



2017|2018
**ANNUAL
REPORT**

Contents

| | | |
|----|--|----|
| 01 | Notice of Meeting | 02 |
| 02 | Corporate Information | 04 |
| 03 | Profiles of Board of Directors | 05 |
| 04 | Chairman's Review | 07 |
| 05 | Statement of Directors' Responsibilities | 09 |
| 06 | Report of the Directors | 10 |
| 07 | Corporate Governance | 13 |
| 08 | Audit Committee Report | 16 |
| 09 | Related Party Transactions Review Committee | 17 |
| 10 | Financial Reports | 18 |
| 11 | Independent Auditor's Report | 19 |
| 12 | Statement of Profit or Loss and Other Comprehensive Income | 22 |
| 13 | Statement of Financial Position | 23 |
| 14 | Statement of Changes In Equity | 24 |
| 15 | Statement of Cash Flows | 25 |
| 16 | Notes to the Financial Statements | 26 |
| 17 | Investor Information | 42 |
| 18 | Company Performance - Five Year Summary | 44 |
| 19 | Notes | 45 |

Form of Proxy Enclosed

Notice of Meeting

NOTICE is hereby given that the Thirty Seventh (37th) Annual General Meeting of **SERENDIB LAND PLC** will be held at Hotel Renuka, No. 328, Colombo 03 on 28th September, 2018 at 4.00 p.m. for the following purposes:

1. To receive and consider the Audited Financial Statements for the Year Ended 31st March, 2018 together with the Reports of the Directors' and Auditors' thereon.
2. Directors
 - (i) To re-elect Mr. Ramesh Schaffter, as a Director, who retires by rotation at the Annual General Meeting in terms of Article 98 of the Company's Articles of Association.
 - (ii) To re-appoint as a Director, Dr. Brahman Sivaprakasapillai, who is 82 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 82 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 79 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 79 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 77 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 77 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Dr. (Mrs) Vijayaluckshmi Sivaprakasapillai"

- (v) To re-appoint as a Director, Dr. Jayanta Mootatamby Swaminathan who is 77 years old and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act).

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

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

- (vi) To re-appoint as a Director, Mr. Thirunavukarasu Someswaran who is 75 years old and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act).

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

"RESOLVED THAT Mr. Thirunavukarasu Someswaran who is 75 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 as a Director, Dr. (Mrs.) Y. Ponnambalam who is 71 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.

Notice of Meeting

“RESOLVED THAT Dr. (Mrs.) Y. Ponnambalam who is 71 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. 10/- for the Year Ended 31st March, 2018, 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

13th August 2018

Notes:

A shareholder is entitled to appoint a Proxy to attend and vote instead of himself/herself 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, No. 9/5, Thambiah Avenue, Colombo 07, not less than forty eight (48) 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: Mrs. D. Sivaprakasapillai)

Dr. (Mrs.) 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

No. 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
CCMI (UK), MBA (UK), FCMI (SL).

Mr. Nagendra, is a Retired Senior Director of Carson Cumberbatch PLC and several of its subsidiaries and Associate Companies. Chairman and Director of several Public listed and Private Companies.

He was a Past President of Skal International Colombo (International Association of Travel and Tourism Professionals). He was a Past Secretary of Skal International, Asian Area Region and present Council Member. He was also the Past President of the Pacific Asia Travel Association Sri Lanka Chapter and present Council Member. Past President of Sri Lanka Pakistan Business Council and Sri Lanka Benelux Business Council and present Council Member. Past President of the Chartered Management Institute- UK, Sri Lanka Branch.

He has served as an Executive Committee member of the Ceylon Chamber of Commerce and former Chairman of the Imports Section of the Ceylon Chamber of Commerce. He is also a Former Committee Member on Transport, Highways and Aviation of the Monitoring & Progress Division of the Ministry of Policy Developing and Implementation. He is also the Past Chairman of the Colombo Club. He is a Companion of the Chartered Management Institute, U.K., and was awarded the CMI Life Time Achievement Award for 2017 by the Chartered Management Institute, UK, Sri Lanka Branch. He is also a Master of Business Administration U.K. and Fellow of the Institute of Certified Professional Managers - Sri Lanka.

Trustee of Sri Arunachaleswara Kovil - Mutwal, Sri Siththi Vinayagar Temple - Kochchikade and the Sir Ponnambalam Arunachalam Trust.

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.

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.

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.

Dr. J. M. Swaminathan

Non Executive, Independent Director

Dr. J.M. Swaminathan holds LLB (Ceylon), LLM, M. Phil. (Colombo) and LLD (Honoris Causa) Degrees and is an Attorney-at-Law. He has been in the legal profession for over 54 years. He is a Partner and immediate former Precedent Senior 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 the Chairman of The Board of Studies of the Council of Legal Education. He is the Chairman of the Intellectual Property Law Advisory Commission and a Member of Company Law Advisory Commission. He also serves as a member of the Committee to formulate a National Policy on Intellectual Property Law and also on the Committee to formulate Policy on Traditional Knowledge and Traditional Cultural Expression. At present he also serves on the Committee to Winding up Regulations under the Companies Act.

He is also a Member of the Law Commission of Sri Lanka and a Member of the Council of the University of Colombo. He is a Member of the Standing Committee on Legal Studies of the University Grants Commission and a Consultant to the Institute of Advance Legal Studies. He has also served as a Member of the Visiting Faculty of the LLM Course in the University of Colombo and also a Member of the Financial Systems Stability Consultative Committee of the Central Bank of Sri Lanka. He also the president of APAA (Sri Lanka) SAARC Law Sri Lanka and the Business Recoveries and Insolvency Practitioners Association of Sri Lanka (BRIPASL). He also serves on the Boards of several public and private companies

Profiles of Board of Directors

Mr. T. Someswaran

Non-Executive, Independent Director

Mr. T. Someswaran is a Chartered Accountant, in practice for more than 35 years and retired from the post of Senior Partner of SJMS Associates, a Firm of Accountants which is associated with Deloitte's in Sri Lanka. He is also a Fellow member of CMA and a member of its Governing Council. Mr. Someswaran serves on the Audit Committee of the Institute of Chartered Accountants of Sri Lanka and Serendib Land PLC. He also serves on the Boards of Clean Co Lanka Ltd., Pan Asia Power PLC, Esna Power (Pvt) Ltd., ECSAT (Equality-based Community Support & Training), Institute for Development of Commercial Law & Practice. Mr. Someswaran is a member of the Sri Lanka Institute of Directors and Organization for Professional Associations (OPA). He also serves as the Chairman of the Center for Advancement of Resource Mobilization (CARM).

He holds numerous memberships and honorary positions to help strengthen the capacity of charitable and non-profit organizations as well as philanthropic projects and activities. Mr. Someswaran has substantial experience in auditing, organizational development, leadership & partnership building and is passionate about networking & linking organizations to facilitate positive social change and development, with specific focus on governance, accounting ethics and resource mobilization.

Mr. 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 37th 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, 2018.

Sri Lankan - Economy

The Sri Lankan Economy grew at a rate of 3.9 per cent in real terms in the first half of the Year in comparison to the growth of 3.47 per cent in the first half of 2016. As in the previous year, adverse weather conditions hampered economic expansion during the first half of year 2017. The Consumer Price Inflation (CPI) of Sri Lanka remained at higher than desired levels in 2017 due to the combined effect of tax revisions, domestic weather related disturbances and rising commodity prices in the global market.

A significant growth momentum in Construction Activities were expected to continue during the latter part of the year 2017 contributing to industry activities, in particular against the backdrop of increased activity in the spheres of High-Rise Residential and Commercial Property Development. The Colombo Financial City (i.e. Port City) Development project was in progress during the first half of 2017 and the construction and development work of the said project is expected to be completed within 20 years. The construction of the Lotus Tower Project, which commenced in the year 2012 with the aim of mainly supporting the hosting of television and radio broadcasting, continued and was concluded by end March 2018.

During the year up to end September 2017, the external value of the Sri Lankan Rupee remained relatively stable, depreciating only by 2.2 per cent against the US Dollar. The significant depreciation pressure on the Rupee that existed particularly

during the first quarter of 2017, was mainly due to continued outflows in terms of import expenditure, debt service payments and unwinding of Foreign Investments in the Government Securities Market. Implementation of new Inland Revenue Act from April 2018 is expected to be a major step in this direction. Accordingly, Tax Revenue is expected to increase to around 16 per cent of GDP by 2020.

