

36th



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Form of Proxy Enclosed

Notice of Meeting

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of SERENDIB LAND PLC will be held at Hotel Renuka, No. 328, Galle Road, Colombo 03 on 26th September 2017 on at 4.00 p.m. for the following purposes:

1. To receive and consider the Audited Financial Statements for the Year Ended 31st March 2017, together with the Reports of the Directors' and Auditors' thereon.
2. Directors
 - (i) To re-elect Dr. (Mrs.) M. Ponnambalam, as a Director, who retires by rotation in terms of Article 98 of the Articles of Association of the Company at the Annual General Meeting; and.
 - (ii) To re-appoint as a Director Dr. Brahman Sivaprakasapillai, who is 81 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 81 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 78 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 78 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 76 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 her re-appointment.

"RESOLVED THAT Dr. (Mrs) Vijayaluckshmi Sivaprakasapillai who is 76 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 Dr. Jayanta Mootatamby Swaminathan who is 76 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. Jayanta Mootatamby Swaminathan, who is 76 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. Jayanta Mootatamby Swaminathan"

- (vi) To re-appoint as a Director Mr. Thirunavukarasu Someswaran 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.

Notice of Meeting

“RESOLVED THAT Mr. Thirunavukarasu Someswaran 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. Thirunavukarasu Someswaran”.

- (vii) To re - appoint Dr. (Mrs.) Y. Ponnambalam, as a Director, who is 70 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.) Y. Ponnambalam, 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 Dr. (Mrs.) Y. Ponnambalam,

3. To declare a First and Final Dividend of Rs. 25/- for the Year Ended 31st March, 2017, 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 authorise the Directors to determine their remuneration.

BY ORDER OF THE BOARD

JACEY & COMPANY

Secretaries

COLOMBO

09th August, 2017

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. (Mrs.) Y. Ponnambalam
Director

Mr. Gajendrakumar G. Ponnambalam
Director

Dr. B. Sivaprakasapillai
Director
(Alternate: Ms. S. De Lanerolle)

Dr. (Mrs.) V. Sivaprakasapillai
Director
(Alternate: Ms. D. Sivaprakasapillai)

Dr. (Ms.) M. Ponnambalam
Director
(Alternate: Dr. (Mrs.) Y. Ponnambalam)

Dr. J. M. Swaminathan
Director

Mr. T. Someswaran
Director

Mr. Ramesh Schaffter
Director

Audit Committee

Mr. T. Someswaran
Chairman

Mr. S. Nagendra

Dr. J. M. Swaminathan

Related Party Transactions Review Committee

Mr. T. Someswaran
Chairman

Mr. S. Nagendra

Dr. 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 CCMI (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 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 Past President of Skat International Colombo (International Association of Travel and Tourism Professionals) and the Past Secretary of Skat International Asian Area Region and Past President of the Pacific Asia Travel Association, Sri Lanka Chapter. Mr Nagendra was the Past President 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.

Companion of the Chartered Management Institute, U.K. Master of Business Administration U.K. and Fellow of the Institute of Certified Professional Managers, Sri Lanka.

Dr. J. M. Swaminathan

Non Executive, Independent Director

Dr. J. M. Swaminathan holds LLB (Ceylon), LL.M, M. Phil. (Colombo) and LL.D (Honoris Causa) Degrees and is an Attorney-at-Law. He has been in the legal profession for over 50 years. He is the Precedent Partner of Messrs. Julius & Creasy and is a Member of the Law Commission of Sri Lanka and Former Member of the Council of Legal Education. He is also a Member of the Company Law Advisory Commission and Intellectual Property Law Advisory Commission. He is a Member of the Board of the Faculty of Law of the University of Colombo. He also serves as a Member of the Legal Cluster of the National Council for Economic Development. He is a Visiting Lecturer and an Examiner at the Faculty of Law, University of Colombo and was a Lecturer at the Institute of Advanced Legal Studies Unit of the Sri Lanka Law College and was also a Faculty Member for the LL.M Courses of the University of Wales and LL.M Colombo and serves on the Boards of several public and private 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 Gitanjali 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. (Mrs.) M Ponnambalam

Non-Executive, Non-Independent Director

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

Mr. Ramesh Schaffter

Non-Executive, Non-Independent Director

Mr. Ramesh Schaffter is a Director of Janashakthi Insurance PLC and a Fellow member and Former Council Member of the Chartered Institute of Management Accountants Sri Lanka and an Associate Member of the Chartered Institute of Marketing. Ramesh is a versatile personality who has over 25 years experience in Finance and Marketing. He served as the Secretary to the Board of Janashakthi for 22 years since the inception of the company in 1994 and was appointed to the Board in 2004. He has served on the Boards of several public listed and unlisted companies as well as being the immediate past President of Habitat for Humanity Sri Lanka, an NGO engaged in providing housing for low income families. He also serves as a Director of World Vision Lanka.

Chairman's Review



On behalf of the Board of Directors, I take pleasure in welcoming you to the 36th 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 2017.

Sri Lankan - Economy

As per the Department of Census and Statistics of Sri Lanka (the DCS), the Country's Gross Domestic Product (GDP) has grown 5.3% in the fourth quarter of the year 2016, however in comparison to the previous year, the Annual Growth of the Country had slowed to 4.4% in 2016. It was further noted by the DCS that similar to the same period last in the year 2016, the GDP in the first quarter of 2017 had expanded up to 3.8%.

The Year on Year inflation based on National Consumer Price Index (NCPI), for the month of June 2017, has decreased to 6.3% in June 2017 from 7.1% in May 2017. Services related economic activities which collectively account for the major share of GDP, expanded by 4.2% in 2016 compared to 5.7% growth in 2015, in value added terms. Most of the Service contributed positively to the growth during 2016, but at a slower pace compared to the previous year. It was noted that, the value added of financial, insurance and Real Estate activities including ownership of dwellings expanded by 8.4% in 2016 compared to 13.3% growth recorded in 2015. All the economic activities within the segment continued to grow during the year, yet at a slower pace compared to 2015. Furthermore, the growth in

wholesale and retail trade, public administration, real estate activities, education, other personal services, insurance, accommodation services, telecommunication, human health services, and IT related activities contributed positively towards expansion in Services. However, professional services recorded a contraction during the year.

