

Serendib Land PLC

Annual Report
2012/2013

32



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Notice of Meeting

NOTICE is hereby given that the Thirty Second Annual General Meeting of SERENDIB LAND PLC will be held at Hotel Renuka, No. 328, Colombo 03 on Thursday, 26th September, 2013 at 3.30 p.m. for the following purposes;

1. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2013, together with the Report of the Auditors thereon.

2. Directors

- (i) To re-elect Mrs. Mrinalini Ponnambalam as Director, who retires by rotation at the Annual General Meeting in terms of Article 98 of the Company's Article of Association.
- (ii) To re-appoint as a Director Dr. Brahman Sivaprakasapillai, who is 77 years old and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act).

Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Act, in relation to his re-appointment.

"RESOLVED THAT Dr. Brahman Sivaprakasapillai, who is 77 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Dr. Brahman Sivaprakasapillai"

- (iii) To re-appoint as a Director Mr. Segarajasingham Nagendra who is 74 years old and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act).

Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Act, in relation to his re-appointment.

"RESOLVED THAT Mr. Segarajasingham Nagendra who is 74 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. Segarajasingham Nagendra".

- (iv) To re-appoint as a Director Dr. (Mrs) Vijayaluckshmi Sivaprakasapillai who is 72 years old and who vacates her office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act).

Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Act, in relation to his re-appointment.

"RESOLVED THAT Dr. (Mrs) Vijayaluckshmi Sivaprakasapillai who is 72 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70

years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Dr. (Mrs) Vijayaluckshmi Sivaprakasapillai"

- (v) To re-appoint as a Director Mr. Jayanta Mootatamby Swaminathan who is 72 years old and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act).

Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Act, in relation to his re-appointment.

"RESOLVED THAT Mr. Jayanta Mootatamby Swaminathan who is 72 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. Jayanta Mootatamby Swaminathan"

- (vi) To re-appoint as a Director Mr. Thirunavukarasu Someswaran who is 70 years old and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act). Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Act, in relation to his re-appointment.

"RESOLVED THAT Mr. Thirunavukarasu Someswaran who is 70 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. Thirunavukarasu Someswaran"

3. To declare a First and Final Dividend of Rs. 25/- for the year ended 31st March, 2013, as recommended by the Directors.
4. To re-appoint the retiring Auditors M/s KPMG Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.

BY ORDER OF THE BOARD
JACEY & COMPANY
SECRETARIES
COLOMBO
28th August 2013

Notes:

A shareholder is entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a shareholder of the Company.

A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 9/5, Thambiah Avenue, Colombo 07, not less than forty eight hours before the time fixed for the meeting.

Corporate Information

Board of Directors

Mr. S. Nagendra	-	Chairman
Dr. (Ms.) Y. Ponnambalam	-	Director
Mr. Gajendrakumar G. Ponnambalam	-	Director
Dr. B. Sivaprakasapillai (Alternate: Ms. S. De Lanerolle)	-	Director
Dr. (Ms.) V. Sivaprakasapillai (Alternate: Ms. N. Sivaprakasapillai)	-	Director
Dr. (Ms.) M. Ponnambalam (Alternate: Dr. (Mrs.) Y. Ponnambalam)	-	Director
Mr. J. M. Swaminathan	-	Director
Mr. T. Someswaran	-	Director
Mr. Indika Prematunga	-	Nominee Director

Audit Committee

Mr. T. Someswaran	-	Chairman
Mr. S. Nagendra		
Mr. J. M. Swaminathan		

REGISTERED OFFICE	9/5, Thambiah Avenue, Colombo 07.
SECRETARIES	Jacey & Company 9/5, Thambiah Avenue, Colombo 07.
ACCOUNTANTS	Accounting Consultancy and Solutions (Pvt) Ltd 212, De Saram Place, Colombo -10.
AUDITORS	KPMG Chartered Accountants P.O.Box 186 Colombo 03.
BANKERS	Union Bank of Colombo PLC DFCC Vardhana Bank

Profiles of Board of Directors

Mr. Sega Nagendra

Chairman / Non-executive, Independent Director

Mr. Sega Nagendra, FCMI (UK), MBA (UK), FCMI (SL). He was a former Senior Director of Carson Cumberbatch PLC, and several of its Subsidiaries and Associate Companies. Senior Director and Financial Consultant of CML - MTD Construction Ltd, Executive Chairman - Travelserve Ltd and Travelon Ltd and Director and Chairman of several Public Listed and Private Companies. He was a Former Committee Member of Transport, Highways and Aviation of the Monitoring & Progress Division of the Ministry of Policy Development and Implementation. He was also the Immediate Past President of Skat International Colombo (International Association of Travel and Tourism Professionals) and the Past Secretary of Skat International Asian Area Region and a Past President of Pacific Asia Travel Association, Sri Lanka Chapter. Mr Nagendra was the Immediate Past Chairman of the Sri Lanka Benelux Business Council and Sri Lanka Pakistan Business Council. Past Executive Committee Member of the Ceylon Chamber of Commerce and former Chairman of the Import Section of the Ceylon Chamber of Commerce. Mr. Nagendra was the Past President of Chartered Management Institute - UK, Sri Lanka Chapter.

Mr. J. M. Swaminathan

Non Executive, Independent Director

Mr. J. M. Swaminathan LLB (Ceylon), LLM Phil (Colombo), Attorney-at-Law, is the Precedent Partner of Messrs. Julius & Creasy and is a member of the Company Law Advisory Commission, a member of the Intellectual Property Law Commission and the Council of Legal Education. He is also a member of the Law Commission of Sri Lanka. He is a Faculty Member of the Faculty of Law of the University of Colombo and a member of the Legal Cluster of National Economic Commission. He is a Visiting Lecturer and an Examiner at the Faculty of Law University of Colombo. He is also a Faculty member of the LLM Wales Course conducted by the Sri Lanka Law College and a Faculty Member of Post Attorneys Diploma program on Intellectual Property Law and the Course Director of Post Attorneys Diploma program in International Trade Law conducted by the Sri Lanka Law College and is over 45 years in practice. He is also a Director of several listed and unlisted companies.

Dr. (Mrs.) Y Ponnambalam

Non-Executive, Non-Independent Director

Dr. (Mrs) Y. Ponnambalam is a Medical Doctor (Retired) and a Director of Gee Gee Properties (Pvt) Ltd and Getanjali Gajaluckshmi (Pvt) Ltd.

Dr. B Sivaprakasapillai

Non-Executive, Non-Independent Director

Dr. B. Sivaprakasapillai is a retired Engineer and a Director of Githajali Group (Pvt) Ltd

Dr. (Mrs) V Sivaprakasapillai

Non-Executive, Non-Independent Director

Dr. (Mrs.) V Sivaprakasapillai, is a Retired Physician and a Director of Gitanjali Group (Pvt) Ltd

Mr. G G Ponnambalam

Non-Executive, Non-Independent Director

Mr. G G Ponnambalam is an Attorney-at-Law and a Director of Gee Gee Properties (Pvt) Ltd and Getanjali Gajaluckshmi (Pvt) Ltd.

Dr. (Ms.) M Ponnambalam

Non-Executive, Non-Independent Director

Dr. (Ms.) M Ponnambalam is an Ophthalmologist qualified in UK and also a Director of Gee Gee Properties (Pvt) Ltd and Getanjali Gajaluckshmi (Pvt) Ltd.

Mr. T Someswaran

Non-Executive, Independent Director

Mr. T Someswaran a Chartered Accountant, in practice for more than 35 years and retired from the post of Senior Partner of SJMS Associates, a Firm of Accountants which is associated with Deloitte's in Sri Lanka. He is also a Fellow member of CMA and a member of its Governing Council. Mr. Someswaran serves on the Audit committee of the Institute of Chartered Accountants of Sri Lanka and Serendib Land PLC. He also serves on the Boards of CleanCo Lanka Ltd., Pan Asia Power, ECSAT (Equality-based Community Support & Training), Business Council of Indonesia, Ceylon Chamber of Commerce, Institute for Development of Commercial Law & Practice. Mr. Someswaran is a member of the Sri Lanka Institute of Directors and Organization for Professional Associations (OPA). He holds numerous memberships and honorary positions to help strengthen the capacity of charitable and non-profit organizations as well as philanthropic projects and activities. Mr. Someswaran has substantial experience in auditing, organizational development, leadership & partnership building and is passionate about networking & linking organizations to facilitate positive social change and development, with specific focus on governance, accounting ethics and resource mobilization.

Mr. Indika Udana Prematunga,

Non Executive - Nominee Director of AVIVA NDB Insurance PLC

Mr. Indika Udana Prematunga is the Chief Financial Officer (CFO) / General Manager Finance of AVIVA NDB Insurance PLC. Prior to his current posting, he functioned as the CFO of Union Assurance PLC and counts over 12 years senior management experience in many fields including Insurance, Finance, Shipping and telecommunication sectors. Mr. Prematunga holds a First Class BSc (Hons) Degree in Accountancy and Finance from the University of Sri Jayawardenepura and also an MBA from the Post Graduate Institute of Management attached to the University of Sri Jayawardenepura. He is a Fellow member of the Chartered Institute of Management Accountants UK and a finalist in the Chartered Institute of Marketing UK.