The Unemployment Rate in Sri Lanka, declined marginally to 4.3 per cent during the first half of 2017 from 4.4 per cent in the corresponding period of 2016. Although the Unemployment Rate declined, the total number of unemployed persons increased marginally during the first half of the year.

REAL ESTATE/PROPERTY DEVELOPMENT SECTOR OF SRI LANKA

The Financial, Insurance and Real Estate Activities including ownership of dwellings in Sri Lanka expanded by 9.4 per cent in value added terms during the first half of the year 2017, in comparison to a growth of 8.4 per cent recorded in the corresponding period of 2016. This expansion was mainly driven by the continuous development in Financial Service Activities and Auxiliary Financial Services, which grew by 15.8 per cent in value added terms during the period, compared to the growth of 14.5 per cent in the corresponding period of 2016.

The Government maintained its Public Investment Programme during the first eight months of 2017 with the continuation of several major Infrastructure Projects. Investment activities in this Sector are mainly driven by Private Investment Expenditure and it is expected to increase with the prudent Government policy measures that are expected to eventually boost investor confidence. Private Investment Activities specifically related to the construction of Condominium and Commercial Building Schemes are expected to contribute towards this growth.

Financial Performance

During the year under review the Company recorded a turnover of Rs.12,728,729/- and a Profit Before Taxation of Rs.4,618,708/- (not including the Re-valuation Gain Rs.221,080,000/-), compared with a turnover of Rs.16,172,850/- and Profit Before Taxation of Rs.13,987,011/- in the previous year.

The Company was unable to give on lease its office premises for a considerable period of time since the buildings concerned were subjected to a substantial renovation process, which consequently, had a negative impact on the Company's growth in Profit for the period under review and the same is further clarified in Note 05 to the Financial Statements.

The Company's previous tenant, AIA Insurance Lanka PLC vacated and subsequent to the renovation work the Company entered in to a Lease Agreement with its new tenant Janashakthi Insurance PLC, w.e.f. 15th February, 2018.

A provision for Rs.983,693/- has been made for taxation for the year under review.

Chairman's Review

DIRECTORATE

The Board of Directors of the Company comprises of Nine (09) Non-Executive Directors, who are eminent and competent persons with years of experience in corporate administration and financial management.

Dividend

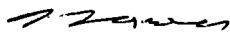
The Directors have pleasure in recommending a First and Final Dividend of Rupees Ten (Rs.10/-) per share for the Year Ended 31st March, 2018.

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 new tenant Janashakthi Insurance PLC for the support and cooperation extended to us and for cooperating with us during the renovation period of the property to its present condition.

I wish to thank my colleagues on the Board whose valued contribution, continued support and guidance proved to be of immense value. I also wish to thank the members of the Board, 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

13th August, 2018

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, 2018 included in the Annual Report have been prepared in accordance with the Sri Lanka Accounting Standards and the Companies Act No.7 of 2007. In preparing the Financial Statements, the Directors have selected the appropriate accounting policies and have applied them consistently. Reasonable and prudent judgments and estimates have been made and applicable accounting standards have been followed and the Financial Statements have been prepared on a going concern basis.

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

The Directors have taken all reasonable steps expected of them to safeguard the assets of the Company and to establish appropriate systems of internal controls in order to prevent, deter and detect any fraud, misappropriation or other irregularities.

The Directors have also taken all reasonable steps to ensure that the Company maintains adequate and accurate accounting books of record which reflect the transparency of transactions and provide an accurate disclosure of the Company's financial position.

As required by Section 56 (2) of the Companies Act No.7 of 2007, the Board of Directors have confirmed that the Company, based on the information available, satisfy the Solvency Test, immediately after the proposed 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

13th August, 2018

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, 2018. 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, 2018.

Review of Operation

A review of the operations of the Company during the financial year are described in the Chairman's Review on page 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 22 to 41. 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 09 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, 2018 are set out on pages 22 to 41 in the Annual Report. The Turnover of the Company during the year was Rs. 12,728,729/- (2017 – Rs. 16,172,850/-) The Profit before Taxation amounted to Rs. 225,698,708/- (2017 – Rs. 13,987,011/-).

Auditors' Report

The Auditors' Report which is an integral part of the Financial Statements prepared for the Accounting Period Ended 31st March, 2018 is set out in the page 19 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 26 to 32 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. (Mrs.) M. Ponnambalam

Director

(Alternate: Dr. (Mrs.) Y. Ponnambalam)

Dr. B. Sivaprakasapillai

Director

(Alternate: Ms. S. De Lanerolle)

Dr. (Mrs.) V. Sivaprakasapillai

Director

(Alternate: Ms. D. Sivaprakasapillai)

Dr. J.M. Swaminathan

Director

Mr. T. Someswaran

Director

Mr. Ramesh Schaffter

Director

In terms of Articles 98 of the Articles of Association of the Company, Mr. Ramesh Schaffter, retires by rotation and being eligible offers himself for re-election. The Directors recommend his re-election.

Dr. Brahman Sivaprakasapillai, who is 82 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 79 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 77 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 77 years of age, vacates his office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of Dr. 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 75 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 71 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.) 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.

Interest Register

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

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

| Director Name | 31.03.18 | 01.04.17 |
|---------------------------------|----------|----------|
| Mr. S. Nagendra | 257 | 257 |
| Dr. (Mrs.) Y. Ponnambalam | - | - |
| Mr. G.G. Ponnambalam | - | - |
| Dr. (Mrs.) M. Ponnambalam | - | - |
| Dr. B. Sivaprakasapillai | - | - |
| Dr. (Mrs.) 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 14 to 15 of this Report.

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, 2018 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 2018 was 278 (2017 - 279). The distribution of the shareholding and a listing of the 20 major shareholders are given under Investor Information on pages 42 to 43.

Report of the Directors

Dividend

The Directors recommended the payment of a First & Final Dividend of Rs. 10/- per Share for the Financial Year Ended 31st March, 2018. A statement of Solvency in terms of Section 56 (2) of the Companies Act No.7 of 2007 has been obtained from the Companies Auditors confirming that the Company will, immediately after the distribution is made to satisfy the solvency test.

Employment

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

Statutory Payments

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

Events after the Reporting Date

No circumstances have arisen since the reporting date, which would require adjustment to, or disclosure in the financial statements, other than the disclosed in note 27 to the financial statement.

Directors' Remuneration and other Benefits

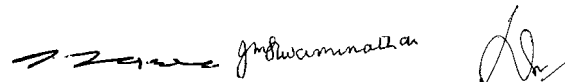
The Information pertaining to the Directors' Fees during the year under review is disclosed in Note 20 to the Financial Statements.

Auditors

The financial statements for the period under review have been audited by Messrs KPMG. Rs. 281,000/- payable by the Company as Audit Fee for the Year Ended 31st March, 2018. 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.



S. Nagendra

Director

J. M. Swaminathan

Director

Jacey & Company

Secretary

13th August, 2018

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 16 of the Annual Report. The Board has appointed a Related Party Transactions Review Committee to review the categories of persons who are considered as "related parties" as per the Listing Rules of Colombo Stock Exchange. The proceedings

of the said Committee are reported to the Board of Directors who in turn make the final determination based on the recommendations made by the Committee. The Report of the Related Party Transactions Review Committee is set out in the page 17 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. | <p>The Board of Directors is aware of the requirement of appointing a Remuneration Sub-Committee.</p> <p>However, the Company does not have Executive Directors or Key management Personnel, who are remunerated by the Company.</p> <p>Financial Management Functions of the Company have been entrusted to Accounting Consultancy and Solutions (Pvt) Ltd and the Fees for the services rendered by the said Company are determined by the Board of Directors of the Company.</p> | The Board has not established a Remuneration Committee. |

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 | Complied | Audit Committee consists of three non-executive Independent Directors. |
| | | b. The chairman of the Audit Committee or one member should be a member of a professional accounting body | Complied | 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 section 7 of the Listing Rules | | |
| | 7.10.6(c) Disclosure in the Annual Report relating to the Audit Committee | a. Names of the Directors comprising the Audit Committee | Complied | Please refer Information of the Board of Directors and the Board-sub Committees on page 10 of the Annual Report |
| | | b. The Audit Committee shall make a determination of the independence of the Auditors and disclose such determination | Complied | Please refer to Audit Committee Report on page 16 of the Annual Report |
| | | c. The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the functions | Complied | Please refer to Audit Committee Report on page 16 of the Annual Report |
| 9.2.1 | Related Party Transactions Review Committee (RPTRC) | 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. | Complied | Please refer to Related Party Transactions Committee Report on page 17 of the Annual Report. |
| | | An Independent Non-executive Director shall be appointed as the Chairman of the RPTRC. | Complied | |
| | | Should be as outlined in the section 9 of the Listing Rules | | |
| | | d. Names of the Directors comprising the Committee; | Complied | |
| | | e. 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. | Complied | |
| | | f. The policies and procedures adopted by the Committee for reviewing the Related Party Transactions. | Complied | |
| | | g. The number of times the Committee has met during the Financial Year. | Complied | |

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

Chartered Accountant, in practice for more than 35 years and retired from the post of Senior Partner of SJMS Associates, a Firm of Accountants which is associated with Deloitte's in Sri Lanka. He is also a Fellow member of CMA and a member of its Governing Council.

