

38th



SERENDIB LAND PLC

ANNUAL REPORT 2018/19

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	19
11	Independent Auditor's Report	20
12	Statement of Profit or Loss and Other Comprehensive Income	23
13	Statement of Financial Position	24
14	Statement of Changes In Equity	25
15	Statement of Cash Flows	26
16	Notes to the Financial Statements	27
17	Investor Information	49
18	Disclosure for Non-Compliance for continuous listing rules	51
19	Company Performance - Five Year Summary	52
20	Note	53

Form of Proxy Enclosed

Notice of Meeting

NOTICE is hereby given that the Thirty Eight (38th) Annual General Meeting of SERENDIB LAND PLC will be held at Hotel Renuka, No. 328, Colombo 03 on 30th September 2019 at 3.30 p.m. for the following purposes:

1. To receive and consider the Audited Financial Statements for the Year Ended 31st March 2019, together with the Reports of the Directors' and Auditors' thereon.
2. Directors
 - (i) To re-elect Mr. Gajendrakumar G. Ponnambalam, 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 elect Ms. Dharshana Sivaprakasapillai, as a Director, who retires at the Annual General Meeting in terms of Article 103 of the Company's Articles of Association.
 - (iii) To re-appoint as a Director, Dr. Brahman Sivaprakasapillai, who is 83 years old and who vacates his office in terms of Section 210 of the Companies Act No.07 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 83 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.07 of 2007 shall not apply to the said Dr. Brahman Sivaprakasapillai"

- (iv) To re-appoint as a Director, Mr. Segarajasingham Nagendra who is 80 years old and who vacates his office in terms of Section 210 of the Companies Act No.07 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 80 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.07 of 2007 shall not apply to the said Mr. Segarajasingham Nagendra".

- (v) To re-appoint as a Director, Dr. Jayanta Mootatamby Swaminathan who is 78 years old and who vacates his office in terms of Section 210 of the Companies Act No.07 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 78 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Dr. Jayanta Mootatamby Swaminathan"

- (vi) To re-appoint as a Director, Mr. Thirunavukarasu Someswaran who is 76 years old and who vacates his office in terms of Section 210 of the Companies Act No.07 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 76 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Mr. Thirunavukarasu Someswaran".

- (vii) To re-appoint as a Director, Dr. (Mrs.) Y. Ponnambalam who is 72 years old and who vacates her office in terms of Section 210 of the Companies Act No.07 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 72 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Dr. (Mrs.) Y. Ponnambalam".

Notice of Meeting

3. To declare a First and Final Dividend of Rs. 25/= for the Year Ended 31st March, 2019, as recommended by the Directors.
4. To re-appoint the retiring Auditors M/s KPMG Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.

BY ORDER OF THE BOARD

JACEY & COMPANY

Secretaries

COLOMBO

06th August 2019.

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 (Deceased)
(Alternate: Ms. D. Sivaprakasapillai)

Ms. D. Sivaprakasapillai
Director

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

Dr. J. M. Swaminathan
Director

Mr. T. Someswaran
Director

Mr. Ramesh Schaffter
Director
(Alternate: Mr. Prakash Schaffter)

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

**Ernst & Young
Chartered Accounts**
201, De Saram Place,
Colombo -10.

AUDITORS

KPMG
Chartered Accountants
P.O. Box 186,
Colombo 03.

BANKERS

Union Bank of Colombo PLC

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 Skat International Colombo (International Association of Travel and Tourism Professionals). He was a Past Secretary of Skat 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 Chartered 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 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.

Ms D. Sivaprakasapillai

Non-Executive, Non-Independent Director

Ms D. Sivaprakasapillai is a Business Development Executive and Non-Executive, Non-Independent Director.

Dr. J. M. Swaminathan

Non Executive, Independent Director

Dr. J.M. Swaminathan holds LLB (Ceylon), LL.M, 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 LL.M 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 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. He is in the Audit Committee Forum of the SL Inst. of Directors. He serves on the Boards of CleanCo Lanka Ltd., Renewgen (Pvt) Ltd., ECSAT (Equality-based Community Support & Training), Institute for Development of Commercial Law & Practice. He also serves as the Chairman of the Center for Advancement of Resource Mobilization (CARM).

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 38th 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 2019.

Sri Lankan - Economy

The Sri Lankan Economy grew at a relatively healthy rate of 3.7 per cent (year-on-year) during the first half of 2019, compared to 1.8 per cent recorded in the fourth quarter of 2018, according to provisional estimates published by the Department of Census and Statistics. It was noted that the Central Bank retained a cautious policy regarding monetary policy and operations, whereby the upper bound of the policy interest rates corridor was revised downwards in April 2018 and the interbank call money market rate was allowed to adjust within the corridor in line with evolving market conditions through appropriate Open Market Operations (OMOs).

During the first eight months of 2018, total revenue in nominal terms increased by 6.0 per cent to Rs. 1,242.2 billion from Rs. 1,172.4 billion in the corresponding period of the previous year. Revenue generated from income taxes, excise duty on motor vehicles, tobacco and cigarettes, Value Added Tax (VAT) and the Ports and Airports Development Levy (PAL) positively contributed to this increase in revenue collection. The total expenditure and net lending during the first eight months of 2018 declined to 12.1 per cent of the estimated Gross Domestic Product (GDP) from 13.0 per cent reported during the same period of last year, owing to a slowdown in both recurrent and capital expenditure.

I wish to express my condolences to the families who were affected by the tragic events of 21/4, our prayers and blessings are with them. My sincere hope is that the country will rebound

from such tragic events and move forward towards peace and prosperity in the future. The economic growth of the nation was impacted heavily by the series of coordinated bombings targeting churches and hotels in Sri Lanka on Easter Sunday. During the first four months of 2019, the growth of exports was experiencing a sharp decline, which was also the case in relation to imports, which in turn led to a contraction in the trade deficit of the nation. In relation to other inflows to the current account, earnings from tourism suffered a setback following the said April terror attacks. However, the successful issuance of the International Sovereign Bonds (ISBs) in June 2019 reflected investors' continued confidence on Sri Lanka's medium term growth prospects.

