RIL PROPERTY PLC

INSPIRING VALUE

Annual Report 2016/17

Content

Financial Reports

INSPIRING VALUE

The year under review is a notable one in R I L's legacy as an owner, developer and manager of Grade 'A' commercial office space in the nation as this is its first year as a listed company. The company boasts of a resilient foundation of trust and assured quality in its provision of multi-faceted real estate solutions which include but are not limited to facilities' management, leasing, land acquisition, construction management services, consulting and strategic investment.

Your Company has strategically and steadfastly elicited competitive advantage by capitalizing on the Colombo office market's existing conducive environment. With R I L, we specialise in inspiring space. Market requirements are identified and international experts, companies and local engineering brilliance are amalgamated to birth outstanding real estate solutions. This is a core competency we pride ourselves on and what much of the acclaim we have earned is founded on. Leveraging the aforesaid, the year in focus has concluded on a positive note, exemplifying our commitment to perfection that has reaped considerable value for the Company and our valued stakeholders.

Chairman's Message

Dear Shareholder,

It is with great pride and pleasure that I present to you the report and accounts for the year 2016/17. This is the first Annual General Meeting since the Initial Public Offering (IPO) made in April 2017 and the first as a listed company. You are now shareholders of an exciting project which has already changed the face of Colombo. Your Board of Directors is committed to enhance your shareholder value with the plans we have for the future.

It has been an exciting year of growth for the Group, with our existing investments well on the way to realising their full potential, and our strategies for future growth success poised to take off.

In the recent past, we foresaw significant opportunities to meet the demand for premium commercial office space in Colombo, and leveraged on this to develop *PARKLAND*, launched in September 2015, which has all the exacting features of a Grade 'A' commercial office complex. The property has now reached full occupancy and is benchmarked as the prototype for premium properties to follow.

Local Premium Realty Market

A combination of demand and supply factors affect rental values in commercial real estate globally. Demand is driven by both user and investments, while the supply side considers the availability of office real estate , and the flow of construction in the economy.

The market for premium office space in Colombo is rapidly evolving, as demand from Multi National Companies (MNCs) and address-conscious domestic companies increases. From the demand for commercial space, that stood in the region of 60% in 2009 is now as high as 95%, and will probably continue to exceed supply for years to come, given a positive economic climate. This dearth of supply has substantially augmented rent, which has been increasing by 10% to 15% every two years.

An enhanced socio-political and economic environment in Sri Lanka is improving business sentiment. The macroeconomic environment in Sri Lanka is expected to further improve with the advent of proposed major developments such as the Megapolis project as well as the realisation of the government's plans to position Sri Lanka as a regional hub in many sectors. These initiatives will substantially enhance the country's global appeal as a major investment opportunity, and induce an influx of MNCs. The polycentric approach of the Megapolis will create the need for industrial and commercial spaces that target particular user groups. This should attract specific types of tenants and facilitate planning consents and other construction incentives which, we expect, will augment demand for prime commercial realty where the offerings targets the exhaustive requirements of premier tenant groups.

Company Performance

During the financial year under review, Group recorded a LKR 960 Mn Revenue compared to LKR 269 Mn in previous year. Revenue increase of 257% over the previous year was mainly due to the increase in occupancy levels at *PARKLAND* to 92% whereas leasing of space commenced only after September 2015 . While a full years revenue from Foodbuzz contributed towards this increase while it was only a partial contribution in previous year due to acquisition falling in late 2nd Quarter. Accordingly Group Profit before Tax (excluding fair value gains) was Rs.285Mn when compared to Rs. 45Mn in previous year.

PARKLAND, our flagship project, has been a success from inception, and meets all the necessary features of infrastructure, location and distinction expected of a Grade 'A' space as well as design innovations and sustainability features that provide conducive work environments and cost efficiencies for tenants.

Our fully owned subsidiary FoodBuzz Private Limited (FBPL) was acquired in October 2015. FBPL manages the Singaporean- owned bakery products franchise BreadTalk. FBPL recorded a net loss of Rs.34.3 million during the year. This loss is mainly due to the fact that the company's centralised infrastructure is presently substantially underutilised. FBPL was developed to cater upto 16 outlets but has only seven outlets in Sri Lanka to date. However, we have devised a strategic expansion plan scheduled to commence in the next financial year, which, I am confident, will set the foundation for profitability in the future.

Competitive Strategies

Our overall business strategy focuses on investments in real estate that are generally defined by their capacity for transformation and capital appreciation. As an area of emerging interest, commercial real estate offers a number of advantages that include attractive and steady returns, portfolio diversification and lower volatility when compared with most other investments.

Although the growth of the socio-economic environment, and consequently, premium real estate market, look positive at present, the Company considers far-seeing strategies that may readjust in response to material changes to various risk factors that include the following:

Economic Growth

Sri Lanka's GDP grew at a rate of 4.4% during 2016, down from last year's growth of 4.8%, due to unfavourable weather conditions and the sluggish recovery of the global economy. Despite growth picking up from the second quarter onwards amid tightened fiscal and monetary policies, this low rate of GDP growth is insufficient to drive the future demand for commercial office space. Higher growth rates are vital to sustain the improved business environment in the country.

Inflation

Increased investments in the construction sector drove economic growth, and consumption expenditure also slowed in response to government policies, yet adverse weather conditions, tax adjustments and rising international commodity prices caused high levels of inflation. Consumer price inflation moved upwards during the first half of 2016 and stabilised during the remainder of the year, while core inflation broadly followed an upward trend during the year. Fiscal consolidation policies implemented by the government are expected to curtail excessive demand- driven inflation pressure on the economy, so it is hoped that future inflation will be at a reasonable level.

Improved Disposable Incomes

Disposable incomes are expected to increase in line with the forecast GDP growth, which will be a key driver of increased demand for premium office space, as well as for augmenting FBPL's future revenues in the bakery business.

Future Outlook

We are looking at having a diversified revenue mix for the Group. The initiatives outlined above are merely the initial steps to further reinforcing our presence in the commercial property management business, which will take us beyond the management of properties developed by R I L to other related, and innovative areas of business that we have identified as being a potential source of income.

R I L may focus on an acquisitive strategy that concentrates on land and /or Grade 'A' commercial office properties in core urban areas in order to capitalise on the demand for real estate solutions. A focused and timely acquisitions strategy may be beneficial from a risk management and diversification angle.

Our future plans will focus on improving our real estate portfolio as well as enhancing the profitability of our subsidiary FBPL. A key initiative in the forthcoming year will be to expand and refurbish the *READYWEAR* Building, a property owned by the company and located on the same premises, in order to enhance its rental potential. The proposed expansion of BreadTalk will increase the number of outlets from its present seven to a further nine outlets , which will be set up in key locations in main cities in the Western Province. Expansion is to be in two phases over the next five years. We have already raised funds for these expansions by way of an Initial Public Offering (IPO) in April 2017.

Appreciation

This has been a landmark year for the Group and I commend the leadership provided by the Chief Executive Officer Mrs. Hiroshini Fernando and her team in delivering on the planned progress. I thank the Board for their valuable insight and guidance that has enabled us to achieve many milestones during the year. The Board joins me in thanking our shareholders for the confidence and trust placed in us by investing in shares of the Company and look to your continued support in the future.

S G Wijesinha
Chairman

06 June 2017

CEO's Review

It has been a busy and rewarding year, as major projects came to fruition and more projects entered the pipeline to be expanded in future years.

As an owner, developer and manager of premium commercial office space in Colombo, the company is proud of its success in responding to the needs of a niche market of premier multinationals and local companies, for high-end facilities in the heart of the Colombo Business District.

The quality of the property and facilities management services provided give the company its competitive edge. R I L demonstrates its commitment to tenants by providing a full spectrum of services. These include continuous upgrades in technology and facilities to sustain its positioning as a building that sets the standards for future Grade 'A' buildings in Sri Lanka.

Company Performance

The company's flagship asset, the 22-floor *PARKLAND* complex constructed at a cost of LKR 4.5 billion was the main source of revenue during the financial year. The complex has a diversified tenant base comprising 50% MNCs and occupation as at 31 March 2017 was 92%. Total rentals during the financial year were Rs.574 million.

PARKLAND raises the bar in office space offerings, promotes the company's ideal of 'INSPIRING SPACES' , is built on green design concepts and features innovative facilities and state-of-the-art technology that include pre-installed voice, data, digital TV infrastructure and high speed fibre optic connectivity, high-end security features, a central operation command centre as well as an intelligent car-parking and guiding system, and a spectacular view of the Colombo skyline from its rooftop.

Human Resources

The Group has a professional and experienced management team on board, whose expertise covers a range of disciplines. The total staff strength of the Group in the year of review was 204. This includes 71 employees in R I L and 133 employees in the Group's fully- owned subsidiary FoodBuzz Pvt Ltd (FBPL). FBPL staff undergoes continuous training in Singapore , and are equipped with the necessary skills and expertise to handle the food and beverage operations of its BreadTalk outlets.

The company has no labour unions nor agreements entered into with any labour unions, and maintains a harmonious and open working environment that features continued and informal communication between management and staff. Several staff events organised throughout the year promote team spirit and camaraderie, which the company believes is essential for promoting productivity in the workplace. Staff events include the annual staff outing, events held to mark religious and holiday festivals in which all staff, including the senior management, participate.

The Group has in place a system of rewards and recognition for good performance that is designed to make employees feel valued and appreciated. This promotes a strong performance-based culture within the organisation.

Corporate Social Responsibility

The company pursues sustainability initiatives based on its commitment of 'empowering the nation for a better tomorrow'. This approach inspires R I L to look beyond the narrow confines of profitability and reach out to support people and communities.

Future Strategies for Expansion

Expansion strategies are in place to increase the rentable values of investments in Grade 'A' commercial properties and further improve the company's presence in the premium commercial property market, as well as to improve the profitability of the BreadTalk franchise.

Increasing the values of rentable investments include refurbishing the *READYWEAR* Building, a property owned by the company and located on its premises in Park Street. This project is to commence in July 2017 and will increase the Company's rentable Grade 'A' space by 59,232 sq. ft. and is scheduled to be completed in 2018. The refurbished building will increase the total rentable office space owned by the company to 253,577 sq. ft.

BreadTalk outlets will also be increased within the next five years, to better utilise economies of scale. The expansion will also capitalise on the growth in the urban middle class population, a large proportion of those who reside in Colombo suburbs and key cities of the western province, and the increases in disposable income and changes in consumer preferences will expand demand for the distinctive bakery products.

The expansion will be in two phases. The first phase will involve adding 4 outlets. relocating the Park Street outlet and expanding the central kitchen at Union Place at an estimated cost of LKR 350 million. This phase has already got off the ground, with the opening of two additional outlets in two key suburbs, Mount Lavinia outlet opened in September 2016 and Maharagama outlet was opened in November 2016. The Park Street outlet has also been relocated. We have already raised funds for these expansion plans by way of an Initial Public Offering (IPO) in April 2017.

Appreciations

My special thanks to our Chairman Mr Sunil. G. Wijesinha and Board of Directors whose invaluable wisdom and guidance equipped us to meet the challenges and recognise the opportunities of the past year. My deep appreciation to our tenants, suppliers and other business partners for standing with us during past year. To my valued staff, I thank you for standing with me every step of the way and am deeply appreciative that I can continue to rely on your support as we move forward to a new financial year in which we will continue to transform challenges into opportunities and further grow the company together.

L K A H Fernando
Chief Executive Officer / Executive Director

O6 June 2017

Profiles of Directors

S. G. Wijesinha

Chairman / Independent Non-Executive Director

Sunil G Wijesinha brings over 40 years of significant multi-sector experience across industry, commerce, consultancy, training and financial services. Initiating his career in industrial engineering Sunil later advanced to the highest echelons of corporate and institutional leadership in Sri Lanka. Spanning public and private sector and industry affiliations, Sunil notably led the Employees' Trust Fund Board, Employers' Federation of Ceylon, NDB Bank PLC and Dankotuwa Porcelain PLC as Chairman, acted as the Managing Director of Merchant Bank of Sri Lanka PLC and held the Presidency of the National Chamber of Commerce of Sri Lanka. He currently chairs the boards of select listed entities.

His multi-disciplinary international training includes industrial and systems engineering, management, corporate governance and directorship in addition to management consultancy. As a proponent of productivity improvement techniques and Japanese Management techniques Sunil is credited with pioneering several such practices in Sri Lanka.

Sunil is a Chartered Engineer and a Fellow of the Chartered Institute of Management Accountants, UK. He also holds a Master of Business Administration from the University of Sri Jayewardenepura.

Other Principal Appointments: Chairman - United Motors Lanka PLC, Watawala Plantations PLC.

Non-Executive Director – Siyapatha Finance PLC.