Mr. S. Nagendra

A Companion Member of Chartered Institute of Management (UK), MBA (UK) and retired Senior Director of Carsons Cumberbatch PLC.

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 requirement laid down by regulatory authorities.

Meetings

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

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

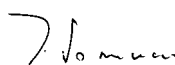
The Committee directs and monitors representatives of ACSPL, Accountants of the Company on Financial Management of the Company. The Committee obtains regular updates from the Accountants on utilization of funds of the Company and provides guidance on efficient Treasury Management and investments.

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 polices/standards adopted in the audit and the findings of the Audit. The Committee has received a Declaration from the External Auditors of the Company, as required by the Companies Act No.7 of 2007, confirming that they do not have any relationship or interest in the Company, which may have a bearing on their independence, within the definition of the Code of Conduct and Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Committee has recommended to the Board of Directors that M/s KPMG be reappointed as the Auditors of the Company for the Financial Year Ending 31st March, 2019, 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 Period Ended 31st March, 2018, 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

13th August, 2018

Report of the Related Party Transactions Review Committee

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

Meetings

During the year under review, the Committee held four (04) meetings, one (01) in each quarter as prescribed under the Listing Rules of the Colombo Stock Exchange. 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.

In accordance of the said Listing Rules, the Company has formulated a Related Party Transactions (RPT) Policy. It has also obtained 'self-declarations' from each Director and Key Management Personnel of the Company, 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 aggregate remuneration paid to Directors is set out in Note 20 to the Financial Statements.

Further, in accordance with the RPT Policy, the criteria for identifying the Key Management Personnel (KMP) was established and all Non-Executive Directors of Boards were identified as KMPs in order to establish greater transparency and governance. Also, declarations were obtained from each KMP of the Company for the purpose of identifying parties related to them and to provide annual disclosure.

Related Party Transactions Exceeding 10% of the Equity or 5% of the Total Assets of the Company

In terms of the requirements of the Listing Rules of the Colombo Stock Exchange, the transactions carried out by the Company with its Related Parties during the year ended 31st March 2018, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2018.

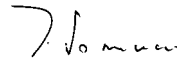
The details of the Related Party Transactions are given in note 20 to the Financial Statements.

1. Non-Recurrent Related Party Transactions

There were no Non-recurrent related party transactions entered into by the Company, where the aggregate value of the Non-Recurrent Related Party Transactions exceeds 10% of the Shareholders' equity or 5% of the total assets, whichever is lower, of the Company as at 31st March 2018.

2. Recurrent Related Party Transactions

Information pertaining to Recurrent Related Party Transactions where the aggregate value of the Recurrent Related Party Transactions exceeded 10% of the Gross Revenue / Income of the Company, as per the Audited Financial Statements are disclosed in Note 20.



Mr. T Someswaran

Chairman – Related Party Transactions Review Committee

13th August, 2018

Financial Reports

Contents

| | | |
|----|--|----|
| 01 | Independent Auditor's Report | 19 |
| 02 | Statement of Profit or Loss and Other Comprehensive Income | 22 |
| 03 | Statement of Financial Position | 23 |
| 04 | Statement of Changes In Equity | 24 |
| 05 | Statement of Cash Flows | 25 |
| 06 | Notes to the Financial Statements | 26 |

Independent Auditor's Report



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

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

TO THE SHAREHOLDERS OF SERENDIB LAND PLC

Opinion

We have audited the financial statements of Serendib Land PLC ("the Company"), which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 22 to 41 of this Annual Report.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investment Property

Refer to Note 3.3 (accounting policy) and Note 12 (financial statement disclosures) to these financial statements.

Risk Description

The Investment property of the Company as at 31 March 2018 comprise of Land with value of Rs.481,875,000 and Building of Rs.44,500,000 located in Colombo, and represents 97% of total assets. The Company has recorded a fair value gain of Rs.221,080,000 during the year, in respect of its investment property. These properties are stated at fair value based on valuations performed by independent external valuers.

We identified this as a key audit matter as the valuation of investment property requires significant level judgement in determining the appropriate valuation methodologies, making assumptions and estimates that are to be used.

Our responses - Our audit procedures included:

- Assessing the objectivity, independence, competence and qualifications of the external valuers.
- Evaluating the appropriateness of the key assumptions applied and conclusions made by the external valuer in deriving the fair value of the properties and comparing the same with evidence of current market values and consultation with internal valuation specialist.
- Assessing the adequacy of disclosures in relation to fair value of investment properties in 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.

| | | |
|---------------------------|-------------------------|----------------------------|
| 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 | M.N.M. Shameel ACA | Ms. C.T.K.N. Perera ACA |

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



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is FCA 2294.

A handwritten signature in black ink, appearing to read 'Kiran', with a horizontal line underneath.

Chartered Accountants

Colombo, Sri Lanka

13th August, 2018

Statement of Profit or Loss and Other Comprehensive Income

| <i>For the year ended 31st March</i> | Note | 2018 Rs. | 2017 Rs. |
|---|-------------|---------------------|---------------------|
| Revenue | 5 | 12,728,729 | 16,172,850 |
| Direct expenses | | (4,501,471) | (1,051,715) |
| Gross profit | | 8,227,258 | 15,121,135 |
| Other operating income | 6 | 97,755 | 75,230 |
| Changes in fair value of investment property | 12 | 221,080,000 | - |
| Impairment loss on financial assets - available for sale | | (1,645,582) | - |
| Administrative expenses | | (3,580,150) | (2,539,751) |
| Profit from operations | 7 | 224,179,281 | 12,656,614 |
| Finance income | 8 | 1,519,427 | 1,330,397 |
| Profit before taxation | | 225,698,708 | 13,987,011 |
| Income tax expense | 9 | (11,900,124) | (1,613,649) |
| Profit for the year | | 213,798,584 | 12,373,362 |
| Other comprehensive income for the year | | | |
| Items that are or may be reclassified to profit or loss | | | |
| - Reclassification of AFS reserve to profit or loss | | 1,645,582 | - |
| - Net change in fair value of financial assets - available for sale | | (258,691) | (930,257) |
| Total comprehensive income for the year | | 215,185,475 | 11,443,105 |
| Basic earnings per share (Rs.) | 10 | 593.88 | 34.37 |

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

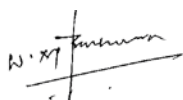
Figures in brackets indicate deductions.

Statement of Financial Position

| As at 31 st March | Note | 2018 Rs. | 2017 Rs. |
|--------------------------------------|------|-------------|-------------|
| Assets | | | |
| Investment property | 12 | 526,375,000 | 305,295,000 |
| Non - current assets | | 526,375,000 | 305,295,000 |
| Trade and other receivables | 13 | 4,558,642 | 875,226 |
| Income tax receivable | | 439,195 | - |
| Short term investment | 14 | 5,145,436 | 11,148,289 |
| Financial assets- Available for sale | 15 | 4,366,855 | 4,625,546 |
| Cash and cash equivalents | 16 | 1,027,141 | 3,558,652 |
| Current assets | | 15,537,269 | 20,207,713 |
| Total assets | | 541,912,269 | 325,502,713 |
| Equity | | | |
| Stated capital | 17 | 36,000,000 | 36,000,000 |
| Retained earnings | | 152,363,606 | 168,645,022 |
| Available for sale assets reserve | | 304,734 | (1,082,157) |
| Other reserve | | 316,727,700 | 95,647,700 |
| Total equity | | 505,396,040 | 299,210,565 |
| Liabilities | | | |
| Deferred tax liability | 18 | 34,153,403 | 23,184,000 |
| Non- current liabilities | | 34,153,403 | 23,184,000 |
| Current taxation | | - | 565,295 |
| Other payables | 19 | 1,354,307 | 260,100 |
| Dividend payable | | 958,343 | 2,036,137 |
| Bank overdraft | 16 | 50,176 | 246,616 |
| Current liabilities | | 2,362,826 | 3,108,148 |
| Total liabilities | | 36,516,229 | 26,292,148 |
| Total equity and liabilities | | 541,912,269 | 325,502,713 |

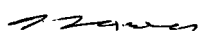
The annexed notes to the financial statements form an integral part of these financial statements.