The economic growth of the nation was impacted heavily by the series of coordinated bombings striking churches and hotels in Sri Lanka on Easter Sunday which rocked Sri Lanka, killing at least 300 people and wounding around 500 others. During the first four months of 2019, the growth of exports was experiencing a sharp decline, which was also the case in relation to imports, which in turn led to a contraction in the trade deficit of the nation. In relation to other inflows to the current account, earnings from tourism suffered a setback following the said April terror attacks. However, the successful issuance of the International Sovereign Bonds (ISBs) in June 2019 reflected investors' continued confidence on Sri Lanka's medium term growth prospects.

On a further note, the Board wishes to keep the Company's shareholders informed that, it was successful in achieving the Minimum Public Holding (MPH) criteria which is required to be maintained by companies listed on the Diri Savi Board (DSB) of the Colombo Stock Exchange (CSE). Consequently, the Management is now proposing to make an application to the CSE seeking a transfer from the Main Board to DSB and in order to effect such transfer the Company is required to increase its Stated Capital to Rs.100,000,000 from its current Stated Capital of Rs.36,000,000.

Thus the Company is currently deliberating on the best course of action to achieve the aforesaid increase in the Stated Capital for which purpose the Company has time till February, 2020. Furthermore, the Board wishes to assure its shareholders that any formal decision arrived at by the Company with regard to the foregoing will be communicated to its shareholders on a timely manner once all the specifics pertaining thereto are finalised in line with the Listing Rules of the CSE.

REAL ESTATE/PROPERTY DEVELOPMENT SECTOR OF SRI LANKA

The Government took several initiatives to develop housing and urban development activities through institutions under its purview in 2018. The Ministry of Housing, Construction and Cultural Affairs (MHCCA) carried out policy measures that included the revision of the National Housing Policy to accommodate emerging trends in urbanisation, impact of natural disasters and sustainable human settlement

Chairman's Review

development. The final draft of the policy was presented to the Cabinet of Ministers for approval in 2018. Meanwhile, the Ministry was in the process of amending the Rent Act and the Condominium Management Authority Act to suit the present day needs.

The Sri Lankan real estate sector related activities contribute considerably to economic growth, where considerable changes in the sector leads to volatility in overall economic growth. The Real Estate segment has a vast impact on the financial market in Sri Lanka as well, attributable to its exposure to financial institutions through loans and advances. According to the analysis of the composition of sales transactions, the share of the category of condominiums priced below Rs. 25 million, showed an increase, while the shares of other categories have declined during the period under review. When the reported sales transactions are categorised based on the type of development and the location, it was found that the sales are still concentrated in the Colombo District with the majority of units sold belonging to single condominium projects.

Financial Performance

During the year under review the Company recorded a turnover of Rs. 26,374,032/- and a Profit Before Taxation of Rs. 8,254,930/- , compared with a turnover of Rs. 12,728,729/- and Profit Before Taxation of Rs. 4,618,708/- in the previous year.

A provision for Rs. 1,143,576/- has been made for taxation for the year under review.

DIRECTORATE

Dr. (Ms.) V. Sivaprakasapillai, Non-Executive Director of the Company ceased to be a Director w.e.f. 27th January, 2019 due to her demise and the Directors wish to place on record their deep appreciation for her valuable guidance and assistance received during the tenure as a Director and Member of the Company. Ms. D. Sivaprakasapillai, Non-Executive Director of the Company was appointed as a Director by the Board of Directors w.e.f. 01st April, 2019 to fill the casual vacancy caused by the sad demise of Dr. (Ms.) V. Sivaprakasapillai and the appropriate resolutions for approval of the members for the said appointment have been proposed in the notice to the Members of this Annual General Meeting.

Accordingly, the Board of Directors of the Company comprises of Nine (09) Non-Executive Directors. The Directors on the Board maintain a balanced representation of Major Shareholders and the minority groups and are eminent and competent persons with years of experience in Corporate Administration and Financial Management.

Dividend


The Directors have pleasure in recommending a First and Final Dividend of Rupees Twenty Five. (Rs.25/=) per share for the Year Ended 31st March, 2019.

Appreciation

I wish to thank Jacey & Company, who acts as our Company Secretaries and Ernst & young who continues to provide Accounting Services for their excellent service and valuable contribution. I wish to thank our 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 in us which had been a constant source of great strength.



Segar Nagendra
Chairman

06th August 2019.

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.07 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, 2019 included in the Annual Report have been prepared in accordance with the Sri Lanka Accounting Standards and the Companies Act No.07 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.07 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

06th August 2019.

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, 2019. 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, 2019.

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 23 to 48. 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.

Going Concern

The Directors have adopted the "Going Concern Concept" in the preparation of the Financial Statements.

Investment Properties

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

Financial Statements

The Financial Statements for the Year Ended 31st March, 2019 are set out on pages 23 to 48 in the Annual Report. The Turnover of the Company during the year was Rs.26,374,032/- (2018 – Rs. 12,728,729/-) The Profit before Taxation amounted to Rs.8,254,930/- (2018– 225,698,708/-).

Auditors' Report

The Auditors' Report which is an integral part of the Financial Statements prepared for the Accounting Period Ended 31st March, 2019 is set out in the page 20 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 27 to 48 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 (Deceased 27th January 2019)

(Alternate: Ms. D. Sivaprakasapillai)

(Ceased to be Alternate Director w.e.f 27th January 2019)

Dr. J.M. Swaminathan

Director

Mr. T. Someswaran

Director

Mr. Ramesh Schaffter

Director

(Alternate: Mr. Prakash Schaffter)

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

In terms of Articles 103 of the Articles of Association of the Company, Ms. Dharshana Sivaprakasapillai, retires and being eligible offers herself for election. The Directors recommend her election.

Dr. Brahman Sivaprakasapillai, who is 83 years of age vacates his office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Report of the Directors

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

Mr. Segarajasingham Nagendra, who is 80 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. Jayanta Mootatamby Swaminathan who is 78 years of age, vacates his office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of 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 76 years of age, vacates his office in terms of the provisions of Section 210 of the Companies Act No. 7 of 2007.

Notice is given by the Company to its shareholders of the intention to move an Ordinary Resolution for the re-appointment of 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 72 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	31.03.19	01.04.18
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 pages 13 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, 2019 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 2019 was 277 (2018-278). The distribution of the shareholding and a listing of the 20 major shareholders are given under Investor Information on pages 48 to 50.

Dividend

The Directors recommended the payment of a First & Final Dividend of Rs. 25/= per Share for the Financial Year Ended 31st March, 2019. 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.