Investment growth was spurred by Government infrastructure activities and the consequent expansion in private sector involvement in Construction activities. Meanwhile, private consumption registered a slowdown due to the increase in interest rates and taxes, gradual increase in import prices of consumer goods and depreciation of the Sri Lankan Rupee.

The unemployment rate decreased to 4.4% during 2016 from 4.7% recorded in 2015. During 2016, the total labour force has grown by 1.2%, while a decline of 5.4% was recorded in the unemployed population, reflecting an increase in employment opportunities in the economy during 2016 compared to 2015. Accordingly, the absolute number of unemployed males and females were 153,990 and 212,923, respectively, for the period under review.

The Ministry of Industry and Commerce continued to facilitate regional industrialisation by promoting investments and provisioning of infrastructure facilities, and technical assistance at regional level. Accordingly, the Ministry of Industry and Commerce continued the infrastructure development activities in 32 industrial parks throughout the country in 18 districts. Majority of infrastructure development activities relating to Trincomalee (Stage II) and Batticaloa Industrial Estates was completed in 2016. Several architectural marvels such as the Altair, Clearpoint Residencies Destiny, Fairway SkyGardens and the Colombo Lotus Tower began gaining attention while One Galle Face, ITC Colombo One and Avic Astoria were being introduced for the first time.

The country's social indicators continued to improve, enabling the country to maintain its foremost position in terms of social development amongst emerging markets and regional peers.

The economy is expected to return to a high growth path in the medium term, given that appropriate policies will come in to play.

Chairman's Review

Real Estate/ Property Development Sector

The Real Estate sector in Sri Lanka has now matured in many of the traditionally popular geographic areas whilst other emerging spots are driving the overall market in an upward direction. Prices have not dropped in any area on the Western Province, however some of the high-priced suburbs like Colombo 07 have now reached a peak. Legislation may play some part in the leveling out. For instance, there are new Urban Development Authority (UDA) laws that enforce restrictions on the height limits of new constructions in some exclusive areas.

However, as the Colombo Central areas level out, property development is showing a pattern of outward expansion, moving from one development center to the next as it expands. New spots are born and others maturing as prices respond to higher demand for land property that is within commutable distance to the commercial center.

With the current diversifying market, the big-time property developers in the sector are said to be active, buying up land and constructing apartment complexes, many of which are exclusive. The demand for luxury condominiums are mainly driven by a small section of the local buyers and Sri Lankan nationals living overseas.

The demand for commercial property also adds considerable value to the sector. Sound economic growth ensures a good demand for warehouses, showroom and office space as commercial entities look to expand. Much of the lure in this sector is a function of population density of any given area.

Financial Performance

During the year under review the Company recorded a turnover of Rs. 16,172,850/- and a profit before taxation of Rs. 13,987,011/- compared with a turnover of Rs. 16,128,000/- and the profit before taxation of Rs. 13,630,446/- in the previous year.

A provision for Rs. 1,883,385/- has been made for taxation for the year under review.

DIRECTORATE

The Board of Directors of the Company comprises of Nine (09) Non-Executive Directors. 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, 2017.

CSE Listing Rules Requirement for Diri Savi Board

The Board of Directors of the company is taking necessary steps to list the company on the Diri Savi Board before 1st June, 2018 as prescribed under the CSE Listing Rules.

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 whose valued contribution, continued support and tremendous guidance proved to be of immense value. I also wish to thank the members of the Audit Committee and the Related Party Transactions Review 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 constant source of great strength.



Segga Nagendra
Chairman

09th August, 2017

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, 2017 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, satisfies the Solvency Test, immediately after the proposed 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
09th August, 2017

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, 2017. 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 leasing 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, 2017.

Review of Operation

A review of the operations of the Company during the financial year are described in the Chairman's Review on page 06 to 07.

Director's Responsibility for the Financial Statements

The Directors are responsible for preparing and presenting the financial statements, which are set-out on pages 19 to 36. 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 08 of this Report.

Investment Properties

The details relating to the movement in Investment Properties are given in Note 12.

Going Concern

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

Financial Statements

The Financial Statements for the year ended 31st March, 2017 are set out on pages 19 to 36 in the Annual Report. The Turnover of the Company during the year was Rs. 16,172,850/- (2016 – Rs. 16,128,000/-) The Profit before taxation amounted to Rs. 13,987,011/- (2016 – Rs. 13,630,446/-).

Auditors' Report

The Auditors' Report which is an integral part of the Financial Statements prepared for the Accounting period ended 31st March, 2017 is set out in the page 18 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 Pages 23 to 28 of the Annual Report.

Board of Directors

The Directors of the Company as at date is set out under "Corporate Information" on Page 04. The Directors of the Company who held office during the year are set out below together with the respective dates of change:

Mr. S. Nagendra	- Chairman
Dr. (Mrs.) Y. Ponnambalam	- Director
Mr. Gajendrakumar G. Ponnambalam	- Director
Dr. (Ms.) M. Ponnambalam (Alternate: Dr. (Mrs.) Y. Ponnambalam)	- Director
Dr. B. Sivaprakasapillai (Alternate: Ms. S. De Lanerolle)	- Director
Dr. (Ms.) V. Sivaprakasapillai (Alternate: Ms. D. Sivaprakasapillai)	- Director
Mr. T Someswaran	- Director
Mr. Ramesh Schaffter (Appointed w.e.f. 11/05/2016)	- Director

In terms of Articles 98 of the Articles of Association of the Company, Dr. (Ms.) M. Ponnambalam retires by rotation and being eligible offers herself for re-election. The Directors recommend her re-election.

Dr. Brahman Sivaprakasapillai, who is 81 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.

Report of the Directors

Mr. Segarajasingham Nagendra, who is 78 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 76 years of age, vacates her 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. (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.

Dr. Jayanta Mootatamby Swaminathan who is 76 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. 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 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. 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.