Chairman's Statement

On behalf of the Board of Directors, I take pleasure in welcoming you to the 32nd Annual General Meeting of Serendib Land PLC. It is my privilege to present to you the Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March 2013.

GENERAL ECONOMIC OUTLOOK 2012

The global economy has yet to shake off the fallout from the crisis of 2008-2009. After suffering yet another setback during 2011, global prospects are gradually strengthening again, but downside risks remain elevated. Global growth dropped to almost 3 percent in 2012, which indicates that about a half a percentage point has been shaved off the long-term trend since the crisis emerged. This slowing trend will likely continue. Mature economies are still healing the scars of the 2008-2009 crisis. But unlike in 2010 and 2011, emerging markets did not pick up the slack in 2012, and won't do so in 2013. Uncertainty across the regions - from the post-election 'fiscal debate' question in the U.S. to the Chinese leadership transition and reforms in the Euro Area - will continue to have global impacts in sluggish trade and tepid foreign direct investment.

SRI LANKAN - ECONOMY

The Sri Lankan economy grew by 6.4% in real terms in the calendar year 2012. However, the said growth indicated a considerable set back from the highest post independent growth rate of 8.3% in the previous year. Inflation was maintained at a single digit for a fourth consecutive year, despite several global and domestic challenges, which declined to a low level of 2.7 per cent in February 2012. However, the rise in oil prices in the international market, the depreciation of the rupee, supply disruptions due to adverse weather conditions in the country etc., resulted in the inflation rising up to 9.2% at the end of the year.

All key sectors contributed positively to economic growth in 2012. The Industry sector was the main driver of growth which recorded a growth of 10.3% with the construction sub sector making the most significant contribution, reflecting the massive public investment programme and several private sector real estate projects. Despite adverse weather conditions in the second half of the year, the Agriculture sector performed better in 2012 than in 2011 and recorded a growth of 5.8%. Growth in the Services sector moderated to 4.6% in the year 2012, largely on account of the slowdown in external trade and the deceleration in the transport sub sector. Reflecting the expansion in economic activities, the unemployment rate declined to 4 per cent in 2012 from 4.2 per cent in 2011.

REAL ESTATE/PROPERTY DEVELOPMENT SECTOR IN SRI LANKA

The real estate market in Sri Lanka has been experiencing considerable change in recent years. Each sector has seen significant growth, particularly around the country's capital city, Colombo.

The Capital City is transforming into one of the most scenic cities in the region with the rapid infrastructure development and beautification taking place. With the government's planned economic and rapid infrastructure development activities along with investor friendly economic regime and policy should drive up real estate prices in Sri Lanka and especially in the island's capital city in time to come. Further, projected increase in per capita income together with concentration of population in the Western Province will drive demand for real estate in the city of Colombo in the long term.

Condominium development Business is presently booming and over 80% of on going apartment projects ranging from standard to luxury levels in Colombo and the suburbs have been sold out. Further, there are over 100 standard to luxury level apartments being developed in and around Colombo. The highest demand is triggered for semi luxury apartments and it was evident that most of those apartment units are bought by Sri Lankan expatriates with the intention of renting out to another party and very owners actually live in these apartments.

Meanwhile similar to the developments in the apartment segment many international hotel chains too have come to invest in Sri Lanka. The infrastructure development in the country and being strategically located to expanding economies and large source markets for tourism such as India, China, and Singapore, the country offers good potential for growth.

With its location along international shipping routes, plus a brand-new airport and soon to be operational seaport in Hamabantota and the expansion of the Colombo Port, Sri Lanka is poised to become a key shipping hub. Combined with Sri Lanka's own growth, this spells skyrocketing demand for state-of-the-art office space. Today, there is just one purpose-built office building in the whole country - the field is wide open for investment in commercial space.

With opportunities for investment everywhere, the country's real estate potential is just waiting to be explored further.

FINANCIAL PERFORMANCE

During the year under review the Company recorded a turnover of Rs. 13,005,000/= and a profit before taxation of Rs. 10,984,795/= compared with a turnover of Rs. 11,520,000/= and the profit before taxation of Rs. 27,201,957/= in respect of the previous year. A clarification on the steep drop in the Profit for the period under review is stated in Note 8 to the Financial Statements.

A provision for Rs. 1,204,971/= has been made for taxation for the year under review.

Chairman's Statement (contd.)

DIRECTORATE

The Board of Directors of the Company comprises of Nine (09) Non-Executive Directors. There were no changes made to the Directorate of the Company during the year under review. The Directors on the Board maintain a balanced representation of Major Shareholders and the minority groups and are eminent and competent persons with years of experience in Corporate Administration and Financial Management.

DIVIDEND

The Directors have pleasure in recommending a First and Final Dividend of Rs.25/- per share for the year ended 31st March, 2013 (2012 Rs.20/-), which is the highest ever Dividend paid, in the Company's history.

APPRECIATION

I wish to thank Jacey & Company, who acted as our Company Secretaries, and Accounting Consultancy and Solutions (Pvt) Ltd who continued to provide Accounting Services for their excellent service and valuable contribution. I wish to thank our valued tenant AIA Insurance Lanka PLC for the support and cooperation extended to us and for maintaining the property in its present condition.

I wish to thank my colleagues on the Board for their valued contribution and continued support, where their incite guidance proved to be of immense value. I also wish to thank the members of the Board Audit Committee, for their role, in monitoring the affairs of the Company.

Finally on behalf of the Board I wish to place on record my sincere appreciation and gratitude to our valuable shareholders for their understanding, continued faith and confidence and trust placed on us which had been a concern source of great strength.



Segga Nagendra

Chairman

28th August, 2013

Statement of Directors' Responsibilities

Directors' Responsibilities for the Preparation of Financial Statements

This Statement of Directors' Responsibilities is to be read in conjunction with the Auditors' Report and is made to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the Financial Statements contained in this Annual Report.

The Directors of your Company are required by the Companies Act No. 7 of 2007 to prepare Financial Statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year.

The Directors confirm that the Financial Statements of the Company for the year ended 31st March, 2013 included in the Annual Report have been prepared in accordance with the Sri Lanka Accounting Standards and the Companies Act No. 7 of 2007. In preparing the Financial Statements, the Directors have selected the appropriate accounting policies and have applied them consistently. Reasonable and prudent judgments and estimates have been made and applicable accounting standards have been followed and the Financial Statements have been prepared on a going concern basis.

The Directors are of the view that adequate funds and other resources are available within the Company for the Company to continue in operation for the foreseeable future.

The Directors have taken all reasonable steps expected of them to safeguard the assets of the Company and to establish appropriate systems of internal controls in order to prevent, deter and detect any fraud, misappropriation or other irregularities. The Directors have also taken all reasonable steps to ensure that the Company maintains adequate and accurate accounting books of record which reflect the transparency of transactions and provide an accurate disclosure of the Company's financial position.

As required by Section 56(2) of the Companies Act No. 7 of 2007, the Board of Directors have confirmed that the Company, based on the information available, satisfy the Solvency Test, immediately after the proposed First and Final Dividend distribution, which is to be declared by the Shareholders at the Annual General Meeting. The Directors are required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate for the purpose of enabling them to give their Audit Report. The Directors are of the view that they have discharged their responsibilities in this regard.

Compliance Report

The Directors confirm that, to the best of their knowledge, all taxes and levies payable by the Company and all other known statutory obligations as at the Balance Sheet date have been paid or provided for in the Financial Statements.

By Order of the Board
JACEY & COMPANY
Secretaries

Colombo
28th August 2013

Report of the Directors

The Directors have pleasure in presenting to shareholders their Report together with the Audited Financial Statements of the Company for the year ended 31st March, 2013.

The details set out herein provide the information required by the Companies Act, No. 07 of 2007 and other necessary information required by the Listing Rules of Colombo Stock Exchange.

Principal Activities

The principal activity of the Company is renting of office premises for commercial purposes.

Changes to the nature of Business

There was no material change to the nature of the business of the Company during the Financial year ended 31st March, 2013.

Review of Operation

A review of the operations of the Company during the financial year are described in the Chairman's Review on page 5.

Director's Responsibility for the Financial Statements

The Directors are responsible for preparing and presenting the financial statements, which are set-out on pages 14 to 30. The financial statements have been prepared in accordance with the Sri Lanka Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka. A Statement of Directors Responsibilities is set out on page 7 of this Report.

Going Concern

The Directors have adopted the "Going Concerned Concept" in the preparation of the financial statements.

Investment Properties

The details relating to the movement in Investment Properties are given in Note 11.

Financial Statements

The Financial Statements for the year ended 31st March, 2013 are set out on pages 14 to 30 in the Annual Report. The Turnover of the Company during the year was Rs.13,005,000/- (2012 - Rs.11,520,000/-) The Profit before Taxation amounted to Rs.10,984,795/- (2012 - Rs.27,201,957/-).