Report of the Directors

Employment

The Company has no employees. The financial management of the Company is entrusted to Ernst & Young, Chartered Accountants of Sri Lanka.

Statutory Payments

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

Events after the Reporting Date

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

Directors' Remuneration and other Benefits

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

Auditors

The financial statements for the period under review have been audited by Messrs KPMG. Rs 250,000/= payable by the Company as Audit Fee for the Year Ended 31st March, 2019. 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 **J. M. Swaminathan** **Jacey & Company**
Director Director Secretary

06th August 2019.

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 Ernst & Young, Chartered Accountants.

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 pages 16 and 17 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 5 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. Nevertheless the all Board members are entitled to get nominal director fee as per the recommendation given at the Board meeting.</p> <p>Financial Management Functions of the Company have been entrusted to Ernst & Young and the fees for the services rendered by the said Company are determined by the Board of Directors of the Company.</p>	The Board of Directors in the view to establish remuneration committee with immediate effect

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 the 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 4 of the Annual Report
		b. The Audit Committee shall make a determination of the independence of the Auditors and disclose such determination	Complied	
		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 Review Committee Report on page 17 of the Annual Report
		An Independent Non-executive Director shall be appointed as the Chairman of the RPTRC Committee.	Complied	
		Should be as outlined in the section 7 of the Listing Rules		
		a. Names of the Directors comprising the Committee;	Complied	
		b. A statement to the effect that the Committee has reviewed the Related Party Transactions during the Financial Year and has communicated the comments/ observations to the Board of Directors.	Complied	
c. The policies and procedures adopted by the Committee for reviewing the Related Party Transactions.	Complied			
d. 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, a 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 Ernst & Young- Chartered Accountants (EY) who carry out the Accounting Consultancy service to 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.

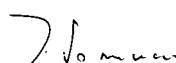
The Committee directs and monitors representatives of EY, Accountants of the Company on Financial Reporting process of the Company. The Committee obtains regular updates from the Accountants on utilization of funds of the Company and provides guidance on efficient Treasury Management and investments.

The Committee has instructed the Accountants of the Company to liaise independently with M/s KPMG, Chartered Accountants, Auditors to the Company. At the conclusion of the Annual Audit of the Company, the Accountants have been requested to explain to the Committee, the methodology and policies/ standards adopted in the audit and the findings of the Audit. The Committee has received a Declaration from the External Auditors of the Company, as required by the Companies Act No.7 of 2007, confirming that they do not have any relationship or interest in the Company, which may have a bearing on their independence, within the definition of the Code of Conduct and Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Committee has recommended to the Board of Directors that M/s KPMG be reappointed as the Auditors of the Company for the financial Year Ending 31st March, 2020, 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, 2019, 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

06th August 2019.

Report of the Related Party Transactions Review Committee

The Related Party Transactions (RPT) 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, 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 Policy. It has also obtained ‘self-declarations’ (prepared in line with the Format set out in the Listing Rules) 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 the Board 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 the Related Parties during the year ended 31st March, 2019 did not exceed 10% equity or 5% of the Total Assets of the Company as at 31st March, 2019. The details of RPTs are given in note 20 to the Financial Statements.

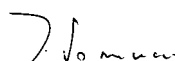
1. Non-Recurrent Related Party Transactions

There were no Non-Recurrent RPTs entered into by the Company, where the aggregate value of the Non-Recurrent RPTs exceeds 10% of the Shareholders’ Equity or 5% of the Total Assets, whichever is lower, of the Company as at 31st March, 2019.

2. Recurrent Related Party Transactions

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

Therefore, all Related party transactions relating to recurrent nature which are required under the section 9.3.2 of the Colombo Stock Exchange has been made.



Mr. T Someswaran

Chairman – Related Party Transactions Review Committee

06th August 2019.

Financial Reports

Contents

01	Independent Auditor's Report	20
02	Statement of Profit or Loss and Other Comprehensive Income	23
03	Statement of Financial Position	24
04	Statement of Changes In Equity	25
05	Statement of Cash Flows	26
06	Notes to the Financial Statements	27

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Serendib Land PLC ("the Company"), which comprise the statement of financial position as at 31st March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 23 to 48 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 31st March 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

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.

Investment Property

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

Risk Description

The Investment property of the Company as at 31st March 2019 comprise of Land with value of Rs.481,875,000 and Building of Rs.44,500,000 located in Colombo, and represents 95% of total assets. These properties are stated at fair value based on valuations/assessment performed by an 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 appropriateness of the Valuation techniques used by the external valuer in valuing the properties and the comparability of the values derived from them with the other applicable valuation techniques.
- Assessing the adequacy and appropriateness of disclosures in relation to fair value of investment properties in the financial statements.

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 FCA	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.

Independent Auditor's Report



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 2618.

A handwritten signature in black ink, appearing to be 'Kumara', written over a light blue horizontal line.

Chartered Accountants

Colombo, Sri Lanka

06th August 2019.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 st March	Note	2019 Rs.	2018 Rs.
Revenue	5	26,374,032	12,728,729
Direct expenses		(16,342,288)	(4,501,471)
Gross profit		10,031,744	8,227,258
Other operating income	6	108,918	97,755
Changes in fair value of investment property	12	-	221,080,000
Impairment loss on financial assets - available for sale		-	(1,645,582)
Administrative expenses		(3,179,690)	(3,580,150)
Profit from operations	7	6,960,972	224,179,281
Finance income	8	1,293,958	1,519,427
Profit before taxation		8,254,930	225,698,708
Income tax expense	9	(1,143,576)	(11,900,124)
Profit for the year		7,111,354	213,798,584
Other comprehensive income for the year			
<u>Items that are or may be reclassified to profit or loss</u>			
- Reclassification of AFS reserve to profit or loss		-	1,645,582
- Net change in fair value of financial assets - available for sale		-	(258,691)
<u>Items that will not be reclassified to profit or loss</u>			
- Net change in fair value of financial assets - investment in equity security		(113,563)	-
Total comprehensive income for the year		6,997,791	215,185,475
Basic earnings per share (Rs.)	10	19.75	593.88

