

# Colombo Fort Investments PLC

Annual Report  
2019/20

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# Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty Sixth Annual General Meeting of Colombo Fort Investments PLC will be held at the Grand Oriental Hotel, No.2, York Street, Colombo 1 on Monday, 31st August, 2020 at 10.00 a.m. for the following purposes;

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March, 2020 together with the Report of the Auditors thereon.
2. To re-elect Mr.S.D.R.Arudpragasam, who retires by rotation in terms of Articles 84 and 85 of the Articles of Association as a Director.
3. To reappoint Mr.A.M.de S.Jayarathne, who is over seventy years of age as a Director.

A Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out in the notes in relation to his reappointment (see Note v on page 2).

4. To reappoint Dr.J.M.Swaminathan who is over seventy years of age as a Director.

A Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out in the notes in relation to his reappointment (see Note vi on page 2).

5. To reappoint Mr.A.Rajaratnam who is over seventy years of age as a Director.

A Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out in the notes in relation to his reappointment (see Note vii on page 2).

6. To reappoint Messrs. V.S. & Associates, Chartered Accountants as Auditors and to authorise the Directors to determine their fees.

By Order of the Board,

**Corporate Managers & Secretaries (Private)  
Limited**  
Secretaries

Colombo  
27th July, 2020

Note:

The aforesaid Annual General Meeting will convene on the assumption that no curfew will be in force by such date and that no restrictions will be imposed by the Authorities on conduct of meeting.

## Notice of Meeting

### Notes:

- i. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote in his/her stead.
- ii. The Form of Proxy is attached hereto.
- iii. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty eight hours before the time appointed for the holding of the Meeting.
- iv. Given that the health and well-being of our Members is paramount to us, Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the Meeting and submit the same to the Company in accordance with the instructions given on the reverse of the Form of Proxy.
- v. A Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.

Resolved -

"That Mr.A.M.de S.Jayaratne who is eighty years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Director, Mr.A.M.deS.Jayaratne."

- vi. A Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.

Resolved -

"That Dr.J.M.Swaminathan who is seventy nine years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Director, Dr.J.M.Swaminathan."

- vii. A Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.

Resolved -

"That Mr.A.Rajaratnam who is seventy nine years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Director, Mr.A.Rajaratnam."

### viii. **Health and Safety**

The Meeting will be held in compliance with the Health and Safety guidelines issued by the Ministry of Health and indigenous Medical Services (Ministry of Health) and standards imposed by the venue to ensure the safety and well-being of all Meeting attendees. Please note that in compliance with such guidelines and standards:

## Notice of Meeting

- a. All attendees will have to undergo a temperature check and sign a declaration form.
- b. Persons who record temperatures in excess of norms prescribed by the Ministry of Health will not be permitted into the Meeting.
- c. Persons with respiratory infections of any type including cough, cold, sore throat or exhibiting any other similar symptoms will not be permitted into the Meeting.
- d. Physical contact such as shaking hands will not be permitted and attendees will not be permitted to linger or remain after the conclusion of the Meeting.
- e. Any person not adhering to the health and safety guidelines and standards, including wearing a mask and maintaining the minimum social distance required, will be requested to leave the Meeting.
- f. Food and beverage offerings are not guaranteed and may be limited in keeping with health and safety standards and regulations.
- g. As social distancing measures will be implemented, once the hall capacity is reached as per the relevant Government guidelines, Members may not be permitted to enter.
- h. A maximum total of Forty shareholders will be accommodated at the Meeting venue. The number of shareholders at the Meeting venue has been limited as aforesaid to maintain 'Social distancing' requirements in order to mitigate the risk factor associated with the spread of the Covid - 19 Virus.
- i. The selection of the shareholders eligible to participate physically will be made on a 'First come First served' basis.
- j. In the event the Company is required to take any further action in relation to the meeting in the best interests of the meeting attendees due to COVID - 19 Pandemic, and / or any communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of an announcement to the Colombo Stock Exchange.

# Chairman's Review

On behalf of the Board of Directors it gives me great pleasure to welcome you to the Company's Thirty Sixth Annual General Meeting and present you the Annual Report and Audited Financial Statements of the Company for the year ended 31st March, 2020.

The year under review has been one of the most challenging years for the Company in recent times as the country's economy faced multiple challenges during the period under review. The Easter Sunday attacks in April 2019 exacerbated the spillover effects across the economy which disrupted the country's economic growth declining to 2.3% in 2019 from 3.3% the previous year. Similarly, outbreak of the global pandemic, unprecedented currency devaluation, fall in price indices and market capitalisation of the Colombo Stock Exchange further impaired the economic growth dampening the business confidence of the corporate community.

