executive director shall be appointed as Chairman of the Committee by the Board.</p> <p>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.</p> <p>d) The chairman or one member of the committee should be a member of a recognized professional accounting body.</p> <p>e) The Annual Report should set out the names of directors comprising the Audit Committee</p> <p>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.</p> <p>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.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>	<p>The Audit Committee consists of three independent non-executive directors.</p> <p>The Chairman of the Audit Committee is an independent non-executive director.</p> <p>The Deputy Chairman / Managing Director and Finance Director attend all Audit Committee meetings, except in the case of an inability to attend.</p> <p>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.</p> <p>Disclosed under Corporate Information and in the Audit Committee report.</p> <p>Disclosed in the report of the Audit Committee.</p> <p>Disclosed in the report of the Audit Committee.</p>

## CORPORATE GOVERNANCE (CONTD...)

Subject	Compliance Status	Remarks
<p><b>6. Related Party Transactions Review Committee</b></p> <p>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.</p> <p>b) One independent non-executive director shall be appointed as Chairman of the Committee by the Board.</p> <p>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.</p> <p>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".</p> <p>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.</p> <p>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.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>	<p>The Related Party Transactions Review Committee consists of three independent non-executive directors.</p> <p>The Chairman of the Related Party Transactions Review Committee is an independent non-executive director.</p> <p>The Committee met four times during the year under review. 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.</p> <p>Not applicable.</p> <p>Not applicable</p> <p>Not Applicable</p>

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.	Complied	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.	Complied	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.	Complied	Not applicable.

# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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 - Chairman	Independent
Mr. S. Mendis	Independent
Mr. R. Selvaskandan	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:-

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

Four 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*

3rd July 2019

# THE REMUNERATION COMMITTEE REPORT

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

Name	Non-Executive Directors
Mr. Sunil Mendis - Chairman	Independent
Mr. A.T.P. Edirisinghe	Independent
Mr. R. Selvaskandan	Independent

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*

3rd July 2019



## FINANCIAL REPORTS

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# 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 2019. 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 6 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 2019 are given on pages 26 to 29 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 30 to 39

## PROPERTY, PLANT AND EQUIPMENT AND 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 2019. The current effective capital value of the investment property increased to Rs. 4.02Bn 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. 213.5Mn is recorded in the Statement of Comprehensive Income for the year ended 31st March 2019.

## STATED CAPITAL

The Stated Capital of the Company as at 31st March 2019 was Rs. 1.98Bn (2018-Rs. 1.98Bn) comprising 81.25Mn ordinary (voting) shares (2018 – 81.25Mn).

## DIRECTORS

The directors indicated on page 8 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.

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 over 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	1
Ms. M. G. Perera	4	4	1	1
Mr. A. T. P. Edirisinghe	4	4	1	1
Mr. Sunil Mendis	4	3	1	1
Mr. S. C. Niles	4	4	1	1
Mr. L. R. Page	4	1	1	0
Mr. V. R. Page	4	0	1	0
Dr. T. Senthilvel	4	3	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 and reporting on recurrent and non-recurrent transactions with related parties in line with the applicable CSE Rules.

The said Committee has informed the Board 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.

### DIVIDENDS

An Interim Dividend of Rs. 1.00 per share was paid to shareholders, for the year ended 31st March 2019. The Board has recommended a final dividend of Rs. 1.25 per share amounting to Rs. 101.6Mn.

### DIRECTORS' SHAREHOLDINGS

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

	As at	As at
	31.03.2019	31.03.2018
R. Selvaskandan	-	-
J.C. Page	1,018,007	1,018,007
M.G. Perera	-	-
A.T.P. Edirisinghe	5,000	5,000
Sunil Mendis	-	-
S.C. Niles	3,333	3,333
L.R. Page	447,478	447,478
V.R. Page	-	-
Dr. T. Senthilverl	9,381,718	9,361,112
	10,855,536	10,834,930

### DONATIONS

During the year the Company made charitable donations amounting to Rs. 314,000/- (2018-Rs. 2,565,000/-).

### 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.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS (CONTD...)

## 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



A. T. P. Edirisinghe  
Director



S. C. Niles  
Director



Charuni Gunawardana  
Secretary

Colombo  
3rd July 2019

# STATEMENT OF DIRECTORS' RESPONSIBILITY

## MAINTENANCE OF ACCOUNTING RECORDS

Under the provisions of the Companies Act No. 07 of 2007 ("the Act"), every company is required to maintain accounting records which correctly record and explain the Company's transactions, and will at any time enable the financial position of the Company to be determined with reasonable accuracy, enable the Directors to prepare financial statements in accordance with the Act and also enable the financial statements of the Company to be readily and properly audited.

## PREPARATION OF FINANCIAL STATEMENTS OF THE COMPANY AND GROUP

The Act places the responsibility on the Board of Directors to ensure that financial statements are prepared within the prescribed time period in conformity with the Act. Such financial statements of a Company shall give a true and fair view of the state of affairs of the Company as at the reporting date and the profit or loss or income and expenditure, as the case may be, of the Company for the accounting period ending on that reporting date.

## DIVIDENDS

In the event of any distribution of dividends, the Board of Directors are required to satisfy themselves that the Company will, immediately after the relevant distribution is made, satisfy the solvency test, provided that such a certificate is obtained from the auditors.

## ANNUAL REPORT

The Board of Directors are required to prepare an Annual Report on the affairs of the Company during the accounting period ending on the reporting date in the prescribed format and circulate the same to every shareholder of the Company within the time frame prescribed in the Act.

## INDEPENDENT AUDIT

The Act requires the Company to appoint an Auditor to audit the financial statements of the Company for the reporting period. Accordingly, M/s KPMG presently function as the Auditors of the Company. Their responsibility with regard to the financial statements as auditors of the Company are set out in the Independent Auditors' Report set out on Page 23.

## MANAGEMENT

The Directors are responsible for the proper management of the resources of the Company. The internal control system has been designed and implemented to obtain reasonable but not absolute assurance that the Company is protected from undue risks, frauds and other irregularities.

## COMPLIANCE

Considering the present financial position of the Company and the foreseeable future, the Directors have adopted the going concern basis for the preparation of these financial statements.

The Directors confirm that:

- (a) The Company is in compliance with the requirements of the Act as aforementioned.
- (b) These financial statements have been prepared in accordance with the requirements of the Companies Act No. 07 of 2007 and applicable Sri Lanka Accounting Standards, which have been consistently applied and supported by reasonable and prudent judgments and estimates.
- (c) The Company has satisfied the solvency test, in respect of dividends declared during the year.
- (d) The Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange in respect of the related party transactions entered in to by the company during the year.
- (e) All statutory payments have been made up to date.

The Directors are satisfied that the control procedures within the Company operated effectively during the year.

By Order of the Board of Directors



Charuni Gunawardana  
Company Secretary

3rd July 2019

# 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 – 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 four 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/or the 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 2020, subject to the approval by the shareholders at the Annual General Meeting.