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	2019 Rs.	2018 Rs.
Assets			
Investment property	12	526,375,000	526,375,000
Non - current assets		526,375,000	526,375,000
Trade and other receivables	13	6,653,179	4,558,642
Income tax receivable		1,600,583	439,195
Short term investment	14	16,717,806	5,145,436
Investment in Equity Securities	15	4,253,292	4,366,855
Cash and cash equivalents	16	839,455	1,027,141
Current assets		30,064,315	15,537,269
Total assets		556,439,315	541,912,269
Equity			
Stated capital	17	36,000,000	36,000,000
Retained earnings		155,874,960	152,363,606
Financial assets-FVOCI reserve		191,171	304,734
Other reserve		316,727,700	316,727,700
Total equity		508,793,831	505,396,040
Liabilities			
Deferred tax liability	18	34,153,403	34,153,403
Non- current liabilities		34,153,403	34,153,403
Other payables	19	12,158,774	1,354,307
Dividend payable		958,939	958,343
Bank overdraft	16	374,368	50,176
Current liabilities		13,492,081	2,362,826
Total liabilities		47,645,484	36,516,229
Total equity and liabilities		556,439,315	541,912,269

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.

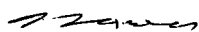


A.R. Walpita

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

06th August 2019.

Colombo

Statement of Changes In Equity

For the year ended 31 st March 2019	Stated capital	Other reserve	Financial assets-FVOCI reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
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
Balance as at 01st April 2018	36,000,000	316,727,700	304,734	152,363,606	505,396,040
Profit for the year	-	-	-	7,111,354	7,111,354
Other comprehensive income	-	-	(113,563)	-	(113,563)
Total comprehensive income for the year	-	-	(113,563)	7,111,354	6,997,791
Transactions with the equity owners, recorded directly in equity and distribution to equity owners					
Dividends to equity holders	-	-	-	(3,600,000)	(3,600,000)
Balance as at 31st March 2019	36,000,000	316,727,700	191,171	155,874,960	508,793,831

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.

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	2019	2018
	Rs.	Rs.
Cash flow from operating activities		
Profit before taxation	8,254,930	225,698,708
Adjustments for:		
Interest income	(1,293,958)	(1,519,427)
Dividend income	(91,527)	(97,755)
Scrap sale	(17,391)	-
Change in fair value of investment property	-	(221,080,000)
Impairment loss on financial assets - available for sale	-	1,645,582
Operating profit before working capital changes	6,852,054	4,647,108
Changes in working capital		
(Increase)/Decrease in trade and other receivables	(2,086,752)	(3,669,403)
Increase/(Decrease) in other payables	10,805,064	16,413
Cash generated from operations	15,570,366	994,118
Income tax paid	(2,304,964)	(1,935,211)
Net cash (used in)/generated from operating activities	13,265,402	(941,093)
Cash flows from investing activities		
Movement in short term investments	(11,438,074)	5,876,822
Interest received	1,159,662	1,645,458
Scrap Sale	17,391	-
Dividend received	83,742	83,742
Net cash from/(used in) investing activities	(10,177,279)	7,606,022
Cash flows from financing activities		
Dividend paid	(3,600,000)	(9,000,000)
Net cash used in financing activities	(3,600,000)	(9,000,000)
Net (decrease)/increase in cash and cash equivalents	(511,878)	(2,335,071)
Cash and cash equivalents at the beginning of the year	976,965	3,312,036
Cash and cash equivalents at the end of the year (Note 16)	465,087	976,965

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 2019 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)
- ❖ Provisions (Note 3.7)

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign Currency Translations

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for

Notes to the Financial Statements

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 thereto.

b) Deferred Taxation

Deferred taxation is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of assets and liabilities using tax rate enacted at the reporting date.

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

ASSETS AND BASES OF THEIR VALUATION

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

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.

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 fulfillment of the arrangement is dependent on the use of Specific asset or assets and the arrangement conveys a right to use the asset.

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

The Company has initially applied SLFRS 9 from 01st April 2018. Information about transitional impact on the application of SLFRS 9 is disclosed in Note 31 to the financial statements.

Financial assets - Policy applicable from 01st April 2018

3.5.1 Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

3.5.2 Classification and Subsequent Measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI - debt investment; FVOCI equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company

changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

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

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

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

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

Notes to the Financial Statements

3.5.3 Business model assessment:

Policy applicable from 01st April 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered include;

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual income, maintain a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the asset;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of business are compensated – eg: whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales are expectations about future sales activity.

Transfers of financial assets to third parties in transaction that do not qualify for de- recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on fair value basis are measured at FVTPL.

3.5.4 Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 01st April 2018.

For the purpose of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition, "interest" is defined as the consideration for the time value of money and for the credit risk

associated with the principal amount outstanding during a particular period of time and for other basic lending risks and cost (example liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This include assessing whether the financial assets contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition in making assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the Financial Statements

3.5.5 Financial assets - Subsequent measurement and gains and losses: Policy applicable from 01st April 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3.5.6 Financial assets - Policy applicable prior to 01st April 2018

The Company classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
 - ❖ held for trading
 - ❖ derivative hedging instruments; or

designated as at FVTPL

3.5.7 Financial assets - Subsequent measurement and gains and losses: Policy applicable prior to 01st April 2018

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognized in profit or loss.
Held-to-maturity financial assets	Measured at amortized cost using the effective interest method.
Loans and receivables	Measured at amortized cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognized in OCI and accumulated in the fair value reserve. When these assets were derecognized, the gain or loss accumulated in equity was reclassified to profit or loss.

Notes to the Financial Statements

3.5.8 Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3.5.9 De-recognition

3.5.9.1 Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

3.5.9.2 Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.5.9.3 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.5.9.4 Impairment policy: applicable from 01st April 2018

3.5.9.4.1 Non-derivative financial assets - Financial instruments and contract assets

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

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

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

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

3.5.9.4.2 Measurement of ECLs

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

ECLs are discounted at the effective interest rate of the financial asset.

3.5.9.4.3 Credit-Impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

3.5.9.4.4 Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.5.9.4.5 Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual

customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

3.5.10 Impairment Policy: applicable prior to 01st April 2018

3.5.10.1 Financial assets (including receivables)

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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

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

An impairment loss in respect of a financial asset measured at 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. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.5.10.2 Impairment Policy (Non-Financial assets)

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

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

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

An impairment loss in respect of other assets, recognized in prior periods is assessed at each

reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

LIABILITIES AND PROVISIONS

Liabilities classified as Current Liabilities in the statement of financial position are those obligations payable on demand or within one year from the reporting date. All other liabilities are classified as non-current liabilities.