Dr. (Mrs.) Y. Ponnambalam who is 70 years of age vacates her office in terms of the provisions of section 210 of the Act.

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of Dr. (Mrs.) Y. Ponnambalam, 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.

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.

Interest Register

Directors' Interest in Contracts with the Company are disclosed in Note 20 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

	31.03.17	31.03.16
Mr. S. Nagendra	257	257
Dr. (Mrs.) Y. Ponnambalam	-	-
Mr. Gajendrakumar G. Ponnambalam	-	-
Dr. (Ms.) M. Wimalendran	-	-
Dr. B. Sivaprakasapillai	-	-
Dr. (Ms.) V. Sivaprakasapillai	30,267	30,267
Dr. J. M. Swaminathan	-	-
Mr. T Someswaran	-	-
Mr. Ramesh Schaffter	-	-

Secretaries

Jacey & Company provides Company Secretarial Services to the Company.

Corporate governance

The Company complies with the Corporate Governance Rules set out in the Listing Rules of the Colombo Stock Exchange and also key areas of the code of Best Practice for Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka. Corporate Governance Report for the period under review is set out in page 12 to 14 of this Report.

Report of the Directors

Stated Capital

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, 2017 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 2017 was 279 (2016 - 259). The distribution of the shareholding and a listing of the 20 major shareholders are given under Investor Information on page 39.

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.

Events after the Reporting Date

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

Directors' Remuneration and other Benefits

The Information pertaining to the Directors' Fees during the year under review is disclosed in Note 20 to the Financial Statements.

Auditors

The financial statements for the period under review have been audited by Messrs KPMG. Rs. 215,000/- payable by the Company as Audit Fee for the year ended 31st March, 2017. In addition 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

J. M. Swaminathan

Director

Jacey & Company

Secretary

09th August, 2017

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 (09) 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 an 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 15 of the Annual Report. The Board has not appointed a Remuneration 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.

Corporate Governance

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 Directors	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.
7.10.3	Disclosure Relating to Directors	a) Names of Independent Directors should be disclosed in the Annual Report.	Complied	
		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.	The Independent Directors have met the criteria for defining independence as per Rule 7.10.4 of the Listing Rules.	Please refer Information pertaining to the Directors on page 05 of the Annual Report.
7.10.5	Remuneration Committee	A listed Company shall have a Remuneration Committee.	The Board of Directors is aware of the requirement of appointing a Remuneration Sub-Committee.	The Board has not established a Remuneration Committee.
			However, the Company does not have Executive Directors or Key management Personnel, who are remunerated by the Company.	
			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.	

Corporate Governance

Rule No.	Subject	Applicable Requirement	Compliance Status	Details
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	a) Shall comprise of Non-executive Directors a majority of whom shall be independent. b) The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	Complied Complied	Audit Committee consists of three Non-Executive Independent Directors. Chairman of the Audit Committee is a member of a Professional Accounting Body.
	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	a) Names of the Directors comprising the Audit Committee. b) The Audit Committee shall make a determination of the independence of the Auditors and disclose such determination. c) The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the functions.	Complied Complied Complied	Please refer Information of the Board of Directors and the Board-sub Committees on page 09 of the Annual Report. Please refer to Audit Committee Report on page 15 of the Annual Report.
9.2	Related Party Transactions Committee	A listed Company shall have a Related Party Transactions Review Committee and shall comprise of a combination of Non-Executive Directors and independent Non-Executive directors. Should be as outlined in the section 7 of the Listing Rules. a) Names of the Directors comprising the Committee. b) A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/ observations to the Board of Directors. c) The policies and procedures adopted by the Committee for reviewing the Related Party Transactions. d) The number of times the Committee has met during the Financial Year.	Complied	Please refer to Related Party Transactions Committee Report on page 16 of the Annual Report.

Audit Committee Report

Composition of the Committee

Audit Committee comprises of three (03) 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 Companion Member of Chartered Institute of Management (UK), MBA (UK) and retired Senior Director of Carsons Cumberbatch PLC and Fellow of the institute of Professional Management in Sri Lanka.

Dr. 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 recommendations with regard to adequacy of Financial Management procedures, disclosure of accounting policies, discussions with the External Auditors and Tax Consultants and compliance with the requirements laid down by regulatory authorities.

Meetings

During the year under review, the Committee held four (04) meetings, one (01) in each quarter. The proceeding 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 of 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 of 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 policies / 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, 2018, subject to the approval of the Shareholders at the Annual General Meeting.

Conclusion

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 Year Ended 31st March, 2017, 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

09th August, 2017

Report of the related party transactions review committee

The Related Party Transactions Review Committee appointed by the Board comprised of three (03) Members of all of whom were Independent Non-Executive Directors. The Committee is headed by Mr. T Someswaran , Dr. J M Swaminathan and Mr. S Nagendra.

The primary purpose of the Related Party Transactions Review Committee is to review the categories of persons who are considered as "related parties" as per the Listing Rules of Colombo Stock Exchange.

In accordance of the said Listing Rules, the Company has formulated a Related Party Transactions Policies. It has also obtained 'self-declarations' from each Director in order to identify parties related to them. Based on these details disclosed by the Directors the Company has developed a system that enables the Company to retrieve data on related party transactions throughout the Company's network. The proceedings of the Committee are reported to the Board of Directors who will in turn make the final determination based on the recommendations of the Committee.

The aggregate remuneration paid to Directors is set out in Note 20. The first meeting was held on 03rd May 2017 and on that meeting committee has evaluated all the related party transactions for the period. However, the Company ensures the Board that, it shall take steps to organise and convene such Meetings as prescribed by the Listings Rules of the Colombo Stock Exchange, i.e. to meet at least once a calendar quarter commencing from the Financial Year 2017/2018.