The Colombo Stock market has been on an overall downward trend during 2019 although a modest improvement was reflected during the second quarter of 2019 due to presidential elections. The All Share Price Index ended the year at 4,571.63 (31.03.2019 - 5,557.24), decreasing by 18% in comparison with the previous year. On the positive side, interest rates declined during the year as monetary policy focused on stimulating economic growth while the headline and core inflation moved broadly in the desired range of 4%-6% during 2019, mainly due to subdued demand conditions coupled with anchored inflation expectations.

Although the country started recovering towards the end of 2019, the COVID-19 pandemic and the measures that were rapidly implemented worsened the economic impact that has yet to be determined.

As a result of the above mentioned macro-economic challenges, the Company achieved a turnover of Rs. 12.51 million, a drop of 44% compared to Rs. 22.24 million achieved during the previous financial year. This is mainly attributable to the drop in dividend income during the period under review. The profit prior to the fair value adjustment on Financial Assets was Rs. 10.03 Million compared to Rs. 19.11 Million in the previous year.

The Net Asset Value of your Company as at the end of the financial year was Rs. 88.82 per share as against Rs. 132.44 per share in the previous year. The fair value of quoted investments as at 31st March, 2020 and 31st March, 2019 were Rs. 0.63 Billion and Rs. 0.89 Billion respectively.

On behalf of the Board, I would like to thank our valued shareholders for their continued trust and confidence in the Company. I also extend my sincere thanks to the Board of Directors for their unstinted support, advice and guidance.

**A.Rajaratnam**

Chairman  
27th July, 2020

# Board of Directors

**A.Rajaratnam** - Chairman  
FCA

Mr.A.Rajaratnam was appointed to the Board of Colombo Fort Investments PLC in 1995 and was appointed Chairman on 12th August, 2011.

**S.D.R.Arudpragasam** - Deputy Chairman  
FCMA (UK)

Mr.S.D.R.Arudpragasam is a Fellow Member of the Chartered Institute of Management Accountants (UK). He was appointed to the Board as Deputy Chairman in August 2011. He holds the position of Deputy Chairman of The Colombo Fort Land & Building PLC, Chairman of Lankem Ceylon PLC and Chairman/ Managing Director of E.B.Creasy & Company PLC in addition to serving on the Boards of other companies within the CFLB Group.

**S.Shanmugalingam** - Director

Mr.S.Shanmugalingam was appointed to the Board in 2004. He has over 21 years experience in ShareTrading and the Capital Market and has worked for many years as a Senior Stockbroker. He currently functions as an Adviser. He holds a Higher Diploma in Information Technology.

**A.M.de S.Jayaratne** - Director  
B.Sc. (Econ.), FCA

Mr.A.M.de S.Jayaratne was appointed to the Board in 2005. He has graduated in Economics and is a Chartered Accountant by profession. He was the former Chairman of Forbes & Walker Ltd., Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission. He also served as Sri Lanka's High Commissioner in Singapore. He is a Director of several public listed companies.

**S.Rajaratnam** - Director  
B.Sc., CA

Mr.S.Rajaratnam was appointed to the Board in 2008. He holds a Bachelor of Science Degree in Business Administration from Boston College, USA and is a Member of the Institute of Chartered Accountants in Australia. He has been associated with overseas companies in the field of finance and currently holds the position of Joint Managing Director of E.B. Creasy & Company PLC amongst other Directorships.

**Dr.J.M.Swaminathan** - Director  
*Attorney-at-Law, LLB (Ceylon), LL.M.Phil. (Colombo) and LLD (Honoris Causa)*

Dr.J.M.Swaminathan is an Attorney-at-Law with over 55 years in practice. He was the former Senior Partner of Messrs. Julius & Creasy. He is a Member of the Office for Reparations Sri Lanka. He has served as a Member of the Law Commission of Sri Lanka and Member of the Council of Legal Education and the Council of the University of Colombo. He is also a Member of the Company Law Advisory Commission and The Intellectual Property Law Advisory Commission. He is the Chairman of the Studies of the Council of Legal Education and also a Consultant at the Institute of Advanced Legal Studies of the Council of Legal Education. He is a Member of the Visiting Faculty of the LL.M Course of the University of Colombo. He also serves on the Boards of several public and private companies.

**Anushman Rajaratnam** - Alternate Director to Mr.A.Rajaratnam  
*(B.Sc. (Hons.), CPA, MBA)*

Mr.Anushman Rajaratnam was appointed as an Alternate Director to Mr.A.Rajaratnam on 18th August, 2011. In addition he is the Group Managing Director of The Colombo Fort Land & Building PLC whilst serving on the Boards of several subsidiaries of the CFLB Group.