Auditors' Report

The Auditors' Report which is an integral part of the Financial Statements prepared for the Accounting period ended 31st March, 2013 is set out in the pages 13 in the Annual Report.

Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as required by the new or revised standards mandatory to be adopted in the current financial year. A Summary of significant Accounting Policies is set out on Page 18 to 21 of the Annual Report.

Following the convergence of Sri Lanka Accounting Standards with the International Financial reporting Standards (IFRS), all existing/new Sri Lanka Accounting Standards were prefixed as SLFRS and LKAS and with effect from the financial periods beginning on or after 1st January 2012, it was mandatory for the

Company to comply with the requirements of the said new/revised Sri Lanka Accounting standards (SLFRS/LKAS).

The adoption of the new accounting framework required amendments to the basis of recognition, measurement and disclosure of transactions and balances in the financial statements of the Company, which have been duly addressed in the financial statements for the year ended 31 March 2013, and the corresponding details for the years ended 31 March 2012 and 2011 have been re stated.

Board of Directors

All the Directors of the Company held office throughout the year. The Board of Directors of the Company during the period under review is as follows:

Mr.S. Nagendra	Chairman / Director
Dr. (Ms.) Y. Ponnambalam	Director
Mr. Gajendrakumar G. Ponnambalam	Director
Dr. (Ms.) M. Ponnambalam	Director
<i>(Alternate: Dr. (Mrs.) Y. Ponnambalam)</i>	
Dr. B. Sivaprakasapillai	Director
<i>(Alternate: Ms. S. De Lanerolle)</i>	
Dr. (Ms.) V. Sivaprakasapillai	Director
<i>(Alternate: Ms. N. Sivaprakasapillai)</i>	
Mr. J. M. Swaminathan	Director
Mr. T Someswaran	Director
Mr. Indika Prematunga	Director
<i>(Nominee Director)</i>	

In terms of Articles 98 of the Articles of Association, Mrs. Mrinalini Ponnambalam retires by rotation and being eligible offers herself for re-election. The Directors recommend her re-election.

Dr. Brahman Sivaprakasapillai, who is 77 years of age vacates his office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of Dr. Brahman Sivaprakasapillai as a Director of the Company, in terms of the provisions of Section 211 of the Companies Act No.7 of 2007 and is referred to in the Notice convening the Annual General Meeting.

Mr. Segarajasingham Nagendra, who is 74 years of age, vacates his office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of Mr. Segarajasingham Nagendra as a Director of the Company, in terms of the provisions of Section 211 of the Companies Act No.7 of 2007 and is referred to in the Notice convening the Annual General Meeting.

Dr. (Mrs.) Vijayaluckshmi Sivaprakasapillai who is 72 years of age, vacates her office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Report of the Directors (contd.)

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of Dr. (Mrs.) Vijayaluckshmi Sivaprakasapillai as a Director of the Company, in terms of the provisions of Section 211 of the Companies Act No.7 of 2007 and is referred to in the Notice convening the Annual General Meeting.

Mr. Jayanta Mootatamby Sweminathan who is 72 years of age, vacates his office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of Mr. Jayanta Mootatamby Swaminathan as a Director of the Company, in terms of the provisions of Section 211 of the Companies Act No.7 of 2007 and is referred to in the Notice convening the Annual General Meeting.

Mr. Thirunavukarasu Someswaran who is 70 years of age, vacates his office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of Mr. Thirunavukarasu Someswaran as a Director of the Company, in terms of the provisions of Section 211 of the Companies Act No.7 of 2007 and is referred to in the Notice convening the Annual General Meeting.

Interest Register

An Interest Register is required to be maintained in terms of the Companies Act No.7 of 2007, which came into effect on 03 May, 2007.

Directors' Interest in Contracts with the Company are disclosed in Note 17 to the Financial Statements for the period under review.

Directors Shareholding

The shares held by the Directors at the beginning and at the end of the financial year were as follows. The Articles of Association of the Company do not stipulate a share qualification for Directors.

	31.03.13	01.04.12
Mr.S. Nagendra	257	257
Dr. (Ms.) Y. Ponnambalam	-	-
Mr. Gajendrakumar G. Ponnambalam	-	-
Dr. (Ms.) M. Wimalendran	-	-
Dr. B. Sivaprakasapillai	-	-
Dr. (Ms.) V. Sivaprakasapillai	30,267	30,267
Mr. J. M. Swaminathan	-	-
Mr. T Someswaran	-	-
Mr. Indika Prematunga - (Nominee Director)	-	-

There has been no change in the Stated Capital of the Company during the year under review. The Stated Capital of the Company as at 31st March, 2013 was Rs. 36,000,000/-, consisting of 360,000 Ordinary shares. The Shares of the Company are listed on the Colombo Stock Exchange.

Shareholders

The total shareholder base of the Company as at 31st March 2013 was 253 (2012 -197). The distribution of the shareholding and a listing of the 20 major shareholders are given under Investor Information on pages 31 to 32.

Dividend

The Directors recommended the payment of a First & Final dividend of Rs. 25/- per share for the financial year ended 31st March 2013 (2012 -Rs.20 /- per share). A statement of Solvency in terms of Section 56 (2) of the Companies Act No. 7 of 2007 has been obtained from the Companies Auditors confirming that the Company will, immediately after the distribution is made satisfy the solvency test.

Employment

The Company has no employees. The financial management of the Company is entrusted to Accounting Consultancy and Solutions (Pvt) Ltd; it is operated and managed by two retired senior Partners of Ernst & Young - Chartered Accountants of Sri Lanka.

Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments in relation to the government had been made up to date.

Post Balance Sheet Events

No circumstances have arisen since the Balance Sheet date, which would require adjustment to, or disclosure in the financial statements.

Auditors

The financial statements for the period under review have been audited by M/s KPMG Rs.150,000/= payable by the Company as Audit Fee for the year ended 31st March, 2013. In addition M/s KPMG provides Tax Consultancy Services to the Company. M/s KPMG have expressed their willingness to continue in office and a Resolution to re-appoint them and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Auditors' Relationship with the Company

M/s KPMG has also provided Tax Consultancy Services to the Company, during the period under review.

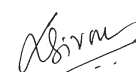
By Order Of the Board



S. Nagendra
Director



Y. Ponnambalam
Director



Secretary
Jacey & Company
Secretaries

28th August 2013

Corporate Governance

Corporate Governance

Corporate Governance is the system by which Companies are directed, managed and controlled by the management in the best interest of the Shareholder.

The Board of Directors is responsible for the Governance of the Company whilst the Shareholders role in Governance is to appoint the Directors and the Auditors and to satisfy themselves that an appropriate governance structure is in place.

Compliance with the Code of Best Practice

The Company currently complies with key areas of the Code of Best Practice for Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

Board of Directors

The Board of Directors takes responsibility for good governance of the Company. The Board of Directors comprises of nine members. All Directors function as Non-Executive Directors. One Director retires by rotation at each Annual General Meeting and is eligible for re-appointment.

The Directors collectively possess a wide range of aptitude, skill, knowledge and experience, in managing companies.

During the period under review, the Financial Management of the Company was handled by Accounting Consultancy & Solutions (Pvt) Ltd.

The Board meets periodically with the Staff of the Accountants of the Company, to review the performance of the Company and the financial statements for the period. Decisions relating to Capital Expenditure and investments require the approval of the Board.

The Directors are responsible for preparing and presenting the financial statements which have been prepared in accordance with the Sri Lanka Accounting Standards and in accordance with

the requirements of the Colombo Stock Exchange. Maximum information is provided to shareholders and full disclosure is made subject to only sensitive information which could directly impact the business of the Company.

Board Sub-Committees

The Board has appointed Audit sub-committee to scrutinize areas under its purview and ensure application of controls over affairs of the Company, mainly the financial management of the Company. The Audit Sub-Committee examines the quarterly financial statements of the Company and discusses necessary steps to be taken in order to better manage the finances of the Company.

Report of the Audit Committee is set out in the page 12 of the Annual Report.

The Board has not appointed a Remuneration Sub-Committee as the Company does not have Executive Directors and Key Management Personnel, who are remunerated by the Company.

Company Secretaries

Jacey & Company provides Company Secretarial services to the Company.

The Company Secretaries play a key role in compliance matters by ensuring that the Company complies with the requirements of the Companies Act, the Colombo Stock Exchange and other regulatory bodies. The Secretaries also ensure that Board procedures are followed and information is provided to shareholders on a timely basis.

Compliance with Legal Requirements

All Directors have access to the advice and services of the Company Secretaries as well as to the Financial Information of the Company, and makes every endeavor to ensure that the Company Complies with Laws and Regulations. Additionally, checks and controls are in place to ensure that the policies of the Board are complied with.

The manner and the extent to which the Company has applied the principles of good Corporate Governance practices during the period under review is set out in the table below

Rule No.	Subject	Applicable requirement	Compliance Status	Details
7.10.1	Non Executive Directors	At least 1/3 of the total number of Directors should be Non-executive Directors	Complied	All Directors are non-executive Directors
7.10.2	Independent Director	2 or 1/3 of non-executive Directors, whichever is higher should be independent	Complied	3 of the Nine Non-executive Directors are independent
		Each Non-executive Director should submit a declaration of independence/Non-independence in the prescribed format	Complied	All Directors have submitted the Declarations.