Mr. T Someswaran

Chairman – Related Party Transactions Review Committee

09th August, 2017

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Independent Auditors' Report



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(Chartered Accountants)
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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 31 March 2017, statements of profit or loss and other comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 19 to 36 of this annual report.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

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

CHARTERED ACCOUNTANTS

09 August 2017
Colombo

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

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-law, H.S. Goonewardene ACA
Ms. C.T.K.N. Perera FCA

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Note	2017 Rs.	2016 Rs.
Revenue	5	16,172,850	16,128,000
Direct expenses		(1,051,715)	(891,972)
Gross profit		15,121,135	15,236,028
Other operating income	6	75,230	-
Administrative expenses		(2,539,751)	(2,637,733)
Profit from operations	7	12,656,614	12,598,295
Net finance income	8	1,330,397	1,032,151
Profit before taxation		13,987,011	13,630,446
Income tax expense	9	(1,613,649)	(1,801,794)
Profit for the year		12,373,362	11,828,652
Other comprehensive income for the year			
<i>Items that are or may be reclassified to profit or loss</i>			
- Net fair value losses on remeasuring financial assets - available-for-sale		(930,257)	(151,900)
Total comprehensive income for the year		11,443,105	11,676,752
Basic earnings per share (Rs.)	10	34.37	32.86

The annexed notes to the Financial Statement form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Statement of Financial Position

As at 31st March	Note	2017 Rs.	2016 Rs.
Assets			
Investment property	12	305,295,000	305,295,000
Non - current assets		305,295,000	305,295,000
Other receivables	13	875,226	788,786
Short term investment	14	11,148,289	11,635,628
Financial assets- Available for sale	15	4,625,546	3,633,000
Cash and cash equivalents	16	3,558,652	5,097,016
Current assets		20,207,713	21,154,430
Total assets		325,502,713	326,449,430
Equity			
Stated capital	17	36,000,000	36,000,000
Retained earnings		168,645,022	165,271,660
Available for sale assets reserve		(1,082,157)	(151,900)
Other reserve		95,647,700	95,647,700
Total equity		299,210,565	296,767,460
Liabilities			
Deferred tax liability	18	23,184,000	23,184,000
Non- current liabilities		23,184,000	23,184,000
Current taxation		565,295	427,915
Other payables	19	260,100	530,700
Dividend payable		2,036,137	2,203,846
Bank overdraft	16	246,616	3,335,509
Current liabilities		3,108,148	6,497,970
Total liabilities		26,292,148	29,681,970
Total equity and liabilities		325,502,713	326,449,430

The annexed notes to the Financial Statements form an integral part of these Financial Statements.
These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



D. Madampitiya
Chief Financial Officer

The Board of 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



J.M. Swaminathan
Director

09th August, 2017
Colombo

Statement of Changes In Equity

For the year ended 31st March 2017

	Stated capital	Other reserve	Retained earnings	Available for sale assets reserve	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2015	36,000,000	95,647,700	162,443,008	-	294,090,708
Profit for the year	-	-	11,828,652	-	11,828,652
Other comprehensive income	-	-	-	(151,900)	(151,900)
Total comprehensive income for the year	-	-	11,828,652	(151,900)	11,676,752
Transactions with the equity owners, recorded directly in equity and distribution to equity owners					
Dividends to equity holders	-	-	(9,000,000)	-	(9,000,000)
Balance as at 31st March 2016	36,000,000	95,647,700	165,271,660	(151,900)	296,767,460
Balance as at 01st April 2016	36,000,000	95,647,700	165,271,660	(151,900)	296,767,460
Profit for the year	-	-	12,373,362	-	12,373,362
Other comprehensive income	-	-	-	(930,257)	(930,257)
Total comprehensive income for the year	-	-	12,373,362	(930,257)	11,443,105
Transactions with the equity owners, recorded directly in equity and distribution to equity owners					
Dividends to equity holders	-	-	(9,000,000)	-	(9,000,000)
Balance as at 31st March 2017	36,000,000	95,647,700	168,645,022	(1,082,157)	299,210,565

During the financial year, 2015, the Company decided to transfer the fair value gains and losses on investment property from year 2008 amounted to Rs. 95,647,700 from Retained earnings to the Other reserve.

The annexed notes to the financial statements form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Cash Flows

For the year ended 31st March	2017 Rs.	2016 Rs.
Cash flow from operating activities		
Profit before taxation	13,987,011	13,630,446
Adjustments for:		
Interest income	(1,330,397)	(1,032,151)
Dividend income	(75,230)	-
Operating cash flows before working capital changes	12,581,384	12,598,295
Changes in working capital		
Increase in other receivables	(86,440)	(33,712)
(Decrease) in other payables	(438,309)	1,775,435
Cash generated from operations	12,056,635	14,340,018
Income tax paid	(1,476,268)	(2,158,774)
Net cash generated from operating activities	10,580,367	12,181,244
Cash flows from investing activities		
Net decrease in short term Investments	660,977	1,407,560
Interest received	1,156,759	728,734
Dividend income received	75,230	-
Investments of Shares	(1,922,803)	(3,784,900)
Net cash used in investing activities	(29,838)	(1,648,606)
Cash flows from financing activities		
Dividend paid	(9,000,000)	(9,000,000)
Net cash used in financing activities	(9,000,000)	(9,000,000)
Net increase in cash and cash equivalents	1,550,529	1,532,639
Cash and cash equivalents at the beginning of the year	1,761,507	228,868
Cash & cash equivalent at the end of the year (Note 16)	3,312,036	1,761,507

The annexed notes to the Financial Statements 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 16th October 2008 and domiciled in Sri Lanka and presently regulated under the Companies Act No. 07 of 2007. The Registered Office and the principal place of business of the Company are 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 and development of properties.

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 Profit or loss and other Comprehensive Income, Changes in Equity and Statement of Cash Flow, together with the notes, (the "Financial Statements") of the Company as at 31st March 2017 and for the year then ended have been prepared in accordance with 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.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the Financial Statements, except for the following material items in the Statement of Financial position:

- Available for sale financial assets are measured at fair value;
- Investment property is 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.