L. E. M. Yaseen

Non Independent and Non-Executive Director

Lorraine Estelle Marlene Yaseen is a strategic investor in both public and private equity with 30 years of investment management experience. Lorraine's entrepreneurial and strategic initiatives span diverse sectors including real estate, manufacturing, apparel and food and beverages. Her exposure as an astute long-term investor includes significant transactions resulting in change of control which take into account capital market strategy, governance and market regulatory requirements.

As a founding investor and board member appointed at incorporation in 2009, Lorraine spearheaded the Company's flagship *PARKLAND* development. Her leadership skills drove the design concept from idea stage to reality. The Company and Board benefit from her wide ranging tactical perspectives evidenced by a track record of successful direct equity investments and ventures.

L. K. A. H. Fernando

Chief Executive Officer / Executive Director

Hiroshini Fernando brings over 20 years of expertise in finance and management across a diverse commercial spectrum. Hiroshini began her career at Kreston MNS & Co., a correspondent firm of Grant Thornton International-Sri Lanka Division, a firm of Chartered Accountants, laying a sound foundation for her core expertise in accounting, auditing and strategic finance. The Company and the Board further benefit from her insights and knowledge of financial transparency and governance requirements.

Hiroshini is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Member of the Institute of Certified Management Accountants of Sri Lanka.

As the Chief Executive Officer/Executive Director of R I L, Hiroshini represents the Company's interest in its strategic equity investment as a member of the Board of FBPL.

Other Principal Appointments: Non-Executive Director and Chairperson, Audit Committee - United Motors Lanka PLC

Non Executive Director - TVS Lanka (Private) Limited, Unimo Enterprises Limited, Orient Motor Company Limited, Readywear Industries (Private) Limited, RIL Trust Limited, FoodBuzz (Private) Limited

L. W. D. Abeyarathne

Finance Director / Executive Director

Dhammika Abeyrathne counts 35 years of extensive exposure in finance, accounting, taxation and management consultancy in private and public sector organisations with diverse business interests.

Joining the Board at incorporation as the Company's Finance Director, Dhammika also acted as the Company Secretary up until end 2015.

Dhammika is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Member of the Institute of Certified Management Accountants of Sri Lanka, Senior Member of the Association of Accounting Technicians of Sri Lanka and a Registered Company Secretary. He is a Business Management Graduate from the University of Sri Jayawardenapura.

Other Principal Appointments: Executive Director - Readywear Industries (Private) Limited

Profiles of Directors (Contd.)

A. D. E. I. Perera
Independent Non-Executive Director

Eardley Perera brings 47 years of expertise in management and governance of companies in multiple sectors including property development, manufacturing, food and beverages and financial services. He has undergone management training in the UK, Sweden, South Korea, India, Philippines and Singapore.

Eardley is a member on the Board of Study of the Postgraduate Institute of Management, University of Sri Jayewardenepura and is actively engaged in management education and consultancy.

Eardley is a Graduate and Chartered Marketer of the Chartered Institute of Marketing, UK.

Other Principal Appointments: Chairman - Dunamis Capital PLC, Kelsey Developments PLC

Non - Executive Director , First Capital Holdings PLC, Janashakthi Insurance PLC, Janashakthi PLC, Janashakthi General Insurance Limited, Sting Consultants (Private) Limited, Brand Finance Lanka (Private) Limited, MAS Tropical Foods (Private) Limited

R. A. Ebell
Independent Non-Executive Director

Richard Ebell has 40 years of experience in finance, operations and Board roles, 32 years of which were at Hayleys PLC in varied operational capacities ending as Finance Director for 6 years until his resignation in 2009. His later experience includes two years as Chief Financial Officer of the Canadian-owned and managed Loadstar (Private) Limited.

He is a Past President of CIMA, Sri Lanka Division. He served as Vice Chairman, Import Section, Ceylon Chamber of Commerce and as a Council Member, Employers' Federation of Ceylon. He was actively involved in establishing an Audit Committee Forum in June 2014 and remains engaged with this initiative. He has served as an Independent Non-Executive Director and Chairman of the Audit Committees of Dankotuwa Porcelain PLC, Finlays Colombo Limited and Laugfs Capital Limited.

He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants (CIMA), UK and holds a Diploma in Marketing from the Chartered Institute of Marketing (CIM), UK.

Other Principal Appointments: Independent Non-Executive Director and Chairman Audit Committee-Softlogic Holdings PLC and Cargills Bank Limited.

C. G. Ranasinghe

Independent Non-Executive Director

Chiranga Ranasinghe possesses extensive legal expertise spanning 20 years. Apprenticing first at Gunawardene & Ranasinghe Associates, Chiranga joined F.J. & G. de Saram in 1995 as a Professional Assistant gaining exposure in several corporate law disciplines including banking, financial property, mergers and acquisitions and divestments. Leaving the firm as a Senior Associate in 2011 she joined PT Agro Harapan Lestari, the Plantation Arm of Goodhope Asia Holdings Limited, Singapore as Senior Manager Legal (Upstream).

Chiranga currently heads Corporate Law Chambers, an independent legal practice active across Business and Commercial Law, Banking and Finance, Land Laws and Conveyancing, Company Law and Company Secretarial Practice and Civil Litigation and Commercial Arbitration.

Chiranga was admitted to the Private Bar as an Attorney-at-Law of the Supreme Court of Sri Lanka upon completing her tertiary education at the Sri Lanka Law College in 1994. She holds a Diploma in Human Resources Management from the Institute of Personnel Management of Sri Lanka and a Master of Law from the University of Colombo.

Corporate Governance

Principles of our Corporate Governance are based on the view that a company should be governed in the interests of its shareholders as well as the other stakeholders.

Compliance with the Code of Best Practice and Listing Rules

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 Rules on Corporate Governance contained in the Listing Rules of the Colombo Stock Exchange.

Board of Directors

The Company's Board consists of seven (7) Directors, as mentioned under Annual Report of the Board of Directors on the affairs of the Company on page 16 of this Report. The Board comprises of a strong mix of experienced individuals, with the majority being Non-Executive Directors who are independent and can offer an external perspective on the business. The Non-Executive Directors scrutinise the performance of management in meeting their agreed goals and objectives, and monitor the reporting of performance. According to the Company's Articles, one-third of the Non-Executive Directors retire by rotation at each Annual General Meeting and those eligible are recommended for re-election.

The Board's core responsibility is to lead the company to attain long term success. There is a division of responsibilities between the Chairman (responsible for running the Board) and the Chief Executive (responsible for running the company's business). The Board oversees the targets and controls within which the company's management may operate. The Board culture is one of openness and constructive debate and the Chairman is responsible for maintaining this culture. Information of an appropriate quality is provided in a timely manner before Board meetings, and the Chairman maintains a collaborative atmosphere and ensures that all Directors contribute to debates.

The Board meets once in a quarter and also when the need arises to review matters of importance and also the performance of the Company. The Board had met six (6) times during the year under review.

Board Sub- Committees

The Board has appointed committees to carry out certain of its duties and each committee has written Terms of Reference (TOR). Reports of these committees are set out in the pages 13 - 15 of the Annual Report.

Company Secretary

The Company Secretary attends all Board and Board Sub - Committee meetings and is responsible for advising the Board on corporate governance matters and facilitating the flow of information to and from the Board.

Internal Controls and Risk Management

The Board is fully aware of the internal control systems that are currently in place and is satisfied with the Management Information received with regard to fraud and error. The Board is currently spending adequate time to oversee the formal risk management process, monitoring and managing conflicts of interest, including misuse of corporate assets and related party transactions. The immediate future focus of the Board is to develop the risk policy of the company.

Directors Remuneration

The Board has delegated powers to the Board Nomination and Remuneration Committee and the responsibility for the alignment of remuneration of Executive Directors with the long-term interests of the company and its shareholders.

Compliance with Legal Requirements

During the year, the Board received reports from the management team on significant and relevant regulatory, statutory and other compliance matters.

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

Rule	Requirement	Compliance Status	Details
7.10.1	Non – Executive Directors		
	At least 2 members or 1/3 of the Board whichever is higher should be Non-Executive Directors	Complied	Five out of seven Directors are Non-Executive Directors
	2 or 1/3 of Non-Executive Directors whichever is higher shall be 'independent'	Complied	Four out of five Non-Executive Directors are Independent
7.10.2	Independent Directors		
	Each Non-Executive Director to submit a signed and dated declaration of his/her Independence / Non-Independence	Future requirement	
7.10.3	Disclosures Relating to Directors		
	Name and a brief resume of each Director should be included in the annual report including the Directors' experience.	Complied	Please refer profile of Directors on page 06 of the Annual Report
7.10.5	Remuneration Committee		
	All listed companies shall have a Remuneration Committee	Complied	Remuneration Committee was established during the financial year
	Remuneration Committee shall comprise of Non-Executive Directors and the majority should be Independent	Complied	All members of the Committee are Independent Non-Executive Directors
	Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors	Future requirement	
	The Annual Report should set out: a) Names of Remuneration Committee members	Complied	Please refer page 14 of the Annual Report
	b) Statement of Remuneration Policy	Future requirement	
	c) Aggregate Remuneration paid to Executive and Non-Executive Directors	Complied	Please refer Note 22.2.a to the Financial Statements

Corporate Governance (Contd.)

Rule	Requirement	Compliance Status	Details
7.10.6	Audit Committee		
	The Company shall have an Audit Committee	Complied	The Board has constituted an Audit Committee during the Financial Year
	Audit Committee shall comprise of Non-Executive Directors, a majority of whom shall be independent. A Non-Executive Director shall be the Chairman of the Committee.	Complied	All members of the Committee are Independent Non-Executive Directors.
	The Chairman of the Audit Committee or one member should be a member of professional accounting body	Complied	The Chairman is a Fellow of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants.
	The CEO and the CFO shall attend Audit Committee meetings	Complied	The CEO and the CFO attend meetings by invitation.
	Functions of the Audit Committee shall include: 1) Overseeing the compliance with financial reporting requirements, information requirements as per the laws and regulations. 2) Ensuring the internal controls and risk management, are adequate, to meet the requirements as per the laws and regulations. 3) Assessment of the independence and performance of the entity's external auditors. 4) Make recommendations to the board pertaining to external auditors.	Future requirement	The Audit Committee is in the process of focusing on these functions .
	Disclosures in the annual report 1) Names of the Audit Committee members shall be disclosed 2) Audit Committee shall make a determination of the independence of the external auditors 3) Report on the manner in which the Audit Committee carried out its functions	 Complied Future requirement Complied	 Please refer to page 13. Please refer to page 13.

Board Audit Committee Report

The Board Audit Committee was set up during the financial year, prior to the Company being listed on the Colombo Stock Exchange.

Its responsibilities are laid out in written Terms of Reference (TOR).

Composition

The Committee comprises three independent non-executive directors, as follows:

Mr. R. A. Ebell	–	Chairman
Mr. S. G. Wijesinha	–	Member
Ms. C. G. Ranasinghe	–	Member

This composition is intended to bring to the Committee's deliberations a blend of finance and accounting knowledge, legal expertise and wide business experience. Each Committee member is considered appropriately qualified and suitably experienced to fulfil the role expected. The Chairman of the Committee has significant and relevant financial experience.

The Company Secretary serves as Secretary of the Audit Committee. The CEO and the Finance Director will attend meetings by invitation, and representatives of the External Auditors and Internal Auditors will attend meetings by invitation whenever required.

Brief profiles of these Directors are given on pages 06 - 09 of the Annual Report.

Meetings

In the year under review, the Committee met once to discuss and finalise its draft TOR (which was approved by the Board) and to recommend engagement of an Internal Auditor (which appointment, of a firm providing Internal Audit services, was approved by the Board). All members were present at the meeting.

The Committee has met subsequently to review the external audit plan and internal audit reports, and to review the Financial Statements for the financial year just ended.

Activities and Future Focus

The Committee expects to meet quarterly.

In reviewing the Company's and Group's Quarterly and Annual Financial Statements – a major focus of the Committee - it will consider the integrity of these statements, the robustness of assertions made, the appropriateness of accounting policies used, the adequacy of presentation and disclosures, and the effectiveness of internal control over financial reporting. This will include interactions with the External Auditors on their audit plans and observations, and review and follow-up of observations in Management Letters presented.

The Committee will give attention to reviewing reports provided by the Internal Auditors and follow-up thereon, including appropriate interactions on the program of work and progress in achieving it.

It will also focus on policies and procedures directed towards Risk Management and monitoring compliance with applicable Laws and Regulations.

R. A. Ebell
Chairman
Audit Committee

06 June 2017

Board Nomination and Remuneration Committee Report

The Board Nomination and Remuneration Committee was set up during the financial year, prior to the Company being listed on the Colombo Stock Exchange.

Its responsibilities are laid out in written Terms of Reference (TOR).