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

3.6 Non-derivative financial liabilities

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

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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

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

3.7 Provisions

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

3.8 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

3.9 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 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 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

3.10 Revenue Recognition- SLFRS 15 Revenue from Contracts with Customers

ACCOUNTING POLICY APPLICABLE FROM 01ST APRIL 2018

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced LKAS 18 Revenue, LKAS 11 Construction Contracts and related interpretations. Under SLFRS 15 revenue from contracts with customers, an entity should recognise as revenue the amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services excluding amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

3.10.1 *Impact on the adoption of SLFRS 15 as at 01st April 2018*

The Company has applied SLFRS 15 using the cumulative transition effect method – i.e. by recognising the cumulative effect of initially applying SLFRS 15 as an adjustment to the opening balance of equity as at 01st April 2018 and therefore the comparative information has not been restated and continues to be reported under LKAS 18.

Further, the company has an agreement with Janashakthi Insurance PLC and which commenced on 15th February 2018. However, the company does not expect a significant impact on the financial statement on adoption of the standard.

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.

3.11 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.

3.12 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.

3.13 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

The Institute of Chartered Accountants of Sri Lanka has issued the following standard which become effective for annual periods beginning after the current financial year. Accordingly this standard has not been applied in preparing these financial statements and the Company plans to apply these standards on the respective effective date. The Company is currently in the process of evaluating the potential effect of adoption of these standards and amendments on its financial statements. Such impact has not been quantified as at the balance sheet date. The Group will be adopting these standards as and when they become effective.

SLFRS 16 – LEASES – EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER 01ST OF JANUARY 2019

SLFRS 16 replaces LKAS 17 Leases and related interpretations (IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease) with effect from 01st January 2019.

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under LKAS 17. The standard includes two recognition exemptions for lessees- leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under SLFRS 16 is substantially unchanged from the current requirements under LKAS 17. Lessors will continue to classify all leases using the same classification principle as in LKAS 17 and distinguish between two types of leases: operating and finance leases.

The Company is assessing the potential impact on its financial statements resulting from the application of these new standards.

Notes to the Financial Statements

For the year ended 31 st March		2019 Rs.	2018 Rs.
5. REVENUE			
	Rental income from investment properties (Note 5.1)	26,374,032	12,728,729
		26,374,032	12,728,729
5.1	The Company did not earn any rent income from its investment properties for a period of 5 months, for the year ended 31 st March 2018 with the expiry of the rent agreement with AIA Insurance PLC in September 2017.		
6. OTHER OPERATING INCOME			
	Dividend income	91,527	97,755
	Scrap Sale	17,391	-
		108,918	97,755
7. PROFIT FROM OPERATIONS			
	Profit from operations is stated after charging all expenses including the following:		
	Directors' fee	900,000	720,000
	Accounting fee	987,502	682,171
	Secretarial fee	201,982	211,052
	Auditors' remuneration		
	- Statutory audit	250,000	230,000
	- Non audit services	218,038	152,120
	The Company did not employ any staff during the year.		
8. FINANCE INCOME			
	Interest income	1,293,958	1,519,427
		1,293,958	1,519,427
9. INCOME TAX EXPENSE			
	Current income tax		
	Current tax on profits (Note 9.1)	1,143,576	983,693
	Adjustment for prior years	-	(52,972)
	Deferred tax charge		
	Origination of deferred tax liabilities (Note 18.1)	-	10,969,403
		1,143,576	11,900,124
9.1 Tax reconciliation statement			
	Profit before taxation	8,254,930	225,698,708
	Dividend income	(91,527)	(97,755)
	Changes in fair value of Investment Property	-	(221,080,000)
	Interest income	(1,293,958)	(1,519,427)
	Impairment loss on financial assets - available for sale	-	1,645,582
	Disallowable expenses	5,000	5,000
	Statutory income from business	6,874,445	4,652,108
	Non-business income	1,293,958	1,519,427
	Taxable income	8,168,403	6,171,535
	Income tax @ 14% (2018 - 12%)	962,422	558,253
	Income tax @ 14% (2018 - 28%)	181,154	425,440
	Current tax on profit	1,143,576	983,693

As per the Inland Revenue Act No.24 of 2017, which became effective from 01st April 2018, the Company will be also liable for tax at the rate of 28%. Since the revenue of the Company is below Rs. 500 Mn, the Company is entitled to a concessionary tax rate of 14% (2018 - 12%) on operational profits.

Notes to the Financial Statements

For the year ended 31st 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	2019 Rs.	2018 Rs.
Profit after taxation attributable to ordinary shareholders (Rs.)	7,111,354	213,798,584
Weighted average number of ordinary shares	360,000	360,000
Earnings per share (Rs.)	19.75	593.88

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	2019 Rs.	2018 Rs.
11. DIVIDEND PER SHARE		
Proposed dividend	9,000,000	3,600,000
Weighted average number of ordinary shares	360,000	360,000
Dividend per ordinary share	25	10

12. INVESTMENT PROPERTY	Land Rs.	Building Rs.	Total Rs.
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 31 st March 2018	481,875,000	44,500,000	526,375,000
Balance as at 01 st April 2018	481,875,000	44,500,000	526,375,000
Fair Value Gain/(Loss)	-	-	-
Balance as at 31st March 2019	481,875,000	44,500,000	526,375,000

12.1 Investment property carried at fair value

Location	Extent	No. of build-ings	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 31st March 2018 and the Directors of the Company are of the opinion that fair value has not changed significantly thereon, based on the review report obtained from the professional valuer.

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 31st 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 31st 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. 26,374,032/- (2018: Rs.12,728,729/-). Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to Rs. 13.20 Mn (2018: Rs 2.8 Mn) as Repair expenses and Rs. 3 Mn as CMC rates and other legal, stamp duty charges (2018: Rs. 1.6 Mn).