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 recognized 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 recognized in the Financial Statements is included in the following notes:

- ❑ Current Taxation (Note 3.2.a)
- ❑ Deferred taxation (Note 3.2.b)
- ❑ Provisions (Note 3.7)

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES

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 amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized 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 retranslation are recognized in profit or loss, except for differences arising on the retranslation of available for-sale equity instruments, which are recognized 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

3.2 Income Tax Expenses

Income tax expense for the year comprises current and deferred tax including adjustments to previous years and changes in tax provisions. It is recognised in Profit or loss except to the extent it relates to items recognised directly in Equity or in other 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 taxation is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of assets and liabilities using tax rate enacted at the reporting date.

A Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein is recognized 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

Notes to the Financial Statements

labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized 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 recognized 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.

Determining Fair Value

An external, independent valuer, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values the Company's investment property portfolio every 3 year. In financial periods within that period the fair value is determined by the directors of the Company.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

3.4 Financial Instruments

3.4.1 Non-Derivative Financial Assets

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

The Company derecognizes a financial 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 recognized 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 realize the asset and settle the liability simultaneously.

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 recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise other receivables, short term investments and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash flows

b) Available-for-sale Financial assets

Available-for-sale financial assets are

Notes to the Financial Statements

non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Company's investments in equity securities and certain debt securities are classified as available-for-sale financial assets.

Available for sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

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.

The Company considers evidence of impairment for receivables at specific asset level. All receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortized 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 recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss

is reversed through profit or loss.

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.

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.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized 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 amortization, if no impairment loss had been recognized.

LIABILITIES AND PROVISIONS

Liabilities classified as Current Liabilities in the Statement of Financial Position are those obligations payable on demand or

Notes to the Financial Statements

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.

3.6 Non-Derivative Financial Liabilities

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

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or 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 realize the asset and settle the liability simultaneously.

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

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

3.7 Provisions

A provision is recognized 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 recognized as finance cost.

STATEMENT OF PROFIT OR LOSS

3.8 Revenue Recognition

Revenue is recognized to the extent that it is probable that 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. Other Income

Other income is recognized on an accrual basis.

3.9 Finance Income and Expense

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Notes to the Financial Statements

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 and Equipment in a state of efficiency has been charged to the Profit or Loss.

b) Borrowing Cost

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

3.11 Statement of Cash Flows

The Statement Cash Flows has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting

Standard (LKAS) 7, Cash Flow Statements.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

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

A number of new standards and amendments to standards which have been issued but not yet effective as at the reporting date have not been applied in preparing these Financial Statements. Accordingly, these accounting standards have not been applied in preparing these Financial Statements.

New or amended standards	Summary of the requirements	Possible impact on financial statement
SLFRS 15 Revenue from Contracts with Customers	SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 on 'Revenue' and LKAS 11 on 'Construction Contracts'. SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.	The Company is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 15.
SLFRS 16 Leases	SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between On-Balance Sheet finance leases and Off-Balance Sheet operating leases. Instead, there will be a single On-Balance Sheet accounting model that is similar to current finance lease accounting. SLFRS 16 is effective for reporting periods beginning on or after 01 January 2019.	The Company is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 16.
SLFRS 09 Financial Instruments	SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39. SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 9.

Notes to the Financial Statements

For the year ended 31st March		2017	2016
		Rs.	Rs.
5. REVENUE			
Rental income from investment properties		16,172,850	16,128,000
		16,172,850	16,128,000
6. OTHER OPERATING INCOME			
Dividend income		75,230	-
		75,230	-
7. PROFIT FROM OPERATIONS			
Profit from operations is stated after charging all expenses including the following:			
Directors' fee		720,000	540,000
Accounting fee		618,040	572,459
Secretarial fee		247,312	172,803
Auditors' remuneration			
- Statutory audit		215,000	224,640
- Non Audit Services		196,737	234,501
The Company did not employ any staff during the year.			
8. NET FINANCE INCOME			
Finance income			
Interest income		1,330,397	1,032,151
Net finance income		1,330,397	1,032,151
9. INCOME TAX EXPENSE			
Current tax on profits (Note 9.1)		1,883,385	1,801,794
Adjustment for prior years		(269,736)	-
		1,613,649	1,801,794
9.1 Tax reconciliation statement			
Profit before taxation		13,987,011	13,630,446
Dividend income		(75,230)	-
Interest income		(1,330,397)	(1,032,151)
Disallowable expenses		9,229	8,298
Statutory income from business		12,590,613	12,606,593
Non-business income		1,330,397	1,032,151
Taxable income		13,921,010	13,638,744
Income tax @ 12% (2016 - 12%)		1,510,874	1,512,791
Income tax @ 28% (2016 - 28%)		372,511	289,003
Current tax on profit		1,883,385	1,801,794

Notes to the Financial Statements

For the Year ended 31st March 2017

In terms of the provisions of the Inland Revenue Act No 10 of 2006 and amendments thereto, the Company is liable for tax at 28% (2016 - 28%). Since the business profit of the Company is below Rs.750 Mn, the Company is entitled to a concessionary tax rate of 12% (2016- 12%) on operational profits.

Deferred tax has been computed using tax rate of 28%.

10. 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.

For the year ended 31st March	2017 Rs.	2016 Rs.
Profit after taxation attributable to ordinary shareholders (Rs.)	12,373,362	11,828,652
Weighted average number of ordinary shares	360,000	360,000
Earnings per share (Rs.)	34.37	32.86

10.1 Diluted earnings per share

There was no potential dilution as at year end. Therefore, diluted earnings per share is the same as basic earnings per share as shown above.

For the Year ended 31st March	2017 Rs.	2016 Rs.
Proposed dividend	9,000,000	9,000,000
Weighted average number of ordinary shares	360,000	360,000
Dividend per ordinary share	25	25

12. INVESTMENT PROPERTY

	Land Rs.	Building Rs.	Total Rs.
Balance as at 01 April 2015	222,495,000	82,800,000	305,295,000
Fair Value Gain	-	-	-
Balance as at 31 March 2016	222,495,000	82,800,000	305,295,000
Balance as at 01 April 2016	222,495,000	82,800,000	305,295,000
Fair Value Gain	-	-	-
Balance as at 31 March 2017	222,495,000	82,800,000	305,295,000

Notes to the Financial Statements

For the Year ended 31st March 2017

Investment properties

Location	Extent	Carrying amount of investment property	No. of buildings
No.75, Kumaran Rathnam Road, Slave Island, Colombo 02			
- Land	20.2 p	128,500,000	-
- Building	20,000 sq.ft	82,800,000	1
No.72, Kew Road, Slave Island, Colombo 02			
- Land	12.0 p	66,000,000	-
No.70, Kew Road, Slave Island, Colombo 02			
- Land	1.93 p	10,615,000	-
No.20, Sri Murugan Street, Colombo 2			
- Land	3.16 p	17,380,000	-

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 land No 20, 70 and 72 were assessed using the open market value as at 31 March 2015 at the rate of Rs. 5,500,000 per perch. 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 31 March 2015.