# Corporate Governance

Colombo Fort Investments PLC is committed to a policy of maintaining the highest standard of accountability in all its business and other activities.

The Company firmly believes that good governance adopted and implemented will strengthen the confidence and trust of all stakeholders.

## Board Composition

The Board of Colombo Fort Investments PLC comprises of Six Non-Executive Directors, of whom two are Independent.

These Directors are named below and their profiles appear on page 5.

Mr.A.Rajaratnam	- Chairman Non-Executive
(Alternate Mr.Anushman Rajaratnam)	- Non-Executive
Mr.S.D.R.Arudpragasam	- Deputy Chairman Non-Executive
Mr.S.Shanmugalingam	- Non-Executive
Mr.A.M.de S. Jayaratne	- Independent Non-Executive
Mr.S.Rajaratnam	- Non-Executive
Dr J.M.Swaminathan	- Independent Non-Executive

These Directors have submitted declarations of their Independence or Non-Independence to the Board of Directors.

Mr.A.M.de S.Jayaratne and Dr.J.M.Swaminathan are on Boards of other listed companies, in which a majority of the Directors of the Company are Directors and also serve on the

Boards of other listed entities which have significant shareholdings in the Company. Mr.A.M.de S.Jayaratne and Dr. J.M.Swaminathan have served for over a period of nine years on the Board of the Company. However, the Directors having taken into consideration all other circumstances listed in the Colombo Stock Exchange Listing Rules pertaining to the "Criteria for Defining Independence" is, of the opinion that Mr. A.M.de S.Jayaratne and Dr.J.M.Swaminathan to be nevertheless Independent.

## Decision Making of the Board

During the year under review the Board has met on four occasions. In addition to Board Meetings, matters are referred to the Board and decided by Resolutions in writing.

## Appointment and Re-election of Directors

The Board as a whole decides on the appointment of Directors in accordance with the Articles of Association of the Company and in compliance with the Rules on Governance.

In terms of the Articles of Association a Director appointed by the Board holds office until the next Annual General Meeting, at which he seeks re-election by the shareholders. The Articles require that one of the Directors in office to retire at each Annual General Meeting. The Director to retire, is he who has been longest in office since his last election. A retiring Director is eligible for re-election.



## Corporate Governance

### Financial Acumen

The Directors are from varied business and professional backgrounds and have vast experience and proven ability in the field of investment, management and trading in securities. Their expertise enables them to exercise independent judgement and their views carry substantial weight in decision making. The Board includes four finance professionals who possess the necessary knowledge to offer guidance on matters of finance.

If necessary, professional advice is obtained from external independent parties.

The Board is responsible for the proper management of the Company along with monitoring an effective system of internal control covering the financial matters.

### Remuneration Committee

The Company has no employees and consequently the appointment of a Remuneration Committee does not arise.

### Audit Committee

The Audit Committee consists of Mr.A.M.de S. Jayaratne - Chairman (Independent / Non-Executive Director), Dr.J.M.Swaminathan (Independent / Non-Executive Director) and Mr.S.Rajaratnam (Non-Executive Director).

### Related Party Transactions Review Committee

The Committee comprises of Mr.A.M.de S. Jayaratne - Chairman (Independent / Non-Executive Director), Dr.J.M.Swaminathan (Independent / Non-Executive Director) and Mr.S.Rajaratnam (Non-Executive Director).

### Managers & Secretaries

The Directors may seek advice from Corporate Managers & Secretaries (Private) Limited, (CMSL) who are qualified to act as Secretaries as per the provisions of the Companies Act No. 07 of 2007. The Company does not employ any staff and all accounting services are provided by CMSL. Proper internal control procedures are adopted within CMSL.

### Annual General Meeting / General Meetings

The Board considers the Annual General Meeting / General Meetings an opportunity to communicate with shareholders and encourage their participation.

### Compliance with Legal Requirements

The Board strives to ensure that the Company complies with the Laws and Regulations of the country.

### Corporate Social Responsibility

Corporate decisions are made with due consideration taking into account the rights and claims of all Non-shareholder Groups.