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 31st 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

Notes to the Financial Statements

As at 31 st March		2019	2018
		Rs.	Rs.
13.	TRADE AND OTHER RECEIVABLES		
	Trade Receivables - Janashakthi Insurance PLC	5,370,786	3,211,694
	Prepayments	856,404	932,935
	Refundable deposits	375,000	400,000
	VAT Input	43,203	-
	Dividend receivable	7,785	14,013
		6,653,179	4,558,642
14.	SHORT TERM INVESTMENTS		
	Fixed deposits	16,717,806	5,145,436
		16,717,806	5,145,436

15. INVESTMENT IN EQUITY SECURITY (FVOCI)

Quoted investments	2019			2018		
	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	2,076,000	10,380	3,784,900	2,139,318
John Keells Holdings PLC	13,957	1,922,803	2,177,292	13,957	1,922,803	2,227,537
	24,337	5,707,703	4,253,292	24,337	5,707,703	4,366,855

15.1 The Company has recognized an impairment loss on financial assets - available for sale in year 2018, 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 was reclassified to profit or loss.

As at 31 st March		2019	2018
		Rs.	Rs.
16.	CASH AND CASH EQUIVALENTS		
	Cash at bank	839,455	1,027,141
	Cash and cash equivalents	839,455	1,027,141
	Bank overdraft	(374,368)	(50,176)
	Cash and cash equivalents as per statement of cash flows	465,087	976,965
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	34,153,403
18.1	Deferred tax liability		
	Balance at the beginning of the year	34,153,403	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	34,153,403

Notes to the Financial Statements

Deferred tax liabilities are attributable to the following:

	2019		2018	
	Temporary difference Rs.	Tax effect Rs.	Temporary difference Rs.	Tax effect Rs.
Deferred tax liability				
Revaluation surplus on freehold land (18.3)	199,452,879	27,923,403	199,452,879	27,923,403
Investment property - building	44,500,000	6,230,000	44,500,000	6,230,000
	243,952,879	34,153,403	243,952,879	34,153,403

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 01st 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 01st April 2018. Accordingly, 14% has been applied for the deferred tax computation,

18.3 As per the Inland Revenue Act No 24 of 2017 which has been legislated and effective from 01st 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.

	2019 Rs.	2018 Rs.
19. OTHER PAYABLES		
Valuation fees payable	-	50,000
Audit fees payable	285,000	253,000
Accounting fee payable	-	50,000
Secretarial fee payable	45,000	-
VAT payable	-	56,721
NBT payable	36,720	26,586
Refundable Deposit (19.1)	10,800,000	-
Deferred revenue (19.2)	918,000	918,000
Other payable	74,054	-
	12,158,774	1,354,307

19.1 Refundable deposit Rs. 10.8 Mn comprises the amount paid in advanced by Janashakthi Insurance PLC (tenant) as refundable value at the maturity of rent agreement.

19.2 When monthly invoices are raised mid-month, the portion of revenue related to the next financial year is accounted for as Deferred revenue as at the reporting date.

20. Related party disclosures

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

Key Management Personnel ("KMP")

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

20.1 Transactions with Key Management Personnel ("KMP")

For the year ended 31 st March	2019 Rs.	2018 Rs.
COMPENSATION TO KMPS		
Short term employment benefits	900,000	720,000
Post-employment benefits	NIL	NIL
Total	900,000	720,000

20.2 Transactions with related parties

Name of related party	Relationship	Nature of transaction	Transaction during the year 2019 (Rs.)	%	Transaction during the year 2018 (Rs.)	%
AIA Insurance PLC	Affiliated Company	Rental income	-	-	9,002,700	74
Janashakthi Insurance PLC	Affiliated Company	Rental income	21,600,000	100	3,129,275	26

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

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 :

	2019		2018	
	Carrying amount Rs.	Fair value Rs.	Carrying amount Rs.	Fair value Rs.
Assets carried at amortized cost				
Trade and other receivables	5,796,775	5,796,775	3,625,707	3,625,707
Cash and Cash Equivalent	839,455	839,455	1,027,141	1,027,141
Short term investment	16,717,806	16,717,806	5,145,436	5,145,436
	23,354,036	23,354,036	9,798,284	9,798,284
Assets carried at fair value				
Investment in Equity Securities	5,707,703	4,253,292	5,707,703	4,366,855
	5,707,703	4,253,292	5,707,703	4,366,855
Liabilities carried at amortized cost				
Dividend payable	958,939	958,939	958,343	958,343
Bank overdraft	374,368	374,368	50,176	50,176
	1,333,307	1,333,307	1,008,519	1,008,519

Notes to the Financial Statements

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

- 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 2019				
Investment in Equity Securities	4,253,292	-	-	4,253,292
31st March 2018				
Investment in Equity Securities	4,366,855	-	-	4,366,855

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.

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.

Notes to the Financial Statements

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 31 st March	2019 Rs.	2018 Rs.
Short term investments	16,717,806	5,145,436
Trade and other receivables	5,796,775	3,625,707
Cash and Cash Equivalent	839,455	1,027,141

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 31 st March	2019 Rs.	2018 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 Rs.	6 months or less Rs.	6-12 Months Rs.	1-2 Years Rs.	2-5 Years Rs.	More than 5 Years Rs.
Non-Current Liabilities	34,153,403	-	-	-	-	34,153,403
Current liabilities	13,492,081	13,492,081	-	-	-	-

Management of liquidity risk

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

22.5 Market risk

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

22.5.1 Currency risk

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

22.5.2 Interest rate risk

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

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

Notes to the Financial Statements

22.6 Operational risk

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

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

23. Capital commitments

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

24. Contingent liabilities

The Company does not have any significant Contingent liabilities outstanding as at the reporting date which require disclosure in the financial statements.

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 31st 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.

27. Events occurring after the reporting date

Directors have recommended the payment of a final dividend of Rs.25/= per share for the year ended 31st March 2019, which require the approval of the shareholders at the Annual General Meeting to be held on 30th September 2019.

The Boards of Directors confirm that the Company has satisfied the solvency test in accordance with Section 57 of the Companies Act No 07 of 2007 and have obtained the certificate from the auditors.

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

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

Notes to the 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 01st April 2081.

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

	2019 Rs.	2018 Rs.
Less than one year	100	100
Between one and five years	500	500
More than five years	5,700	5,800

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 14th February 2028.

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

	2019 Rs.	2018 Rs.
Less than one year	21,870,000	21,600,000
Between one and five years	129,165,300	122,285,700
More than five years	88,405,020	117,154,620

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.