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



W.M.P. Walisundara
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

13th August, 2018
Colombo

Statement of Changes In Equity

| For the year ended 31 st March 2018 | Stated capital Rs. | Other reserve Rs. | Available for sale assets reserve Rs. | Retained earnings Rs. | Total Rs. |
|---|-----------------------|----------------------|--|--------------------------|--------------------|
| Balance as at 01st April 2016 | 36,000,000 | 95,647,700 | (151,900) | 165,271,660 | 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 | - | - | (930,257) | 12,373,362 | 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 | (1,082,157) | 168,645,022 | 299,210,565 |
| Balance as at 01st April 2017 | 36,000,000 | 95,647,700 | (1,082,157) | 168,645,022 | 299,210,565 |
| Profit for the year | - | - | - | 213,798,584 | 213,798,584 |
| Other comprehensive income | - | - | 1,386,891 | - | 1,386,891 |
| Total comprehensive income for the year | - | - | 1,386,891 | 213,798,584 | 215,185,475 |
| Transactions with the equity owners, recorded directly in equity and distribution to equity owners | | | | | |
| Dividends to equity holders | - | - | - | (9,000,000) | (9,000,000) |
| Transfer of Fair value gains on investment property | - | 221,080,000 | - | (221,080,000) | - |
| Balance as at 31st March 2018 | 36,000,000 | 316,727,700 | 304,734 | 152,363,606 | 505,396,040 |

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

Accordingly, during the year 2018, the Company has transferred the fair value gain of Rs. 221,080,000 from Retained earnings to the Other Reserve. The related taxes have not been netted off against the said transfer.

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 31 st March | 2018 Rs. | 2017 Rs. |
|---|--------------------|-------------|
| Cash flow from operating activities | | |
| Profit before taxation | 225,698,708 | 13,987,011 |
| Adjustments for: | | |
| Interest income | (1,519,427) | (1,330,397) |
| Dividend income | (97,755) | (75,230) |
| Change in fair value of investment property | (221,080,000) | - |
| Impairment loss on financial assets - available for sale | 1,645,582 | - |
| Operating cash flows before working capital changes | 4,647,108 | 12,581,384 |
| Changes in working capital | | |
| (Increase) in trade and other receivables | (3,669,403) | (86,440) |
| Increase/ (decrease) in other payables | 16,413 | (438,309) |
| Cash generated from operations | 994,118 | 12,056,635 |
| Income tax paid | (1,935,211) | (1,476,268) |
| Net cash (used in)/generated from operating activities | (941,093) | 10,580,367 |
| Cash flows from investing activities | | |
| Net decrease in short term Investments | 5,876,822 | 660,977 |
| Interest received | 1,645,458 | 1,156,759 |
| Dividend received | 83,742 | 75,230 |
| Investments of Shares | - | (1,922,803) |
| Net cash from/(used in) investing activities | 7,606,022 | (29,837) |
| 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 (decrease)/increase in cash and cash equivalents | (2,335,071) | 1,550,529 |
| Cash and cash equivalents at the beginning of the year | 3,312,036 | 1,761,507 |
| Cash and cash equivalents at the end of the year (Note 16) | 976,965 | 3,312,036 |

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 flows, together with the notes, (the "Financial Statements") of the Company as at 31st March 2018 and for the year then ended have been prepared in accordance with new Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies Act No 07 of 2007.

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 the 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)
- ❖ Investment property (Note 3.3)
- ❖ Impairment (Note 3.6)
- ❖ Provisions (Note 3.8)
- ❖ Commitment and Contingencies (Note 3.9)

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

Notes to the Financial Statements

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 comprises of current & deferred tax expense recognized in the profit or loss.

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 there to.

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 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 years. 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.

Notes to the Financial Statements

3.4 Leasing

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of Specific asset or assets and the arrangement conveys a right to use the asset.

3.4.1 Operating leases Company as a lessor

Leases where the Company does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Payments received under operating leases are recognised in profit or loss on straight-line basis over the term of the lease. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

3.5 Financial Instruments

3.5.1 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 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, other than impairment losses are recognised in other comprehensive income and presented within equity in the available for sale assets reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

3.6 Impairment of Assets

3.6.1 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.

Notes to the Financial Statements

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.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the available for sale assets reserve to profit or loss. The amount reclassified is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

3.6.2 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 losses are 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 are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or 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 within one year from the reporting date. Items classified as non-current liabilities are those obligations, which expire beyond a period of one year from the reporting date.

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

3.7 Non-derivative financial liabilities

The Company initially 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.

Notes to the Financial Statements

3.8 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.

3.9 Commitment and Contingencies

Contingent Liabilities are possible obligations whose existence will be confirmed only by occurrence or non-occurrence of uncertain future events not wholly within the control of the Company or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital Commitments and Contingent Liabilities of the Company are disclosed in the respective notes to the Financial Statements

3.10 Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ❖ In the principal market for the asset or liability, or
- ❖ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. External professional valuers are involved for valuation of significant assets such as land and building.

Fair Value Hierarchy

The Company measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement.

Level 1

Inputs that are unadjusted quoted market prices in an active market for identical instruments

When available, the Company measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)

This category includes instruments valued using;

- (a) quoted market prices in active markets for similar instruments,
- (b) quoted prices for identical or similar instruments in markets that are considered to be less active, or
- (c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3

Inputs that are unobservable

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's value.

Valuation techniques include net present value and discounted cash flow models comparisons with similar instruments for which observable market prices exist, option pricing models and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and

Notes to the Financial Statements

equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and government securities such as treasury bills and bonds. Availability of observable prices and model inputs reduces the need for management judgment and estimation while reducing uncertainty associated in determining the fair values.

Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also profit or loss calculated when such financial instruments are first recorded ('Day V profit or loss') is deferred and recognized only when the inputs become observable or on recognition of the instrument.

STATEMENT OF PROFIT OR LOSS

3.11 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.

3.12 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.

3.13 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.

3.14 STATEMENT OF CASH FLOWS

The Statement of cash flows has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Statement of cash flows.

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 standard | Summary of the requirements | Possible impact on financial statement |
|---|--|--|
| <p>SLFRS 15 Revenue from Contracts with Customers</p> | <p>SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including LKAS 18 on 'Revenue' and LKAS 11 on 'Construction Contracts'.</p> <p>SLFRS 15 is effective for annual reporting periods beginning on or after 1 April 2018.</p> | <p>The Company is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 15.</p> |
| <p>SLFRS 16 Leases</p> | <p>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</p> <p>SLFRS 16 is effective for reporting periods beginning on or after 1 April 2019.</p> | <p>The Company is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 16.</p> |
| <p>SLFRS 09 Financial Instruments</p> | <p>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.</p> <p>SLFRS 9 is effective for annual reporting periods beginning on or after 1 April 2018.</p> | <p>The Company has completed the initial high level assessment of the potential impact on its financial statements for the year ended 31 March 2018. However, the Company does not expect a significant impact on the financial statement on adoption of the standard.</p> |