A.T.P. Edirisinghe  
Chairman – Audit Committee

3rd July 2019

# INDEPENDENT AUDITORS' REPORT



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
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Internet : [www.kpmg.com/lk](http://www.kpmg.com/lk)

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of CT Land Development PLC Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of CT Land Development PLC ("the Company"), which comprise the statement of financial position as at March 31, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 26 to 57.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our

report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to Note 24.2 of the financial statements wherein the Company has considered all land held and used in business as Investment Assets. Based on our understanding of the Inland Revenue Act No. 24 of 2017 and legal advice provided by the expert, there is significant judgment involved in determining whether the lands held by the entity and used in business are to be considered as capital assets or investment assets due to the uncertainties that exist with respect to the interpretation of the application. In the event the Company's position is not held by the Authorities, the impact on the Company's statement of profit or loss is disclosed in Note 24.2 to the financial statements. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance

in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 01. Valuation of investment properties

As described in Note 3.6 (Accounting policies) and Note 16 (Investment properties), the fair value of investment properties amounted to Rs.4,019Mn as at 31st March 2019.

#### Risk Description

Management's assessment of fair value of the investment property is based on the valuation performed by a qualified independent property valuer in accordance with recognized industry standards. The valuation of the property requires the application of significant judgment and estimation in the selection of the appropriate valuation methodology to be used and in estimating the key assumptions applied. These key assumptions include market comparable used, taking into consideration for differences such as location, size and tenure. A change in the key assumptions will have an impact on the valuation.

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

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakanier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyrathne FCA	S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan ACA	M.N.M. Shameel ACA	Ms. C.T.K.N. Perera ACA
<b>Principals</b> - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA		

# INDEPENDENT AUDITORS' REPORT (CONTD...)



## Our audit procedures included,

- Assessing the objectivity and independence of the external valuer and the competence and qualification of the external valuer.
- Assessing the appropriateness of the valuation techniques used by the external valuer, taking into account the profile of the investment properties.
- Discussions with management and the external valuer and compare the key assumptions used against externally published market comparable where available or with other benchmark data and challenging the reasonableness of key assumptions based on our knowledge.
- Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent

with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that



may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

The engagement partner on the audit resulting in this independent auditors' report's Membership number is 2599.

KPMG  
Colombo, Sri Lanka  
3rd July 2019

# STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the Year ended 31st March	Note	Company	
		2019 Rs. '000	2018 Rs. '000
Revenue	6	594,634	565,115
Other Income	7	246,261	238,236
Personnel Cost	8	(90,948)	(79,592)
Depreciation & Amortisation	14&15	(7,275)	(5,013)
Other Operating Cost		(172,900)	(168,060)
Results from Operating Activities	9	569,772	550,686
Finance Costs	10	(869)	(716)
Share of Loss of Equity Accounted Investee	17	(33,142)	(17,266)
Profit before Taxation		535,761	532,704
Income Tax Expenses	11	(123,533)	(122,692)
Profit for the Year		412,228	410,012
<b>Other Comprehensive Income</b>			
<i>Items that will not be Reclassified to Profit or Loss</i>			
Remeasurement of Defined Benefit Liability	23	6,740	(7,444)
Related Tax		(1,887)	2,084
Equity Accounted Investee-Share of OCI	17	(566)	1,547
Other Comprehensive Income for the Year		4,287	(3,813)
Total Comprehensive Income for the year		416,515	406,199
Earnings per Share Rs.	12	5.07	5.05

Figures in brackets indicate deductions

The notes on pages 30 to 57 form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	Company	
		2019 Rs. '000	2018 Rs. '000
<b>ASSETS</b>			
<i>Non Current Assets</i>			
Property, Plant & Equipment	14	65,638	27,218
Intangible Assets	15	5,620	-
Investment Property	16	4,019,228	3,805,700
Equity Accounted Investee	17	75,722	109,430
Investments	18	83,302	84,953
		<b>4,249,510</b>	<b>4,027,301</b>
<b>Current Assets</b>			
Trade and Other Receivables	19	89,297	107,255
Short Term Investments	20	346,276	193,034
Cash and Cash Equivalents	21	54,993	26,379
		<b>490,566</b>	<b>326,668</b>
<b>Total Assets</b>		<b>4,740,076</b>	<b>4,353,969</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	22	1,982,500	1,982,500
Retained Earnings		1,952,248	1,616,983
FV Reserve		10,566	10,566
		<b>3,945,314</b>	<b>3,610,049</b>
<b>Non Current Liabilities</b>			
Retirement Benefit Obligations	23	37,895	39,440
Deferred Tax Liabilities	24	454,895	427,600
Security Deposits	25	165,392	195,962
Deferred Interest		83,978	16,763
		<b>742,160</b>	<b>679,765</b>
<b>Current Liabilities</b>			
Trade and Other Payables	26	33,527	39,323
Dues to Related Companies		-	1,368
Current Tax Liabilities	27	19,028	21,197
Bank Overdraft/(Secured)	21	47	2,267
		<b>52,602</b>	<b>64,155</b>
<b>Total Equity and Liabilities</b>		<b>4,740,076</b>	<b>4,353,969</b>

The notes on pages 30 to 57 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.



Ms. 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 3rd July 2019.  
Signed for and on behalf of the Board.



A.T.P. Edirisinghe  
Director



S. C. Niles  
Director

## STATEMENT OF CHANGES IN EQUITY

	Company				Total Rs.
	Note	Stated Capital Rs.'000	Retained Earnings Rs.'000	AFS Reserve Rs.	
Balance as at 01st April 2017		487,500	2,876,409	10,566	3,374,475
Profit for the Year		-	410,012	-	410,012
Other Comprehensive Income					
- Defined Benefit Plan Actuarial Gains (Losses) net of Tax		-	(5,360)	-	(5,360)
- Share of OCI of Equity Accounted Investee		-	1,547	-	1,547
- Gain on Fair Value of Long Term Investment		-	-	-	-
Total Comprehensive Income		-	406,199	-	406,199
Issue of Shares (Note 22)		1,495,000	(1,495,000)	-	-
Dividends Paid		-	(170,625)	-	(170,625)
Transactions with owners of the company		1,495,000	(1,665,625)	-	(170,625)
<b>Balance as at 01st April 2018</b>		<b>1,982,500</b>	<b>1,616,983</b>	<b>10,566</b>	<b>3,610,049</b>
Profit for the Year		-	412,228	-	412,228
Other Comprehensive Income					
- Defined Benefit Plan Actuarial Gains (Losses) net of tax		-	4,853	-	4,853
- Share of OCI of Equity Accounted Investee		-	(566)	-	(566)
- Gain on Fair Value of Long Term Investment		-	-	-	-
Total Comprehensive Income		-	416,515	-	416,515
Dividends Paid		-	(81,250)	-	(81,250)
Transactions with owners of the company		-	(81,250)	-	(81,250)
<b>Balance as at 31st March 2019</b>		<b>1,982,500</b>	<b>1,952,248</b>	<b>10,566</b>	<b>3,945,314</b>