Composition

The Committee comprises three independent Non-Executive Directors, as follows:

Mr. S. G. Wijesinha	–	Chairman
Mr. A. D. E. I. Perera	–	Member
Ms. C. G. Ranasinghe	–	Member

The Company Secretary serves as the Secretary to this Committee. The CEO will attend meetings by invitation.

Brief profiles of these Directors are given on pages 06 - 09 of the Annual Report.

Meetings

In the year under review, the Committee met once to discuss and finalise its draft TOR (which was approved by the Board). All members were present at the meeting.

The Committee has met subsequently to review the remuneration of the Group and the incentive schemes currently in place and has recommended appropriate revisions for the next financial year. The Committee expects to meet as and when required.

Focus on Board Composition

The Committee considers that the Board consists of individuals with the right balance of skills, experience and knowledge to provide strong and effective leadership to the Company and oversee its affairs. The majority of the Board members are Independent Non-Executive Directors, and the Board's collective experience covers a wide range of sectors. The Committee believes that all the Directors continue to demonstrate commitment to their roles as a Board and Committee members, continue to discharge their duties effectively and that each makes a valuable contribution to the leadership and oversight of the Company. R I L pays full regard to the benefits of diversity, including gender diversity for Board appointments. The company currently has three female Directors.

Directors

The aggregate remuneration paid to the Executive Directors and the fees paid to the Non-Executive Directors for the Board meetings and serving on the Board Sub-Committee meetings are disclosed in Note 22.2 to the Financial Statements.

Future Focus

The Committee is focused on developing a Remuneration Policy and an appropriate Remuneration Structure to support our business model and strategies.

S. G. Wijesinha
Chairman
Nomination & Remuneration Committee

06 June 2017

Board Related Party Transaction Review Committee Report

The Board Related Party Transaction Review Committee was set up during the financial year, prior to the Company being listed on the Colombo Stock Exchange.

Its responsibilities are laid out in written Terms of Reference (TOR).

Composition

The Committee comprises three Independent Non-Executive Directors and one Non-Independent Non-Executive Director, as follows:

Ms. C. G. Ranasinghe	-	Chairperson
Mr. S. G. Wijesinha	-	Member
Ms. L. E. M. Yaseen	-	Member
Mr. R. A. Ebell	-	Member

The Company Secretary serves as the Secretary to the Committee. The CEO and the Finance Director will attend meetings by invitation.

Brief profiles of these Directors are given on pages 06 -09 of the Annual Report.

Meetings

In the year under review, the Committee met once to discuss and finalise its draft TOR (which was approved by the Board). Three members were present at this meeting. The Committee expects to meet quarterly.

Activities and Future Focus

The Committee is currently focusing on developing the Related Party Transaction Policy for the Company concerning recurrent and non-recurrent related party transactions.

C. G. Ranasinghe
Chairperson
Related Party Transaction Review Committee

06 June 2017

Annual Report of the Board of Directors on the Affairs of the Company

The Directors take pleasure in presenting their report together with the Audited Financial Statements and the Report of the Auditor's for the year ended 31 March 2017.

Principal Activities

The Company's principal activity is developing and managing Grade 'A' commercial office space in select core markets in Colombo whilst offering multi-faceted real estate solutions including facilities management, leasing, land acquisition, construction management services, consulting and strategic investment.

Directorate

The Directors of the Company during the year under review are as follows:

Name of the Director	Classification	Remarks
Mr S G Wijesinha	NED/IND	Director/Chairman since 01 March 2016
Ms L E M Yaseen	NED/NIND	Director since 12 June 2009
Ms L K A H Fernando	ED	Executive Director since 12 June 2009
Mr L W D Abeyarathne	ED	Executive Director since 12 June 2009
Mr A D I Perera	NED/IND	Director since 19 May 2016
Mr R A Ebell	NED/IND	Director since 19 May 2016
Ms C G Ranasinghe	NED/IND	Director since 01 September 2016

IND – Independent Director
NIND – Non Independent Director
NED – Non Executive Director
ED – Executive Director

Directors' Meetings

At each Board meeting the performance to date is reviewed. The management provides detailed information on all aspects of the group's operations. The Board provides necessary guidance on maximising the efficiency of resources at optimum cost levels. Comprehensive information are provided by the Management on the financial position of the Company for the quarter under review together with the year to date figures. Comparisons are made against the last quarter and the last year performance and position of the Company and the Group. The Board is provided a comprehensive report with all relevant statutory and regulatory compliances for the quarter under review. In addition, Human Resources and Health and Safety reports are also provided. Any urgent matters are resolved by way of circular resolutions.

Re-election of Directors

In terms of Article 83 of the Articles of Association of the Company Mr. S G Wijesinha retire by rotation and being eligible offer themselves for re-election on the unanimous recommendation of the Board Nomination and Remuneration Committee and the Board of Directors.

In terms of Section 210 of the Companies Act No.7 of 2007, Ms. L. E. M. Yaseen and Mr. A. D. E. I. Perera, who are retiring due to being over the age of 70 years, offer themselves for re-election on the unanimous recommendation of the Board Nomination and Remuneration Committee and the Board of Directors.

Directors' Interest in Shares

The Directors' interests in shares were as follows

Name of the Director	Number of Shares Held 31 March		% of Shares Held 31 March	
	2017 '000	2016 '000	2017 '000	2016 '000
Mr S G Wijesinha	-	-	-	-
Ms L E M Yaseen	148,800	148,800	31	31
Ms L K A H Fernando	-	-	-	-
Mr L W D Abeyarathne	-	-	-	-
Mr A D E I Perera	-	-	-	-
Mr R A Ebell	-	-	-	-
Ms C G Ranasinghe	-	-	-	-

Directors' Interests in Contracts

In accordance with the provisions of the Companies Act No. 7 of 2007, the Directors have made declarations relating to their interests. These have been entered into the Interest Register which is maintained by the Company.

Directors' Remuneration

The Directors remuneration is disclosed in Note 22.2.a to the Financial Statements

Board Sub Committees

During the year under review, the following Committees were appointed by the Board. All Committees are provided with Terms of References describing the duties and responsibilities of the Committees.

- Audit Committee
- Nomination and Remuneration Committee
- Related Party Transaction Review Committee

Review of Business

The business model of R I L allows management of real estate assets effectively to improve performance, make strategic acquisitions which exceed relevant hurdle returns, redevelop and reposition sites to meet demand and engender long-term relationships with tenants.

Details on the Company's performance for the year under review can be found in the statements of the Chairman and the Chief Executive Officer (on pages 02 to 05)

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparing of Financial Statements. The Financial Statements (appearing on page 22 to 57) have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007, and that they reflect a true and fair view of the state of Companies affairs for the year under review.

Responsibility Statements

The Directors responsibility statement appears on page 20.

Going Concern

The Directors having reviewed the business plans , capital expenditure commitments and expected cash flows are satisfied that the Company and the Group have adequate resources to continue operations for the foreseeable future and therefore continue to adopt the going concern basis in preparing these Financial Statements.

Financial Statements

The Financial Statements are given on pages 22 to 57.

Auditors

To re-appoint the retiring Auditors Messrs. Ernst & Young , Chartered Accountants to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.

Annual Report of the Board of Directors on the Affairs of the Company (Contd.)

The Auditors have confirmed that they have had no interest in or relationship with the Company other than that of Auditors. They have also confirmed that they are independent in accordance with the code of ethics of the Institute of Chartered Accountants of Sri Lanka.

During the year under review, the Auditors were paid LKR 681 thousands (Company LKR 497 thousands) as audit fees.

Auditors Report

The Auditors report appears on page 21.

Significant Accounting Policies

The significant accounting policies adopted when preparing these Financial Statements are given on pages 27 to 37.

Statutory Payments

The Directors , to the best of their knowledge and belief are satisfied that all statutory obligations due to the government and its employees have been duly paid or adequately provided for in the Financial Statements

Stated Capital

The stated capital of the Company is LKR 4,800,000 thousands made up of 480,000 thousands Ordinary Shares.

Reserves

The reserves of the Company and the Group with the movements during the year are given in the Statement of Changes in Equity on page 25.

Dividends

The Directors have approved the payment of a final dividend of LKR 0.10 (10 Cents) per share for the year under review subject to obtaining a certificate of solvency from the Auditors.

Investments

Details of the Company's Investments as at 31 March 2017, are given in Note 6 to the Financial Statements

Internal Controls

The Board is responsible for the adequacy and effectiveness of the system of internal controls. In order to discharge their responsibilities effectively, the Board through its Audit Committee is in the process of setting up the system for identifying, evaluating and managing significant risks faced by the Company and the Group with the objective of mitigating any losses.

Risk Management

An ongoing process would be implemented to identify and manage the risks that are associated with the business and operations of the Company. The Audit Committee is responsible for reviewing , monitoring and reporting on all aspects of risk management.

Equitable Treatment of Shareholders

The Directors will make every endeavor to ensure the equitable treatment of all shareholders, and are committed to maximising shareholder wealth. All Notices of Shareholders' Meetings are sent out in accordance with the provision of the Company's Articles of Association. Any shareholder unable to attend is still able to indicate his/her consent or dissent on any decision, by completing and returning the two way proxy provided with the notice.

Notice of Meeting

The Eighth Annual General Meeting of the Company will be held on 7 July 2017. The Notice of Meeting relating to the Annual General Meeting is given on page 62.

Acknowledgement of the Contents of the Report

As required by the Companies Act No.7 of 2007 the Board of Directors does hereby acknowledge the contents of this Annual Report

Signed in accordance with a resolution adopted by the Directors.

S G Wijesinha
Chairman

L. K. A. H. Fenando
Chief Executive Officer / Executive Director

P. W. Corporate Secretarial (Pvt) Ltd
Director / Secretaries

07 June 2017
Colombo

Financial Reports

Statement of Directors’ Responsibility

The responsibilities of the Directors in relation to the Financial Statements of the Company and the Consolidated Financial Statements of the Company and its Subsidiary are set out in this statement. The responsibilities of the external auditors in relation to the Financial Statements are set out in the ‘Auditors’ Report’ appearing on page 21.

As per the provisions of the Companies Act No.07 of 2007, the Directors are required to prepare for each financial year and place before a general meeting Financial Statements in which :-

- appropriate accounting policies are selected and applied consistently;
- judgements and accounting estimates made are reasonable and prudent;
- applicable Sri Lanka Accounting Standards have been followed, subject to any material departures being disclosed and explained in the Group and parent Company Financial Statements.

Financial Statements, which are prepared on the going concern basis provide the information required by, and otherwise comply with, the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company’s position and performance, business model and strategy.

The Group Financial Statements give a true and fair view of the assets, liabilities, financial position and profit of the Group; and the Directors’ Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By order of the Board.

P. W. Corporate Secretarial (Pvt) Ltd.
Director / Secretaries

06 June 2017

Independent Auditor's Report

Building a better working world

Ernst & Young
Chartered Accountants
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TO THE SHAREHOLDERS OF R I L PROPERTY PLC (FORMERLY KNOWN AS R I L PROPERTY LIMITED)

Report on the Financial Statements

We have audited the accompanying financial statements of R I L Property PLC (Formerly Known as R I L Property Limited) ("Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group") which comprise the statement of financial position as at 31 March 2017, and the statement of profit and loss, statement of comprehensive income, statements of changes in equity and, cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

a) The basis of opinion, scope and limitations of the audit are as stated above.

b) In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

- the financial statements of the Company give a true and fair view of its financial position as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
- the financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act.

06 June 2017
Colombo

Statement of Financial Position

As at 31 March	Note	Group 2017 LKR '000	Group 2016 LKR '000	Company 2017 LKR '000	Company 2016 LKR '000
Assets					
Non-Current Assets					
Property, Plant and Equipment	3	625,136	543,491	368,834	343,522
Investment Property	4	11,585,619	10,675,000	11,585,619	10,675,000
Intangible Assets	5	18,751	8,038	13,592	3,300
Investment in Subsidiary	6	-	-	277,013	277,013
Deferred Tax Asset	15.2	1,136	1,036	-	-
Other Receivables	8.3	24,775	-	26,312	-
		12,255,417	11,227,565	12,271,370	11,298,835
Current Assets					
Inventories	7	61,056	16,870	4,776	-
Trade and Other Receivables	8	141,317	135,634	61,917	64,376
Cash and Cash Equivalents	9	109,668	42,595	103,735	27,839
		312,043	195,099	170,428	92,215
Total Assets		**12,567,460**	**11,422,664**	**12,441,798**	**11,391,050**
Equity And Liabilities					
Equity					
Stated Capital	10.1	4,800,000	4,800,000	4,800,000	4,800,000
Revaluation Surplus		159,777	125,000	159,777	125,000
Retained Earnings	10.2	6,095,248	4,956,531	6,140,990	4,967,111
Total Equity		11,055,025	9,881,531	11,100,767	9,892,111
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	11	749,920	874,960	749,920	874,960
Retirement Benefit Liability	12	5,236	3,451	2,671	811
Other Payables	13.1	16,332	-	17,093	-
Rental and Customer Deposits	14	123,275	61,161	128,907	61,161
		894,763	939,572	898,591	936,932
Current Liabilities					
Trade and Other Payables	13	299,590	374,170	279,276	358,182
Rental and Customer Deposits	14	-	18,598	-	18,598
Interest Bearing Loans and Borrowings	11	315,872	208,472	161,082	185,040
Income Tax Payable		2,210	321	2,082	187
		617,672	601,561	442,440	562,007
Total Equity and Liabilities		**12,567,460**	**11,422,664**	**12,441,798**	**11,391,050**

These Financial Statements are in compliance with the requirements of the Companies Act No :07 of 2007.