Notes to the Financial Statements

| For the year ended 31 st March | | 2018 Rs. | 2017 Rs. |
|---|---|-------------------|-------------|
| 5. | REVENUE | | |
| | Rental income from investment properties (Note 5.1) | 12,728,729 | 16,172,850 |
| | | 12,728,729 | 16,172,850 |
| 5.1 | The Company did not earn any rent income from its investment properties for a period of 5 months, with the expiry of the rent agreement with AIA Insurance PLC in September 2017. | | |
| 6. | OTHER OPERATING INCOME | | |
| | Dividend income | 97,755 | 75,230 |
| | | 97,755 | 75,230 |
| 7. | PROFIT FROM OPERATIONS | | |
| | Profit from operations is stated after charging all expenses including the following: | | |
| | Directors' fee | 720,000 | 720,000 |
| | Accounting fee | 682,171 | 618,040 |
| | Secretarial fee | 211,052 | 247,312 |
| | Auditors' remuneration | | |
| | - Audit and related services | 281,000 | 266,663 |
| | - Non Audit Services | 152,120 | 145,074 |
| | The Company did not employ any staff during the year. | | |
| 8. | FINANCE INCOME | | |
| | Interest income | 1,519,427 | 1,330,397 |
| | | 1,519,427 | 1,330,397 |
| 9. | INCOME TAX EXPENSE | | |
| | Current income tax | | |
| | Current tax on profits (Note 9.1) | 983,693 | 1,883,385 |
| | Over provision in respect for prior year | (52,972) | (269,736) |
| | Deferred tax charge | | |
| | Origination of deferred tax liabilities (Note 18.1) | 10,969,403 | -- |
| | | 11,900,124 | 1,613,649 |
| 9.1 | Tax reconciliation statement | | |
| | Profit before taxation | 225,698,708 | 13,987,011 |
| | Dividend income | (97,755) | (75,230) |
| | Changes in fair value of Investment Property | (221,080,000) | - |
| | Interest income | (1,519,427) | (1,330,397) |
| | Impairment loss on financial assets - available for sale | 1,645,582 | - |
| | Disallowable expenses | 5,000 | 9,229 |
| | Statutory income from business | 4,652,108 | 12,590,613 |
| | Non-business income | 1,519,427 | 1,330,397 |
| | Taxable income | 6,171,535 | 13,921,010 |
| | Income tax @ 12% (2017 - 12%) | 558,253 | 1,510,874 |
| | Income tax @ 28% (2017 - 28%) | 425,440 | 372,511 |
| | Current tax on profit | 983,693 | 1,883,385 |

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% (2017 - 28%) (Since the Business profit below 750 Mn) .The Company is entitled to a concessional tax rate of 12% (2017- 12%) on operational profits.

As per the Inland Revenue Act No.24 of 2017, which became effective from 1 April 2018, the Company has become liable for income tax at a rate of 28%. (Since the Revenue below 500 Mn), the Company is entitled to a concessional tax rate of 14% on operational profits.

Notes to the Financial Statements

For the year ended 31 March

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 31 st March | 2018 Rs. | 2017 Rs. |
|---|---------------|--------------|
| Profit after taxation attributable to ordinary shareholders (Rs.) | 213,798,584 | 12,373,362 |
| Weighted average number of ordinary shares | 360,000 | 360,000 |
| Earnings per share (Rs.) | 593.88 | 34.37 |

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 31 st March | 2018 Rs. | 2017 Rs. |
|--|-------------|-------------|
| 11. DIVIDEND PER SHARE | | |
| Proposed dividend | 3,600,000 | 9,000,000 |
| Weighted average number of ordinary shares | 360,000 | 360,000 |
| Dividend per ordinary share | 10 | 25 |

| 12. INVESTMENT PROPERTY | Land Rs. | Building Rs. | Total Rs. |
|---|--------------------|-------------------|--------------------|
| Balance as at 01 st April 2016 | 222,495,000 | 82,800,000 | 305,295,000 |
| Balance as at 31 st March 2017 | 222,495,000 | 82,800,000 | 305,295,000 |
| Balance as at 01 st April 2017 | 222,495,000 | 82,800,000 | 305,295,000 |
| Fair Value Gain/(Loss) | 259,380,000 | (38,300,000) | 221,080,000 |
| Balance as at 31st March 2018 | 481,875,000 | 44,500,000 | 526,375,000 |

12.1 Investment property carried at revalued amount

| Location | Extent | No. of buildings | Method of Valuation | Date of Valuation | Valuer | Revalued amount of investment property (Rs.) | Carrying amount of investment property (Rs.) |
|---|--------------|------------------|--------------------------|-------------------|----------------------------------|--|--|
| No.75, Kumaran Rathnam Road, Slave Island, Colombo 02 | | | | | | | |
| - Land | 20.2 p | - | Market comparable method | 31/03/2018 | Mr. P.B. Kalugalagedara (F.I.V.) | 268,250,000 | 128,500,000 |
| - Building | 20,000 sq.ft | 1 | | | | 44,500,000 | 82,800,000 |
| No.72, Kew Road, Slave Island, Colombo 02 | | | | | | | |
| - Land | 12.0 p | - | Market comparable method | 31/03/2018 | Mr. P.B.Kalugalagedara (F.I.V.) | 150,000,000 | 66,000,000 |
| No.70, Kew Road, Slave Island, Colombo 02 | | | | | | | |
| - Land | 1.93 p | - | Market comparable method | 31/03/2018 | Mr. P.B.Kalugalagedara (F.I.V.) | 24,125,000 | 10,615,000 |
| No.20, Sri Murugan Street, Colombo 2 | | | | | | | |
| - Land | 3.16 p | - | Market comparable method | 31/03/2018 | Mr.P.B.Kalugalagedara (F.I.V.) | 39,500,000 | 17,380,000 |
| | | | | | | 526,375,000 | 305,295,000 |

Notes to the Financial Statements

Measurement of fair value

Investment properties of the Company are accounted for on the fair value model. The value has been determined on the fair value basis using market evidence. The last valuation was carried out by a independent professional Valuer Mr.P.B.Kalugalagedara (F.I.V.); an Incorporated Valuer & Assessor, Associate Institute of Valuers, Sri Lanka as at 31 March 2018.

Valuation Technique - Market comparable method

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.

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 2018 at the rate of Rs. 12,500,000 per perch. The fair value of the land 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 2018.

The fair value of land and building No 75 as at 31st March 2018 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 60 years was Rs. 220,485,564 and The fair value of land and buildings based on the open market value was Rs. 312,750,000 at the rate of Rs.15, 000,000 per perch. However, the market value has been taken for the accounts. Investment property, yielded rental income of Rs.12,728,729/- (2017 - Rs.16,172,850/-). Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to Rs.2.8Mn as Repair expenses and Rs.1,6Mn as CMC rates and other UDA charges (2017: Rs. 1.05Mn).

12.2 Significant unobservable inputs used in measuring fair value

The table below sets out the significant unobservable inputs used in measuring land and building categorised as level 3 in the fair value hierarchy as at 31 March 2018.

| Location | Method of Valuation | Significant unobservable inputs | Range of estimates for unobservable inputs | Estimated fair value would increase or decrease if |
|---|--------------------------|----------------------------------|--|---|
| No.75, Kumaran Rathnam Road, Slave Island, Colombo 02 - Land | Market comparable method | Land - Price per perch | Rs.15, 000,000 | Price per perch for land increased, decreased |
| - Building | | Building - Price per square feet | Rs. 2,000 to Rs.2,750 | Price per square feet for building increased, decreased |
| No.72, Kew Road, Slave Island, Colombo 02 - Land | Market comparable method | Land - Price per perch | Rs. 12,500,000 | Price per perch for land increased, decreased |
| No.70, Kew Road, Slave Island, Colombo 02 - Land | Market comparable method | Land - Price per perch | Rs. 12,500,000 | Price per perch for land increased, decreased |
| No.20, Sri Murugan Street, Colombo 2 - Land | Market comparable method | Land - Price per perch | Rs. 12,500,000 | Price per perch for land increased, decreased |

| As at 31 st March | | 2018 Rs. | 2017 Rs. |
|------------------------------|---|------------------|-------------|
| 13. | TRADE AND OTHER RECEIVABLES | | |
| | Trade Receivables - Janashakthi Insurance PLC | 3,211,694 | - |
| | Prepayments | 932,935 | 875,226 |
| | Refundable deposits | 400,000 | - |
| | Dividend receivable | 14,013 | - |
| | | 4,558,642 | 875,226 |
| 14. | SHORT TERM INVESTMENTS | | |
| | Fixed deposits | 5,145,436 | 11,148,289 |
| | | 5,145,436 | 11,148,289 |