# STATEMENT OF CASH FLOWS

For the year ended 31st March	Company	
	2019 Rs'000	2018 Rs'000
<b>Cash flows from Operating Activities</b>		
Profit before Tax	535,761	532,704
Adjustments for:		
Depreciation & Amortization	7,275	5,013
Change in Fair Value of Investment Properties	(213,528)	(215,700)
Change in Fair Value of Financial Instruments	1,757	(1,151)
Impairment-Equity Investment	1,651	839
Dividend Received-Short Term Investment	(34,163)	(18,460)
Provision for Defined Benefit Obligation	5,959	5,102
Share of Profit-Equity Accounted Investee	33,142	17,266
Loss on Disposal of PPE	-	(2,647)
Finance Cost	869	716
	<b>338,723</b>	<b>323,681</b>
<b>Changes in Working Capital:</b>		
Trade & Other Receivables	17,958	(4,703)
Trade & Other Payables	(6,064)	(3,716)
Security Deposits	36,645	2,880
Cash Generated from / (Used in) Operating Activities	<b>387,262</b>	<b>318,142</b>
<b>Interest Paid</b>	<b>(869)</b>	<b>(716)</b>
Retirement Benefits Paid	(763)	(516)
Current Tax Paid	(100,293)	(89,072)
<b>Net Cash Generated from / (Used in) Operating Activities</b>	<b>285,337</b>	<b>227,838</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Property, Plant & Equipment	(28,527)	(13,293)
Sale of Property, Plant & Equipment	-	2,647
Expenses incurred on Capital WIP	(16,968)	-
Investments on Financial Instruments	(155,000)	(40,000)
Purchase of Intangible Assets	(5,821)	-
Dividend Received	34,163	18,460
<b>Net Cash Generated from / (Used in) Investing Activities</b>	<b>(172,153)</b>	<b>(32,186)</b>
<b>Cash Flow from Financing Activities</b>		
Dividends Paid	(82,350)	(168,031)
<b>Net Cash Generated from / (Used in) Financing Activities</b>	<b>(82,350)</b>	<b>(168,031)</b>
<b>Net Increase/(Decrease) In Cash &amp; Cash Equivalents during The Year</b>	<b>30,835</b>	<b>27,621</b>
Cash & Cash Equivalents at the Beginning of the Year	24,112	(3,509)
<b>Cash &amp; Cash Equivalents at the End of the Year (Note 21)</b>	<b>54,946</b>	<b>24,112</b>

# 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 2019 is 30 (2018 - 29).

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 3rd July 2019.

### 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 – Measurement of Defined Benefit Obligation
- Note 24 – Deferred Taxation

### 2.7 Materiality and Aggregation

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 3.1 Financial Instruments

The Company adopted SLFRS 9 from 01st April 2018.

#### 3.1.1 Financial Assets

##### Initial Recognition and Measurement

The company initially recognizes trade receivables and debt securities issued when they are originated. All other financial assets and financial liabilities are initially recognized when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### Classification and Subsequent Measurement of Financial Assets

On initial recognition, financial assets are classified as amortised cost; FVOCI (Fair value through OCI) debt investment; FVOCI - equity investment; or FVTPL (Fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Re-classification of Financial Assets

Re-classification of financial assets is required if the Company changes its business model for managing those financial assets. Re-classification is applied prospectively from the date of the re-classification.

##### De-recognition of Financial Assets

On de-recognition of a financial asset in its entirety, the difference between: The carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss.

##### Impairment of Financial Instruments and Contract Assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI;

And the Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

# NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held);
- or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

## Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

## Presentation of Allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

## 3.1.2 Financial Liabilities

Financial Liabilities are initially recognised only when the company becomes a party to the contractual provisions of the financial instrument. All financial liabilities are recognized initially at fair value. The Company's financial liabilities include trade and other payables. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. A financial liability is derecognized only when it is extinguished - i.e. when the obligation specified in the contract is discharged or cancelled or expires.

## 3.1.3 Policy applicable on Financial Instruments before 01st April 2018

### 3.1.3.1 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.

### 3.1.3.2 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.

### 3.1.3.3 Fair value Measurement

SLFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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.

### 3.1.3.4 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).

### 3.1.3.5 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

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 capitalised as a part of that equipment.

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

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

### 3.2.2 Subsequent Costs

Subsequent expenditure is capitalised 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 and loss when the item is derecognized.

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

### 3.2.4 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

	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:

	Amortisation	Useful Life
Website	50%	2 years
Improvement of Leasehold property	10%	10 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.

### 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

# NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

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.

### 3.8.2 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.

## 3.9 Stated Capital - Ordinary Shares

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

## 3.10 Employee Benefits

### 3.10.1 Defined Benefit Plan

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

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

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

### 3.10.2 Defined Contribution Plan

Defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay any further amounts. Obligations for contributions to Employees Provident Fund and Employees Trust Fund covering all employees are recognized as an expense in the statement of comprehensive income, as incurred.

**(a) Employees' Provident Fund**

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

**(b) Employees' Trust Fund**

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

**(c) Short-Term Benefits**

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

**3.11 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.

**3.12 Turnover**

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

**3.12.1 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.

**3.12.2 Service Charge and Car Park Income**

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

**3.13 Other Income****3.13.1 Dividends**

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

**3.13.2 Others**

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

**3.14 Expenses**

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

**3.15 Finance Cost**

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

**3.16 Taxation****3.16.1 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.

**3.16.2 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 assets 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.

**3.16.3 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.

**3.17 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

## 3.18 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. Cash and cash equivalents include notes and coins on hand, balances with banks, money at call and short notice with less than three months maturity from the date of acquisition.

## 3.19 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.

## 3.20 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.

## 3.21 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

Standards effective for annual periods beginning on or after 1st January 2019  
SLFRS 16 – Leases

SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between On-Balance Sheet finance leases and Off-Balance Sheet operating leases. Instead, there will be a single On-Balance Sheet accounting model that is similar to current finance lease accounting.

Impact: The Company has not assessed the impact arising from SLFRS 16.

- FRIC 23; Uncertainty over Tax Treatments.
- Prepayment features with negative compensation (Amendments to SLFRS 9).
- Long term interests in Associates and Joint Ventures (Amendments to LKAS 28).
- Plan Amendment, Curtailment or settlement (Amendment to LKAS 19).
- Annual Improvements to SLFRS Standards 2015-2017 Cycle- various standards.
- Annual Improvements to SLFRS3-Business combinations, SLFRS 11 – Joint Arrangements, LKAS12 Income Taxes.

The company is in the process of assessing the impact on adoption of the standards.

## 5. FINANCIAL RISK MANAGEMENT

### 5.1 Introduction and Overview

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

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

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

### 5.2 Risk Management Framework

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

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

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

### 5.3 Credit Risk

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

#### Trade and other Receivables

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

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

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

#### 5.4 Liquidity Risk

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

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

#### 5.5 Market Risk

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

#### 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 (CONTD...)

For the Year ended 31st March	Company	
	2019 Rs. '000	2018 Rs. '000
<b>6. REVENUE</b>		
Rental Income	464,853	439,436
Service Charges	68,550	69,988
Car Park Income	19,048	14,966
Promotional Income	37,674	36,636
Sundry Income	4,508	4,089
	<b>594,634</b>	<b>565,115</b>
<b>7. OTHER INCOME</b>		
Change in Fair Value of Investment Property	213,528	215,700
Change in Fair Value of Investment in Financial Assets	(1,757)	1,151
Impairment Allowance for Long Term Investment	(1,651)	(839)
Gain on Disposal of PPE	-	2,647
Interest Income-Money Market	1,979	1,117
Dividend Income from Investment in Financial Instruments	34,163	18,460
	<b>246,261</b>	<b>238,236</b>
<b>8. PERSONNEL COST</b>		
Salaries and Wages	58,325	50,692
Contribution to Employees Provident Fund	6,036	5,163
Contribution to Employees Trust Fund	1,509	1,290
Provision for Staff Retirement Benefits	5,959	5,102
Other	19,119	17,345
	<b>90,948</b>	<b>79,592</b>
<b>9. RESULTS FROM OPERATING ACTIVITIES</b>		
Results from operating activities are stated after deducting all operating expenses including the following:		
Directors Fees	11,620	11,709
Audit Fees	484	440
Legal & Secretarial Fees	1,081	1,372
Professional Fees	1,118	1,960
<b>10. FINANCE COST</b>		
Interest on Bank Overdraft	869	716
	<b>869</b>	<b>716</b>