## Corporate Governance

### ADHERENCE TO THE CORPORATE GOVERNANCE RULES OF THE COLOMBO STOCK EXCHANGE

Rule	Adherence
<b>7.10.1 Non-Executive Directors</b>	
(a) The Board of Directors of a listed Company shall include at least - * two Non-Executive Directors or * such number of Non - Executive Directors equivalent to one third of the total number of Directors whichever is higher.	Complied (The Board of Directors consist of six Directors and all are Non-Executive Directors)
(b) The total number of Directors is to be calculated based on the number as at the conclusion of the immediately preceding Annual General Meeting.	Not Applicable (The Board consist of only Non- Executive Directors)
(c) Any change occurring to this ratio shall be rectified within 90 days from the date of the change.	Not Applicable
<b>7.10.2 Independent Directors</b>	
(a) Where the constitution of the Board of Directors includes only two Non-Executive Directors in terms of Rule 7.10.1 (a) above, both such Non-Executive Directors shall be 'independent'. In all other instances two or 1/3 of Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be 'Independent'.	Complied (Two Non-Executive Directors are Independent)
(b) The Board shall require each Non-Executive Director to submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria.	Complied
<b>7.10.3 Disclosures Relating to Directors</b>	
(a) The Board shall make a determination annually as to the independence or non-independence of each Non-Executive Director based on such declaration and other information available to the Board and shall set out in the Annual Report, the names of Directors determined to be 'Independent'.	Complied
(b) In the event a Director does not qualify as 'independent' against any of the criteria set out in the listing rules but if the Board taking into account all the circumstances is of the opinion that the Director is nevertheless 'Independent', the Board shall specify the criteria not met and the basis for its determination in the Annual Report.	Complied
(c) In addition to disclosures relating to the Independence of a Director set out above, the Board shall publish in its Annual Report a brief resume of each Director on its Board which includes information on the nature of his/her expertise in relevant functional areas.	Complied
(d) Upon appointment of a new Director to the Board, the Company shall forthwith provide to the Exchange a brief resume of such Director for dissemination to the public. Such resume shall include information on the matters itemized in Rule 7.10.3 (a), (b) and (c) mentioned above.	Not Applicable (No appointments made during the year)

## Corporate Governance

Rule	Adherence
<b>7.10.5 Remuneration Committee</b>	
A listed Company shall have a Remuneration Committee in conformity with the following : (a) Composition (b) Functions (c) Disclosure in the Annual Report	Not Applicable (Refer the Corporate Governance Disclosure in the Annual Report)
<b>7.10.6 Audit Committee</b>	
A listed Company shall have an Audit Committee in conformity with the following :	Complied (Refer Audit Committee Report in the Annual Report)
<b>(a) Composition</b> The Audit Committee shall comprise a minimum of two Independent Non-Executive Directors (in instances where a company has only two Directors on its Board); or Non-Executive Directors a majority of whom shall be independent, whichever shall be higher.	Complied (Audit Committee comprises of three Non-Executive Directors of whom two are Independent)
* In a situation where both the Parent Company and the Subsidiary are 'Listed Companies', the Audit Committee of the Parent Company may function as the Audit Committee of the Subsidiary.	Not Applicable
* However, if the Parent Company is not a listed Company, then the Audit Committee of the Parent Company is not permitted to act as the Audit Committee of the Subsidiary. The Subsidiary should have a separate Audit Committee.	Not Applicable
* One Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors.	Complied
* Unless otherwise determined by the Audit Committee the Chief Executive Officer and the Chief Financial Officer of the Listed Company shall attend Audit Committee meetings.	Representatives of the Managers & Secretaries were in attendance on invitation.
* The Chairman or one Member of the Committee should be a member of a recognised professional accounting body.	Complied

## Corporate Governance

Rule	Adherence
<b>(b) Functions shall include -</b> * Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Company, in accordance with Sri Lanka Accounting Standards.	Complied
* Overseeing of the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements..	Complied
* Overseeing the processes to ensure that the Company's internal controls and risk management, are adequate, to meet the requirements of the Sri Lanka Auditing Standards.	Complied
* Assessment of the independence and performance of the Company's external auditors.	Complied
* To make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	Complied
<b>(c) Disclosure in the Annual Report</b> The names of the Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Audit Committee should be disclosed in the Annual Report.	Complied (Disclosure made in the Audit Committee Report)
* The Committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination in the Annual Report.	Complied
* The Annual Report shall contain a report by the Audit Committee, setting out the manner of compliance by the Company in relation to the above, during the period to which the Annual Report relates.	Complied
<b>9.1 Shareholder Approval</b>	
A Listed Entity shall obtain prior approval from the shareholders by way of a Special Resolution for the following Related Party Transactions :	
<b>9.1.1 Non-recurrent Transactions</b>	
<b>(a) Any Related Party Transaction of a value equal to, or more than:</b>	
<b>(i)</b> 1/3 of the Total Assets of the entity as per the latest Audited Financial Statements of the entity; or	Not Applicable
<b>(ii)</b> 1/3 of the Total Assets of the entity as per the latest Audited Financial Statements of the entity; when aggregated with other non-recurrent transactions entered into with the same Related Party during the same financial year.	Not Applicable