Notes to the Financial Statements

15. FINANCIAL ASSETS - AVAILABLE FOR SALE

| Quoted investments | 2018 | | | 2017 | | |
|--------------------------|-------------------------|-----------------------|---------------------|-------------------------|-----------------------|---------------------|
| | Number of shares Rs. | Carrying value Rs. | Market Price Rs. | Number of shares Rs. | Carrying value Rs. | Market Price Rs. |
| Bukit Darah PLC | 10,380 | 3,784,900 | 2,139,318 | 10,380 | 3,784,900 | 2,700,876 |
| John Keells Holdings PLC | 13,957 | 1,922,803 | 2,227,537 | 13,957 | 1,922,803 | 1,924,670 |
| | 24,337 | 5,707,703 | 4,366,855 | 24,337 | 5,707,703 | 4,625,546 |

15.1 The Company has recognized an impairment loss on financial assets - available for sale during the year, since the investment in shares in Bukit Darah PLC noted a significant decline in the fair value. Accordingly, the losses accumulated in the available for sale reserve of Rs. 1,645,582 was reclassified to profit or loss during the year.

| As at 31 st March | | 2018 Rs. | 2017 Rs. |
|------------------------------|---|--------------|-------------|
| 16. | CASH AND CASH EQUIVALENTS | | |
| | Cash at bank | 1,027,141 | 3,558,652 |
| | Cash and cash equivalents | 1,027,141 | 3,558,652 |
| | Bank overdraft | (50,176) | (246,616) |
| | Cash and cash equivalents as per statement of cash flows | 976,965 | 3,312,036 |
| 17. | STATED CAPITAL | | |
| | Issued & fully paid | | |
| | 360,000 Ordinary shares | 36,000,000 | 36,000,000 |
| | 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 | | |
| | Deferred tax liability | 34,153,403 | 23,184,000 |
| 18.1 | Deferred tax liability | | |
| | Balance at the beginning of the year | 23,184,000 | 23,184,000 |
| | Reversed during the year - Recognised in Profit/Loss | (10,724,000) | - |
| | Tax on revaluation surplus on freehold land | 27,923,403 | - |
| | Impact on rate change - Recognised in Profit/Loss | (6,230,000) | - |
| | Balance at the end of the year | 34,153,403 | 23,184,000 |

Deferred tax liabilities are attributable to the following:

| | 2018 | | 2017 | |
|---|-----------------------------|-------------------|-----------------------------|-------------------|
| | Temporary difference Rs. | Tax effect Rs. | Temporary difference Rs. | Tax effect Rs. |
| Deferred tax liability | | | | |
| Revaluation surplus on freehold land (18.2) | 199,452,879 | 27,923,403 | - | - |
| Building | 44,500,000 | 6,230,000 | 82,800,000 | 23,184,000 |
| | 243,952,879 | 34,153,403 | 82,800,000 | 23,184,000 |

18.2 As provided for in LKAS 12 - Income taxes, deferred tax assets and liabilities should be measured at the tax rate that are expected to be applied in the period in which the asset will be realised or the liability will be settled, based on the tax rate (and tax laws) that have been enacted or substantially enacted by the reporting date. As per the Inland Revenue Act No 24 of 2017, which has been legislated and effective from 1 April 2018, the new tax rate of 14% (Previously business income at 12% and non-business income at 28%) has become applicable to the Company from 1 April 2018. Accordingly, 14% has been applied for the deferred tax computation,

Notes to the Financial Statements

18.3 As per the Inland Revenue Act No 24 of 2017 which has been legislated and effective from 1 April 2018, the Company will be liable for capital gain tax at a rate of 14% on the revaluation surplus in excess of the acquired cost of capital assets. Accordingly, deferred tax liability on revaluation surplus in excess of the cost of the land of Rs. 27,923,403/- has been recognised in profit or loss.

| | 2018 | 2017 |
|---|------------------|----------------|
| | Rs. | Rs. |
| 19. OTHER PAYABLES | | |
| Valuation fees payable | 50,000 | - |
| Audit fees payable | 253,000 | 215,000 |
| Accounting fee payable | 50,000 | 45,000 |
| VAT payable | 56,721 | - |
| NBT payable | 26,586 | - |
| Deferred revenue (19.1) Janashakthi Insurance PLC | 918,000 | - |
| Ground rent payable | - | 100 |
| | 1,354,307 | 260,100 |

19.1 Deferred revenue consists of revenue related to the next financial year for which invoice is raised during the year.

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")

| | 2018 | 2017 |
|---|----------------|----------------|
| | Rs. | Rs. |
| For the year ended 31 st March | | |
| COMPENSATION TO KMPS | | |
| Short term employment benefits | 720,000 | 720,000 |
| Post employment benefits | - | - |
| Total | 720,000 | 720,000 |

20.2 Transactions with related parties

| Name of related party | Relationship | Nature of transaction | Transaction during the year 2018 (Rs.) | % | Transaction during the year 2017 (Rs.) | % |
|---------------------------|--------------------|-----------------------|--|----|--|-----|
| AIA Insurance PLC | Affiliated Company | Rental income | 9,002,700 | 74 | 16,172,850 | 100 |
| Janashakthi Insurance PLC | Affiliated Company | Rental income | 3,129,275 | 26 | - | - |

Terms and Conditions of the Related Party Transactions are determined based on the lease agreement.

Notes to the Financial Statements

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 :

| | 2018 | | 2017 | |
|--|------------------------|-------------------|------------------------|-------------------|
| | Carrying amount Rs. | Fair value Rs. | Carrying amount Rs. | Fair value Rs. |
| Assets carried at amortized cost | | | | |
| Trade and other receivables | 3,625,707 | 3,625,707 | - | - |
| Cash and Cash Equivalent | 1,027,141 | 1,027,141 | 3,558,652 | 3,558,652 |
| Short term investment | 5,145,436 | 5,145,436 | 11,148,289 | 11,148,289 |
| | 9,798,284 | 9,798,284 | 14,706,941 | 14,706,941 |
| Assets carried at fair value | | | | |
| Financial assets -available-for-sale | 5,707,703 | 4,366,855 | 5,707,703 | 4,625,546 |
| | 5,707,703 | 4,366,855 | 5,707,703 | 4,625,546 |
| Liabilities carried at amortized cost | | | | |
| Dividend payable | 958,343 | 958,343 | 2,036,137 | 2,036,137 |
| Bank overdraft | 50,176 | 50,176 | 246,616 | 246,616 |
| | 1,008,519 | 1,008,519 | 2,282,753 | 2,282,753 |

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

- 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.
- Trade and other receivables and other payables – The fair value of trade and other receivables and other payables approximate their carrying amount due to the relatively short maturity of the financial instruments.
- Short term investments – The fair value of short term investments approximate their carrying amount due to the relatively short maturity of the financial instruments.

21.1 The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy.

| | Level 1 Rs. | Level 2 Rs. | Level 3 Rs. | Total Rs. |
|--------------------------------------|----------------|----------------|----------------|------------------|
| 31st March 2018 | | | | |
| Financial assets -available-for-sale | 4,366,855 | - | - | 4,366,855 |
| 31st March 2017 | | | | |
| Financial assets -available-for-sale | 4,625,546 | - | - | 4,625,546 |

22. Financial risk management

22.1 Overview

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

- Credit risk
- Liquidity risk
- Market risk
- 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.

Notes to the 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 counterparty 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;

| As at 31st March | 2018 | 2017 |
|-----------------------------|------------------|------------|
| | Rs. | Rs. |
| Short term investments | 5,145,436 | 11,148,289 |
| Trade and other receivables | 3,625,707 | - |
| Cash and Cash Equivalent | 1,027,141 | 3,558,652 |

22.3.1.1 The aging of trade receivables at the end of the reporting period that were not impaired was as follows:

| As at 31st March | 2018 | 2017 |
|-------------------|------------------|------|
| | Rs. | Rs. |
| Less than 30 days | 2,614,940 | - |
| Trade receivables | 2,614,940 | - |

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.

| | Contractual Un-discounted Cash Flows | | | | | |
|-------------------------|---|-------------------------|--------------------|------------------|------------------|--------------------------|
| | Carrying amount | 6 months or less | 6-12 Months | 1-2 Years | 2-5 Years | More than 5 Years |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Non-Current Liabilities | 34,153,403 | - | - | - | - | 34,153,403 |
| Current liabilities | 2,362,826 | 2,362,826 | - | - | - | - |

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.

Notes to the Financial Statements

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.

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, other than the discloser in below.