## 11. INCOME TAX EXPENSE

### 11.1 Tax recognised in the Statement of Comprehensive Income

For the Year ended 31st March	Company	
	2019 Rs. '000	2018 Rs. '000
a) Current Tax (Note 11.2)		
Current Year	98,124	84,515
	98,124	84,515
b) Deferred Tax Expense (Note 24)		
Origination and Reversal of Taxable Temporary Differences	26,864	39,461
Change in Recognized Deductible Temporary Differences	(1,455)	(1,284)
	25,409	38,177
<b>Total Tax Expense</b>	<b>123,533</b>	<b>122,692</b>

### 11.2 Reconciliation of Accounting Profit and Taxable Income

Profit Before Tax	535,761	532,704
Add: Disallowable Expenses	17,639	16,156
Less: Allowable Expenses	(26,000)	(27,347)
Less: Exempt Income	33,142	17,266
<b>Less: Income from other sources</b>		
Dividend Income from Investment in Financial Instruments	(34,163)	(18,460)
Interest Income-Money Market	(1,979)	(1,117)
Impairment-Investment in Equity	1,651	839
Change in Fair Value of Investment Property	(213,528)	(215,700)
Business Income	312,523	304,340
Income from Other Sources	37,940	-
Statutory Income	350,463	304,340
Assessable Income	350,463	304,340
Less: Deductions	(20)	(2,500)
<b>Total Taxable Income</b>	<b>350,443</b>	<b>301,840</b>
<b>Tax Liability</b>		
Taxable Income at 28% (2018-28%)	98,124	84,515
<b>Total Taxable Liability</b>	<b>98,124</b>	<b>84,515</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

## 11. INCOME TAX EXPENSE (CONTD...)

For the Year ended 31st March	Company	
	2019 Rs. '000	2018 Rs. '000

### 11.3 Reconciliation of Effective Tax Rate

Profit before Income Tax		535,761	532,703
Add: Income from Other Sources		33,142	17,266
<b>Profit from Business</b>		<b>568,903</b>	<b>549,969</b>
Income Tax Using the Domestic Tax Rate	28%	150,013	149,156
Disallowable Expenses	3%	4,939	4,524
Change in Fair Value of Investment Property	-40%	(59,788)	(60,396)
Impairment-Investment in Equity	0%	462	235
Allowable Expenses	-5%	(7,280)	(7,657)
Income from Other Sources	7%	10,623	-
Exempt Income	-1%	(840)	(647)
Deductions	0%	(6)	(700)
Other Temporary Differences		25,409	38,177
<b>Total Income Tax Expenses (Note 11.1)</b>	<b>21%</b>	<b>123,533</b>	<b>122,692</b>

## 12. EARNINGS PER SHARE

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

Profit attributable to ordinary shareholders of the company	412,229	410,012
Weighted Average No. of Ordinary Shares (Nos.)	81,250	81,250
<b>Earnings per share (Rs.)</b>	<b>5.07</b>	<b>5.05</b>

Diluted Earnings per Share is same as computed above.

### Weighted Average no. of Ordinary Shares:

Issued ordinary shares ('000)	81,250	48,750
Effect of shares issued during the year	-	32,500
<b>Weighted average No. of ordinary shares at year end</b>	<b>81,250</b>	<b>81,250</b>

On 20th March 2018, the Company issued 32,500,000 shares credited as fully paid by capitalizing a sum of Rs. 1,495,000,000 from the amounts lying in its Retained Earnings Reserve, in the proportion of Two (02) shares for every Three (03) shares held, at a consideration of Rs. 46.00 per share. In accordance with LKAS 33, the current and prior period amounts for basic EPS are adjusted for the capitalization of reserves as if the capitalization of reserves had occurred at the beginning of the earliest period presented.

### 13. DIVIDENDS PER SHARE

Dividends per share is based on the dividends paid during the year covered by the Financial Statements.

For the Year ended 31st March	Company	
	2019 Rs. '000	2018 Rs. '000
Final - Nil (2017/18 - Nil)	-	-
Interim 2018/19 Rs. 1.00 per share (2017/18 - Rs. 1.50 per share)	81,250	73,125
2nd Interim Nil (2017/18 - Rs. 2.00 per share)	-	97,500
	<b>81,250</b>	<b>170,625</b>
Dividends per share (Rs.)	<b>1.00</b>	3.50
Dividend Payout Ratio (%)	<b>19.7%</b>	69.4%

### 14. PROPERTY PLANT & EQUIPMENT

	Company					Total 2019 Rs. '000	Total 2018 Rs. '000
	Buildings Rs. '000	Plant & Machinery Rs. '000	Furniture & Equipment Rs. '000	Motor Vehicles Rs. '000	IT Equipment Rs. '000		
<b>Cost/ Valuation</b>							
As at 01st April	11,222	18,348	26,214	23,661	3,524	82,969	77,264
Additions	-	4,606	261	23,500	160	28,527	13,293
Disposals	-	-	-	-	-	-	(7,588)
As at 31st March	11,222	22,954	26,473	47,161	3,684	111,495	82,969
<b>Accumulated Depreciation</b>							
As at 01st April	5,183	9,606	21,583	16,637	2,742	55,751	58,326
Charge for the year	224	1,309	1,738	3,550	253	7,074	5,013
Disposals	-	-	-	-	-	-	(7,587)
As at 31st March	5,407	10,915	23,321	20,187	2,996	62,825	55,752
<b>Carrying Value</b>							
NBV as at 31/03/2019	5,814	12,039	3,153	26,974	688	48,670	
Capital WIP						16,968	
Carrying Value	5,814	12,039	3,153	26,974	688	65,638	
NBV as at 31/03/2018	6,039	8,742	4,631	7,024	782		27,218

Property, Plant and Equipment includes fully depreciated assets having a gross amount of Rs. 48.2Mn (2018 - Rs. 30Mn).

There were no property, plant and equipment pledged by the company as security for facilities obtained from Banks.

On assessment of the fair value of the company's assets, it has been identified that there is no permanent impairment of property, plant and equipment which require provision in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

**15. INTANGIBLE ASSETS**

	Company	
	2019 Rs. '000	2018 Rs. '000
<b>Cost</b>		
Balance as at 01st April	50	50
Additions	5,820	-
<b>Balance as at 31st March</b>	<b>5,870</b>	<b>50</b>
<b>Accumulated Amortization</b>		
Balance as at 01st April	50	35
Amortization	200	15
<b>Balance as at 31st March</b>	<b>250</b>	<b>50</b>
<b>Carrying amounts</b>		
As at 31 March	5,620	-

**16. INVESTMENT PROPERTY****16.1 Reconciliation of Carrying Amount**

	Land		Entity Buildings		Total	
	2019 Rs. '000s	2018 Rs. '000s	2019 Rs. '000s	2018 Rs. '000s	2019 Rs. '000s	2018 Rs. '000s
As at 01 April	2,225,954	2,064,250	1,579,746	1,525,750	3,805,700	3,590,000
Additions	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
Fair value gain	208,854	161,704	4,674	53,996	213,528	215,700
<b>As at 31 March</b>	<b>2,434,808</b>	<b>2,225,954</b>	<b>1,584,420</b>	<b>1,579,746</b>	<b>4,019,228</b>	<b>3,805,700</b>