Chief Financial Officer/Director Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the board by:

Chairman

Chief Executive officer/Executive Director

The accounting policies and notes on pages 27 through 57 form an integral part of the Financial Statements.

06 June 2017
Colombo

Statement of Profit or Loss

Year ended 31 March	Note	Group 2017 LKR '000	Group 2016 LKR '000	Company 2017 LKR '000	Company 2016 LKR '000
Revenue	16	960,374	269,178	609,289	125,418
Direct Expenses		(206,826)	(80,763)	(30,134)	(12,031)
Net Income		753,548	188,415	579,155	113,387
Other Income and Gains	17	7,988	1,221	7,439	1,221
Fair Value Gain on Investment Property	4	859,090	4,903,788	859,090	4,903,788
Marketing and Promotional Expenses		(5,856)	(5,672)	(3,544)	(4,501)
Administrative Expenses		(346,057)	(142,245)	(143,053)	(55,214)
Operating Profit		1,268,713	4,945,507	1,299,087	4,958,681
Finance Cost	18.1	(128,009)	(1,231)	(122,118)	(1,138)
Finance Income	18.2	3,013	4,849	2,847	4,585
Profit Before Tax	19	1,143,717	4,949,125	1,179,816	4,962,128
Income Tax Expense/(Income)	15	(4,839)	1,138	(5,053)	(1,284)
Profit for the Year		**1,138,878**	**4,950,263**	**1,174,763**	**4,960,843**
Basic Earnings Per Share	21	2.37	12.85	2.45	12.87

The accounting policies and notes on pages 27 through 57 form an integral part of the Financial Statements.

Statement of Comprehensive Income

Year ended 31 March	Note	Group 2017 LKR '000	Group 2016 LKR '000	Company 2017 LKR '000	Company 2016 LKR '000
Profit for the Year		1,138,878	4,950,263	1,174,763	4,960,842
Other Comprehensive Income					
Items that will not be reclassified to the Profit or Loss :					
Revaluation of Buildings	3.1	34,777	125,000	34,777	125,000
Actuarial Loss on Retirement Benefit Obligation (Net of Tax)	12	(161)	-	(884)	-
Other Comprehensive income for the year (Net of Tax)		34,616	125,000	33,893	125,000
Total Comprehensive income for the year (Net of Tax)		**1,173,494**	**5,075,263**	**1,208,656**	**5,085,843**

The accounting policies and notes on pages 27 through 57 form an integral part of the Financial Statements.

Statement of Changes in Equity

Year ended 31 March Group	Note	Stated Capital LKR '000	Revaluation Reserve LKR '000	Retained Earnings LKR '000	Total LKR '000
As at 1 April 2015		2,000,000	-	16,328	2,016,328
Profit for the Year		-	-	4,950,263	4,950,263
Other Comprehensive Income for the Year		-	125,000	-	125,000
Total Comprehensive Income for the Year		-	125,000	4,950,263	5,075,263
Share Issued during the Year	10.1	2,800,000	-	-	2,800,000
Share Issue Expenses- Stamp duty	10.1	-	-	(10,060)	(10,060)
As at 31 March 2016		4,800,000	125,000	4,956,531	9,881,531
Net Profit for the Year		-	-	1,138,878	1,138,878
Other Comprehensive Income for the Year		-	34,777	(161)	34,616
Total Comprehensive Income for the Year		-	34,777	1,138,717	1,173,494
As at 31 March 2017		**4,800,000**	**159,777**	**6,095,248**	**11,055,025**

Company	Note	Stated Capital LKR '000	Revaluation Reserve LKR '000	Retained Earnings LKR '000	Total LKR '000
As at 1 April 2015		2,000,000	-	16,328	2,016,328
Net Profit for the Year		-	-	4,960,843	4,960,843
Other Comprehensive Income for the Year		-	125,000	-	125,000
Total Comprehensive Income for the Year		-	125,000	4,960,843	5,085,843
Share Issued during the Year	10.1	2,800,000	-	-	2,800,000
Share Issue Expenses- Stamp Duty	10.1	-	-	(10,060)	(10,060)
As at 31 March 2016		4,800,000	125,000	4,967,111	9,892,111
Net Profit for the Year		-	-	1,174,763	1,174,763
Other Comprehensive Income for the Year		-	34,777	(884)	33,893
Total Comprehensive Income for the Year		-	34,777	1,173,880	1,208,657
As at 31 March 2017		**4,800,000**	**159,777**	**6,140,991**	**11,100,768**

The accounting policies and notes on pages 27 through 57 form an integral part of the Financial Statements.

Cash Flow Statement

Year ended 31 March 2017	Note	Group 2017 LKR '000	Group 2016 LKR '000	Company 2017 LKR '000	Company 2016 LKR '000
Cash Flows From / (Used in) Operating Activities					
Profit Before Tax from Operating Activities		1,143,717	4,949,125	1,179,816	4,962,127
Adjustments for					
Depreciation, Amortisation and Impairment	3 & 5	64,649	27,161	31,719	7,379
(Increase) / Decrease in Fair Value of Investment Property	4	(859,090)	(4,903,788)	(859,090)	(4,903,788)
Finance Cost	18.1	128,009	1,231	122,118	1,138
Interest Income	18.2	(3,013)	(4,849)	(2,847)	(4,585)
Provision for Defined Benefit Plans	12	1,905	(358)	976	811
Operating Profit/(Loss) before Working Capital Changes		476,177	68,522	472,692	63,082
Increase/ (Decrease) in Amounts due to Related Parties		-	(135,853)	-	(135,853)
(Increase)/ Decrease in Inventories		(44,186)	(6,843)	(4,776)	-
(Increase)/ Decrease in Trade and Other Receivables		(30,458)	104,420	(23,852)	115,578
Increase/ (Decrease) in Tenant Deposits		43,516	79,759	49,148	79,759
Increase/ (Decrease) in Trade and Other Payables		(66,181)	196,281	(69,991)	199,343
Cash Generated from Operations		378,868	306,286	423,220	321,909
Finance Cost Paid		(120,079)	(1,231)	(113,941)	(1,138)
Income Tax Paid		(3,331)	(933)	(3,157)	(858)
Net Cash From Operating Activities		255,458	304,122	306,122	319,913
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	3	(111,359)	(221,376)	(22,902)	(212,594)
Acquisition of Intangible Assets	5	(12,545)	(3,341)	(11,319)	(3,341)
Proceeds from Sale of Property, Plant & Equipment		-	4,122	-	4,122
Expenditure incurred on Investment Property	4	(49,854)	(3,261,914)	(49,854)	(3,261,914)
Acquisition of Subsidiary		-	(260,811)	-	(277,013)
Interest Received		3,013	4,849	2,847	4,585
Net Cash Used in Investing Activities		(170,745)	(3,738,472)	(81,228)	(3,746,155)
Cash Flows from / (Used in) Financing Activities					
Proceeds From Interest Bearing Loans and Borrowings	11.2.1	-	1,460,000	-	1,460,000
Repayment of Interest Bearing Loans and Borrowings	11.2.1	(148,998)	(800,568)	(148,998)	(800,000)
Proceed from Issue of Shares (net of issue cost)		-	2,789,940	-	2,789,940
Net Cash From / (Used in) Financing Activities		(148,998)	3,449,372	(148,998)	3,449,940
Net Increase/(Decrease) in Cash and Cash Equivalents		(64,285)	15,022	75,896	23,698
Cash and Cash Equivalents at the beginning of the Year	9	19,163	4,141	27,839	4,141
Cash and Cash Equivalents at the end of the Year	9	**(45,122)**	**19,163**	**103,735**	**27,839**

The accounting policies and notes on pages 27 through 57 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

The Company incorporated in Sri Lanka on 15 July 2009 as a Private Limited Liability Company under the Companies Act No.07 of 2007 and registered with the Board of Investments of Sri Lanka ('BOI') under Section 17 of the BOI Act No. 4 of 1978. Subsequently converted to a public Limited Liability Company on 13 September 2016 under the companies Act No 07 of 2007 and Ordinary shares were listed in the Colombo Stock Exchange on 04 May 2017.

1.2 Principal Activities and Nature of Operations

Company

During the year, the principal activities of the Company were the development and leasing out of investment property under operating leases and providing other related services.

Subsidiary

During the year, the principal activities of the subsidiary company were food processing and providing other related services.

1.3 Date of Authorisation for Issue

The Consolidated Financial Statements of R I L Property PLC (Formerly known as R I L Property Limited) for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the board of directors on 06 June 2017.

2.1 Basis of Preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter referred to as "SLFRS") as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, buildings classified as property, plant and equipment that have been measured at fair value.

The Financial Statements are presented in Sri Lankan Rupees (LKR), and all values are rounded to the nearest thousand rupees, except when otherwise indicated.

These Financial Statements are presented in Sri Lankan Rupees. The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

2.1.2 Comparative Information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

2.1.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Statement of Comprehensive Income from the date the Group gains control until the date the Group ceases to control the subsidiary.

2.2 Significant Accounting Judgements, Estimates and Assumptions

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Notes to the Financial Statements (Contd.)

2.2.1 In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Financial Statements.

Classification of Property

The Group determines whether a property is classified as Investment Property, owner occupied property using significant judgement as disclosed in Note 3 and Note 4.

Investment Property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

The Group determines whether a property qualifies as Investment Property by considering whether the property generates cash flows largely independently of the other assets held by the entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as Investment Property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as Investment Property. The Group considers each property separately in making its judgement.

Deferred Taxation

Deferred taxation on Investment Property

As per the LKAS 12, deferred tax on Investment Property carried at fair value is required to be measured using a rebuttable presumption that the carrying amount will be recovered through sale.

The investment property of the Group consists of freehold land and buildings. With regard to the building, the presumption is rebutted, as the Group's business model is to consume substantially all the economic benefits embodied in the building over time, rather than though sale. The component in investment property comprising land does not create any tax consequences, as currently capital gain tax is not applicable for land.

As described in Note 2.3.4, the company enjoys tax exemption period of 12 years. Accordingly temporary differences will not arise on the investment property during the tax exemption period.

In the event the building component is sold after the expiry of the tax holiday period, it will create tax consequences. However the management believes the fair value of the building component of the investment property will not be material as a significant proportion of the useful life of the building will have been consumed by them.

Based on the above, Management believes that deferred tax in respect of Investment Property will not be material to the financial statements.

2.2.2 Critical Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements.

(a) Estimation of Fair Value of Investment Properties

The Group carries its Investment Properties at fair value, with changes in fair values being recognised in the Statement of profit or loss. The Group engaged an independent valuer to determine the fair value as at 31 March 2017.

The best evidence of fair value is usually the current price in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making such estimates, the Group considers information from a variety of sources including:

(i) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences

(ii) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalisation rates that reflect current market assessments of the returns and yields, and uncertainty in the amount and timing of the cash flows.

(b) Principal Assumptions for Management's Estimation of Fair Value

If information on current or recent prices of assumptions underlying the discounted cash flow approach of Investment Properties is not available, the fair values of Investment Properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each reporting date.

The principal assumptions underlying management's estimation of fair value are those related to the future rentals, maintenance requirements, and appropriate capitalisation rates / yields and voids. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market.

(c) Deferred Taxation

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax that can be recognised based upon the likely timing and the levels of future taxable profits. More information regarding deferred tax assets is given in Note 15.

2.3 Summary Of Significant Accounting Policies

2.3.1 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquirer at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of LKAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.3.2 Current Versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Expected to be realised within twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3.3 Foreign currencies

The Financial Statements are presented in Sri Lankan Rupees (LKR), which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting

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date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. All exchange variances are charged to the Statement of profit and loss.