The Department of Inland Revenue has raised an assessment against the Company relating to the settlement of the income tax liability using tax credits from withholding tax on interest for the year of assessment 2015/16. The Company has appealed against this assessment to the Department of Inland Revenue. Having discussed with the independent legal and tax expert and based on information available, the contingent liability as at 31 March 2018 is estimated to be Rs.339,860.

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.

Notes to the Financial Statements

27. Events occurring after the reporting date

Directors have recommended the payment of a final dividend of Rs. 10/- per share for the year ended 31st March, 2018, which require the approval of the shareholders at the Annual General Meeting to be held on 28th September, 2018

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.

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

28. Operating lease commitments

28.1 As a lessee

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.

| | 2018 | 2017 |
|----------------------------|--------------|-------|
| | Rs. | Rs. |
| Less than one year | 100 | 100 |
| Between one and five years | 500 | 500 |
| More than five years | 5,800 | 5,900 |

28.2 As a lessor

The Company entered into lease agreement with Janashakthi Insurance PLC for the lease of its properties for a period of 10 years ending 14 February 2028. The lease agreement with AIA Insurance PLC expired on 30 April 2017 and was extended to 30 September 2017.

The operating lease rentals are receivable as follows as at the reporting date.

| | 2018 | 2017 |
|----------------------------|--------------------|------|
| | Rs. | Rs. |
| Less than one year | 21,600,000 | - |
| Between one and five years | 95,823,000 | - |
| More than five years | 143,617,320 | - |

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 278 as at 31st March 2018.

SHARE DISTRIBUTION

| No of Shares Held | | 31.03.2018 | | | 31.03.2017 | | |
|-------------------|---------|--------------------|---------------|-------------------|--------------------|---------------|-------------------|
| | | No of Shareholders | Total Holding | % of Total Shares | No of Shareholders | Total Holding | % of Total Shares |
| Upto | 1,000 | 266 | 14,818 | 4.12 | 267 | 14,918 | 4.14 |
| 1,001 | 5,000 | 6 | 12,723 | 3.53 | 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 | 76.8 |
| 100,001 | & above | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 278 | 360,000 | 100 | 279 | 360,000 | 100 |

SHARE TRADING

Historical data for the Year ended,

| | 31.03.2018 Rs. | 31.03.2017 Rs. |
|----------------------|-----------------------|-----------------------|
| Highest Traded Price | 1,849.00 (15.06.2017) | 1,999.00 (06.04.2016) |
| Lowest Trade Price | 1,112.00 (13.09.2017) | 1,246.00 (29.11.2016) |
| Last Traded Price | 1,481.70 (28.03.2018) | 1,661.20 (31.03.2017) |

The Public Holding percentage as at 31st March 2018 was 14.72% of the issued shares.

Number of Public Share Holding as at 31st March 2018 was 272 (2017 - 273).

DIVIDEND

A Final Dividend of Rs.10/- share has been proposed for payment on 05th October, 2018 (2017 - Rs.25/-).

Investor Information

The Twenty (20) Major Shareholders as at 31st March, 2018 with comparative figures for 2017 were as follows:

| 20 Major Shareholders | 31.03.2018 | | 20 Major Shareholders | 31.03.2017 | |
|---|------------|-------|---|------------|-------|
| | 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 Insurance PLC -Equity Fund | 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 | 2,000 | 0.56 | 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 (Deceased) | 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 |
| | | | | | |
| | 349,765 | 97.16 | | 349,665 | 97.13 |
| Shares held by the balance Shareholders | 10,235 | 2.84 | Shares held by the balance Shareholders | 10,335 | 2.87 |
| | 360,000 | 100 | | 360,000 | 100 |

Company Performance - Five Year Summary

| Year ended 31 st March | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| Trading Results | | | | | |
| Rental Income | 12,728,729 | 16,172,850 | 16,128,000 | 15,987,000 | 13,140,000 |
| Total Revenue | 12,728,729 | 16,172,850 | 16,128,000 | 15,987,000 | 13,140,000 |
| Direct Cost | (4,501,471) | (1,051,715) | (891,972) | (808,073) | (844,074) |
| Gross Profit | 8,227,258 | 15,121,135 | 15,236,028 | 15,178,927 | 12,295,926 |
| Fair Value Gain | 221,080,000 | - | - | 54,135,000 | - |
| Total Operating Expenses | (3,580,150) | (2,539,751) | (2,637,733) | (2,051,590) | (1,988,367) |
| Impairment loss on financial assets - available for sale | (1,645,582) | - | - | - | - |
| Profit from Operating Activities | 224,179,281 | 12,581,384 | 12,598,295 | 67,262,337 | 10,307,559 |
| Net Finance (Exp)/Income | 1,519,427 | 1,330,397 | 1,032,151 | 674,603 | 1,116,294 |
| Other operating income | 97,755 | 75,230 | - | - | - |
| Net profit before Tax | 225,698,708 | 13,987,011 | 13,630,446 | 67,936,940 | 11,423,853 |
| Income Tax | (11,900,124) | (1,613,649) | (1,801,794) | (1,764,169) | (1,362,422) |
| Net profit after Tax | 213,798,584 | 12,373,362 | 11,828,652 | 66,172,771 | 10,061,431 |
| Balance Sheet | | | | | |
| Assets | | | | | |
| Investment Property | 526,375,000 | 305,295,000 | 305,295,000 | 305,295,000 | 251,160,000 |
| Current Assets | | | | | |
| Short term investment | 5,145,436 | 11,148,289 | 11,635,628 | 12,829,372 | 9,709,858 |
| Trade and Other Receivables | 4,558,642 | 875,226 | 788,786 | 755,074 | 746,020 |
| Income tax receivable | 439,195 | - | - | - | - |
| Financial Assets- Available for sales | 4,366,855 | 4,625,546 | 3,633,000 | - | - |
| Cash and Cash Equivalents | 1,027,141 | 3,558,652 | 5,097,016 | 246,286 | 330,856 |
| | 15,537,269 | 20,207,713 | 21,154,430 | 13,830,732 | 10,786,734 |
| Total Assets | 541,912,269 | 325,502,713 | 326,449,430 | 319,125,732 | 261,946,734 |
| Equity and Liabilities | | | | | |
| Stated Capital | 36,000,000 | 36,000,000 | 36,000,000 | 36,000,000 | 36,000,000 |
| Accumulated Profit/(Loss) | 152,363,606 | 168,645,022 | 165,271,660 | 162,443,008 | 200,917,937 |
| Financial assets-available for sale reserve | 304,734 | (1,082,157) | (151,900) | - | - |
| Other reserve | 316,727,700 | 95,647,700 | 95,647,700 | 95,647,700 | - |
| Total Equity | 505,396,040 | 299,210,565 | 296,767,460 | 294,090,708 | 236,917,937 |
| Non Current Liabilities | | | | | |
| Deferred tax Liability | 34,153,403 | 23,184,000 | 23,184,000 | 23,184,000 | 23,184,000 |
| Total Non Current Liabilities | 34,153,403 | 23,184,000 | 23,184,000 | 23,184,000 | 23,184,000 |
| Current Liabilities | | | | | |
| Trade & Other Payables | 1,404,483 | 230,104 | 3,866,209 | 369,418 | 600,686 |
| Tax Payable | - | 565,295 | 427,915 | 874,495 | 712,506 |
| Dividend Payable | 958,343 | 2,036,137 | 2,203,846 | 607,111 | 531,605 |
| Total Current Liabilities | 2,362,826 | 3,108,148 | 6,497,970 | 1,851,024 | 1,844,797 |
| Total Equity & Liabilities | 541,912,269 | 325,502,713 | 326,449,430 | 319,125,732 | 261,946,734 |
| Earnings per Share | 593.88 | 34.37 | 32.86 | 183.81 | 27.95 |
| Dividend per Share | 10.00 | 25.00 | 25.00 | 25.00 | 25.00 |
| Dividend Pay out ratio (%) | 1.68 | 72.74 | 76.09 | 13.60 | 89.45 |
| Net Assets Value per share | 1,403.88 | 831.14 | 824.35 | 816.92 | 658.11 |
| Share Value (High) | 1,849.00 | 1,999.00 | 2,300.00 | 1,290.00 | 1,848.90 |
| Share Value (Low) | 1,112.00 | 1,246.00 | 1,090.00 | 1,000.00 | 780.10 |
| Current Ratio | 6.58 | 6.50 | 3.49 | 7.47 | 5.85 |
| Return on Equity (%) | 42.30 | 4.14 | 3.99 | 22.50 | 4.25 |
| 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 (Mrs) Y. Ponnambalam, whom failing Mr. G.G. Ponnambalam, whom failing, Dr. (Mrs) M. Ponnambalam, whom failing Dr. B. Sivaprakasapillai, whom failing Dr. (Mrs) 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 Seventh (37th) Annual General Meeting of the Company to be held on 28th September, 2018 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 31 st March 2018, together with the Reports of the Directors' and Auditors' thereon. | <input type="checkbox"/> | <input type="checkbox"/> |
| 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="checkbox"/> | <input type="checkbox"/> |
| | II. To pass the Ordinary Resolution numbered 2(ii) set out in the Notice convening the Annual General Meeting | <input type="checkbox"/> | <input type="checkbox"/> |
| | III. To pass the Ordinary Resolution numbered 2(iii) set out in the Notice of Meeting of the Annual General Meeting | <input type="checkbox"/> | <input type="checkbox"/> |
| | IV. To pass the Ordinary Resolution numbered 2(iv) set out in the Notice of Meeting of the Annual General Meeting | <input type="checkbox"/> | <input type="checkbox"/> |
| | V. To pass the Ordinary Resolution numbered 2(v) set out in the Notice of Meeting of the Annual General Meeting | <input type="checkbox"/> | <input type="checkbox"/> |
| | VI. To pass the Ordinary Resolution numbered 2(vi) set out in the Notice of Meeting of the Annual General Meeting | <input type="checkbox"/> | <input type="checkbox"/> |
| | VII. To pass the Ordinary Resolution numbered 2(vii) set out in the Notice of Meeting of the Annual General Meeting | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | To declare Rs. 10/- per share as a Final Dividend for the Year Ended 31 st March, 2018 as recommended by the Directors. | <input type="checkbox"/> | <input type="checkbox"/> |
| 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="checkbox"/> | <input type="checkbox"/> |