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 four 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	Extent	Name of the Valuer	Date of Valuation	Market Value Rs. '000s
No 10, Station Road, Colombo 04	1A-2R-17.25P (70,036 Sqft)	Mr.T Weeratne (Incorporated Valuer)	31st March 2019	4,019,228

Description	Fair Value at 31st March 2019 Rs. '000s	Valuation Technique (s)	Significant Unobservable Inputs	Inter-relationship between Key Unobservable Inputs & Fair Value Measurements
Land	2,434,808	Income Approach	Voids - 10%; Annual Out-goings, rates & insurance - 45%; Capitalization - 5.4%; Income per Square Foot- According to agreements with tenants	The estimated fair value would increase / decrease if Voids rate was lower / higher, Capitalization rate was higher / lower, Annual outgoings, rates and insurance was lower / higher
Building (1)	1,584,420			

# NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

## 17. EQUITY ACCOUNTED INVESTEE

The Company's share of Loss in its equity accounted investee for the year was Rs. 33.7 Mn (2018 - Rs. 15.7 Mn).

During the year, the Company did not receive any dividend from its equity accounted investee (2018-Nil).

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

	2019	2018
<b>CEYLON THEATRES (PVT) LTD</b>		
Ownership	45.00%	45.00%
Current Assets	63,454	59,195
Non current Assets	289,359	347,134
<b>Total Assets</b>	<b>352,813</b>	<b>406,329</b>
Current Liabilities	154,830	124,564
Non current Liabilities	34,435	43,313
<b>Total Liabilities</b>	<b>189,265</b>	<b>167,877</b>
<b>Net Assets</b>	<b>163,548</b>	<b>238,452</b>
Income	441,393	420,909
Expenses	(516,299)	(455,840)
<b>Total Comprehensive Income</b>	<b>(74,906)</b>	<b>(34,931)</b>
<b>Entity and Investee Share of Profit/(Loss)</b>	<b>(33,708)</b>	<b>(15,719)</b>

The company's investment in its associate is Rs.135Mn (2018-Rs.135Mn). The following table analyses, in aggregate, the carrying amount and share of profit and OCI of the associate.

	Company	
	2019 Rs.'000	2018 Rs.'000
As at 1st April	109,430	125,149
Shares Purchased during the year	-	-
Share of Profit / (Loss)	(33,142)	(17,266)
Share of OCI	(566)	1,547
<b>As at 31st March</b>	<b>75,722</b>	<b>109,430</b>

**18. INVESTMENTS**

	No. of Shares	% Share	Company	
			2019 Rs.'000	2018 Rs.'000
C T Properties Ltd.	11,500,000	4.6%		
As at 01st April			84,953	85,792
Additions / Disposals			-	-
Impairment Provision			(1,651)	(839)
As at 31st March			83,302	84,953

Unquoted shares of C T Properties Ltd. are classified as FVTOCI assets. Based on the valuation of the investment carried out at the reporting date, an impairment of Rs. 1.6Mn was accounted for during the year.

	2019 Rs.'000	2018 Rs.'000
For the year ended 31st March		

**19. TRADE AND OTHER RECEIVABLES**

Trade Receivables	50,330	44,769
Other Receivables	41,449	64,968
	91,779	109,737
Less: Provision for impairment	(2,482)	(2,482)
	89,297	107,255

**20. SHORT-TERM INVESTMENTS**

Investment in Unit Trust	346,276	193,034
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**21. CASH AND CASH EQUIVALENTS**

Cash and Bank Balances	54,993	26,379
Bank Overdrafts	(47)	(2,267)
Cash and Cash Equivalents in the Statement of Cash Flows	54,946	24,112

# NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

## 22. STATED CAPITAL

	No. of Shares	% Share	Company	
			2019 Rs.'000	2018 Rs.'000
On Issue as at 01st April			1,982,500	487,500
Issued during the year			-	1,495,000
Closing balance as at 31st March			1,982,500	1,982,500
<b>81,250,000 Fully paid Ordinary Shares (2018-81,250,000)</b>			<b>1,982,500</b>	<b>1,982,500</b>

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.

On 20th March 2018, the Company issued 32,500,000 shares credited as fully paid by capitalizing a sum of Rs. 1,495,000,000 from the amounts lying in its Retained Earnings Reserve, in the proportion of Two (02) shares for every Three (03) shares held, at a consideration of Rs. 46.00 per share. The new shares, will rank pari passu in all respects with the previously issued ordinary shares of the Company, including the right to participate in any dividend declared after the date of allotment.

## 23. RETIREMENT BENEFIT OBLIGATIONS

	Company	
	2019 Rs.'000	2018 Rs.'000
<b>23.1 Movement in the Present Value of Defined Benefit Obligations</b>		
Liability for Defined Benefit Obligations as at 1st April	39,439	27,410
Current Service Cost	1,621	1,813
Interest Cost	4,338	3,288
Actuarial (Gain) / Loss immediately recognised	(6,740)	7,444
Payments made	(763)	(516)
Liability for Defined Benefit Obligations as at 31st March	37,895	39,439

### 23.1 (a) Amount Recognized in the Statement of Comprehensive Income

Current Service Cost	1,621	1,813
Interest Cost	4,338	3,288
Provision for Staff Retirement Benefit (Note 8)	5,959	5,101

### 23.1 (b) Amount Recognized in Other Comprehensive Income

Actuarial (Gain) / Loss arising from;		
- Experience Adjustment	(3,391)	2,613
- Financial Assumptions	(3,380)	4,831
- Demographic Assumptions	31	-
	(6,740)	7,444

	Company	
	2019 Rs.'000	2018 Rs.'000

### 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	11.0%	11.0%
Salary Increment Rate	10.0%	12.5%

An actuarial valuation of the Employee Benefit Obligation was carried out as at 31st March 2019 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 2019		31st March 2018	
	Increase	Decrease	Increase	Decrease
	Rs.	Rs.	Rs.	Rs.
Discount Rate (Change by 1%)	(1,192,622)	1,299,749	(1,567,246)	1,713,163
Salary Increment Rate (Change by 1%)	1,362,112	(1,268,297)	1,741,895	(1,620,316)

### 24. DEFERRED TAX LIABILITIES

As at 31st March	Company					
	Assets		Liabilities		Net	
	2019 Rs.'000s	2018 Rs.'000s	2019 Rs.'000s	2018 Rs.'000s	2019 Rs.'000s	2018 Rs.'000s
Investment Property	-	-	37,056	16,170	37,056	16,170
PPE	-	-	428,968	423,167	428,968	423,167
Intangible Assets	-	-	177	-	177	-
Defined Benefit Obligations	(10,611)	(11,043)	-	-	(10,611)	(11,043)
Bad Debt Provision	(695)	(695)	-	-	(695)	(695)
Net Deferred Tax (Assets) / Liabilities	(11,305)	(11,738)	466,201	439,337	454,895	427,600

# NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

## 24. DEFERRED TAX LIABILITIES (CONTD...)

### 24.1 Movement in Deferred Tax balances during year

	2018-2019				2017-2018			
	Balance as at 01st April	Recognized in Profit or Loss	Recognized OCI	Balance as at 31st March	Balance as at 01st April	Recognized in Profit or Loss	Recognized in OC	Balance as at 31st March
Investment Property	16,170	20,885	-	37,056	-	16,170	-	16,170
PPE	423,167	5,801	-	428,968	399,877	23,290	-	423,167
Defined Benefit Obligations	(11,043)	(1,455)	1,887	(10,611)	(7,675)	(1,284)	(2,084)	(11,043)
Intangible Assets	-	177	-	177	-	-	-	-
Bad Debt Provision	(695)	-	-	(695)	(695)	-	-	(695)
As at 31st March	427,600	25,409	1,887	454,895	391,507	38,177	(2,084)	427,600

### 24.2 Deferred Tax on Land

The Inland Revenue Act No. 24 of 2017 and new tax rates including capital gains taxes are effective from 01st April 2018. Accordingly the income tax charge for the year ended 31st March 2019 has been computed on rates applicable in the year of assessment 2018/19. The provision for deferred tax as at 31st March 2019 has been calculated at rates and on capital gains applicable post 01st April 2018.