## Corporate Governance

Rule	Adherence
<b>9.1.2 Recurrent Transaction</b>	
<b>(a)</b> Any recurrent Related Party Transaction of a value equal to, or more than:	
<b>(i)</b> 1/3 of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the entity; or	Not Applicable
<b>(ii)</b> 1/3 of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the entity as per the latest Audited Financial Statements of the entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same financial year. and	Not Applicable
<b>(iii)</b> The transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favourable to the Related Party than those generally available to the public.	Not Applicable
<b>9.2 Related Party Transactions Review Committee</b>	
A listed Entity shall have a Related Party Transactions Review Committee (RPTRC) in conformity with the following:	
<b>9.2.1 Review of Transactions</b>	
Except for transactions set out in Rule 9.5, all other Related Party Transactions should be reviewed by the Related Party Transactions Review Committee.	Complied (Refer Related Party Transactions Review Committee Report in the Annual Report)
<b>9.2.2 Composition</b>	
The Committee shall comprise a combination of Non-Executive Directors and Independent Non-Executive Directors and may also include Executive Directors at the option of the Listed Entity.	Complied (RPTRC comprises of Three Non-Executive Directors of whom two are Independent)
One Independent Non-Executive Director shall be appointed as Chairman of the Committee.	Complied
<b>9.2.3 Related Party Transactions Review Committee of the Parent Company</b>	
In a situation where both the Parent Company and the Subsidiary are Listed Entities, the RPTRC of the Parent Company may be permitted to function as the RPTRC of the Subsidiary.	Not Applicable
However, if the Parent Company is not a Listed Entity, then the RPTRC of the parent company is not permitted to act as the RPTRC of the Subsidiary, the Subsidiary shall have a separate RPTRC.	Not Applicable

## Corporate Governance

Rule	Adherence
<b>9.2.4 Committee Meetings</b>	
The Committee shall meet at least once a calendar quarter.	The Committee has met on 4 occasions
The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	Complied
<b>9.2.5 Professional and Expert Advice</b>	
Directors of the Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, they should obtain appropriate professional and expert advice from an appropriately qualified person.	Complied
<b>9.3 Disclosures</b>	
<b>9.3.1 Immediate Disclosure</b>	
<p><b>(a) (i)</b> The Listed Entity shall make an immediate announcement to the exchange;</p> <ul style="list-style-type: none"> <li>- of any non-recurrent Related Party Transaction with a value exceeding 10% of the equity or 5% of the total assets whichever is lower, of the Entity as per the latest Audited Financial Statement,</li> <li>or</li> <li>- of the latest transaction if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the equity or 5% of the total assets which ever is lower of the Entity as per latest Audited Financial Statements.</li> </ul>	Not Applicable (All the non-recurrent transactions were below the disclosure threshold)
<b>(ii)</b> Listed Entity shall disclose subsequent non-recurrent transactions which exceeds 5% of the equity of the Entity, entered into with the same Related Party during the financial year.	Not Applicable
<b>9.3.2 Disclosure in the Annual Report</b>	
<p><b>(a) Disclosure of Non-recurrent Related Party Transactions</b> If aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower, of the Listed Entity as per the latest Audited Financial Statements, the information must be presented in the Annual Report in accordance with the prescribed format under 9.3.2 (a).</p>	Not Applicable (All the non-recurrent transactions were below the disclosure threshold)
<p><b>(b) Disclosure of Recurrent Related Party Transactions</b> If the Aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of Recurrent Related Party Transactions entered into during the financial year in the Annual Report in accordance with the prescribed format under 9.3.2(b).</p>	Complied (Refer Note 20(e) of the Annual Report)

## Corporate Governance

Rule	Adherence
c) Report by the Related Party Transactions Review Committee.	Complied (Refer Related Party Transactions Review Committee Report)
d) A declaration by the Board of Directors.	Complied (Refer RPTRC Report and Annual Report of the Board of Directors)
<b>9.4 Acquisition and Disposal of Assets from/to Related Parties</b>	
<b>9.4.1</b> The Listed Entity nor any of its subsidiaries without obtaining prior approval from the shareholders by way of a Special Resolution, should not acquire or dispose of from/to any Related Party an asset/s amounting to a value which exceeds 1/3 of the total assets of the Entity a (substantial asset) as per latest Audited Financial Statements.	Not Applicable
<b>9.4.4</b> The members of the Related Party Transactions Review Committee should obtain competent independent advice from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under consideration.	Not Applicable
<b>9.4.5</b> The competent independent advice obtained in terms of Rule 9.4.4 above should be circulated with the notice of meeting to obtain the shareholder approval as set out in Rule 9.4.1 above.	Not Applicable

# Risk Management Report

Colombo Fort Investments PLC is exposed to a variety of risks in the course of its operations. Being an investment company, our success depends on achieving an acceptable balance between the risks we take and returns we earn. The Company's risk management framework has been developed to identify and manage risks in a systematic and professional manner. The Board of Directors of the Company is responsible for the management of risks.