Corporate Governance (contd.)

Rule No.	Subject	Applicable requirement	Compliance Status	Details
7.10.3	Disclosure relating to Directors	<p>a) Names of Independent Directors should be disclosed in the Annual Report</p> <p>b) In the event a Director does not qualify as "independent Director" as per criteria provided by CSE Listing Rules, if the Board, taking into consideration 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>Complied</p> <p>The Independent Directors have met the criteria for defining independence as per Rule 7.10.4 of the Listing Rules.</p>	Please refer Information pertaining to the Directors on page 04 of the Annual Report
7.10.5	Remuneration Committee	A listed Company shall have a Remuneration Committee	<p>The Board of Directors is aware of the requirement of appointing a Remuneration Sub-Committee. However the Company does not have Executive Directors or Key Management Personnel, who are remunerated by the Company.</p> <p>Financial Management Functions of the Company have been entrusted to Accounting Consultancy and Solutions (Pvt) Ltd. and the Fees for the services rendered by the said Company are determined by the Board of Directors of the Company</p>	The Board has not established a Remuneration Committee.
7.10.6	Audit Committee	The Company shall have an Audit Committee	Complied	The Board has constituted an Audit Committee.
	7.10.6(a) Composition of Audit Committee	<p>a) Shall comprise of non-executive Directors a majority of whom shall be independent</p> <p>b) The chairman of the Audit Committee or one member should be a member of a professional accounting body</p>	<p>Complied</p> <p>Complied</p>	<p>Audit Committee consists of three non-executive Independent Directors.</p> <p>Chairman of the Audit Committee is a member of a Professional Accounting Body.</p>
	7.10.6(b) Audit Committee functions	Should be as outlined in the section 7 of the Listing Rules	Complied	
	7.10.6(c) Disclosure in the Annual Report relating to the Audit Committee	<p>a) Names of the Directors comprising the Audit Committee</p> <p>b) The Audit Committee shall make a determination of the independence of the Auditors and disclose such determination</p> <p>c) The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the functions</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p>	<p>Please refer Information of the Board of Directors and the Board-sub Committees on page 03 of the Annual Report</p> <p>Please refer to Audit Committee Report on page 12 of the Annual Report.</p>

Audit Committee Report

Composition of the committee

Audit Committee comprises of three Independent Non-Executive Directors. The committee is chaired by Mr. T. Someswaran who is a fellow member of Chartered Accountants of Sri Lanka and a Retired Senior Partner of SJMS Associates.

Members of the Board appointed Audit Committee are;

Mr. T. Someswaran	Chairman
Mr. S Nagendra	A Fellow Member of Chartered Institute of Management (UK), MBA (UK) and retired Senior Director of Carsons Cumberbatch PLC
Mr. J. M. Swaminathan	Attorney-at-Law, Senior Partner of M/S Julius and Creasy

Role of the Committee

The Audit Committee is empowered to review and monitor the financial reporting process of the Company, in order to assure that adequate safeguards are in-place to provide true and reliable financial information to the stakeholders of the Company. The duties of the Committee include a detailed review of the financial statements, monitoring Financial Management Functions and making recommendation with regard to adequacy of Financial Management procedures, disclosure of accounting policies, discussions with the External Auditors and Tax Consultants and compliance with the requirement laid down by regulatory authorities.

Meetings

During the year under review, the Committee held four (04) meetings, one (01) in each quarter. The proceedings of the Audit Committee Meetings are reported to the Board of Directors. The representatives of Accounting Consultancy and Solutions (Pvt) Ltd (ACSPL), who carry out the Financial Management Functions of the Company, attend the meetings by invitation.

During the year, the Committee reviewed and discussed the Quarterly Financial Statements, the Draft Financial Statements of the Company, Report on Solvency of the Company and communication from the External Auditors of the Company and other various compliance requirements.

The Committee directs and monitors representatives of ACSPL, Accountants to the Company on Financial Management of the Company. The Committee obtains regular updates from the Accountants on utilization of funds of the Company and provides guidance on efficient Treasury Management and investments.

The Committee has instructed the Accountants to the Company to liaise independently with M/S KPMG, Chartered Accountants, Auditors to the Company. At the conclusion of the Annual Audit of the Company, the Accountants have been requested to explain to the Committee, the methodology and polices/standards adopted in the audit and the findings of the Audit. The Committee has received a Declaration from the External Auditors of the Company,

as required by the Companies Act No 7 of 2007, confirming that they do not have any relationship or interest in the Company, which may have a bearing on their independence, within the definition of the Code of Conduct and Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Committee has recommended to the Board of Directors that M/s KPMG be reappointed as the Auditors of the Company for the financial year ending 31st March, 2014, subject to the approval of the Shareholders at the Annual General Meeting.

Changes in accounting standards

Following the convergence of Sri Lanka Accounting Standards with the International Financial reporting Standards (IFRS), all existing/new Sri Lanka Accounting Standards were prefixed as SLFRS and LKAS and with effect from the financial periods beginning on or after 1st January 2012, it was mandatory for the Company to comply with the requirements of the said new/ revised Sri Lanka Accounting standards (SLFRS/LKAS).

The adoption of the new accounting framework required amendments to the basis of recognition, measurement and disclosure of transactions and balances in the financial statements of the Company, which have been duly addressed in the financial statements for the year ended 31 March 2013, and the corresponding details for the years ended 31 March 2012 and 2011 have been re stated.

Conclusion

The Committee, together with the representatives of ACSPL, Accountants to the Company, has reviewed the adoption of Sri Lanka Financial Reporting Standards corresponding to International Financial Reporting Standards in preparation of Financial Statements of the Company, commencing from the Financial Year ended 31st March, 2013 and had assessed the effect of the said transition on the reported Financial position, financial performance and Cash flows of the Company.

The Committee is of the view that based on the Report submitted by the External Auditors, subsequent to the Audit carried out by them on the Financial Statement of the Company for the period ended 31st March, 2013, adequate controls and procedures are in place to provide a reasonable assurance to the stakeholders that the financial position of the Company is adequately monitored and secured.



T. Someswaran
Chairman-Audit Committee

28th August 2013

Independent Auditors' Report



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

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 Internet : www.lk.kpmg.com

TO THE SHAREHOLDERS OF SERENDIB LAND PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Serendib Land PLC (the "Company"), which comprise the statement of financial position as at 31st March 2013, the statements of comprehensive income, changes in equity and cash flow for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information set out on pages 14 to 30 of the Annual Report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides

a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2013 and the financial statements give a true and fair view of the financial position of the Company as at 31st March 2013 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

Chartered Accountants,
 Colombo
 28th August 2013.

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

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

Statement of Comprehensive Income

<i>Year ended 31st March</i>	Note	2013 Rs.	2012 Rs.
Revenue	5	13,005,000	11,520,000
Direct expenses		(844,074)	(833,198)
		12,160,926	10,686,802
Change in fair value of investment property		-	17,777,834
Administrative expenses		(1,767,752)	(1,485,120)
Finance income	6	591,621	222,441
Finance expense / (Reversal)	6.2	-	-
Net finance Income		591,621	222,441
Profit before taxation	7	10,984,795	27,201,957
Income tax expense	8	(1,373,093)	7,373,531
Profit for the year		9,611,702	34,575,488
Other Comprehensive Income for the year		-	-
Total comprehensive income for the year		9,611,702	34,575,488
Earnings per share (Rs.)	9	26.70	96.04
Dividend per share (Rs.)*	10	25.00	20.00

The annexed notes to the Financial Statements form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

* Based on proposed dividend

Statement of Financial Position

<i>As at 31st March</i>		2013	2012	1 st April 2011
	Note	Rs.	Rs.	Rs.
ASSETS				
Non-current assets				
Investment property	11	<u>251,160,000</u>	251,160,000	231,270,000
		<u>251,160,000</u>	<u>251,160,000</u>	<u>231,270,000</u>
Current assets				
Short term investment		6,813,059	2,967,018	2,058,605
Receivables	12	670,557	652,127	1,694,290
Current tax refund		-	1,059,459	-
Cash and cash equivalents	13	<u>1,593,240</u>	1,933,314	1,968,685
Total current assets		<u>9,076,856</u>	6,611,918	5,721,580
Total assets		<u>260,236,856</u>	<u>257,771,918</u>	<u>236,991,580</u>
EQUITY AND LIABILITIES				
Equity				
Stated capital	14	36,000,000	36,000,000	36,000,000
Retained earnings		<u>199,856,507</u>	197,444,804	168,269,316
		<u>235,856,507</u>	233,444,804	204,269,316
Non current liabilities				
Deferred tax liabilities	15	<u>23,184,000</u>	23,184,000	31,500,000
		<u>23,184,000</u>	23,184,000	31,500,000
Current liabilities				
Current tax liabilities		39,009	-	398,771
Other payables and accruals	16	479,000	689,332	428,944
Dividend payable		453,800	453,782	394,549
Bank over draft		224,540	-	-
Total current liabilities		<u>1,196,349</u>	1,143,114	1,222,264
Total liabilities		<u>24,380,349</u>	24,327,114	32,722,264
Total equity and liabilities		<u>260,236,856</u>	<u>257,771,918</u>	<u>236,991,580</u>

Notes to the Financial Statements form an integral part of these Financial Statements.