Due to uncertainties that exist on the interpretation of the new law relating to freehold land for tax purposes, significant judgment was exercised to determine the provision required for deferred taxes on capital gains applicable to freehold land.

Having sought independent professional legal advice, the Group is of the view that the freehold land used in the business falls under the category "Investment Assets" and accordingly deferred tax has been provided on the related gain on revaluation. In the event it is deemed that freehold land be considered as "Capital Assets used in the business", the Company would have to make an additional deferred tax charge in the statement of profit or loss for the year ended 31st March 2019 amounting to Rs. 626.8 Mn (2018 - Rs. 589.2Mn) with a consequential increase in the deferred tax liability on the statement of financial position.

## 25. SECURITY DEPOSITS

For the year ended 31st March	Company	
	2019 Rs. '000	2018 Rs. '000
Related Companies	4,664	5,390
Others	160,728	190,572
	165,392	195,962

## 26. TRADE & OTHER PAYABLE

Trade Creditors	23,862	18,693
Other Payables	310	10,384
Dividends Payable	6,739	7,839
Accrued Expenses	2,616	2,407
	33,527	39,323

For the year ended 31st March	Company	
	2019 Rs. '000	2018 Rs. '000

## 27. CURRENT TAX LIABILITIES

As at 1st April	21,197	25,753
Less: Payments made during the year	(100,293)	(89,071)
Provision made during the year	98,124	84,515
As at 31st March	19,028	21,197

## 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

	Company	
	2019 Rs. '000s	2018 Rs. '000s
Trade & Other Receivables	89,297	107,255
Cash & Cash Equivalents	54,993	26,379

### 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;

# NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

## 28. FINANCIAL RISK MANAGEMENT (CONTD...)

### Carrying value

	Company	
	2019 Rs.'000s	2018 Rs.'000s
Below 31 days	28,765	27,882
31 - 62 days	14,465	11,717
63 - 93 days	5,905	3,324
94 - 124 days	514	1,337
Over 125	263	1,449
	<b>49,913</b>	<b>45,709</b>

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

As at 1st April	2,482	2,482
Impairment loss recognised	-	-
<b>As at 31st March</b>	<b>2,482</b>	<b>2,482</b>

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. 54.9 Mn at 31st March 2019 (2018-Rs.26.3Mn), which represents its maximum credit exposure on these assets.

### Corporate Guarantee

A Corporate Guarantee has been given by the company to Commercial Bank of Ceylon PLC, which has granted banking facilities not exceeding Rs.25,000,000 (Rs.25 Million) to Ceylon Theatres (Pvt) Ltd 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:

	Carrying Value Rs.'000s	Current Upto 1 year Rs.'000s	Non Current		
			Upto 2 years Rs.'000s	Upto 5 years Rs.'000s	Above 5 years Rs.'000s
Bank Overdrafts	47	47	-	-	-
Trade and Other Payables	24,172	24,172	-	-	-
Income Tax Payable	18,918	18,918	-	-	-

### 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.

	Company	
	2019 Rs.'000s	2018 Rs.'000s
Total liabilities	794,762	743,920
Less: cash and cash equivalents	(54,993)	(26,379)
Net debt	739,769	717,540
Total equity	3,945,314	3,610,049
<b>Net debt to equity ratio at 31 March</b>	<b>0.19</b>	<b>0.20</b>

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 (CONTD...)

## 28. FINANCIAL RISK MANAGEMENT (CONTD...)

### 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 2019	Note	Carrying Amounts (Rs.'000)				Total Rs.'000	Fair Values (Rs.'000)			
		FVTPL Rs.'000	FAMAAC Rs.'000	FVTOCI Rs.'000	OFL Rs.'000		Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
<b>Financial Assets Measured at Fair Value</b>										
Investments	18	-	-	83,302	-	83,302	-	-	83,302	83,302
Short Term Investments	20	346,276	-	-	-	346,276	-	346,276	-	346,276
		346,276	-	83,302	-	429,578	-	346,276	83,302	429,578
<b>Financial Assets Not Measured at Fair Value</b>										
Trade and Other Receivables	19	-	89,297	-	-	89,297	-	-	-	-
Cash and Cash equivalents	21	-	54,993	-	-	54,993	-	-	-	-
		-	144,290	-	-	144,290	-	-	-	-
<b>Financial Liabilities Measured at Fair Value</b>										
Security Deposits	25	-	-	-	165,392	165,392	-	-	165,392	165,392
<b>Financial Liabilities Not Measured at Fair Value</b>										
Trade and Other Payables*	26	-	-	-	30,911	30,911	-	-	-	-
Bank Overdraft/(Secured)	21	-	-	-	47	47	-	-	-	-
		-	-	-	30,958	30,958	-	-	-	-
<b>31st March 2018</b>										
<b>Financial Assets Measured at Fair Value</b>										
Investments	18	-	-	84,953	-	84,953	-	-	84,953	84,953
Short Term Investments	20	193,034	-	-	-	193,034	-	193,034	-	193,034
		193,034	-	84,953	-	277,986	-	193,034	84,953	277,986
<b>Financial Assets Not Measured at Fair Value</b>										
Trade and Other Receivables	19	-	107,255	-	-	107,255	-	-	-	-
Cash and Cash equivalents	21	-	26,379	-	-	26,379	-	-	-	-
		-	133,634	-	-	133,634	-	-	-	-
<b>Financial Liabilities Measured at Fair Value</b>										
Security Deposits	25	-	-	-	195,962	195,962	-	-	195,962	195,962
<b>Financial Liabilities Not Measured at Fair Value</b>										
Trade and Other Payables*	26	-	-	-	36,916	36,916	-	-	-	-
Dues to Cargills (Ceylon) PLC		-	-	-	1,368	1,368	-	-	-	-
Bank Overdraft/(Secured)	21	-	-	-	2,268	2,268	-	-	-	-
		-	-	-	40,552	40,552	-	-	-	-

\* Accrued Expenses that are not Financial Liabilities are not included

FVTPL - Fair Value through Profit or Loss

FAMAAC - Financial Assets measured at Amortized Cost

FVTOCI - Fair Value through OCI

OFL - Other Financial Liabilities

## 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 67.9% of the controlling interest of the Company.

### 29.1 Transactions, arrangements and agreements involving Key Management Personnel and their Close Family Members

According to LKAS 24 – “Related Party Disclosures”, Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly Board of Directors (including Executive and Non-Executive 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 L. R. Page  
 Mr. Sunil Mendis  
 Mr. S. C. Niles

#### 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.

	2019 Rs.'000s	2018 Rs.'000s
Short term employee benefits	32,550	28,121
Post employment benefits	-	-
	<b>32,550</b>	<b>28,121</b>