2.3.4 Taxation

a) Current income tax

R I L Property PLC (Company)

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Pursuant to a letter dated 26 April 2016 received from Board of Investment of Sri Lanka, R I L Property PLC (formerly known as R I L Property Limited) qualifies for a tax exemption period of 12 years under Sec 17 (A) of the Inland Revenue Act No. 10 of 2006 as amended by Inland Revenue (Amendment) Act No. 08 of 2012 subject to the condition that LKR 2,500 Million investment is made in the project within a period of 24 Months from the date of supplementary agreement (i.e. 5 December 2013).

For the above purpose, "the year of assessment" shall be reckoned from the year in which the enterprise commences (2015/16).

Foodbuzz (Pvt) Ltd (Subsidiary)

Pursuant to agreement dated 22 November 2011 and subsequent amendments thereto on 15 May 2012 entered into with Board of Investment of Sri Lanka, the company will be entitled for a tax exemption period of Six (06) years as stipulated in the Inland Revenue Act No.08 of 2012 (Section 16C) based on proposed investment not less than LKR 200 Mn in fixed assets in the Project.

For the above purpose "the year of assessment" shall be reckoned from two years from the date of commencement of commercial operation (2015/16).

Other Income is liable for income tax at normal rate.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

b) Deferred tax

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income.

c) Sales Tax

Revenue, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authorities in which case the sales tax is recognised as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Statement of Financial Position.

2.3.5 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae:-

Raw Materials	- At actual cost on Weighted Average Basis
Packing Materials	- At actual cost on Weighted Average Basis

2.3.6 Financial Instruments- Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to- maturity investments and available-for-sale financial assets, as appropriate and determine the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs of assets in the case of investments not at fair value through profit or loss. The financial assets include cash and short-term deposits, trade and other receivables, other long term receivables.

Subsequent Measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

Loans and Receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss.

De-Recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when,

i) The rights to receive cash flows from the asset have expired or,

ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  - The Group has transferred substantially all the risks and rewards of the asset, or

  - The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset,

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whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Profit or Loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the Statement of Profit or Loss.

ii) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows;

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

2.3.7 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 by the Group.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable for the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Management of the Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and Property, Plant and Equipment-Buildings.

External valuer, Mr. J.M.S. Bandara is involved in valuation of significant assets, such as investment properties and buildings.

Involvement of external valuers is decided upon annually by the Management.

At each reporting date, the Management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Group's external valuer, also compares the change in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3.8 Impairment of Non - Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.9 Cash and Cash Equivalents

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

Notes to the Financial Statements (Contd.)

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

2.3.10 Property, Plant and Equipment

Property Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Property, plant and equipment transferred from customers is initially measured at fair value at the date on which control is obtained.

Buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. Valuations are performed every year to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on straight line basis over the estimated useful lives of all Property, Plant and Equipment.

The principal annual rates of depreciation used by the Group are as follows;

	Group	Company
Freehold Buildings	20 years	20 years
Plant and Machinery	5 years	-
Office Equipment	5 years	5 years
Furniture and Fittings	5 to 10 years	5 years
Motor Vehicles	4 to 5 years	4 years
Computers and Accessories	4 to 5 years	4 years
Fixtures and Fittings	5 years	5 years
Electronic Equipment	5 years	5 years
Air Conditioners	5 years	-
Tools and Utensils	5 years	5 years
Maintenance equipment	5 years	5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3.11 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

2.3.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group/Company as a Lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit or Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Group as a Lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease added to the carrying amount of the leased asset and recognised over the lease term on the same basis rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.3.13 Investment Properties

Investment property comprises freehold land and freehold buildings together with the integral parts of such properties.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, Investment Property is carried at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions, as appraised by an independent valuer, annually.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

2.3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

2.3.15 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

The Group estimates the present value of the promised retirement benefits of gratuity which is a defined benefit plan using the projected benefit valuation method. Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in the

Other Comprehensive statement of profit or loss.

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of 5 years of continued service.

The gratuity liability is not externally funded.

b) Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.16 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific criteria are used for the purpose of recognition of revenue.

a) Rental income

Rental income includes rental income from properties leased out to tenants under operating leases and income from providing car parking facilities. Rental income from operating leases is recognised on a straight-line basis over the lease term while car park income is recognised on an earned basis.

b) Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to buyer, usually on dispatch of the goods; with the Group retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

c) Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

d) Interest Income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Statement of Profit or Loss.

e) Dividends

Revenue is recognised when the Group's/ Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

f) Others

Other income is recognised on an accrual basis.

2.3.17 Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The primary segment reporting format is determined to be a business segment.

2.4 Effect of Sri Lanka Accounting Standards (SLFRS) Issued But Not Yet Effective:

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

SLFRS 9 – Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

SLFRS 15 – Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

SLFRS 16 - Leases
SLFRS 16 provides a single lessee accounting model, requiring leases to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value even though lessor accounting remains similar to current practice. This supersedes: LKAS 17 Leases, 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. Earlier application is permitted for entities that apply SLFRS 15 Revenue from Contracts with customers.

SLFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

The following amendments and improvements are not expected to have a significant impact on the Group's consolidated financial statements.

LKAS 7 Disclosure Initiative - Amendments to LKAS 7
The amendments to LKAS 7 Statement of Cash Flows are part of the Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

LKAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to LKAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

SLFRS 2 Classification and Measurement of Share-Based Payment Transactions - Amendments to SLFRS 2

The CA Sri Lanka issued amendments to SLFRS 2 Share-Based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

SLFRS 9 and SLFRS 15 are not expected to have a material effect on the Financial Statements of the Group. Pending the comprehensive study, possible impact/effects that would result in initial application of these standards are not yet estimable.

Notes to the Financial Statements (Contd.)

3. PROPERTY, PLANT & EQUIPMENT

3.1 Group

3.1.1 Gross Carrying Amount

At Cost / Valuation	Balance as at 01.04.2016 LKR' 000	Additions LKR' 000	Revaluation LKR' 000	(Disposals)/ Transfers LKR' 000	Balance as at 31.03.2017 LKR' 000
Land	57,929	-	-	-	57,929
Buildings	328,972	233	34,777	(15,010)	348,972
Plant & Machinery	54,590	20,757	-	-	75,347
Office Equipment	4,377	1,609	-	-	5,986
Furniture and Fittings	18,191	3,055	-	(1,675)	19,571
Motor Vehicles	69,400	12,285	-	-	81,685
Computers and Accessories	7,188	11,358	-	-	18,545
Fixture and Fittings	99,950	64,653	-	-	164,602
Electronic Equipment	13,421	366	-	-	13,787
Air Conditioners	7,147	2,789	-	-	9,936
Tools and Utensils	22,304	3,433	-	-	25,737
Maintenance Equipment	-	4,139	-	-	4,139
Total Value of Depreciable Assets	683,468	124,677	34,777	(16,684)	826,237

3.1.2 In the Course of Construction

Buildings	13,655	48,426	-	(61,743)	337
	13,655	48,426	-	(61,743)	337
Total Gross Carrying Amount	697,122	173,102	34,777	(78,428)	826,574

3.1.3 Depreciation and Impairment

At Cost / Valuation	Balance as at 01.04.2016 LKR' 000	Charge for the year LKR' 000	(Disposals)/ Transfers LKR' 000	Balance as at 31.03.2017 LKR' 000
Buildings	3,532	16,458	(15,010)	4,981
Plant & Machinery	43,767	3,135	-	46,902
Office Equipment	1,508	986	-	2,493
Furniture and Fittings	11,052	3,361	-	14,414
Motor Vehicles	26,749	16,565	-	43,314
Computers and Accessories	3,273	2,453	-	5,726
Fixture and Fittings	34,245	12,803	-	47,048
Electronic Equipment	8,905	800	-	9,705
Air Conditioners	5,196	1,456	-	6,652
Tools and Utensils	15,404	4,514	-	19,918
Maintenance Equipment	-	286	-	286
	153,631	62,817	(15,010)	201,438

3.1.4 Net Book Value

At Cost / Valuation	2017 LKR '000	2016 LKR '000
Land	57,929	57,929
Buildings	343,992	325,440
Plant & Machinery	28,445	10,823
Office Equipment	3,493	2,869
Furniture and Fittings	5,157	7,139
Motor Vehicles	38,372	42,651
Computers and Accessories	12,819	3,915
Fixture and Fittings	117,555	65,705
Electronic Equipment	4,082	4,516
Air Conditioners	3,284	1,951
Tools and Utensils	5,819	6,900
Maintenance Equipment	3,853	-
	624,799	529,837
In the Course of Construction		
Buildings	337	13,655
	337	13,655
Total Carrying Amount of Property, Plant & Equipment	**625,136**	**543,491**

3.1.5 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of LKR 111,359 thousands (2016 - LKR 221,376 thousands). Cash payments amounting to LKR 111,359 thousands (2016 - LKR 221,376 thousands) were made during the year for purchase of Property, Plant & Equipment.

3.2 Company

3.2.1 Gross Carrying Amount

At Cost / Valuation	Balance as at 01.04.2016 LKR '000	Additions LKR '000	Revaluation LKR '000	(Disposals)/ Transfers LKR '000	Balance as at 31.03.2017 LKR '000
Buildings	300,000	233	34,777	(15,010)	320,000
Office Equipment	2,542	876	-	-	3,418
Furniture and Fittings	2,963	1,835	-	(1,675)	3,124
Motor Vehicles	46,890	6,621	-	-	53,511
Computers and Accessories	1,573	8,479	-	-	10,052
Fixture and Fittings	363	-	-	-	363
Electronic Equipment	1,750	-	-	-	1,750
Tools and Utensils	838	719	-	-	1,557
Maintenance Equipment	-	4,139	-	-	4,139
Total Value of Depreciable Assets	356,919	22,902	34,777	(16,684)	397,913

Notes to the Financial Statements (Contd.)

3.2.2 Depreciation and Impairment

At Cost / Valuation	Balance as at 01.04.2016 LKR '000	Charge for the year LKR '000	(Disposal) / Transfers LKR '000	Balance as at 31.03.2017 LKR '000
Buildings	-	15,010	(15,010)	-
Office Equipment	430	587	-	1,018
Furniture and Fittings	155	472	-	627
Motor Vehicles	12,319	12,620	-	24,939
Computers and Accessories	411	1,053	-	1,464
Fixture and Fittings	10	73	-	83
Electronic Equipment	58	351	-	409
Tools and Utensils	13	240	-	253
Maintenance Equipment	-	286	-	286
	13,397	30,692	(15,010)	29,079

3.2.3 Net Book Value

At Cost / Valuation	2017 LKR '000	2016 LKR '000
Buildings	320,000	300,000
Office Equipment	2,400	2,111
Furniture and Fittings	2,496	2,808
Motor Vehicles	28,572	34,571
Computers and Accessories	8,588	1,162
Fixture and Fittings	280	353
Electronic Equipment	1,340	1,691
Tools and Utensils	1,305	826
Maintenance Equipment	3,853	-
Total Carrying Amount of Property, Plant & Equipment	**368,834**	**343,522**

3.2.4 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of LKR 22,902 thousands (2016 - LKR 212,594 thousands). Cash payments amounting to LKR22,902 thousands (2016 - LKR 212,594 thousands) were made during the year for purchase of Property, Plant & Equipment.

3.2.5 The revalued of building during the year consist of the owner occupied area of the investment property comprising 8,344Sq.Ft. The details of valuation are disclosed in note 4.3.

4. INVESTMENT PROPERTY

	Group / Company	
	2017 LKR '000	2016 LKR '000
As at 1 April	10,675,000	2,509,298
- Subsequent Expenditure on Investment Property	45,910	3,357,523
- Expenditure Incurred on New Building Complex	5,619	-
Capitalised Borrowing Costs	-	79,391
Transferred to Owner Occupied Building	-	(175,000)
	10,726,529	5,771,212
Net Gain / (Loss) from fair Value Adjustment	859,090	4,903,788
As at 31 March	**11,585,619**	**10,675,000**

4.1 Investment properties consist of freehold land and commercial units given on rental in buildings constructed on freehold lands at No 33, Park Street, Colombo 02 and No 45 Morgan Road, Colombo 02.

4.2 Details of Investment Properties - Group/Company

Property	Extent	Value	Valuation Date	Method	Fair Value Hierarchy
Land					
Park Street, Colombo 02	2A-2R-14.87P	LKR 11Mn per perch	31.03.2017	Market value basis	Level 3
		LKR 8.5Mn per perch	31.03.2016		
Morgan Road, Colombo 02	1A-0R-36.37P	LKR 7.125Mn per perch	31.03.2017		
		LKR 6.75Mn per perch	31.03.2016		
Buildings					
Park Street, Colombo 02					
PARKLAND Building	195,620 Sq. Ft	LKR 250- 350 per Sq. Ft	31.03.2017	Income approach	Level 3
		LKR 225- 325 per Sq.Ft	31.03.2016		
READYWEAR Building	63,150 Sq. Ft	LKR 237.50 per Sq. Ft	31.03.2017		
		LKR 110-130 per Sq. Ft	31.03.2016		

Buildings -Work in Progress

Carrying value of the new building complex carried at cost and management believe that the cost approximate the fair value.