I certify that the Financial Statements comply with the requirements in the Companies Act No. 07 of 2007.



Shehan De Alwis
Chief Financial Officer

The Directors are responsible for the preparation and presentation of these financial statements

Approved and signed for and on behalf of the Board



S. Nagendra
Director



Y. Ponnambalam
Director

28th August 2013
Colombo.

Statement of Changes in Equity

For the year ended 31st March 2013

	Stated capital	Retained earnings	Total
	Rs.	Rs.	Rs.
Balance as at 1 April 2011	36,000,000	168,269,316	204,269,316
Profit for the year	–	34,575,488	34,575,488
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	202,844,804	238,844,804
Transactions with the equity owners, recorded directly in equity			
distribution to equity owners			
Dividend paid	–	(5,400,000)	(5,400,000)
Balance as at 31st March, 2012	36,000,000	197,444,804	233,444,804
Balance as at 1 April 2012	36,000,000	197,444,804	233,444,804
Profit for the year	–	9,611,703	9,611,703
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	207,056,507	243,056,507
Transactions with the equity owners, recorded directly in equity			
distribution to equity owners			
Dividend paid	–	(7,200,000)	(7,200,000)
Balance as at March 31, 2013	36,000,000	199,856,507	235,856,507

The notes form an integral part of these financial statements.

Figures in brackets indicate deductions.

Cash Flow Statement

For the year ended 31st March	2013	2012
	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,984,795	27,201,957
Adjustments for:		
Interest expense	-	-
Change in fair value of investment property	-	(17,777,834)
Interest Income	(591,621)	(222,441)
Operating cash flows before working capital changes	10,393,174	9,201,682
(Increase)/Decrease in receivables	41,497	1,128,925
(Decrease)/Increase in payables	(210,314)	260,388
Increase/(Decrease) in Short term Investments	(3,846,041)	(908,414)
Cash generated from operating activities	6,378,316	9,682,581
Interest paid	-	-
Income tax paid	(274,625)	(2,400,699)
Net cash generated from operating activities	6,103,691	7,281,882
Cash flow from investing activities		
Addition to investment property	-	(2,112,166)
Interest received	531,695	194,913
Net cash flow from/(used in) Investing activities	531,695	(1,917,253)
Cash flow from financing activities		
Dividend paid	(7,200,000)	(5,400,000)
Net cash flow used in financing activities	(7,200,000)	(5,400,000)
Net decrease in cash and cash equivalents	(564,614)	(35,371)
Cash and cash equivalents at the beginning of the year	1,933,314	1,968,685
Cash & cash equivalent at the end of the year (Note A)	1,368,700	1,933,314
Note A - Analysis of Cash and cash Equivalents		
Cash & bank Balance	1,593,240	1,933,314
Bank Overdrafts	(224,540)	-
	1,368,700	1,933,314

Notes form an integral part of these financial statements

Figures in brackets indicate deductions

Notes to the Financial Statements

1. REPORTING ENTITY

1.1 Domicile and Legal Form

Serendib Land PLC (the "Company"), is a public, limited liability company incorporated on 31st December 2008 and domiciled in Sri Lanka and presently regulated under the Companies Act No. 07 of 2007. The Registered Office of the Company is located at No. 9/5, Thambiah Avenue, Colombo 07.

1.2 Principal Activities and Nature of Operations

The principal activity of the Company is renting of properties and development of properties owned by it. There were no significant changes in the nature of principal activities of the Company during the financial year.

1.3 Parent Enterprise and Ultimate Parent Enterprise

There is no distinguishable enterprise to be identified as parent Company.

1.4 Number of Employees

The Company did not have its own employees during the year. The Management and Finance functions of the Company have been outsourced.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Statement of Financial Position, Statement of Comprehensive Income, Changes in Equity and Cash Flow Statement, together with the notes, (the "Financial Statements") of the Company as at 31st March 2013 and for the period then ended have been prepared in accordance with new Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies Act No 07 of 2007.

These are the Company's first Financial Statements prepared in accordance with Sri Lanka Accounting Standards prefixed SLFRS and LKAS and SLFRS 01 First-time Adoption of Sri Lanka Accounting Standards has been applied.

An explanation of how the transition to new SLAS's has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 18.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position

- Investment property measured at fair value.

2.3 Comparative Information

The previous year figures and phrases have been reclassified whenever necessary to conform to current year presentation, and as explained in Note 18.

2.4 Functional and Presentation Currency

All values presented in the Financial Statements are in Sri Lankan Rupees and rounded to the nearest rupee value.

2.5 Use of Estimate and Judgment

The preparation of the Financial Statements in conformity with SLAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Current taxation (Note 3.2.a)
- Deferred tax assets / liabilities (Note 3.2.b)
- Provisions and contingencies (Note 3.8)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements and in preparing the opening SLAS statement of financial position as at 01 April 2011 for the purposes of the transition to new SLASs, unless otherwise indicated.

3.1 Foreign Currency Translations

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognised in profit or loss, except for differences arising on the re-translation of available for-sale equity instruments, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Notes to the Financial Statements (*contd.*)**3.2 Income Tax Expenses**

Income tax expense comprises of current & deferred tax expense recognized in the statement of comprehensive income.

a) Current Taxation

The Company's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No 10 of 2006 and amendments thereto.

b) 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 temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. 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 realised.

ASSETS AND BASES OF THEIR VALUATION

Assets classified as current assets in the statement of financial position are cash and those, which are expected to be realized in cash during the normal operating cycle of the Company or within one year from the reporting date which ever is shorter. Assets other than current assets are those, which the Company intends to hold beyond a period of one year from the reporting date.

3.3 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.4 Financial Instruments**3.4.1 Non-derivative financial assets**

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises 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 on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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 realise the asset and settle the liability simultaneously.

The Company has loans and receivables as non-derivative financial assets.

a) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise Short term investments.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

3.5 Impairment of Assets

3.5.1 Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. 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.

The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in

equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised 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 related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3.5.2 Non-financial assets

The carrying amounts of the Company's non-financial assets and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit 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. 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 groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units if any, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss In respect of other assets, recognised in prior periods is 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 recognised.

3.6 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

LIABILITIES AND PROVISIONS

Liabilities classified as Current Liabilities in the statement of financial position are those obligations payable on demand or within one year from the reporting date. Items classified as non current liabilities are those obligations, which expire beyond a period of one year from the reporting date.

All known liabilities have been accounted for in preparing the Financial Statements. Provision and liabilities are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.7 Non-derivative financial liabilities

The Company initially recognises 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 recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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 realise the asset and settle the liability simultaneously.

The Company doesn't have any non-derivative financial liabilities.

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

3.8 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

STATEMENT OF COMPREHENSIVE INCOME

3.9 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

a. Rental Income

Revenue represents the rental income derived from letting of the Company's premises. Rental income is accrued on a time proportion basis.

b. Interest Income is recognized as it accrues in profit and loss unless future collection is in doubt.

c. Other income

Other income is recognized on an accrual basis.

3.10 Expenditure recognition

Expenditure is recognized in the financial statements as they are incurred and recognized on an accrual basis.

a) Operating Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to the statement of Comprehensive Income.

b) Finance Expenses

Finance expenses comprise interest expense on borrowings and unwinding of the discount on provisions recognised on financial assets.

Foreign currency gains and losses are reported on a net basis.

c) Borrowing Cost

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4. CASH FLOW STATEMENT

The cash flow statement has been prepared by using the "Indirect Method" of preparing of cash flow statement in accordance with LKAS 7- Cash Flow Statement.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

Interest paid are classified as operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of cash flow statement.

Notes to the Financial Statements (contd.)