#### c. Key Management Personnel and Directors transactions

Directors of the company control 13.33% of the voting shares of the company.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

## 29. RELATED PARTY TRANSACTIONS (CONTID...)

Parties Accommodated	Relationship	Transaction	Transaction Value for the year ended 31st March				Balance outstanding as at 31st March - Due From / (Due To)	
			2019		2018		2019	2018
			Rs. '000	% of Total Revenue	Rs. '000	% of Total Revenue	Rs. '000	Rs. '000
<b>29.2 The aggregate value of transactions and outstanding balances related to Related Parties are as follows.</b>								
Ceylon Theatres (Pvt) Ltd	Group Company	Rental & Service Charges	23,298	4.2%	22,229	4.2%	-	-
		Security Deposit					(2,011)	(1,667)
CT CLSA Securities (Pvt) Ltd	Group Company	Rental & Service Charges	8,896	1.6%	8,320	1.6%	-	-
		Security Deposit					(780)	(638)
CT CLSA Capital (Pvt) Ltd	Group Company	Rental & Service Charges	1,586	0.3%	2,844	0.5%	-	-
		Security Deposit					(128)	(218)
Comtrust Asset Management (Pvt) Ltd	Group Company	Rental & Service Charges	3,364	0.6%	3,141	0.6%	-	-
		Security Deposit					(295)	(249)
CT CLSA Holdings Ltd	Group Company	Rental & Service Charges	3,675	0.7%	2,077	0.4%	-	-
		Security Deposit					(334)	(159)
Cargills Foods Co. (Pvt) Ltd	Group Company	Rental & Service Charges	26,152	4.7%	24,342	4.6%	-	-
		Security Deposit					(2,249)	(1,862)
Cargills Food Processors (Pvt) Ltd	Group Company	Rental & Service Charges	14,346	2.6%	13,347	2.5%	-	-
		Security Deposit					(1,234)	(1,002)
Cargills (Ceylon) PLC	Group Company	Purchases	-	-	44	-	-	-
Cargills Agrifoods Ltd	Group Company	Purchases	34	-	22	-	-	-
Cargills Foods Co. (Pvt) Ltd	Group Company	Purchases	-	-	32	-	-	-
Cargills Quality Conf. (Pvt) Ltd	Group Company	Purchases	5	-	-	-	-	-
Millers Ltd	Group Company	Services Provided	627	-	514	-	(49)	5
Ceylon Theatres (Pvt) Ltd	Group Company	Dividend Received	-	-	-	-	-	-
Comtrust Asset Management (Pvt) Ltd	Group Company	Short Term Investment	153,243	-	41,151	-	346,276	193,034
		Income from Investment	34,163	-	18,460	-	-	-
CT Properties Ltd	Group Company	Services Provided	-	-	153	-	-	(153)
	Group Company	Purchase of Vehicle	-	-	2,500	-	-	-

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**

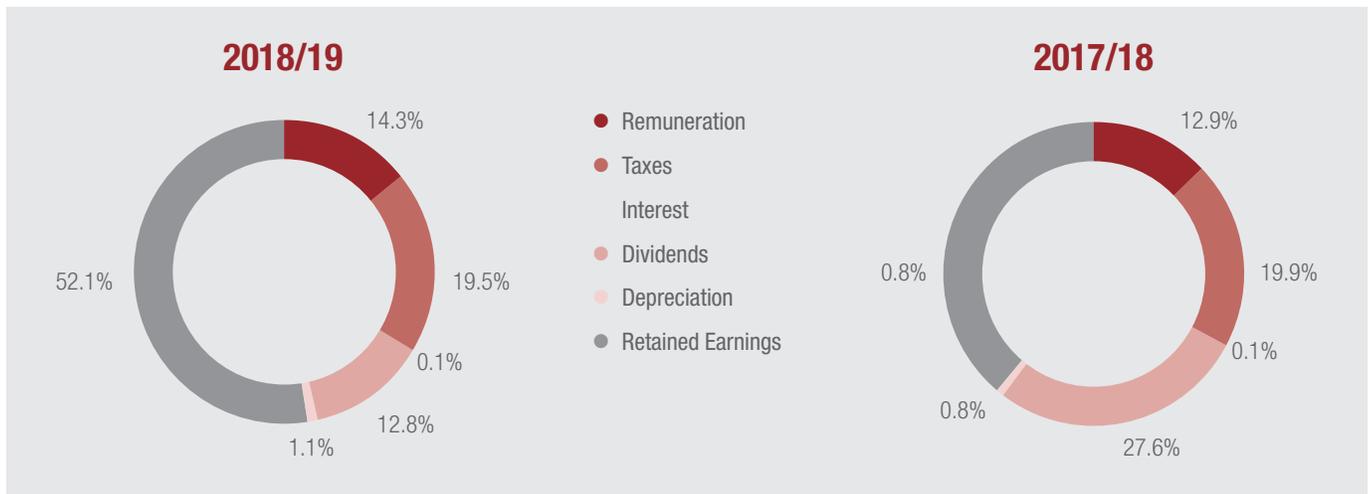
The company has awarded contracts amounting to Rs. 196.6 Mn for Air-conditioning and Electrical works as a part of its refurbishment programme subsequent to the Balance Sheet date. Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control. There were no material contingencies outstanding as at the reporting date.

## STATEMENT OF VALUE ADDED

Year ended 31st March	Company			
	2019		2018	
	% of Total	Rs. '000	% of Total	Rs. '000
<b>Creation of Value Added</b>				
Revenue		594,634		565,115
Operating Expenses		(172,900)		(168,060)
Value Added from Operations		421,734		397,054
Other Income		34,384		23,375
Change in Fair Value of Investment Property		213,528		215,700
Share of Profit/(Loss) of Equity Accounted Investee		(33,142)		(17,266)
Impairment-Investment in Equity		(1,651)		(839)
<b>Total Value Added</b>		<b>634,853</b>		<b>618,024</b>
<b>Distribution of Value Added</b>				
<b>To Associates</b>				
Salaries, Wages and related costs	14.33	90,948	12.88	79,592
<b>To Government</b>				
as Income Taxes	15.46	98,124	13.68	84,515
as Deferred Taxes	4.00	25,409	6.18	38,177
		123,533		122,692
<b>To Lenders of Capital</b>				
as Interest	0.14	869	0.12	716
<b>To Shareholders</b>				
as Dividends	12.80	81,250	27.61	170,625
<b>Retained for Growth</b>				
Depreciation	1.15	7,275	0.81	5,013
Retained Earnings	52.13	330,979	38.73	239,386
		338,253		244,399
	100.00	634,853	100.00	618,024

# STATEMENT OF VALUE ADDED

Year ended 31st March	Company			
		2019		2018
	% of Total	Rs. '000	% of Total	Rs. '000
<b>Distribution of Value Added</b>				
Remuneration	14.3%	90,948	12.9%	79,592
Taxes	19.5%	123,532	19.9%	122,692
Interest	0.1%	869	0.1%	716
Dividends	12.8%	81,250	27.6%	170,625
Depreciation	1.1%	7,275	0.8%	5,013
Retained Earnings	52.1%	330,979	38.7%	239,386
	100.0%	635,517	100.0%	618,024