The key risks faced by the Company are categorised into four; being market risk, portfolio risk, regulatory risk and operational risk.

## Market Risk

Market risk is caused by changes in the macroeconomic environment which have an impact on the financial markets as a whole. Changes in borrowing costs, foreign exchange rates, inflation and government policies are some of the causes of this form of risk. Market risk cannot be eliminated. It is an ever present factor in the management of equity portfolios. At Colombo Fort Investments, market risks and the potential implications of those risks are factored into all asset allocation and investment decisions.

## Portfolio Risk

Portfolio risk arises from the unique risks associated with each security that the Company invests. In our equity portfolio the value of shares we invest will fluctuate with the fortunes of the company issuing those shares. We adopt a disciplined process of evaluating investment in order to ensure that our portfolio risk is within acceptable limits given our strategy of growth in the value of our investments in a sustainable manner over the long term. As part of the process of monitoring the performance of our investments, the Board periodically reviews the Company's investments in related companies as well.

## Regulatory Risk

Regulatory risk refers to the risk taken if the Company does not comply with all legal and regulatory provisions applicable to it. Internal systems and processes are structured to ensure that the Company complies with all legal and regulatory provisions. All investments are made and trades executed in compliance with the Companies Act, CSE/SEC Regulations, Tax Regulations and other applicable regulatory provisions.

## Operational Risk

Operational risk is the risk of loss resulting from failed or inadequate internal processes, people and systems or from external events. Operational risk management is an integral part of the overall responsibility resting with the Board and they strive to maintain an appropriate internal control environment to commensurate with the nature of the operations within the framework of the Company's policies and procedures. The Board in consultation with the Audit Committee, assesses the effectiveness of the internal control systems and monitors the compliance with them on a regular basis. The observations of the above review process are used by the Board to improve those controls further and to update them in response to changing conditions associated with the business.

The Company also maintains its policies with regard to access, control and protection of data and ability to cope with unexpected contingencies. Necessary safeguards are constantly introduced and upgraded to ensure the integrity of the information and the continuity of business operations. Preventive and proactive measures such as firewalls, virus guards and regular backup systems are amongst other steps kept in place.

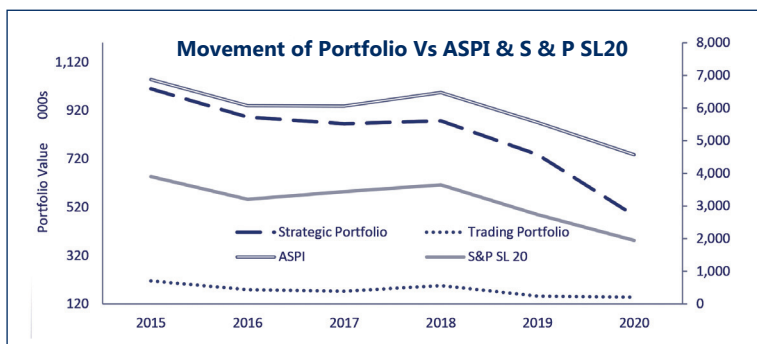
The Company does not employ any staff and all services are provided by Corporate Managers & Secretaries (Private) Limited. Thereby, the Company does not face material issues pertaining to employees and industrial relations.



# Management Discussion and Analysis

**Colombo Fort Investments PLC** manages its investments in equity securities under two major categories, Strategic Portfolio and Trading Portfolio. Securities categorized under the strategic portfolio are invested for the long term, focusing on sustainability and other fundamental characteristics. Nearly 82% of the Company's funds are invested in this segment in both related and non-related counters. Remaining funds are invested in the trading portfolio to maximize return to investors.

The Company is continuously monitoring both the portfolios, but due to unfavorable market conditions that prevailed during the 2019/20 financial year there were not many transactions. Dividend income during the period has declined to Rs. 12.50Mn against the previous years dividend income of Rs. 22.24Mn.



In the year 2015, following political change, investors had shifted their focus towards real estate investments. New investments were made in mixed development projects and refurbishment of investment properties. In 2018 with the escalation of trade war between USA and China, new foreign direct investments in the real estate sector started to decline and the government has strengthened its policy towards fiscal consolidation, which stabilised the country's economic growth.