Year ended 31st March	2013	2012
	Rs.	Rs.
5. REVENUE		
Rental income from investment properties	<u>13,005,000</u>	<u>11,520,000</u>
	<u>13,005,000</u>	<u>11,520,000</u>
6. NET FINANCE INCOME		
6.1 finance income		
- Interest income - bank deposits	<u>591,621</u>	<u>222,441</u>
	<u>591,621</u>	<u>222,441</u>
6.2 Finance expense		
Bank charge	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
6.3 Net finance income	<u>591,621</u>	<u>222,441</u>
7. PROFIT BEFORE TAXATION		
Profit before taxation is stated after charging all expenses including the following :		
Director's fees and board meeting attendance fee	230,000	190,000
Accounting fee	504,955	470,000
Secretarial fee	238,918	150,000
Auditors' remuneration		
- Statutory audit	150,000	128,000
- Audit related services	100,000	45,000
- Non Audit Services	217,918	77,000
Direct cost - Investment properties	844,074	833,198
The Company did not employ any staff during the year under review		
8. INCOME TAX EXPENSE		
Current taxation on profits for the year	1,204,971	942,469
Under provision in respect of previous years	168,122	-
Origination / (reversal) of temporary differences	-	(6,300,000)
Effect on changed in fair value of investment property	-	(2,016,000)
Income tax expense	<u>1,373,093</u>	<u>(7,373,531)</u>
Tax reconciliation statement		
Profit before tax	10,984,795	27,201,957
Interest Income	(591,621)	(223,008)
Change in fair value of investment property	-	(17,777,834)
Disallowable expenses	-	-
Statutory Income from business	10,393,174	9,201,115
Non-business income	591,621	223,575
Difference of Non taxable Income		
Deductions under section 32	-	-
Taxable income	<u>10,984,795</u>	<u>9,424,690</u>
Income tax @ 10% - 2012 (10%)	1,039,317	942,469
Income tax @ 28%	165,654	-
Taxation on profits	<u>1,204,971</u>	<u>942,469</u>

In terms of the provisions of the Inland Revenue Act No 10 of 2006 and amendments thereto, the Company is liable to taxed at 28%(2012 - 28%%) since the turnover of the Company is bellow Rs. 300 Mn the company is entitled to concessionary tax rate of 10% on operational profits.

Deferred tax has been computed using tax rate of 28%

Notes to the Financial Statements (contd.)

9. EARNINGS PER SHARE

The earnings per share is based on the net profit after taxation for the year attributable to ordinary shareholders divided by the weighted average number of ordinary shares issued during the year.

	2013	2012
	Rs.	Rs.
Profit after taxation attributable to ordinary shareholders (Rs.)	9,611,702	34,575,488
Weighted average number of ordinary shares	360,000	360,000
Earnings per share (Rs.)	<u>26.70</u>	<u>96.04</u>
Earnings per share excluding change in fair value of investment property.		
Profit for the year before change in fair value of investment property	9,611,702	14,782,222
Weighted average number of ordinary shares	360,000	360,000
Earnings per share (Rs.)	<u>26.70</u>	<u>41.06</u>

10. DIVIDEND PER SHARE

	2013	2012
	Rs.	Rs.
Proposed dividend (Note 25)	9,000,000	7,200,000
Dividend per ordinary share	<u>25.00</u>	<u>20.00</u>

11. INVESTMENT PROPERTY

	2013	2012	2011
	Rs.	Rs.	Rs.
Amount at the beginning of the period	251,160,000	231,270,000	231,270,000
Addition during the year	-	2,112,166	-
Change in fair value	-	17,777,834	-
Amount at the end of the period	<u>251,160,000</u>	<u>251,160,000</u>	<u>231,270,000</u>

Location	Extent	Carrying amount of investment property	No. of Buildings
No. 75, Kumaran Rathnam Road, Slave Island, Colombo 02			
- Land (99 year lease)	20.2 p	100,000,000	-
- Building	20,000 sq.ft	82,800,000	1
No. 70 & 72, Kew Road, Slave Island, Colombo 02			
- Land (99 year lease)	17.09 p	68,360,000	-

Investment Property comprises Land owned by the Company and a Building constructed by the Company on land obtained on a 99 year lease from 1982.

The fair value of the land and building was based on a valuation made by Mr. P. B. Kalugalagedara (F.I.V.); an Incorporated Valuer & Assessor, Associate Institute of Valuers, Sri Lanka as at 31st March 2012.

The fair value of land as at 31st March 2012 was assessed using open market value as at that date. The fair value of building rented to third party was assessed on 31st March 2012 based on the rental income for the building and a discount rate of 5.5%.

Investment property, yielded rental income of Rs.13,005,000/- (2012 - Rs.11,520,000/-). The Directors are of the opinion that the fair value of investment remains unchanged as at the reporting date.

Notes to the Financial Statements (contd.)

12. RECEIVABLES	2013	2012	2011
	Rs.	Rs.	Rs.
Pre Payments - CSE	37,500	–	1,061,235
Pre Paid Rates	633,057	633,056	633,055
WHT Receivable	–	19,071	–
	<u>670,557</u>	<u>652,127</u>	<u>1,694,290</u>
13. CASH AND CASH EQUIVALENTS	2013	2012	2011
	Rs.	Rs.	Rs.
Cash at bank	558,425	1,933,314	1,968,685
Fixed Deposit	1,034,815	–	–
	<u>1,593,240</u>	<u>1,933,314</u>	<u>1,968,685</u>
14. STATED CAPITAL	2013	2012	2011
	Rs.	Rs.	Rs.
Issued & fully paid			
360,000 Ordinary shares	<u>36,000,000</u>	<u>36,000,000</u>	<u>36,000,000</u>
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.			
15. DEFERRED TAX LIABILITIES	2013	2012	2011
	Rs.	Rs.	Rs.
Balance at the beginning	23,184,000	31,500,000	31,500,000
Effect on changed in fair value of investment property	–	(2,016,000)	–
Effect on changed in tax rate	–	(6,300,000)	–
Balance at the end	<u>23,184,000</u>	<u>23,184,000</u>	<u>31,500,000</u>
Analysis of deferred tax liabilities			
Investment Property			
- Temporary difference	82,800,000	82,800,000	90,000,000
- Tax	23,184,000	23,184,000	31,500,000
16. OTHER PAYABLES AND ACCRUALS			
Value added tax payable	–	112,890	113,500
NBT payable	–	19,200	19,584
Other payables (Note 16.1)	479,000	557,242	295,860
	<u>479,000</u>	<u>689,332</u>	<u>428,944</u>
16.1 OTHER PAYABLES			
Audit fees payable	150,000	144,742	150,000
Accounting fee payable	35,000	35,000	33,360
Secretarial fee payable	84,000	262,500	112,500
Valuation fee payables	–	60,000	–
Directors fee Payables	45,000	55,000	–
Professional charges payable	165,000	–	–
	<u>479,000</u>	<u>557,242</u>	<u>295,860</u>

Notes to the Financial Statements (*contd.*)**17. RELATED PARTY TRANSACTIONS**

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties under Sri Lanka Accounting Standards - 24 Related Party Disclosures, the details of which are reported below.

(a) Transactions with Key Management Personnel (“KMP”)

According to Sri Lanka Accounting Standard 24 - Related Party Disclosure, Key Management Personnel are those having authority and responsibility for planning, directing, and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non-Executive Directors) and their close family members have been classified as KMP of the Company.

The Board of Directors of company have the authority and responsibility for planning directing and controlling the activities of the Company. During the year no compensation has been made to the KMP's other than the Director fee and board meeting attendance fee which is disclosed under Note 7.

(b) Transaction with related company

Name of related party	Relationship	Nature of transaction	Amount Rs.
AIA Insurance PLC	Affiliated Company	Rental income	13,005,000

18. EXPLANATION OF TRANSITION TO NEW SLASS

As stated in note 2.1, these are the Company's first Financial Statements prepared in accordance with new SLFRSs.

The accounting policies set out in Note 3 have been applied in preparing the Financial Statements for the year ended 31 March 2013, the comparative information presented in these Financial Statements for the year ended 31 March 2012 and in the preparation of an opening SLFRS statement of financial position at 1 April 2011 (the Company's date of transition).

In preparing its opening SLAS statement of financial position, the Company has adjusted amounts reported previously in Financial Statements prepared in accordance with previous SLASs. An explanation of how the transition from previous SLASs to new SLASs has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes to the Financial Statements (contd.)

18.1 Reconciliation of statement of financial position

		Effect of		Effect of		
	Previous	Transition to	New SLASs	Previous	Transition to	New SLASs
	SLASs	new SLASs		SLAS s	new SLASs	
		31st March			01st April	
		2012			2011	
Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ASSETS						
Non current assets						
Investment property	251,160,000	–	251,160,000	231,270,000	–	231,270,000
Total Non Current Assets	251,160,000	–	251,160,000	231,270,000	–	231,270,000
Current assets						
Trade & Other Receivables	739,016	(86,890)	652,127	1,753,085	(58,795)	1,694,290
Income tax receivable	1,059,459	–	1,059,459	–	–	–
Short Term Investment	–	2,967,018	2,967,018	–	2,058,605	2,058,605
Cash in hand & bank	4,814,200	(2,880,886)	1,933,314	3,968,685	(2,000,000)	1,968,685
Total current assets	6,612,675	(757)	6,611,918	5,721,770	(190)	5,721,580
Total assets	257,772,675	(757)	257,771,918	236,991,770	(190)	236,991,580
EQUITY AND LIABILITIES						
Equity						
Stated capital	36,000,000	–	36,000,000	36,000,000	–	36,000,000
Retained earnings	197,445,561	(757)	197,444,804	168,269,506	(190)	168,269,316
Share Holders' Funds	233,445,561	(757)	233,444,804	204,269,506	(190)	204,269,316
Non Current Liabilities						
Deferred Tax Liability	23,184,000	–	23,184,000	31,500,000	–	31,500,000
Total non current liabilities	23,184,000	–	23,184,000	31,500,000	–	31,500,000
Current Liabilities						
Trade & Other Payables	689,332	–	689,332	428,944	–	428,944
Income Tax Payable	–	–	–	398,771	–	398,771
Dividend Payables	453,782	–	453,782	394,549	–	394,549
Total current liabilities	1,143,114	–	1,143,114	1,222,264	–	1,222,264
Total liabilities	1,143,114	–	1,143,114	1,222,264	–	1,222,264
Total equity and liabilities	257,772,675	(757)	257,771,918	236,991,770	(190)	236,991,580

Notes to the Financial Statements (contd.)