4.3 The significant assumptions used by the valuer are as follows:

		Sensitivity
Anticipated maintenance cost:	35% from Rental Income	increase will result in decrease in fair value gain
Yield/Discount rate :	5.5%-6%	increase will result in decrease in fair value gain

4.4 Fair value of the investment property is ascertained by independent valuations carried out by Mr. J. M. Senanayaka Bandara In determining the fair value the capitalisation of net income method have been used, which is based upon assumptions including future rental income, anticipated maintenance costs, appropriate discount rate and make reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are approximated within appropriate range of values.

4.5 Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

4.6 The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

5. INTANGIBLE ASSETS

Summary	Group				Company		
	Computer Software	Capital Work in progress/ Advance	Goodwill	Total	Computer Software	Capital Work in progress / Advance	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cost							
Balance as at 1 April 2016	7,063	-	4,005	11,067	3,341	-	3,341
Additions	3,187	9,358	-	12,545	1,961	9,358	11,319
Balance as at 31 March 2017	10,249	9,358	4,005	23,612	5,302	9,358	14,660
Amortisation/Impairment							
Balance as at 1 April 2016	3,029	-	-	3,029	41	-	41
Amortisation for the year	1,832	-	-	1,832	1,027	-	1,027
Balance as at 31 March 2017	4,861	-	-	4,861	1,068	-	1,068
Carrying Value as at 31 March 2017	**5,388**	**9,358**	**4,005**	**18,751**	**4,234**	**9,358**	**13,592**
Carrying Value as at 31 March 2016	4,034	-	4,005	8,038	3,300	-	3,300

5.1 The goodwill arose from the acquisition of subsidiary FoodBuzz (Pvt) Ltd. The recoverable amount of the Goodwill as at 31 March 2017, has been determined based on a 'value in use' calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increased demand for products and services. The pre-tax discount rate applied to cash flow projections is 20 % and the cash flows beyond the five-year period are extrapolated using a 3% growth rate which is the same as the long-term average growth rate.

6. INVESTMENT IN SUBSIDIARY

	Holding % 2017	At Cost 2017 LKR '000	Holding % 2016	At Cost 2016 LKR '000
6.1 Company				
Foodbuzz (Pvt) Ltd.	100%	277,013	100%	277,013
Total Investment in Subsidiary		277,013		277,013

7. INVENTORIES

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Raw Materials	12,891	9,028	-	-
Packing Materials	8,186	3,637	-	-
Others	23,351	958	-	-
Mosaic Tiles and Staron sheets	11,852	3,247	-	-
Consumable Stock	139	-	139	-
Maintenance stock	4,637	-	4,637	-
	61,056	16,870	4,776	-

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
8.1 Summary				
Trade Debtors (8.2)	8,166	26,124	6,475	23,978
Advances & Prepayments	96,471	82,535	24,654	18,147
Lease Rentals Receivable (8.3)	5,129	3,864	5,129	3,864
Deposits	17,824	8,588	17,824	14,798
Staff Loans	4,940	3,590	4,940	3,590
Other Receivables	8,788	10,934	2,895	-
	141,317	135,634	61,917	64,376

Notes to the Financial Statements (Contd.)

8.2 Trade Debtors

As at the reporting date all the trade debtor balances are within the credit period.

	Group		Company	
	2017 LKR' 000	2016 LKR' 000	2017 LKR' 000	2016 LKR' 000
8.3 Lease Rentals Receivables				
Current	5,129	3,864	5,129	3,864
Non- Current	24,775	-	26,312	-
	29,904	3,864	31,441	3,864

9. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
9.1 Favourable Balance				
Cash at Bank	104,271	42,271	103,412	27,534
Money Market Investments	-	19	-	-
Cash in Hand	5,397	305	323	305
	109,668	42,595	103,735	27,839
9.2 Unfavourable Balance				
Overdraft	(154,790)	(23,432)	-	-
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	(45,122)	19,163	103,735	27,839

10. EQUITY

10.1 Stated Capital

Group/Company	2017		2016	
	Number '000	LKR '000	Number '000	LKR '000
Balance as at 1 April	480,000	4,800,000	200,000	2,000,000
Issue of shares during the Year	-	-	280,000	2,800,000
Balance as at 31 March	480,000	4,800,000	480,000	4,800,000

10.2 Retained Earnings

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Retained Earnings as at the Beginning of the Year	4,956,531	16,328	4,967,111	16,328
Net profit for the year	1,138,878	4,950,263	1,174,763	4,960,843
Other Comprehensive Income for the Year	(161)	-	(884)	-
Share Issue Expenses- Stamp Duty	-	(10,060)	-	(10,060)
Retained Earnings as at the End of the Year	**6,095,248**	**4,956,531**	**6,140,990**	**4,967,111**

11. INTEREST BEARING LOANS & BORROWINGS

	2017			2016		
	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000
11.1 Group						
Bank Loans (11.2.1)	161,082	749,920	911,002	185,040	874,960	1,060,000
Bank Overdrafts (9.2)	154,790	-	154,790	23,432	-	23,432
	315,872	**749,920**	**1,065,792**	**208,472**	**874,960**	**1,083,432**

	2017			2016		
	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000
11.2 Company						
Bank Loans (11.2.1)	161,082	749,920	911,002	185,040	874,960	1,060,000
	161,082	**749,920**	**911,002**	**185,040**	**874,960**	**1,060,000**

11.2.1 Bank Loans

Group/Company	Balance As At 01.04.2016 LKR '000	Repayment LKR '000	Balance As At 31.03.2017 LKR '000
Commercial Bank - Facility I	1,000,000	(125,040)	874,960
Commercial Bank - Facility II	60,000	(23,958)	36,042
	1,060,000	(148,998)	911,002

Notes to the Financial Statements (Contd.)

11.2.2 Details of Bank Loans

Group/Company					
Bank	Facility Amount LKR' 000	Repayment Terms		Interest	Security
Commercial Bank- Facility I	1,000,000	Commencing From April 2016	In 95 equal monthly instalments after one year grace period"	Variable (AWPLR + margin)	Property Situated at No 33, Park Street Colombo 02.
Commercial Bank - Facility II	500,000	Commencing From September 2016. LKR 400,000 thousands has been early settled.			
Commercial Bank - Facility III	800,000	Unutilised as at 31.03.2017			

12. RETIREMENT BENEFIT LIABILITY

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Retirement Benefits Obligation - Gratuity				
As at 1 April	3,451	3,810	811	-
Acquisition through subsidiary	-	(358)	-	-
Current service cost	1,824	-	895	811
Interest cost	81	-	81	-
Actuarial (Gain)/Losses	(120)	-	884	-
As at 31 March	**5,236**	**3,451**	**2,671**	**811**

12.1 An actuarial valuation was carried out by the professionally qualified actuary Mr. M. Poopalanathan of Actuarial & Management Consultants (Private) Limited for the year ended 31 March 2017 based on following key Assumptions;

	Company		Subsidiary
	2017	2016	2017
Discount rate assumed	12.5%	10%	11%
Future salary increase	10.0%	7.5%	9%
Staff turnover factor	10.0%	10%	32%

Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employee benefits liability measurement.

The sensitivity of the Statement of Comprehensive Income and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Increase/(Decrease) in Discount Rate	Increase/(Decrease) in Salary Escalation Rate	Company 2017 Effect on changes to Statement of Profit and loss and Statement of Comprehensive Income	Company 2017 Effect on Employee Benefit Obligation	Subsidiary 2017 Effect on changes to Statement of Profit and loss and Statement of Comprehensive Income	Subsidiary 2017 Effect on Employee Benefit Obligation
		LKR '000	LKR '000	LKR '000	LKR '000
1%	-	(213)	(213)	(72)	(72)
-1%	-	245	245	76	76
-	1%	254	254	85	85
-	-1%	(225)	(225)	(81)	(81)

The figures in brackets indicate a decrease and the other figures indicate an increase.

13. TRADE AND OTHER PAYABLES

Summary	Group 2017 LKR '000	Group 2016 LKR '000	Company 2017 LKR '000	Company 2016 LKR '000
Trade Payable	12,056	7,164	-	-
Retention Payable	79,071	78,909	79,071	78,909
Rent Received in Advance (13.1)	117,649	116,508	121,989	116,508
Other Payable	89,875	167,059	77,277	158,235
VAT payable	-	3,805	-	3,805
NBT Payable	939	725	939	725
	299,590	**374,170**	**279,276**	**358,182**

13.1 Rent Received in Advance

	Group 2017 LKR '000	Group 2016 LKR '000	Company 2017 LKR '000	Company 2016 LKR '000
Current	117,649	116,508	121,989	116,508
Non-current	16,332	-	17,093	-
	133,981	**116,508**	**139,082**	**116,508**

14. RENTAL AND CUSTOMER DEPOSITS

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Rental Deposits (14.1)	96,181	63,340	98,412	63,340
Rent received in advance	27,095	16,419	30,496	16,419
	123,275	**79,759**	**128,907**	**79,759**

14.1 Rental Deposits

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
	123,275	79,759	128,907	79,759
Less : Fair Value Adjustment	(27,095)	(16,419)	(30,496)	(16,419)
Adjusted Rent Deposit Balance	**96,181**	**63,340**	**98,412**	**63,340**
Classified under:				
Current Liabilities -Rental Deposit	-	18,598	-	18,598
Non Current Liabilities -Rental Deposit	96,181	44,742	98,412	44,742
-Rent received in advance	27,095	16,419	30,496	16,419
	123,275	61,161	128,907	61,161
	123,275	**79,759**	**128,907**	**79,759**

15. INCOME TAX

The major components of income tax expense for the years ended 31 March are as follows :

Income Statement	Group		Company	
Current Income Tax	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Current Income Tax Charge (15.1)	5,220	1,493	5,053	1,284
Deferred Income Tax				
Deferred Taxation Charge (15.2)	(382)	(2,631)	-	-
Income Tax Expense / (Income) reported in the Statement of Profit or Loss	**4,839**	**(1,138)**	**5,053**	**1,284**

15.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Accounting Profit Before Tax	1,143,717	4,949,125	1,179,816	4,962,127
Aggregate Allowed and Exempted Items	(1,125,072)	(4,943,793)	(1,161,771)	(4,957,542)
	18,645	5,332	18,045	4,585
Other Income taxable at 28%	18,645	5,332	18,045	4,585
Current Income Tax Expense 28% (2016 - 28%)	5,220	1,493	5,053	1,284
Taxable Losses Carried Forward	**270,519**	**223,834**	-	-

Company is not liable to pay income tax on profit on trade and business. (Refer Note No. 2.2.2)

15.2 Deferred Tax Assets, Liabilities and Income Tax relates to the followings:

Group	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000	2017 LKR '000
Deferred Tax Liability					
Capital Allowances for Tax Purposes	(418)	(297)	(122)	(2,958)	-
	(418)	(297)			
Deferred Tax Assets					
Defined Benefit Plans	(718)	(739)	(260)	328	281
	(718)	(739)			
Deferred Income Tax (Income)/Expense		-	(382)	(2,631)	281
Net Deferred Tax (Asset) / Liability	(1,136)	(1,036)			

Notes to the Financial Statements (Contd.)