The fair value of land and building No 75 as at 31st March 2015 was assessed using both open market value and income approach. The fair value of land and building based on the rental income at the discount rate of 5.5% for 64 years was Rs. 214,047,458 and The fair value of land and buildings based on the open market value was Rs. 211,300,000 at the rate of Rs. 6,500,000 per perch. However, lowest value has been taken for the accounts.

The fair value of land No 20, 70 and 72 were assessed using the open market value as at 31st March 2015 at the rate of Rs. 5,500,000 per perch. Board of directors assessed the Fair values of said land and buildings during the year and concluded that there was no adjustments needed for the carrying values of the above as at 31 March 2017.

Investment property, yielded rental income of Rs.16,172,850/- (2016 - Rs.16,128,000/-). Directors are of the view that the fair value of investment property remains unchanged as at the reporting date. The company has Incurred Rs. 1,051,715 (2016 - Rs. 891,972) as direct operating expenses for CMC rates and no repairs and maintenance expenses arising from the investment property to the company as tenant was borne.

As at 31 st March

	2017	2016
	Rs.	Rs.
13. OTHER RECEIVABLES		
Prepayments	875,226	788,786
	875,226	788,786
14. SHORT TERM INVESTMENTS		
Fixed deposits	11,148,289	11,635,628
	11,148,289	11,635,628
15. FINANCIAL ASSETS- AVAILABLE FOR SALE		
Investment in Shares	5,707,703	3,784,900
Adjustment for falling value of shares	(1,082,157)	(151,900)
	4,625,546	3,633,000

Notes to the Financial Statements

Quoted Investments	2017			2016		
	Carrying value Rs.	Cost Rs.	Market Price Rs.	Carrying value Rs.	Cost Rs.	Market Price Rs.
Bukit Darah PLC	3,784,900	3,784,900	2,700,876	3,784,900	3,784,900	3,633,000
John Keells Holdings PLC	1,922,803	1,922,803	1,924,670	-	-	-
	5,707,703	5,707,703	4,625,546	3,784,900	3,784,900	3,633,000

As at 31st march		2017 Rs.	2016 Rs.
16. CASH AND CASH EQUIVALENTS			
Cash at bank		3,558,652	5,097,016
Cash and cash equivalents		3,558,652	5,097,016
Bank overdraft		(246,616)	(3,335,509)
Cash and cash equivalents for the purpose of cash flow statement		3,312,036	1,761,507

17. STATED CAPITAL**Issued & fully paid**

360,000 Ordinary shares	36,000,000	36,000,000
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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.

18. DEFERRED TAX LIABILITY

As at 31st March	2017 Rs.	2016 Rs.
Deferred tax liability		
Balance at the beginning of the year	23,184,000	23,184,000
Originated during the year	-	-
Balance at the end of the year	23,184,000	23,184,000

Deferred tax liabilities are attributable to the following:

	2017		2016	
	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
Deferred tax liability				
Investment property	82,800,000	23,184,000	82,800,000	23,184,000

19. OTHER PAYABLES

For the year ended 31st March

	2017 Rs.	2016 Rs.
Audit fee payable	215,000	198,500
Accounting fee payable	45,000	40,000
Secretarial fee payable	-	126,000
Listing fee payable	-	15,000
Directors fee payable	-	151,200
Ground rent payable	100	-
	260,100	530,700

Notes to the Financial Statements

20. RELATED PARTY DISCLOSURES

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

Key Management Personnel ("KMP")

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities directly or indirectly. Accordingly the KMP include members of the Board of Directors of the Company.

20.1 Transactions with Key Management Personnel ("KMP")

For the year ended 31 March	2017 Rs.	2016 Rs.
(a).1 Compensation to KMPs		
Short term employment benefits	720,000	540,000
Post employment benefits	NIL	NIL
Total	720,000	540,000

20.2 Transactions with related parties

Name of related party	Relationship	Nature of transaction	Transaction during the year	
			2017 Rs.	2016 Rs.
AIA Insurance PLC	Affiliated Company	Rental income	16,172,850	16,128,000

Transactions with related parties are carried out in the ordinary course of the business as "arms length" basis.

21. 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	2017		2016	
	Carrying amount Rs.	Fair value Rs.	Carrying amount Rs.	Fair value Rs.
Assets carried at amortized cost				
Cash at bank	3,558,652	3,558,652	5,097,016	5,097,016
Short term investment	11,148,289	11,148,289	11,635,628	11,635,628
	14,706,941	14,706,941	16,732,644	16,732,644
Assets carried at fair value				
Financial assets -available-for-sale	5,707,703	4,625,546	3,784,900	3,633,000
	5,707,703	4,625,546	3,784,900	3,633,000
Liabilities carried at amortized cost				
Dividend payable	2,036,137	2,036,137	2,203,846	2,203,846
Bank overdraft	246,616	246,616	3,335,509	3,335,509
	2,282,753	2,282,753	5,539,355	5,539,355

Notes to the Financial Statements

The methods and assumptions used to estimate the fair values of the financial instruments not carried at fair value are as follows:

- (a) Cash and cash equivalents and bank overdraft –The fair value of cash and cash equivalents and bank overdraft approximate their carrying amount due to the relatively short maturity of the financial instruments.
- (b) Other receivables and other payables –The fair value of other receivables and other payables approximate their carrying amount due to the relatively short maturity of the financial instruments.
- (c) Short term investments –The fair value of short term investments approximate their carrying amount due to the relatively short maturity of the financial instruments.