The financial year 2019/20 turned most challenging in the recent past due to the Easter Sunday tragedy and the outbreak of Covid-19. The Equity Market witnessed a steep fall until mid of May 2019 and then started to recover towards November 2019. Positive momentum faded in the beginning of 2020 due to the pressure of the pandemic on global economies. In LKR terms Sri Lanka's economy has grown by 2.3% in 2019 compared to 3.3% in 2018.

## Future Outlook

Based on the current economic trends, industry performance and external factors, Colombo Fort Investments PLC is closely monitoring its portfolio and exploring all possibilities to re-align the investments in an appropriate manner to grab future opportunities while minimizing the risks.

# Annual Report of the Board of Directors

The Board of Directors of Colombo Fort Investments PLC present their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31st March, 2020.

## Principal Activities / Business Review

The principal activity of the Company is investing in the Stock Market and in other types of Securities.

The Chairman's Review together with the Financial Statements reflect the state of affairs of the Company.

The Directors, to the best of their knowledge and belief, confirm that the Company has not engaged in any activities that contravene laws and regulations.

## Financial Statements

The Financial Statements of the Company are given on pages 28 to 67.

## Independent Auditors' Report

The Auditors' Report on the Financial Statements is given on pages 23 to 27.

## Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 32 to 40.

## Interest Register

### Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192(2) of the Companies Act No. 07 of 2007. Arising from this, details

of contracts in which they have an interest are disclosed in Note 20 to the Financial Statements which are given on pages 56 to 59.

### Directors' Interest in Shares

Directors of the Company who have an interest in the shares of the Company are required to disclose their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act.

Details pertaining to Directors' direct Shareholdings are set out below.

Name of Director	No. of Shares As at	No. of Shares As at
	31.03.2020	31.03.2019
Mr.A.Rajaratnam	1	5,209
(Alternate Mr.Anushman Rajaratnam)	21,500	NIL
Mr.S.D.R.Arudpragasam	NIL	NIL
Mr.S.Shanmugalingam	*222	229
Mr.A.M de S.Jayarathne	NIL	NIL
Mr.S.Rajaratnam	NIL	NIL
Dr.J.M.Swaminathan	NIL	NIL

\*Aggregate of 222 fractional shares held in Trust consequent to the Scrip Dividend in 2019.

### Directors' Fees

Directors' fees in respect of the Company for the financial year 2019/20 is given in Note 5 to the Financial Statements on page 41.

### Corporate Donations

No donations were made during the year.

## Annual Report of the Board of Directors

### Directorate

The names of the Directors who held office during the financial year are given below and are profiled on page 5.

Mr.A.Rajaratnam	- Chairman Non-Executive
(Alternate Mr.Anushman Rajaratnam)	- Non-Executive
Mr.S.D.R.Arudpragasam	- Deputy Chairman / Non-Executive
Mr.S.Shanmugalingam	- Director / Non-Executive
Mr.A.M.de S. Jayaratne	- Director / Independent / Non-Executive
Mr.S.Rajaratnam	- Director / Non-Executive
Dr J.M.Swaminathan	- Director / Independent / Non-Executive

The Board of Directors had met on four occasions for the year under review and the attendance at Board meetings had been as follows:

	28.05.2019	08.07.2019	13.11.2019	07.02.2020	
Mr.A.Rajaratnam	-	-	-	-	Excused
Mr.S.D.R.Arudpragasam	✓	✓	✓	-	3/4
Mr.S.Shanmugalingam	✓	✓	-	✓	3/4
Mr.A.M.de S.Jayaratne	✓	✓	✓	✓	4/4
Mr.S.Rajaratnam	-	✓	-	-	1/4
Dr.J.M.Swaminathan	-	-	✓	✓	2/4

In terms of Articles 84 and 85 of the Articles of Association, Mr.S.D.R.Arudpragasam retires by rotation and being eligible offers himself for re-election.

Mr.A.M.de S.Jayaratne who is over 70 years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company, which is referred to in the Notice of Meeting.

Dr.J.M.Swaminathan who is over 70 years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company, which is referred to in the Notice of Meeting.

Mr.A.Rajaratnam who is over 70 years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company, which is referred to in the Notice of Meeting.

### Corporate Governance

The Corporate Governance Principles adhered to by the Company are given on pages 6 to 13.

### Auditors

The Financial Statements for the year have been audited by Messrs. V.S. & Associates.

The amount payable to Messrs. V.S. & Associates as audit fee and fees for audit related services by the Company was Rs.200,000/- (2018/19 - Rs.200,000/-) In addition, they were paid Rs.50,000/- (2018/19 - Rs.51,750/-) by the Company for non-audit related work, which consisted mainly of fees for tax compliance services. Further, Rs.32,200/- was paid to obtain the Solvency Certificate required under the Companies Act.