16. REVENUE

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Rental Income from Investment Property	559,966	123,285	574,042	125,418
Other Related Services	33,037	-	35,247	-
Sale of Food (16.1)	367,371	145,892	-	-
	960,374	**269,178**	**609,289**	**125,418**

16.1 Sale of food

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Net Sales	386,926	153,983	-	-
Less: Royalty	(19,555)	(8,091)	-	-
	367,371	**145,892**	**-**	**-**

17. OTHER INCOME AND GAINS

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Sundry Income	7,988	1,221	7,439	1,221
	7,988	**1,221**	**7,439**	**1,221**

18. FINANCE COST AND INCOME

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
18.1 Finance Cost				
Overdraft Interest	2,080	1,144	-	1,138
Bank Loan Interest	113,941	-	113,941	-
Finance Charges on Rent Deposit	7,930	-	8,177	-
Lease and Late Interest Charges	4,059	87	-	-
	128,009	**1,231**	**122,118**	**1,138**
18.2 Finance Income				
Interest on Repo/ Fixed Deposits	3,013	4,849	2,847	4,585
	3,013	**4,849**	**2,847**	**4,585**

19. PROFIT BEFORE TAX

Profit Before Tax is Stated after Charging /(Crediting) all Expenses Including The Followings:

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Included in Direct Expenses				
Depreciation	62,817	29,617	30,692	7,338
Included in Administrative Expenses				
Employees Benefits including the following				
- Defined Benefit Plan Costs - Gratuity	1,905	(358)	976	811
- Defined Contribution Plan Costs - EPF & ETF	14,481	4,922	6,467	1,583
Auditor's Fees and Expenses	681	653	497	475
Included in Marketing and Promotional Expenses				
Advertising Costs	2,364	2,947	1,070	2,462

20. SEGMENTAL INFORMATION

The Group mainly comprises two business segments of Property Leasing and other related Services Carriedout by R I L Property PLC (Company) while Foodbuzz (Pvt) Ltd., (Subsidiary) is engaged in food processing and providing other related services.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

20.1 Segment Results

	2017				2016			
	Rental and Other Related Services (Property Leasing) LKR '000	Food Processing and Other Related Services LKR '000	Inter/Intra Segment Eliminations LKR '000	Consolidated LKR '000	Rental and Other Related Services (Property Leasing) LKR '000	Food Processing and Other Related Services LKR '000	Inter/Intra Segment Eliminations LKR '000	Consolidated LKR '000
Revenue	609,289	367,371	(16,286)	960,374	125,418	145,892	(2,133)	269,178
Inter-segment revenue	(16,286)	-	-	-	(2,133)	-	-	-
Revenue from external customers	593,003	367,371	-	960,374	123,285	145,892	-	269,178
Gross Profit/ (Loss)	-	-	-	-	113,387	77,160	(2,133)	188,415
Fair Value Gain on Investment Property	859,090	-	-	859,090	4,903,788	-	-	4,903,788
Finance Cost	122,118	6,139	(247)	128,009	1,138	93	-	1,231
Finance Income	2,847	165	-	3,013	4,585	264	-	4,849
Depreciation and Amortisation	31,719	32,930	-	64,649	7,379	19,782	-	27,161
Employee Benefit -Gratuity	976	928	-	1,905	811	(1,170)	-	(358)
Other Income	7,439	549	-	7,988	1,221	-	-	1,221
Net Profit/(Loss) Before Tax	1,179,816	(34,563)	(1,536)	1,143,717	4,962,127	(13,002)	-	4,949,125
Taxation	(5,053)	214	-	(4,839)	(1,284)	2,421	-	1,138
Net Profit/(Loss) After Tax	**1,174,763**	**(34,349)**	**(1,536)**	**1,138,878**	**4,960,843**	**(10,580)**	**-**	**4,950,263**

20.2 Segment Assets and Liabilities

	Rental and Other Related Services (Property Leasing) LKR '000	Food Processing and Other Related Services LKR '000	Consolidated LKR '000
2017			
Total Assets	12,165,070	402,674	12,567,744
Total Liabilities	1,341,315	171,404	1,512,720
2016			
Total Assets	11,114,037	308,630	11,422,667
Total Liabilities	1,498,938	42,197	1,541,136

20.3 Inter-segment trnsactions are carried out on arms length basis.

21. EARNINGS PER SHARE

21.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

21.2 The following reflects the income and share data used in the Basic Earnings Per Share computation.

	Group		Company	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Amount Used as the Numerator:				
Profit for the Year	1,138,878	4,950,263	1,174,763	4,960,843
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	1,138,878	4,950,263	1,174,763	4,960,843
	2017 Number '000	2016 Number '000	2017 Number '000	2016 Number '000
Number of Ordinary Shares Used as Denominator:				
Weighted Average Number of Ordinary Shares in Issue Applicable for Basic Earnings Per Share	480,000	385,355	480,000	385,355

21.3 There were no potentially dilutive ordinary shares outstanding at any time during the year.

22. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

22.1 Transaction with the Subsidiary and Related Entities

	Subsidiary		Other Affiliate Companies*		Total	
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000
Nature of Transaction						
As at 1 April	-	-	-	(135,853)	-	(135,853)
Rent and other related Income/Expense	16,286	2,133	-	-	16,286	2,133
Deposits and Advances	(10,701)	-	-	-	(10,701)	-
Expenses incurred on behalf of other Companies	415	-	-	-	415	-
Services Obtained	-	-	895	-	895	-
Purchase of Property	-	-	-	2,209,480	-	2,209,480
Purchase of other Property, Plant and Equipment	-	-	6,295	28,929	6,295	28,929
Settlements made during the year	(16,000)	(2,133)	(7,190)	(2,102,556)	(23,190)	(2,104,689)
As at 31 March	**(10,000)**	**-**	**-**	**-**	**(10,000)**	**-**
Included under						
Trade and Other Receivables	701	-	-	-	701	-
Trade and Other Payables	(5,070)	-	-	-	(5,070)	-
Rental and Customer Deposits	(5,632)	-	-	-	(5,632)	-
	(10,001)	**-**	**-**	**-**	**(10,001)**	**-**

*Other Affiliate Companies include Readywear Industries (Pvt) Ltd, United Motors Lanka PLC and Unimo Enterprise (Pvt) Limited.

22.2 Transactions with Key Management Personnel of the Company

The Key Management Personnel of the Company are the members of its Board of Directors.

22.2.a Key Management Personnel Compensation

Company	2017 LKR '000	2016 LKR '000
Short Term Benefit	16,695	10,998
Post Employment Benefit	1,736	1,464
	18,431	**12,462**

22.2.b Other Transactions with Key Management Personnel

	2017 LKR '000	2016 LKR '000
Rent Income	-	3,957
Purchase of Shares Held in Subsidiary	-	277,013

22.2.c The transactions with related parties, carried out at contractual rates and outstanding balances are repayable on demand and bear no interest.

23. ASSETS PLEDGED

The assets pledged as at 31.03.2017 have been disclosed in Note 11.2.2 to these financial statements.

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Company raised LKR.960 Mn through an invitation to the general public to purchase 120 Mn new Ordinary Voting Shares at a Share Issue price of LKR 8/-. The Share Issue which opened on 04 April 2017 was oversubscribed on the same date. The Company listed on the Main Board of the Colombo Stock Exchange on 04 May 2017.

On 06 June 2017, the Board of Directors of the Company has declared a final dividend of LKR 0.10 per share for the financial year ended 31 March 2017.

25. COMMITMENTS AND CONTINGENCIES

The Company has given Corporate Guarantees amounting to LKR 200 Mn. as security for the loans obtained by subsidiary.
There are no other capital commitments or contingencies as at the end of the reporting period.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise interest bearing loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, cash and short-term deposits that arrive directly from its operations.

The Group is exposed to Market Risk, Credit Risk and Liquidity Risk.

The senior management of the Group oversees the management of these risks. The senior management of the Group determines on financial risks and the appropriate Financial Risk Governance Framework for the Group. The financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise following types of risk: interest rate risk, currency risk, equity price risk. Financial instruments affected by market risk include Trade and Other receivables, Loans and Borrowings, investment in Equity instruments classified as fair value through profit or loss and Debt instruments classified as Available for Sale Investments.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short term /long term debt with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of the long term and short term borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows;

Group/Company	Change in Basis Points	Impact on Profit LKR '000
2017	100 (1%)	(9,401)
2016	100 (1%)	(9,042)

As the borrowing cost related to 2016 was incurred on construction of investment property, the impact on the profit on increase/decrease in interest is realised through increase/decrease in fair value gain on investment property. The borrowing cost incurred in previous year is capitalised under work in progress and hence no impact to the profit resulted from variation of interest rate.

Credit Risk

Credit risk is the risk that a counter-party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from trade receivables) and from deposits with banks.

Trade Receivables

Customer credit risk is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Individual credit limits are defined in accordance with the prior experience with the customers. Outstanding customer receivables are regularly monitored. The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. Hence the Group evaluates the concentration of risk with respect to trade receivable as low.

The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivables and cash and cash equivalents are disclosed in Note 8 and 9 respectively.

Notes to the Financial Statements (Contd.)

Liquidity Risk

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	On Demand LKR '000	Less Than 3 Months LKR '000	3 to 12 Months LKR '000	1 to 5 Years LKR '000	More Than 5 Years LKR '000	Total LKR '000
Group						
2017						
Trade payables	-	12,056	-	-	-	12,056
Retention Payables	-	-	79,071	-	-	79,071
Other Payables	-	-	33,867	56,007	-	89,874
Rental and Customer Deposits	-	-	-	123,275	-	123,275
Interest Bearing Loans	-	58,570	149,528	692,121	315,201	1,215,419
Bank Overdrafts	154,790	-	-	-	-	154,790
	154,790	**70,626**	**262,466**	**871,403**	**315,201**	**1,674,485**
Company						
2017						
Retention Payable	-	-	79,071	-	-	79,071
Other Payables	-	-	21,299	56,007	-	77,306
Rental and Customer Deposits	-	-	-	128,907	-	128,907
Interest Bearing Loans	-	58,570	149,528	692,121	315,201	1,215,419
	-	**58,570**	**249,897**	**877,035**	**315,201**	**1,500,703**

	On demand LKR '000	Less than 3 months LKR '000	3 to 12 months LKR '000	1 to 5 years LKR '000	More than 5 Years LKR '000	Total LKR '000
Group						
2016						
Trade and Other Payables	-	174,950	-	-	-	174,950
Other Payables	-	-	78,909	-	-	78,909
Rental and Customer Deposits	-	-	18,598	61,161	-	79,759
Interest Bearing Loans	-	113,841	155,388	723,377	415,594	1,408,200
Bank Overdrafts	23,432	-	-	-	-	23,432
	23,432	**288,791**	**252,895**	**784,538**	**415,594**	**1,765,250**
Company						
2016						
Retention Payable	-	-	78,909	-	-	78,909
Other Payables	-	158,234	-	-	-	158,234
Rental and Customer Deposits	-	-	18,598	61,161	-	79,759
Interest Bearing Loans	-	113,841	155,388	723,377	415,594	1,408,200
	-	**272,075**	**252,895**	**784,538**	**415,594**	**1,646,194**

Capital Management

Capital includes equity attributable to the equity holders of the parent and interest bearing term loans. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of the changes in economic conditions.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2017.

27. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments of the Company/Group include Trade and other receivables, Cash and cash equivalents, Interest bearing loans and Borrowings, Trade and other payables and Rentals and customer deposits. The fair values of these financial instruments are determined at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values;

(a) Cash and short-term deposits, Trade receivables, Trade payables and other current liabilities are approximate their carrying amounts largely due to the short-term maturities of these instruments.
(b) Rentals and Customer deposits are fair valued by using the appropriate market interest rates.
(c) Long term variable-rate borrowings are approximate their carrying amounts largely due to the market based interest rates.

Hence the carrying amounts of Group's/Company's financial instruments are reasonable approximation of their fair values.

Shareholder Information

1. Compliance Report on the Contents of Annual Report in Terms of the Listing Rules of the Colombo Stock Exchange (CSE)

R I L Property PLC has complied with the requirements of the Section 7.6 of the Listing Rules of the CSE on the contents of the Annual Report and Accounts of a Listed Entity. The table below provides reference to the relevant sections of this Annual Report where specified information is found together with page references for the convenience of the readers.

Rule No.	Disclosure Requirement	Reference	Page(s)
7.6 (i)	Names of persons who during the financial year were directors of the Entity.	Directorate' on the Annual Report of the Board of Directors	16
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein.	Note 1.2 to the Financial Statements	27
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Item No. 2 of the Shareholder Information	60
7.6 (iv)	The Public Holding percentage.	Future Requirement	-
7.6 (v)	A statement of each director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year.	Annual Report of the Board of Directors	16
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	Item No. 3 of the Shareholder Information	60
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Item No. 4 of the Shareholder Information	60
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Note 3 and 4 to the Financial Statements	38, 41
7.6 (ix)	Number of shares representing the Entity's stated capital.	Note 10.1 to the Financial Statements	44
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in the following categories: No. of Holders Holdings Total Holdings % 1-1000 shares 1,001-10,000 shares 10,001-100,000 shares 100,001-1,000,000 shares Over 1,000,000 shares	Item No. 5 of the Shareholder Information	60
7.6 (xi)	Ratios and market price information: EQUITY 1. Dividend per share 2. Dividend pay out 3. Net asset value per share	Five Year Summary	61
7.6 (xii)	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value	Note 3 and 4 to the Financial Statements	38, 41

Rule No.	Disclosure Requirement	Reference	Page(s)
7.6 (xiii)	If during the year the Entity has raised funds either through a public issue, rights Issue, and private placement; a statement as to the manner in which the proceeds of such issue has been utilized. if any shares or debentures have been issued, the number, class and consideration received and the reason for the issue and any material change in the use of funds raised through an issue of Securities.	The Company did not issue any shares or debentures during the Year	-
7.6 (xiv)	Employee Share Option Schemes The following information shall be disclosed in the Annual Report of the Listed Entity in respect of each ESOS: - -The number of options granted to each category of employees during the financial year. - Total number of options vested but not exercised by each category of employees during the financial year. - Total number of options exercised by each category of employees and the total number of shares arising there during the financial year. -Options cancelled during the financial year and the reasons for such cancellation. -The exercise price. - A declaration by the directors of the Entity confirming that the Entity or any of its subsidiaries has not, directly or indirectly, provided funds for the ESOS.	The Company doesn't have an ESOS	-
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Rules.	* Corporate Governance Report * Profiles of Directors * Board Audit Committee Report * Board Nomination and Remuneration Committee Report * Related Party Transaction Review Committee Report	10 06 13 14 15
7.6 (xvi)	Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower. Details of investments in a Related Party and/or amounts due from a Related Party to be set out separately. The details shall include, as a minimum: i. The date of the transaction; ii. The name of the Related Party; iii. The relationship between the Entity and the Related Party; iv. The amount of the transaction and terms of the transaction; v. The rationale for entering into the transaction.	Note 22 to the Financial Statements	53

Shareholder Information (Contd.)