22. FINANCIAL RISK MANAGEMENT

22.1 Overview

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

1. Credit risk
2. Liquidity Risk
3. Market Risk
4. Operational Risk

Introduction and overview

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

22.2 Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

22.3 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 and investment securities.

22.3.1 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;

Notes to the Financial Statements

As at 31st March	2017 Rs.	2016 Rs.
	Rs.	Rs.
Short term investment	11,148,289	11,635,628
Other receivables	875,226	788,786
Cash at bank	3,558,652	5,097,016

22.4 Liquidity risk

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

As at 31st March 2017	Contractual Un-discounted 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.
Non-current assets	305,295,000	-	-	-	-	305,295,000
Current assets	20,207,713	20,207,713	-	-	-	-
Equity	299,210,565	-	-	-	-	299,210,565
Non-Current Liabilities	23,184,000	-	-	-	-	23,184,000
Current liabilities	3,108,148	3,108,148	-	-	-	-

22.4.1 Management of Liquidity Risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's policy is to hold cash and undrawn overdraft facilities at a level sufficient to ensure that the Company has available funds to meet its liabilities.

22.5 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

22.5.1. Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. As protection against exchange rate fluctuations, the Company backs its commitments in local currency. The Company has not invested nor borrowed in foreign currencies. The Company does not use any derivative financial instruments to hedge the risk. The currency risk attached to financial instruments is minimal as it represents local currency.

22.5.2 Interest Rate Risk

Interest rate risk is the risk to the Company's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

The interest rate risk attached to financial instruments is minimal as it represents the Company does not have any interest bearing borrowings as at the reporting date.

Notes to the Financial Statements

22.6 Operational Risk

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

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board of Directors. This responsibility is supported by the development of overall Company standards for the management of operational risk.

23. CAPITAL COMMITMENTS

The Company does not have any significant capital commitments outstanding as at the reporting date which require adjustments or disclosure in the Financial Statements.

24. CONTINGENT LIABILITIES

The Company does not have any significant contingent liabilities outstanding as at the reporting date which require disclosure in the Financial Statements.

25. LITIGATION AND CLAIMS

There were no litigations and claims as at the reporting date.

26. COMPARATIVE FIGURES

Where necessary information has been restated to conform to the current year's presentation and classification.

27. EVENTS OCCURRING AFTER THE REPORTING DATE

Directors have recommended the payment of a final dividend of Rs. 25/- per share for the year ended 31 March 2017, which require the approval of the shareholders at the Annual General Meeting to be held on 26th September 2017.

The Boards of Directors confirm that the Company has satisfied the solvency test in accordance with Section 57 of the Companies Act No 07 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 15% deemed dividend tax, will not be imposed on the Company.

Other than that, no circumstances have been arisen since the reporting date which would require adjustments to financial statements.

28. 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 as at the reporting date.

	2017 Rs.	2016 Rs.
Less than one year	100	100
Between one and five years	500	500
More than five years	5,900	6,000

29. DIRECTORS' 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.

Total number of share holders are 279 as at 31st March 2017.

SHARE DISTRIBUTION

No of Shares Held	No of Shareholders	31.03.2017			31.03.2016		
		Total Holding	% of Total Shares	No of Shareholders	Total Holding	% of Total Shares	
Upto 1,000	267	14,918	4.14	247	14,918	4.14	
1,001 5,000	6	12,623	3.51	6	12,623	3.51	
5,001 10,000	0	0	0	0	0	0	
10,001 50,000	2	55,981	15.55	2	55,981	15.55	
50,001 100,000	4	276,478	76.8	4	276,478	76.80	
100,001 & above	0	0	0	0	0	0	
	279	360,000	100	259	360,000	100	

SHARE TRADING

Historical data for the Year ended,

	31.03.2017		31.03.2016	
	Rs.		Rs.	
Highest Traded Price	1,999.00 (06.04.2016)	2,300.00 (30.12.2015)		
Lowest Trade Price	1,246.00 (29.11.2016)	1,090.00 (11.06.2015)		
Last Traded Price	1,661.20 (31.03.2017)	2,118.80 (11.03.2016)		

The Public Holding percentage as at 31st March 2017 was 14.72% of the issued shares.

Number of Public Share Holding as at 31st March 2017 is 273 (2016 - 252).

Investor Information

PUBLIC HOLDING

As at 31st March, 2017, the public holding of the Company was 14.72% of its total number of shares (2016 -7.58%) and the market capitalization of the Company was Rs.598,032,000/-.

However, as per the new Listing Rules of the Colombo Stock Exchange the Company is required to maintain:

- I. a minimum public holding of 20% of its total Ordinary voting Shares in the hands of a minimum of 750 public shareholders; or
- II. a market capitalization of Rs. 5,000,000,000/- of its public holding in the hands of a minimum number of 500 public shareholders whilst maintaining a minimum public holding of 10%.

As stipulated in the said Listing Rules the Company is also required to have 15% of its total Ordinary voting Shares in the hands of a minimum number of 500 public shareholders on or before 31st December, 2015 and bring the public holding to 20% on or before 31st December, 2016.

The Company is in the process of determining the best course of action to be adopted in order to comply with the aforesaid requirement.

By a letter dated 20th June, 2017, Serendib Land PLC (the Company), made a formal request from the Securities and Exchange Commission of Sri Lanka (the SEC) for an extension of time to comply with Rule 7.13.6 of the Listing Rules of the Colombo Stock Exchange (CSE). In response thereto the SEC by their letter dated 30th June, 2017 formally informed the Company of having enforced the Revised Rules on Minimum Public Holding applicable to all listed entities.

Accordingly, the Company acknowledges that under and in terms of the enforcement policy approved by the SEC listed entities that are non-compliant as at 30th June, 2017 shall be transferred to "Watch List" (Default Board) of the CSE upon the expiry of 12 months (i.e.30th June 2018), unless compliance is restored prior to such date. In the interim all listed entities that are so non compliant are obliged to make a certain market announcements on an ongoing basis.