30. Initial application of SLFRS 15 and SLFRS 9

The Company has initially applied SLFRS 15 and SLFRS 9 from 01st April 2018. A number of other standards are also effective from January 2018 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

30.1 SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced LKAS 18 Revenue, LKAS 11 Construction Contract and related interpretations. Under SLFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement.

The Company has adopted SLFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 01st April 2018). Accordingly, the information presented for 2017/18 has not been restated- i.e. it is presented, as previously reported, under LKAS 18, LKAS 11 and related interpretations. Additionally, the disclosure requirements in SLFRS 15 have not generally been applied to comparative information.

However based on the Impact Analysis carried out by the Board of Directors they are of the view that there won't be any changes to the existing revenue recognition criteria of the Company. Therefore adopting SLFRS 15 does not have any impact on the Company's statement of financial position as at 31st March 2019 and its statement of profit or loss and OCI and statement of cash flows for the year then ended 31st March 2019.

30.2 SLFRS 09 - Financial Instruments

SLFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The standard replaces LKAS 39 Financial Instruments: Recognition and Measurement.

SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 9 eliminates the previous LKAS 39 categories of held to maturity loans and receivables and available for sale. SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities.

Changes in accounting policies resulting from the adoption of SLFRS 9 have been applied retrospectively, except as described below.

The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SLFRS 9 are recognised in retained earnings and reserves as at 01st April 2018. Accordingly, the information presented for 2017/18 does not generally reflect the requirements of SLFRS 9, but rather those of LKAS 39. However, the impact of adopting this standard has not been recognised as a revision of opening reserves as it is considered immaterial.

The effect of adopting SLFRS 9 on the carrying amounts of financial assets at 01st April 2018 relates solely to the new impairment requirements.

30.2.1 Classification and measurement of financial assets and financial liabilities

The following table shows and reconciles the original measurement categories as per LKAS 39 - "Financial Instruments: Recognition and measurement" and the new measurement categories as per SLFRS 9 - "Financial Instruments" along with their carrying amounts for each class of the Company's financial assets and financial liabilities as at 01st April 2018.

	Original classification as per LKAS 39	New classification as per SLFRS 9	Original carrying amounts as per LKAS 39	Remea- surement	New carrying amounts as per SLFRS 9
Financial assets					
Short Term Investments	Held to Maturity	Amortized Cost	5,145,436	-	5,145,436
Other Financial Assets	Available for Sale	FVCOI	4,366,855	-	4,366,855
Cash and cash equivalents	Loans and Receivables	Amortized Cost	1,027,141	-	1,027,141
			10,539,432	-	10,539,432
Financial Liabilities					
Other payables	Other financial liabilities	Amortized Cost	1,354,307	-	1,354,307
Bank overdraft	Other financial liabilities	Amortized Cost	50,176	-	50,176
			1,404,483	-	1,404,483

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 277 as at 31st March 2019 (2018 - 278).

SHARE DISTRIBUTION

No of Shares Held		31.03.2019			31.03.2018		
		No of Shareholders	Total Holding	% of Total Shares	No of Shareholders	Total Holding	% of Total Shares
Upto	1,000	264	14,818	4.12	266	14,918	4.12
	1,001	6	12,723	3.53	6	12,723	3.53
	5,001	1	8,800	2.44	0	0	0
	10,001	3	102,235	28.40	2	55,981	15.55
	50,001	3	221,424	61.51	4	276,478	76.8
	100,001 & above	0	0	0	0	0	0
		277	360,000	100	278	360,000	100

SHARE TRADING

Historical data for the Year ended,

	31.03.2019 Rs.	31.03.2018 Rs.
Highest Traded Price	1,852.10 (26.07.2018)	1,849.00 (15.06.2017)
Lowest Trade Price	1,120.00 (08.05.2018)	1,112.00 (13.09.2017)
Last Traded Price	1,300.00 (27.03.2019)	1,481.70 (28.03.2018)

The Public Holding percentage as at 31st March 2019 was 17.24% (2018 - 14.72%) of the issued shares.

Number of Public Share Holding as at 31st March 2019 was 271 (2018 - 272).

Float adjusted market capitalisation is Rs. 387,316,800/- (2018 - Rs. 454,893,754)

DIVIDEND

A Final Dividend of Rs.25/= share has been proposed for payment on 07th October, 2019 (2018 - Rs.10/=).

Investor Information

The Twenty (20) Major Shareholders as at 31st March, 2019 with comparative figures for 2018 were as follows:

20 Major Shareholders	31.03.2019		20 Major Shareholders	31.03.2018	
	Shares	%		Shares	%
Gee Gees Properties (Pvt) Ltd.	76,735	21.32	Gee Gees Properties (Pvt) Ltd	76,735	21.32
Gitanjali Gajaluckshmi (Pvt) Ltd.	76,697	21.30	Gitanjali Gajaluckshmi (Pvt) Ltd	76,697	21.30
Gitanjali Group (Pvt) Ltd.	67,992	18.89	Gitanjali Group (Pvt) Ltd	67,992	18.89
Janashakthi General Insurance Plc- Shareholders	46,254	12.85	Janashakthi Insurance PLC -Equity Fund	55,054	15.29
Ms. D. 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
Suktam Holdings (Pvt) Ltd	8,800	2.44	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 Osman	2,200	0.61	Mr. A. Saverimuttu	2,000	0.56
Mr. A. Saverimuttu	2,000	0.56	Ossman Associates (Pvt) Ltd	1,779	0.49
Osman 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 (Deceased)	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
	349,251	97.02		349,765	97.16
Shares held by the balance Shareholders	10,749	2.98	Shares held by the balance Shareholders	10,235	2.84
	360,000	100		360,000	100

Status of Migration from Main Board to Diri Savi Board

The Company having noted that, it was not in compliance with the Minimum Public Holding (MPH) criteria applicable to companies listed on the Main Board, as prescribed under the Listing Rules of CSE took steps to obtain an extension from the CSE and continues to comply with the requirement of providing the CSE with a monthly statement regarding such non-compliance, since 21st August, 2017.

The Company was informed via a letter dated 25th June, 2018 by the CSE, that its securities would be transferred to the "Watch List" w.e.f. 02nd July, 2018, by application of Rule 7.13.2 (b) of the Listing Rules of the CSE on the grounds of the said non-compliance, and accordingly as at date the securities of the Company remain on the "Watch List" of the CSE.