2. Largest Shareholders As At:

Name of the Shareholder		31.03.2017		31.03.2016	
		No. of Shares	%	No. of Shares	%
1	L E M Yaseen	148,800,000	31%	148,800,000	31%
2	M A Yaseen	96,000,000	20%	96,000,000	20%
3	S M Yaseen	62,400,000	13%	62,400,000	13%
4	R R Yaseen	48,000,000	10%	48,000,000	10%
5	S D Yaseen	48,000,000	10%	48,000,000	10%
6	R H Yaseen	48,000,000	10%	48,000,000	10%
7	M Andreno Yaseen	14,400,000	3%	14,400,000	3%
8	J A Yaseen	14,400,000	3%	14,400,000	3%
	Total Voting Shares	480,000,000	100%	480,000,000	100%

3. Information Pertaining to Material Foreseeable Risk Factors of the Entity

The Company does not foresee any material risks affecting its business in the foreseeable future.

4. Details of Material Issues Pertaining to Employee and Industrial Relations of the Entity

There were no material issues pertaining to employees and industrial relations of the Company during the year under review.

5. Ordinary Shareholders As At:

Shareholdings	31.03.2017		31.03.2016	
	No. of Shareholders	No. of Shares%	No. of Shareholders	No. of Shares %
1 - 1,000	-	-	-	-
1,001 - 10,000	-	-	-	-
10,001 - 100,000	-	-	-	-
100,001 - 1,000,000	-	-	-	-
Over 1,000,000	8	100%	8	100%
	8	100%	8	100%

Five Year Summary

	Group		Company		Group/Company		
	2017 LKR '000	2016 LKR '000	2017 LKR '000	2016 LKR '000	2015 LKR '000	2014 LKR '000	2013 LKR '000
Operating Results							
Revenue	960,374	269,178	609,289	125,418	-	-	-
EBIT	1,146,730	4,953,974	1,301,934	4,963,265	20,726	12,721	-
Finance Cost	(128,009)	(1,231)	(122,118)	(1,138)	-	(104)	-
Profit Before Tax	1,143,717	4,949,125	1,179,816	4,962,127	20,726	12,617	-
Income Tax Expense	(4,839)	1,138	(5,053)	(1,284)	(2,168)	(3,533)	-
Profit for the Year	1,138,878	4,950,263	1,174,763	4,960,843	18,558	9,084	-
Capital Employed							
Stated Capital	4,800,000	4,800,000	4,800,000	4,800,000	2,000,000	1,000,000	500,000
Revaluation Surplus	159,777	125,000	159,777	125,000	-	-	-
Retained Earnings	6,095,248	4,956,531	6,140,991	4,967,111	16,328	9,084	-
Assets Employed							
Property Plant and Equipment (PPE)	625,136	543,491	368,834	343,522	17,387	17,732	-
Non Current Assets other than PPE	11,630,281	10,684,074	11,902,536	10,955,313	2,509,298	810,942	39,030
Current Assets	312,044	195,099	103,735	92,215	184,334	752,477	460,970
Current Liabilities	617,673	601,561	442,439	562,006	694,691	5,194	-
Cash Flow							
Net Cash flow from Operating Activities	255,458	304,124	306,122	319,913	317,785	124,634	-
Net Cash flow from / (used in) Investing Activities	(170,746)	(3,738,472)	(81,228)	(3,746,155)	(1,678,529)	(779,183)	-
Net Cash flow from / (used in) Financing Activities	(148,998)	3,449,940	(148,998)	3,449,940	895,000	1,000,000	-
Net Increase / (decrease) in cash and Cash Equivalents	(64,285)	15,024	75,896	23,698	(465,744)	345,450	-
Key Indicators							
Basic Earnings per Share	2.4	12.9	2.4	12.9	0.1	0.1	-
Net Assets per Share	23.0	20.6	23.1	20.6	10.1	10.1	10.0
ROE Including Fair Value gain on Investment Property	10.3%	50.1%	10.6%	50.1%	0.9%	0.9%	0.0%
ROE Excluding Fair Value gain on Investment Property	2.5%	0.5%	2.8%	0.6%	0.9%	0.9%	0.0%
Debt/Equity Ratio (%)	9.6%	11.0%	6.8%	10.7%	19.8%	49.5%	0%
Dividend per Share	-	-	-	-	-	-	-
Dividend pay Out	-	-	-	-	-	-	-

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighth (8th) Annual General Meeting of R I L Property PLC will be held on Friday, 7th July 2017, at Level 20, *PARKLAND*, 33, Park Street, Colombo 2 at 9.30 a.m., for the following purposes;

1 To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiary and the Statement of Accounts for the year ended 31st March 2017 with the Report of the Auditors thereon.
2. To pass the ordinary resolution set out below to re-appoint Ms. L.E.M. Yaseen, who is 75 years of age, as a Director of the Company.

"IT IS HEREBY RESOLVED that Ms. L.E.M. Yaseen who has attained the age of 75 years be and is hereby re-elected a Director of the Company and it is hereby declared that the age limit of 70 years stipulated in Section 210 of the Companies Act, No.7 of 2007 shall not apply to the said Director."

3. To pass the ordinary resolution set out below to re-appoint Mr. A.D.E.I. Perera, who is 72 years of age, as a Director of the Company.

"IT IS HEREBY RESOLVED that Mr. A.D.E.I. Perera who has attained the age of 72 years be and is hereby re-elected a Director of the Company and it is hereby declared that the age limit of 70 years stipulated in Section 210 of the Companies Act, No.7 of 2007 shall not apply to the said Director.".

4. To re-elect Mr. S. G. Wijesinha who retires by rotation pursuant to the provisions of Article 83 of the Articles of Association of the Company, as a Director.
5. To re-appoint Messrs. Ernst & Young, Chartered Accountants, as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
6. To authorise the Board of Directors to determine donations for the year ending 31st March 2018 and up to the date of the next Annual General Meeting.

By order of the Board
R I L PROPERTY PLC

P W Corporate Secretarial (Pvt) Ltd
Director / Secretaries

At Colombo
06 June 2017

Notes
1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. The completed Form of Proxy must be deposited at the Office of the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, situated at No.3/17, Kynsey Road, Colombo 08, not less than forty eight (48) hours before the appointed hour of the meeting.

Proxy Form

I/We .... of

..../ being a member/members of R I L Property PLC, hereby appoint

.... of ....

whom failing

1) Sunil Gamini Wijesinha	of Colombo or failing him
2) Lorraine Estelle Marlene Yaseen	of Colombo or failing her
3) Ladduwa Kovisge Anne Hiroshini Fernando	of Colombo or failing her
4) Loku Walpolage Dhammika Abeyrathne	of Colombo or failing him
5) Atulugamage Damian Eardley Ignatius Perera	of Colombo or failing him
6) Richard Annesley Ebell	of Colombo or failing him
7) Chiranga Gimhani Ranasinghe	of Colombo or failing her

as my/our proxy to represent me/us and* .... to vote on my/ our behalf at the Eighth Annual General Meeting of the Company to be held on Friday, 7th July 2017, at Level 20, *PARKLAND*, 33, Park Street, Colombo 2 and at any adjournment thereof and at every poll which may be taken in consequence of the above said meeting. I/We the undersigned hereby authorise my/our Proxy to vote on my/our behalf in accordance with the preference indicated below:-

	For	Against
1. To receive and consider the Annual Report of the Board of Directors, on the affairs of the Company and its subsidiary and the Statement of Accounts for the year ended 31st March 2017 with the Report of the Auditors thereon.		
2. (i) To pass the ordinary resolution set out below to re-appoint Ms. L.E.M. Yaseen, who is 75 years of age, as a Director of the Company.		

"IT IS HEREBY RESOLVED that Ms. L.E.M. Yaseen who has attained the age of 75 years be and is hereby re-elected a Director of the Company and it is hereby declared that the age limit of 70 years stipulated in Section 210 of the Companies Act, No.7 of 2007 shall not apply to the said Director."

	For	Against
(ii) To pass the ordinary resolution set out below to re-appoint Mr. A.D.E.I. Perera, who is 72 years of age, as a Director of the Company.		

"IT IS HEREBY RESOLVED that Mr. A.D.E.I. Perera who has attained the age of 72 years be and is hereby re-elected a Director of the Company and it is hereby declared that the age limit of 70 years stipulated in Section 210 of the Companies Act, No.7 of 2007 shall not apply to the said Director."

	For	Against
3. To re-elect Mr. S. G. Wijesinha who retires by rotation pursuant to the provisions of Article 83 of the Articles of Association of the Company, as a Director.		
4. To re-appoint Messrs. Ernst & Young, Chartered Accountants, as the Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.		
5. To authorise the Board of Directors to determine donations for the year ending 31st March 2018 and up to the date of the next Annual General Meeting.		

Signed on this .... day of .... Two Thousand and Seventeen

....
Signature/s

*If you wish your Proxy to speak at the meeting you should insert the words "to speak and" in the place indicated and initial such insertion.

Notes:

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

Instructions as to completion appear overleaf

Proxy Form (Contd.)

Instructions as to completion

1. Kindly perfect the form of proxy, after filling in legibly your full name and address, and sign in the space provided. Please fill in the date of signature.

2. If you wish to appoint any person other than Directors as your proxy, please insert the relevant details in the space provided overleaf.

3. In terms of Article 67 of the Articles of Association of the Company.

(i) in the case of an individual shall be signed by the Appointer or his Attorney; and

(ii) in the case of a company or a corporate body shall be either under its common seal or signed by its Attorney or by an Officer authorised to do so on behalf of such entity.

4. In terms of Article 62 of the Articles of Association of the Company in the case of joint-holders of a share the senior who tenders the vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

5. To be valid the completed form of proxy must be deposited at the at the Office of the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, situated at No.3/17, Kynsey Road, Colombo 08 not less than forty eight (48) hours before the appointed hour of the meeting.

Corporate Information

Name of the Company

R I L Property PLC (Formerly Known as R I L Property Limited)

Legal Form

A Company incorporated in Sri Lanka on July 15, 2009 as a Private Limited Liability Company under the Companies Act No.07 of 2007 and registered with the Board of Investments of Sri Lanka ('BOI') under Section 17 of the BOI Act No. 4 of 1978. Subsequently converted to a Public Limited Liability Company on September 13, 2016 under the companies Act No 07 of 2007 and Ordinary shares were listed in the Colombo Stock Exchange on 04 May 2017.

Company Registration Number

PV / PB 68365 PQ

Registered Office

No 33, Park Street
Colombo 02

Board of Directors

Mr S G Wijesinha
Ms L E M Yaseen
Ms L K A H Fernando
Mr L W D Abeyarathne
Mr A D E I Perera
Mr R A Ebell
Ms C G Ranasinghe

Audit Committee

Mr. R A Ebell – Chairman
Mr. S G Wijesinha – Member
Ms. C G Ranasinghe – Member

Nomination and Remuneration Committee

Mr. S G Wijesinha – Chairman
Mr. A D E I Perera – Member
Ms. C G Ranasinghe – Member

Related Party Transaction Review Committee

Ms. Chiranga Ranasinghe – Chairman
Mr. Sunil G Wijesinha – Member
Mr. Richard Ebell – Member
Ms. Lorraine Estelle Marlene Yaseen - Member

Auditors

M/s Ernst & Young
Chartered Accountants
No 201, De Saram Place, Colombo 10
Tel : +94 11 233 2850-1

Secretaries and Registrars

P W Corporates Secretarial (Pvt) Ltd
No.3/17, Kynsey Road, Colombo 08.
Tel : +94 11 464 0360-3

Bankers

Commercial Bank of Ceylon PLC
"Commercial House", No21, Sir Razik Fareed Mw, Colombo 01
Tel : +94 11 471 8248

Subsidiary

Foodbuzz (Private) Limited

Website

www.rilproperty.lk

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Ventures by R I L Property PLC