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

.....
Signature of Shareholder

Notes:

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

Please indicate with an "x" in the space provided how your Proxy is to vote. If there is in the view of the Proxy holder doubt (by reason of the way in which the instructions contained in the Proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder shall vote as he thinks fit.

A Proxy holder need not be a member of the Company

Instructions as to completion appear on the reverse hereof.

INSTRUCTIONS FOR COMPLETION

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

CIRCULAR TO SHAREHOLDERS

NOTICE OF ERRATA

Dear Sir/ Madam,

ADDENDUM TO THE NOTICE OF MEETING OF THE 37TH ANNUAL GENERAL MEETING (AGM) OF SERENDIB LAND PLC (THE COMPANY) FOR THE YEAR ENDED 31ST MARCH, 2018

The Company wishes to inform you that the following item had been inadvertently omitted from the Notice of AGM contained in the Annual Report for the year ended 31st March, 2018:

“5. To discuss matters pertaining to the securities of the Company being transferred to the Watch List of the Colombo Stock Exchange (CSE) w.e.f. 2nd July, 2018 and the remedial action intended to be adopted by the Company in that regard to ensure compliance with Rule 7.13 of the Listing Rules of the Company.”

Accordingly, please note the following in relation to the foregoing:

1. the Colombo Stock Exchange (CSE) via their Circular bearing No. 1 of 2017, dated 30th June, 2017, imposed an obligation on all listed entities that are non-compliant with the Revised Rules pertaining to the Minimum Public Holding (MPH) requirement to provide the CSE a “monthly announcement” for publication, declaring noncompliance until such company becomes compliant.
2. the Company being an entity listed on the Main Board of the CSE, having noted that it was not in compliance with the MPH requirement specified under Rule 7.13.1 (a) of the Listing Rules of the CSE, has continued to comply with the aforementioned requirement of providing CSE with a monthly statement, since 21st August, 2017.
3. However, the Company was recently informed by the CSE, that its securities would be transferred to the ‘Watch List’ w.e.f. 2nd July, 2018, by application of Rule 7.13.2 (b) of the Listing Rules of the CSE. As such, note that the Company remains on the “Watch List” to date.
4. As required by Rule 7.13.2 (h) of the Listing Rules of the CSE, the following is brought to your attention:
 - (a). As at 31st August, 2018, 14.72% of the issued shares of the Company were held by the 267 Public shareholders.

(Note: Current requirement as per the Listing Rules, 20% of the issued capital in the hands of 500 Public shareholders).
 - (b). The Company remains non-complaint with the MPH requirement applicable to being listed on the Main Board of the CSE and as such on 5th July, 2018 the Company has made the required announcement to the market via CSE.

(c). From 2nd July, 2018 (being the date of transfer to Watch List) your Company has twenty (20) months to ensure compliance, and the Company is in the process of taking measures to ensure compliance with the prerequisites prescribed in the said Rules.

In light of the above, the revised Notice of Meeting pertaining to the said AGM is attached hereto, for your reference.

Yours faithfully,

BY ORDER OF THE BOARD



Secretary

Jacey and Company

Secretaries to Serendib Land PLC

5th September, 2018

Notice of Meeting

NOTICE is hereby given that the Thirty Seventh (37th) Annual General Meeting of **SERENDIB LAND PLC** will be held at Hotel Renuka, No. 328, Colombo 03 on 28th September, 2018 at 4.00 p.m. for the following purposes:

1. To receive and consider the Audited Financial Statements for the Year Ended 31st March 2018, together with the Reports of the Directors' and Auditors' thereon.

2. Directors

- (i) To re-elect Mr. Ramesh Schaffter, as a Director, who retires by rotation at the Annual General Meeting in terms of Article 98 of the Company's Articles of Association.
- (ii) To re-appoint as a Director, Dr. Brahman Sivaprakasapillai, who is 82 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 82 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 79 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 79 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 77 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 77 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of

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

- (v) To re-appoint as a Director, Dr. Jayanta Mootatamby Swaminathan who is 77 years old and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act).

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

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

- (vi) To re-appoint as a Director, Mr. Thirunavukarasu Someswaran who is 75 years old and who vacates his office in terms of Section 210 of the Companies Act No. 7 of 2007 (the Act).

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

“RESOLVED THAT Mr. Thirunavukarasu Someswaran who is 75 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 as a Director, Dr. (Mrs.) Y. Ponnambalam who is 71 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.) Y. Ponnambalam who is 71 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. 10/- for the Year Ended 31st March, 2018, as recommended by the Directors.
4. To re-appoint the retiring Auditors M/s KPMG Ford, Rhodes, Thornton & Company, Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.
5. To discuss matters pertaining to the securities of the Company being transferred to the Watch List of the Colombo Stock Exchange (CSE) w.e.f. 2nd July, 2018 and the remedial action intended to be

adopted by the Company in that regard to ensure compliance with Rule 7.13 of the Listing Rules of the Company.

BY ORDER OF THE BOARD

JACEY & COMPANY
SECRETARIES

COLOMBO
13th August, 2018

Notes:

A shareholder is entitled to appoint a Proxy to attend and vote instead of himself/herself 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, No. 9/5, Thambiah Avenue, Colombo 07, not less than forty eight (48) hours before the time fixed for the meeting.

SERENDIB LAND PLC

Circular to Shareholders

5th September, 2018

Dear Sir/Madam,

Dispatch of Dividend Payments to Shareholders

We write to inform you that as per Circular No.2/2018 of Colombo Stock Exchange (CSE) dated 6th August, 2018, all listed Companies are required to ensure that the dividend payments made by them are credited directly to the Bank Accounts of the CDS Account Holders within Seven (07) market days from the "XD" date and that the said Companies should refrain from dispatching/posting cheques to the CDS Account Holders or to their relevant Banks.

Accordingly, all CDS Account Holders who have already not done so, are hereby requested to provide to the CDS their Bank Account details to which they require the Dividends to be credited, in order to avoid undue delays resulting from posting of cheques.

Those Shareholders who are yet to lodge their shares with the CDS and who have not forwarded their Bank Account details to which the dividends are to be credited, are requested to make available the same to the Company Secretaries at the address indicated below:

Jacey and Company
Secretaries to Serendib Land PLC
9/5, Thambiah Avenue
Colombo 07

Yours faithfully,

BY ORDER OF THE BOARD



Secretary

Jacey and Company
Secretaries to Serendib Land PLC