Accordingly, Serendib Land PLC being an entity that is currently listed on the Main Board of the CSE, is not in compliance with the Minimum Public Holding Requirement specified in Rule 7.13.1(a) of the Listing Rules of the CSE.

DIVIDEND

A Final Dividend of Rs.25/- share has been proposed for payment on 06th October, 2017 (2016 - Rs.25/-).

Investor Information

The twenty major shareholders as at 31st March, 2017 with comparative figures for 2016 were as follows:

20 Major Shareholders	31.03.2017		20 Major Shareholders	31.03.2016	
	Shares	%		Shares	%
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
Janashakthi General insurance ltd A/C No.3	55,054	15.29	AIA Insurance Lanka PLC – A/C No.2	55,054	15.29
Dr (Mrs) V. Sivaprakasapillai	30,267	8.41	Dr (Mrs) V. Sivaprakasapillai	30,267	8.41
AIA Insurance Lanka PLC – A/C No.3	25,714	7.14	AIA Insurance Lanka PLC – A/C No.3	25,714	7.14
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 PLC	642	0.18	Colombo Investment Trust PLC	642	0.18
DR. M.S.P. Wijenayake	555	0.15	DR. M.S.P. Wijenayake	555	0.15
Mr. G C Goonetilleke	540	0.15	Mr. G C Goonetilleke	540	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
	349,665	97.13		349,665	97.13
Shares held by the balance Shareholders	10,335	2.87	Shares held by the balance Shareholders	10,335	2.87
	360,000	100		360,000	100

Company Performance - Five Year Summary

Year ended 31st March	2017	2016	2015	2014	2013
	Rs.	Rs.	Rs.	Rs.	Rs.
Trading Results					
Rental Income	16,172,850	16,128,000	15,987,000	13,140,000	13,005,000
Total Revenue	16,172,850	16,128,000	15,987,000	13,140,000	13,005,000
Direct Cost	(1,051,715)	(891,972)	(808,073)	(844,074)	(844,074)
Gross Profit	15,121,135	15,236,028	15,178,927	12,295,926	12,160,926
Fair Value Gain	-	-	54,135,000	-	-
Total Operating Expenses	(2,539,751)	(2,637,733)	(2,051,590)	(1,988,367)	(1,767,752)
Profit from Operating Activities	12,581,384	12,598,295	67,262,337	10,307,559	10,393,174
Net Finance (Exp)/Income	1,330,397	1,032,151	674,603	1,116,294	591,621
Other operating income	75,230	-	-	-	-
Net profit before Tax	13,987,011	13,630,446	67,936,940	11,423,853	10,984,795
Income Tax	(1,613,649)	(1,801,794)	(1,764,169)	(1,362,422)	(1,375,222)
Net profit after Tax	12,373,362	11,828,652	66,172,771	10,061,431	9,609,573
Balance Sheet					
Assets					
Investment Property	305,295,000	305,295,000	305,295,000	251,160,000	251,160,000
Current Assets					
Short term investment	11,148,289	11,635,628	12,829,372	9,709,858	6,813,059
Trade and Other Receivables	875,226	788,786	755,074	746,020	670,557
Financial Assets- Available for sales	4,625,546	3,633,000	-	-	-
Cash and Cash Equivalents	3,558,652	5,097,016	246,286	330,856	1,593,240
	20,207,713	21,154,430	13,830,732	10,786,734	9,076,856
Total Assets	325,502,713	326,449,430	319,125,732	261,946,734	260,236,856
Equity and Liabilities					
Stated Capital	36,000,000	36,000,000	36,000,000	36,000,000	36,000,000
Accumulated Profit/(Loss)	168,645,022	165,271,660	162,443,008	200,917,937	199,854,378
Financial assets-available for sale reserve	(1,082,157)	(151,900)	-	-	-
Other reserve	95,647,700	95,647,700	95,647,700	-	-
Total Equity	299,210,565	296,767,460	294,090,708	236,917,937	235,854,378
Non Current Liabilities					
Deferred tax Liability	23,184,000	23,184,000	23,184,000	23,184,000	23,184,000
Total Non Current Liabilities		23,184,000	23,184,000	23,184,000	23,184,000
Current Liabilities					
Trade & Other Payables	230,104	3,866,209	369,418	600,686	703,540
Tax Payable	565,295	427,915	874,495	712,506	41,138
Dividend Payable	2,036,137	2,203,846	607,111	531,605	453,800
Total Current Liabilities	3,108,148	6,497,970	1,851,024	1,844,797	1,198,478
Total Equity & Liabilities	325,502,713	326,449,430	319,125,732	261,946,734	260,236,856
Earnings per Share	34.37	32.86	183.81	27.95	26.69
Dividend per Share	25.00	25.00	25.00	25.00	25.00
Dividend Pay out ratio (%)	72.74	76.09	13.60	89.45	93.67
Net Assets Value per share	831.14	824.35	816.92	658.11	655.15
Share Value (High)	1,999.00	2,300.00	1,290.00	1,848.90	3,000.00
Share Value (Low)	1,246.00	1,090.00	1,000.00	780.10	1,105.00
Current Ratio	6.50	3.49	7.47	5.85	7.57
Return on Equity (%)	4.14	3.99	22.50	4.25	4.07
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 Mr. 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 Dr. J. M. Swaminathan whom failing Mr. T Someswaran, whom failing Mr. Ramesh Schaffter as my/our Proxy to vote and *.....as indicated hereunder for me/us and on my/our behalf at the Thirty Sixth Annual General Meeting of the Company to be held on 26th September, 2017 at 4.00 p.m. and at any adjournment thereof.

	For	Against
1. To receive and consider the Audited Financial Statements for the Year Ended 31st March 2017, together with the Reports of the Directors' and Auditors' there on	<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"/>
VII. To pass the Ordinary Resolution numbered 2 (vii) 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 31st March, 2017 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 authorise the Directors to determine their remuneration.	<input type="radio"/>	<input type="radio"/>

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

.....
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.

Form of Proxy

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, Sri Lanka.