As required under the Listing Rules of the CSE, the Company duly notified its Shareholders at their 37th Annual General Meeting held on 28th September, 2018 (being the next General Meeting which was held immediately subsequent to the securities of the Company being transferred to the Watch List), that its securities have been transferred to the Watch List, as a consequence of being non-compliance with the MPH criteria set out under the provisions of Rule 7.13 of the Listing Rules of CSE. At the said General Meeting, the Board also informed the Shareholders details pertaining to the proposed rectification plan and the means to comply with the MPH Requirement and that the Company anticipates rectifying the aforementioned non-compliance by migrating to the Diri Savi Board of the CSE. As required under Rule 7.13.2. (i) of the Listing Rules of CSE, the Company has notified the outcome of the said General Meeting to the CSE and investors via the CSE, on 02nd October, 2018.

Pursuant to a recent divestment of shares made by one of the Company's Non-Public Shareholders, the Company is now in compliance with the MPH criteria required to be maintained by companies listed on the Diri Savi Board of CSE. In view of that, the Company is intending to make an application to CSE requesting a transfer from the Main Board to the Diri Savi Board. However, in order to effect the proposed transfer, the Company should under the Listing Rules of CSE increase its Stated Capital up to Rs.100,000,000/- from its current Stated Capital of Rs.36,000,000/-. Accordingly, the Board of Directors of the Company are currently deliberating on the best course of action to achieve the aforementioned Stated Capital, for which purpose the Company notes that it has time till February, 2020.

Company Performance - Five Year Summary

Year ended 31 st March	2019	2018	2017	2016	2015
	Rs.	Rs.	Rs.	Rs.	Rs.
Trading Results					
Rental Income	26,374,032	12,728,729	16,172,850	16,128,000	15,987,000
Total Revenue	26,374,032	12,728,729	16,172,850	16,128,000	15,987,000
Direct Cost	(16,342,288)	(4,501,471)	(1,051,715)	(891,972)	(808,073)
Gross Profit	10,031,744	8,227,258	15,121,135	15,236,028	15,178,927
Fair Value Gain	-	221,080,000	-	-	54,135,000
Total Operating Expenses	(3,179,690)	(3,580,150)	(2,539,751)	(2,637,733)	(2,051,590)
Impairment loss on financial assets - Investment in Equity security	-	(1,645,582)	-	-	-
Profit from Operating Activities	6,852,054	224,179,281	12,581,384	12,598,295	67,262,337
Net Finance (Expense)/Income	1,293,958	1,519,427	1,330,397	1,032,151	674,603
Other operating income	108,918	97,755	75,230	-	-
Net profit before Tax	8,254,930	225,698,708	13,987,011	13,630,446	67,936,940
Income Tax	(1,143,576)	(11,900,124)	(1,613,649)	(1,801,794)	(1,764,169)
Net profit after Tax	7,111,354	213,798,584	12,373,362	11,828,652	66,172,771
Balance Sheet					
Assets					
Investment Property	526,375,000	526,375,000	305,295,000	305,295,000	305,295,000
Current Assets					
Short term investment	16,717,806	5,145,436	11,148,289	11,635,628	12,829,372
Trade and Other Receivables	6,653,179	4,558,642	875,226	788,786	755,074
Income tax receivable	1,600,583	439,195	-	-	-
Financial Assets FVOCI	4,253,292	4,366,855	4,625,546	3,633,000	-
Cash and Cash Equivalents	839,455	1,027,141	3,558,652	5,097,016	246,286
Total Current Assets	30,064,315	15,537,269	20,207,713	21,154,430	13,830,732
Total Assets	556,439,315	541,912,269	325,502,713	326,449,430	319,125,732
Equity and Liabilities					
Stated Capital	36,000,000	36,000,000	36,000,000	36,000,000	36,000,000
Accumulated Profit/(Loss)	155,874,960	152,363,606	168,645,022	165,271,660	162,443,008
Financial assets-FVOCI reserve	191,171	304,734	(1,082,157)	(151,900)	-
Other reserve	316,727,700	316,727,700	95,647,700	95,647,700	95,647,700
Total Equity	508,793,831	505,396,040	299,210,565	296,767,460	294,090,708
Non Current Liabilities					
Deferred tax Liability	34,153,403	34,153,403	23,184,000	23,184,000	23,184,000
Total Non Current Liabilities	34,153,403	34,153,403	23,184,000	23,184,000	23,184,000
Current Liabilities					
Trade & Other Payables	12,533,142	1,404,483	230,104	3,866,209	369,418
Tax Payable	-	-	565,295	427,915	874,495
Dividend Payable	958,939	958,343	2,036,137	2,203,846	607,111
Total Current Liabilities	13,492,081	2,362,826	3,108,148	6,497,970	1,851,024
Total Equity & Liabilities	556,439,315	541,912,269	325,502,713	326,449,430	319,125,732
Earnings per Share	19.75	593.88	34.37	32.86	183.81
Dividend per Share	25.00	10.00	25.00	25.00	25.00
Dividend Pay-out ratio (%)	50.61	1.68	72.74	76.09	13.60
Net Assets Value per share	1,413.32	1,403.88	831.14	824.35	816.92
Share Value (High)	1,852.10	1,849.00	1,999.00	2,300.00	1,290.00
Share Value (Low)	1,120.00	1,112.00	1,246.00	1,090.00	1,000.00
Current Ratio	2.23	6.58	6.50	3.49	7.47
Return on Equity (%)	1.40	42.30	4.14	3.99	22.50
Total Debt to Total Assets (%)	-	-	-	-	-
Debt/Equity Ratio	-	-	-	-	-

Form of Proxy

Serendib Land PLC

No 9/5, Thambiah Avenue,
Colombo 07.

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

whom failing Mr. Sega Nagendra, Chairman whom failing Dr (Ms) Y. Ponnambalam, whom failing Mr. G.G. Ponnambalam, whom failing, Dr. (Ms) M. Ponnambalam, whom failing Dr. B. Sivaprakasapillai, whom failing Ms. D. 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 Eight (38th) Annual General Meeting of the Company to be held on 30th September, 2019 at 3.30 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 2019, 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. 25/- per share as a Final Dividend for the Year Ended 31 st March, 2019 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 Nineteen.

.....
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 07 not less than 48 hours before the time appointed for the holding of the Meeting.
2. The full name and address of the Proxy holder and of the Shareholder appointing the Proxy holder 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.