18.2 Reconciliation of comprehensive income for the year ended 31st March 2012

Note	31 st March 2012		
	Previous SLASs Rs.	Effect of Transition to new SLASs Rs.	New SLASs Rs.
Revenue	11,520,000	–	11,520,000
Direct expenses	(833,198)	–	(833,198)
Gross profit	10,686,802	–	10,686,802
Change in fair value of investment property	17,777,834	–	17,777,834
Administrative expenses	(1,485,120)	–	(1,485,120)
Finance income	223,008	(567)	222,441
Finance expense	–	–	–
Net finance cost	223,008	(567)	222,441
Profit before taxation	27,202,524	(567)	27,201,957
Income tax expense	7,373,531	–	7,373,531
Profit for the year	34,576,055	(567)	34,575,488

18.3 Notes to the reconciliations

18.3.a Fixed Deposit - Re measurement

The Company has classified all its investments in Fixed Deposit as Loans and receivables. these are recognised initially at fair value plus any directly attributable transaction costs. Subsequent measurement of these financial assets and recognition of interest income are at amortized cost using the original effective interest rate (EIR).

	31 st March 2012 Rs.	1 st April 2011 Rs.
Statement of comprehensive income		
Finance Income	(567)	–
Statement of financial position		
Retained earnings	757	190
Short term investment	(757)	(190)
	–	–

18.3.b Reclassification

The impact arising from the change is summarised as follows:

Statement of financial position		
Short term investment	86,890	58,795
Interest Receivable	(86,890)	(58,795)
	–	–
Statement of financial position		
Short term investment	–	2,000,000
Cash and cash equivalents	–	(2,000,000)
	–	–

Notes to the Financial Statements (contd.)

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities, together with the carrying amounts of which are shown in the statement of financial position, are as follows:

As at 31st March	2013		2012	
	Carrying Amount Rs.	Fair Value Rs.	Carrying Amount Rs.	Fair Value Rs.
Assets carried at amortised cost				
Cash at bank	558,425	558,425	1,933,314	1,933,314
Fixed deposit	1,034,815	1,034,815	–	–
Short term Investment	6,813,059	6,813,059	2,967,018	2,967,018
	<u>8,406,299</u>	<u>8,406,299</u>	<u>4,900,332</u>	<u>4,900,332</u>

20. FINANCIAL RISK MANAGEMENT**20.1 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 obligations, and arises principally from the Company's receivables from customers.

20.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

As at 31st March	2013 Rs.
Short term investment	6,813,059
Fixed Deposit	1,034,815
Cash at bank	558,425

Notes to the Financial Statements (*contd.*)**20.2 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.

Cash flow forecasting is done by the Company on a regular basis. The finance division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

	Contractual Undiscounted Cash Flows					
	Carrying amount Rs.	6 months or less Rs.	6-12 months Rs.	1-2 years Rs.	2-5 years Rs.	More than 5 years Rs.
ASSETS						
Non current assets						
Investment property	251,160,000	-	-	-	-	251,160,000
Total non current assets	251,160,000	-	-	-	-	251,160,000
Current assets						
Short term investment	6,813,059	6,813,059	-	-	-	-
Receivables	670,557	670,557	-	-	-	-
Cash and cash equivalents	1,593,240	1,593,240	-	-	-	-
Total current assets	9,076,856	9,076,856	-	-	-	-
Total assets	260,236,856	9,076,856	-	-	-	251,160,000
Equity						
Stated capital	36,000,000	-	-	-	-	36,000,000
Retained earnings	199,856,507	-	-	-	-	199,856,507
Total equity	235,856,507	-	-	-	-	235,856,507
Non Current Liabilities						
Deferred Tax Liability	23,184,000	-	-	-	-	23,184,000
Total Non Current Liabilities	23,184,000	-	-	-	-	23,184,000
Current Liabilities						
Income tax payable	39,009	39,009	-	-	-	-
Other payables and accruals	479,000	479,000	-	-	-	-
Dividend payable	453,800	453,800	-	-	-	-
Bank over draft	224,540	224,540	-	-	-	-
Total Current Liabilities	1,196,349	1,196,349	-	-	-	-
Total Liabilities	24,380,349	1,196,349	-	-	-	23,184,000
Total equity and liabilities	260,236,856	1,196,349	-	-	-	259,040,507

Notes to the Financial Statements (contd.)

21. CAPITAL COMMITMENTS

The Company does not have any significant Capital Commitments outstanding as at the Balance Sheet date which require adjustments or disclosure in the financial statements.

22. CONTINGENT LIABILITIES

The Company does not have any significant Contingent Liabilities outstanding as at the Balance Sheet date which require disclosure in the Financial Statements.

23. LITIGATION AND CLAIMS

There was no pending litigation or claims as at the Balance Sheet date.

24. SEGMENT REPORTING

A segment is a distinguishable component of an enterprise that is engaged in either providing products or services (Business Segment) or in providing products or service within a particular economic environment (Geographical Segment) which is subject to risk and reward that are different from those of other segment.

However there is no distinguishable component to be identified as segment for the company.

25. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Directors have recommended the payment of a first & final dividend of Rs. 25/- per share for the year ended 31 March 2013, which require the approval of the shareholders at the Annual General Meeting to be held on 26th September 2013. The Boards of Directors confirm that the company has satisfied the solvency test in accordance with Section 57 of the Companies Act No. 7 of 2007 and have obtained the certificate from the auditors.

The proposed final dividend exceeds the minimum distribution mandated by the Inland Revenue Act No. 10 of 2006 and therefore the 15% deemed dividend tax, will not be imposed on the Company.

Other than those disclosed above, no circumstances have been arisen since the Balance Sheet date which would require adjustments to financial statements.

26. OPERATING LEASE COMMITMENTS

The company entered into lease agreement with Urban Development Authority for lease of land for a period of 99 years ending 01/04/2081

The operating lease rentals are payable as follows.

	2013	2012
	Rs.	Rs.
Less than one year	100	100
Between one & five years	500	500
More than five years	6,200	6,300

27. DIRECTOR'S RESPONSIBILITY

The Board of Directors acknowledge the responsibility for true and fair presentation of these financial statements in accordance with the Sri Lanka Accounting Standards and the requirements of the Companies' Act No. 07 of 2007.

Investor Information

SHARE CAPITAL

Stated Capital - Rs. 36,000,000 divided into 360,000 Ordinary shares

The issued Ordinary Shares of Serendib Land PLC are listed on the Colombo Stock Exchange.

SHARE DISTRIBUTION

No of Shares Held	31.03.2013			31.03.2012		
	No of Shareholders	Total Holding	% of Total Shares	No of Shareholders	Total Holding	% of Total Shares
Upto - 1,000	241	14,918	4.14	185	14,918	4.14
1,001 - 5,000	6	12,623	3.51	6	12,623	3.51
5,001 - 10,000	-	-	-	-	-	-
10,001 - 50,000	2	55,981	15.55	2	55,981	15.55
50,001 - 100,000	4	246,478	76.80	4	276,478	76.80
	<u>253</u>	<u>360,000</u>	<u>100.00</u>	<u>197</u>	<u>360,000</u>	<u>100.00</u>

SHARE TRADING

	31 st March, 2013 Rs.	31 st March 2012 Rs.
Highest Traded Price	3,000.00 (11.09.2012)	2,500.00 (09.03.2012)
Lowest Traded Price	1,105.00 (06.03.2013)	1,250.00 (27.02.2012)
Last Traded Price	1,572.00 (25.03.2013)	2,400.00 (14.03.2012)

PUBLIC HOLDING

7.58% of the issued shares were held by the public as at 31st March 2013. (2012 - 7.58%)

DIVIDEND

A Final Dividend of Rs. 25/= share has been proposed for payment on 26th September, 2013. (2012 - Rs. 20/-)

Investor Information (contd.)