# SHAREHOLDER AND INVESTOR INFORMATION

## 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	31st March 2019				31st March 2018			
	Shareholders		Holdings		Shareholders		Holdings	
	Number	%	Number	%	Number	%	Number	%
1 - 1,000	1,598	60.8	442,445	0.5	1,586	60.4	441,902	0.5
1,001 - 10,000	833	31.7	2,563,234	3.2	836	31.9	2,600,724	3.2
10,001 - 100,000	167	6.4	4,060,200	5.0	173	6.6	4,268,630	5.3
100,001 - 1,000,000	24	0.9	7,585,533	9.3	23	0.9	7,360,762	9.1
1,000,001 - Over	5	0.2	66,598,588	82.0	5	0.2	66,577,982	81.9
	2,627	100.0	81,250,000	100.0	2,623	100.0	81,250,000	100.0

## 3. ANALYSIS OF SHAREHOLDERS

Categories of Shareholders	31st March 2019				31st March 2018			
	Non-Residents	Residents	Total	%	Non-Residents	Residents	Total	%
Individuals	1,090,177	11,841,402	12,931,579	15.9	1,061,615	11,911,557	12,973,172	16.0
Institutions & Corporate Holdings	314,468	68,003,953	68,318,421	84.1	314,468	67,962,360	68,276,828	84.0
	1,404,645	79,845,355	81,250,000	100.0	1,376,083	79,873,917	81,250,000	100.0

#### 4. TOP 20 SHAREHOLDERS

The holdings of the top 20 shareholders as at 31st March 2019 is given below:-

As at	31st March 2019		31st March 2018	
	Number of shares	%	Number of shares	%
1 CT Holdings PLC	55,139,348	67.9%	55,139,348	67.9%
2 Seylan Bank PLC/Thirugnanasambandar Senthilverl	5,004,068	6.2%	4,983,462	6.1%
3 Sampath Bank PLC/Dr. T. Senthilverl	4,346,725	5.3%	4,346,725	5.3%
4 Mr. A.A. Page	1,090,440	1.3%	1,090,440	1.3%
5 Mr. J.C. Page	1,018,007	1.3%	1,018,007	1.3%
6 Mrs. C.K. Muttukumar	860,007	1.1%	850,007	1.0%
7 Tudawe Brothers Limited	835,175	1.0%	835,175	1.0%
8 E.W. Balasuriya & Co. (Pvt) Ltd	692,302	0.9%	692,302	0.9%
9 Merrill J Fernando & Sons (Pvt) Limited	654,225	0.8%	654,225	0.8%
10 Mrs. T. Selvaratnam	626,355	0.8%	626,355	0.8%
11 Mr. A.M. Weerasinghe	553,809	0.7%	502,043	0.6%
12 Mrs. J.N. Mather	451,030	0.6%	451,030	0.6%
13 Mr. L.R. Page	447,478	0.6%	447,478	0.6%
14 Mr. P.G.K. Fernando	274,415	0.3%	274,415	0.3%
15 Mr. S. Srikanthan	223,000	0.3%	215,000	0.3%
16 Dr. A.C. Visvalingam	169,053	0.2%	231,067	0.3%
17 Mrs. M.P.R. Silva	168,121	0.2%	-	0.0%
18 Orit Apparels Lanka (Pvt) Ltd	166,667	0.2%	166,667	0.2%
19 Bank of Ceylon A/c Ceybank Century Growth Fund	161,344	0.2%	137,470	0.2%
20 Hallsville Trading Group Inc.	161,058	0.2%	161,058	0.2%
	<b>73,042,627</b>	<b>89.9%</b>	<b>72,822,274</b>	<b>89.6%</b>
Others (2,607 Shareholders as at 31st March 2019)	<b>8,207,373</b>	<b>10.1%</b>	<b>8,427,726</b>	<b>10.4%</b>
<b>TOTAL</b>	<b>81,250,000</b>	<b>100.0%</b>	<b>81,250,000</b>	<b>100.0%</b>

#### 5. SHARE VALUATION

The market value of each Ordinary share on 31st March 2019 was Rs. 28.40 (2018-Rs. 31.10). The highest and lowest values recorded during the year ended 31st March 2019 were Rs. 33.90 and Rs. 26.10 respectively. The highest value was recorded on 18th April 2018 and the lowest value was recorded on 25th March 2019.

# SHAREHOLDER AND INVESTOR INFORMATION (CONTD...)

## 6. SHARE TRADING

For the year ended 31st March	2019	2018
No. of Transactions	884	1,458
No. of Shares Traded	490,257	597,978
Value of Shares Traded (Rs.)	14,369,873	28,601,324

## 7. DIVIDENDS

An Interim Dividend of Rs. 1.00 per share was paid on 28th November 2018.

## 8. PUBLIC HOLDING

The percentage of shares held by the public as at 31st March 2019 (2,612 shareholders) was 17.35% (31st March 2018 - 2,607 shareholders holding 16.04%).

The Float adjusted Market Capitalization of the Company as at 31st March 2019 was Rs. 396.8 Mn (31/03/2018 - Rs. 438.5 Mn).

According to the Minimum Listing Requirements of the DSE on which the company is listed, the public holding % should be 10% and the number of shareholders should be 200. The company is in compliance with these requirements.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Sixth Annual General Meeting of the Company will be held at the Sri Lanka Foundation Institute, No. 100, Independence Square, Colombo 7 on 24th July 2019 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 2019 with the Report of the Auditors thereon.
2. Declare a Dividend as recommended by the Directors.
3. Re-elect Directors who are due to retire by rotation and are eligible for re-election:
  - (a) Mr. L. R. Page
  - (b) Mr. S. C. Niles
4. Re-elect Mr. Sunil Mendis who is over 70 years of age as a Director.
5. Re-elect Dr. T. Senthilvert who is over 70 years of age as a Director.
6. Re-elect Mr. A.T.P. Edirisinghe who is over 70 years of age as a Director.
7. Authorise the Directors to determine contributions to Charities.
8. Authorise the Directors to determine the remuneration of the Auditors, Messrs. KPMG, who are deemed reappointed as auditors at the General Meeting of the Company in terms of Section 158 of the Companies Act No. 7 of 2007.

By order of the Board,



Charuni Gunawardana  
*Secretary*  
*Colombo*

3rd July 2019







# FORM OF PROXY

For use at the Thirty Sixth Annual General Meeting

I / We .....  
of .....  
..... being a member/members of CT Land Development PLC hereby appoint  
..... of  
whom failing ..... of  
..... 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 Sixth Annual General Meeting of the company to be held on 24th July 2019 and at any adjournment thereof and at  
every Poll which may be taken in consequence thereof in the manner indicated below. I/We, the undersigned, hereby authorize my/our Proxy to vote on my/our  
behalf in accordance with the preference indicated below:

## ORDINARY RESOLUTIONS

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

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

.....  
Signature of Shareholder (s)

## NOTES:

- Strike out whichever is not desired
- Instructions as to completion of the Form of Proxy are set out on the reverse hereof
- A Proxy holder need not be a member of the company
- 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

**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.
6. In the case of non-resident Shareholders, the stamping will be attended to upon return of the completed form of proxy to Sri Lanka.

# 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: [info@majesticcity.lk](mailto:info@majesticcity.lk)

Web: [www.majesticcity.lk](http://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. L. R. Page

Mr. V. R. Page

Mr. T. Senthilveri

## 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

Concept & Designed by



Printed by Printel (Pvt) Ltd



CT LAND DEVELOPMENT PLC  
10, STATION ROAD, COLOMBO 4.