The twenty major shareholders as at 31st March 2013 with comparative figures for 2012 were as follows:

20 Major Shareholders	31.03.2013		20 Major Shareholders	31.03.2012	
	Shares	%		Shares	%
Aviva NDB Insurance PLC	80,768	22.43	Aviva NDB Insurance PLC	80,768	22.43
Gee Gees Properties (Pvt) Ltd	76,735	21.32	Gee Gees Properties (Pvt) Ltd	76,735	21.32
Gitanjali Gajaluckshmi (Pvt) Ltd	76,697	21.30	Gitanjali Gajaluckshmi (Pvt) Ltd	76,697	21.30
Gitanjali Group (Pvt) Ltd	67,992	18.89	Gitanjali Group (Pvt) Ltd	67,992	18.89
Dr (Mrs) V. Sivaprakasapillai	30,267	8.41	Dr. (Mrs) V. Sivaprakasapillai	30,267	8.41
Mr. O D Liyanage	4,033	1.12	Mr. O. D. Liyanage	4,033	1.12
Mrs. S Z Ossman	2,200	0.61	Mrs. S. Z. Ossman	2,200	0.61
Mr. A. Saverimuttu	1,900	0.53	Mr. A. Saverimuttu	1,900	0.53
Ossman Associates (Pvt) Ltd	1,779	0.49	Ossman Associates (Pvt) Ltd	1,779	0.49
Ms. N Gunatileke	1,499	0.42	Ms. N. Gunatileke	1,499	0.42
Mr.G.C.W. De Silva	1,212	0.34	Mr. G. C. W. De Silva	1,212	0.34
Mr. K. T. Wickremaratne	750	0.21	Mr. K. T. Wickremaratne	750	0.21
Colombo Investment Trust Ltd	642	0.18	Colombo Investment Trust Ltd	642	0.18
DR. (Mrs.) M.S.P. Wijenayake	555	0.15	Dr. (Mrs.) M. S. P. Wijenayake	555	0.15
Mr. A. L. Weerasinghe	534	0.15	Mr. A. L. Weerasinghe	534	0.15
Mrs. A N De Mel	534	0.15	Mrs. A. N. De Mel	534	0.15
Mrs. E Shinya	514	0.14	Mrs. E. Shinya	514	0.14
Mr. B.G.S. De Silva	514	0.14	Mr. B. G. S. De Silva	514	0.14
Mr. C L Iddamalgoda	507	0.14	Mr. C. L. Iddamalgoda	507	0.14
Mrs. M T Fernando	485	0.13	Mrs. M. T. Fernando	485	0.13
	350,117	97.25		350,117	97.25
Shares held by the balance Shareholders	9,883	2.75	Shares held by the balance Shareholders	9,883	2.75
	360,000	100.00		360,000	100.00

Company Performance - Five Year Summary

Year ended 31 st March	2013 Rs.	2012 Rs.	2011 Rs.	2010 Rs.	2009 Rs.
Trading Results					
Rental Income	13,005,000	11,520,000	11,520,000	11,520,000	11,400,000
Total Revenue	13,005,000	11,520,000	11,520,000	11,520,000	11,400,000
Direct Cost	(844,074)	(833,198)	(724,196)	(716,492)	(665,861)
Gross Profit	12,160,926	10,686,802	10,795,804	10,803,508	10,734,139
Fair Value Gain	–	17,777,834	–	–	21,622,700
Total Operating Expenses	(1,767,752)	(1,485,120)	(1,430,168)	(1,360,328)	(1,154,584)
Profit from Operating Activities	10,393,174	26,979,516	9,365,637	9,443,180	31,202,255
Net Finance (Exp)/Income	591,621	222,441	212,279	391,360	180,272
Net profit before Tax	10,984,795	27,201,957	9,577,916	9,834,539	31,382,527
Income Tax	(1,373,093)	7,373,531	(3,485,367)	(3,463,582)	(23,202,423)
Net profit after Tax	9,611,702	34,575,488	6,092,549	6,370,958	8,180,104
Balance Sheet					
Assets					
Investment Property	251,160,000	251,160,000	231,270,000	231,270,000	231,270,000
Current Assets					
Short term investment	6,813,059	2,967,018	2,058,605	–	–
Trade and Other Receivables	670,557	1,711,586	1,694,290	30,976	779,430
Cash and Cash Equivalents	1,593,240	1,933,314	1,968,685	4,934,762	3,373,747
	9,076,856	6,611,918	5,721,580	4,965,738	4,153,177
Total Assets	260,236,856	257,771,918	236,991,580	236,235,738	235,423,177
Equity and Liabilities					
Stated Capital	36,000,000	36,000,000	36,000,000	36,000,000	36,000,000
Accumulated Profit/(Loss)	199,856,507	197,444,804	168,269,316	167,576,957	166,245,999
Total Equity	235,856,507	233,444,804	204,269,316	203,576,957	202,245,999
Non Current Liabilities					
Deferred tax Liability	23,184,000	23,184,000	31,500,000	31,500,000	31,500,000
Total Non Current Liabilities	23,184,000	23,184,000	31,500,000	31,500,000	31,500,000
Current Liabilities					
Trade & Other Payables	703,540	689,332	428,944	366,081	616,681
Tax Payable	39,009	–	398,771	435,886	726,777
Dividend Payable	453,800	453,782	394,549	356,814	333,720
Total Current Liabilities	1,196,349	1,143,114	1,222,264	1,158,781	1,677,178
Total Equity & Liabilities	260,236,856	257,771,918	236,991,580	236,235,738	235,423,177
Earnings per Share	26.69	96.04	16.92	17.70	22.72
Dividend per Share	25.00	20.00	15.00	15.00	14.00
Net Assets Value per share	655.15	648.46	567.42	565.49	561.79
Share Value (High)	3,000.00	2,500.00	600.00	505.00	500.00
Share Value (Low)	1,105.00	1,250.00	600.00	240.00	200.00
Current Ratio	7.57	5.78	4.68	4.29	2.48
Return on Equity (%)	4.07	14.81	2.98	3.13	4.04
Total Debt to Total Assets (%)	–	–	–	–	–
Debt/Equity Ratio	–	–	–	–	–

Form of Proxy

Serendib Land PLC
No 9/5, Thambiah Avenue,
Colombo 07.

I/ We
of.....

Being a shareholder/ shareholders of Serendib Land PLC, hereby appoint,

.....
of

whom failing SEGA NAGENDRA, Chairman whom failing Dr (Ms) Y. Ponnambalam, whom failing Mr. G. G. Ponnambalam, whom failing, Dr. (Ms) M. Ponnambalam, whom failing Dr. B. Sivaprakasapillai, whom failing Dr.(Ms) V. Sivaprakasapillai, whom failing Mr. J. M. Swaminathan whom failing Mr. T. Someswaran, whom failing Mr. Indika Prematunga as my/our Proxy to vote and *..... as indicated hereunder for me/ us and on my/our behalf at the Thirty Second Annual General Meeting of the Company to be held on 26th September, 2013 at 3.30 pm and at any adjournment thereof.

	For	Against
1. To receive and adopt the Report of the Directors and the Statements of Accounts for the year ended 31 st March 2013, together with the Report of the Auditors thereon.	<input type="radio"/>	<input type="radio"/>
2. Directors		
(i) To pass the Ordinary Resolution numbered 2 (i) set out in the Notice of Meeting of the Annual General Meeting	<input type="radio"/>	<input type="radio"/>
(ii) To pass the Ordinary Resolution numbered 2 (ii) set out in the Notice convening the Annual General Meeting	<input type="radio"/>	<input type="radio"/>
(iii) To pass the Ordinary Resolution numbered 2 (iii) set out in the Notice of Meeting of the Annual General Meeting	<input type="radio"/>	<input type="radio"/>
(iv) To pass the Ordinary Resolution numbered 2 (iv) set out in the Notice of Meeting of the Annual General Meeting	<input type="radio"/>	<input type="radio"/>
(v) To pass the Ordinary Resolution numbered 2 (v) set out in the Notice of Meeting of the Annual General Meeting	<input type="radio"/>	<input type="radio"/>
(vi) To pass the Ordinary Resolution numbered 2 (vi) set out in the Notice of Meeting of the Annual General Meeting	<input type="radio"/>	<input type="radio"/>
3. To declare Rs. 25/- per share as a Final Dividend for the year ended 31 st March, 2013 as recommended by the Directors.	<input type="radio"/>	<input type="radio"/>
4. To re-appoint the retiring Auditors M/s KPMG Chartered Accountants to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.	<input type="radio"/>	<input type="radio"/>

As witness my/our hand this day of Two Thousand and Thirteen.

.....
Signature of Shareholder

Notes:

If you wish your Proxy to speak at the Meeting you should insert the words "to speak and" in the place indicated with an asterisk and initial such insertion.

Please indicate with an "x" in the space provided how your Proxy is to vote. If there is in the view of the Proxy holder doubt (by reason of the way 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 shall vote as he thinks fit.

A Proxy holder need not be a member of the Company

Instructions as to completion appear on the reverse hereof.

INSTRUCTIONS FOR COMPLETION

1. To be valid this Form of Proxy must be deposited at the Registered Office of the Company at No. 9/5, Thambiah Avenue, Colombo 7 not less than 48 hours before the time appointed for the holding of the Meeting.
2. The full name and address of the Proxyholder and of the Shareholder appointing the Proxyholder should be entered legibly in the Form of Proxy.
3. If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your Proxy, please insert the relevant details at 1 overleaf and initial against this entry.
4. In the case of a Company/ Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
5. 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 registered with the Company.

Serendib Land PLC
9/5, Thambiah Avenue, Colombo 07.