As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interest in the Company.

## Annual Report of the Board of Directors

### Revenue

The revenue of the Company for the year was 12.52 Million (2018/19- Rs.22.24 Million).

### Results

The Company made a Net Profit before tax of 2.78 Million, as against a Net Loss of Rs.27.28 Million in the previous year. The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 28.

### Taxation

In terms of the Inland Revenue Act No. 24 of 2017 the Company is liable to pay income tax at the rate of 28% for the first nine months and at 24% for the next three months during the Year of Assessment 2019/20. Thereby the Company is liable to pay Rs.1.11 Million as income tax. The detailed Income Tax computation is given in Note 9 to the Financial Statements on page 42.

### Investments

The Fair Value of Quoted Securities held as at 31st March, 2020 was Rs.0.63 Billion (2018/19- Rs.0.89 Billion).

The detailed investment portfolio is given in Note 12 to the Financial Statements on pages 44 to 53.

### Property, Plant and Equipment

The Company does not own any property, plant and equipment.

### Stated Capital

The Stated Capital of the Company is Rs.213.84 Million represented by 6,910,041 Ordinary shares.

### Reserves

The total reserves of the Company as at 31st March, 2020 amounted to Rs.399.90 Million comprising General Reserves of Rs.16.50 Million (2018/19 - Rs.16.50 Million), Fair Value Reserve of Financial Assets at FVOCI of Rs.202.21 Million (2018/19 - Rs.505.60 Million) and Retained Earnings of Rs.181.19 Million (2018/19- Rs.187.32 Million). The movements are shown in the Statement of Changes in Equity in the Financial Statements.

### Related Party Transactions

During the financial year there were recurrent related party transactions which exceeded the disclosure threshold. These transactions are disclosed in Note 20 to the Financial Statements. There were no non-recurrent related party transactions which exceeded the disclosure threshold. The Directors declare that the Company has complied with the requirements of section 9 of Colombo Stock Exchange Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the Financial Statements are disclosed in Note 20 on pages 56 To 59.

### Capital Expenditure Commitments and Contingent Liabilities

Capital Expenditure Commitments and Contingent Liabilities as at the reporting date are disclosed in Notes 22 and 23 to the Financial Statements on page 60.

### Events after the Reporting Period

No circumstances have arisen since the reporting date that would require adjustments

## Annual Report of the Board of Directors

to or disclosures in the Financial Statements, other than those disclosed in Note 25 to the Financial Statements on page 60.

### Share Information

Information relating to earnings, dividend, net assets, market value per share and share trading is given on pages 69 and 70.

### Employment Policy

The Company does not employ any staff. All operational services are provided by Corporate Managers & Secretaries (Private) Limited, to whom a fee is paid.

### Shareholders

It is the Company's policy to endeavour to ensure equitable treatment to its shareholders.

### Statutory Payments

The Directors to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government have been paid or where relevant, provided.

### Internal Control

The Directors acknowledge their responsibility for the Company's system of internal controls. The system is designed to give assurance regarding the safeguarding of investments, the maintenance of proper accounting records and there liability of financial information generated.

### Going Concern

The Directors, after making necessary inquiries and reviews of the Company's future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

For and on behalf of the Board



**S.D.R. Arudpragasam**  
Director



**S. Shanmugalingam**  
Director

By Order of the Board



**Corporate Managers & Secretaries (Private) Limited**  
Secretaries

Colombo  
27th July, 2020

# Audit Committee Report

The Audit Committee Report focuses on the activities of the Company for the year under review, which the Committee has reviewed and monitored as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective views.

## Composition

The Audit Committee of Colombo Fort Investments PLC comprises of three Non-Executive Directors, of whom two are Independent. The Committee is chaired by Mr.A.M.de S.Jayaratne who is a Chartered Accountant.

Mr. A.M.de S.Jayaratne	-	Chairman Independent Non Executive Director
Dr. J.M.Swaminathan	-	Independent Non Executive Director
Mr.S.Rajaratnam	-	Non Executive Director

The members have varied experience, financial knowledge and business acumen to carry out their role effectively and efficiently. Two of the Committee members including the Chairman are finance professionals.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Audit Committee.

## Meetings of the Committee

The Committee met on four occasions during the year under review and the attendance was as follows;

Mr.A.M.De S.Jayaratne	4/4
Dr.J.M.Swaminathan	4/4
Mr.S.Rajaratnam	1/4

The Directors of the Company and Managers from Corporate Managers & Secretaries (Private) Limited attended these meetings on the invitation of the Audit Committee.

The activities and views of the Committee have been communicated to the Board of Directors by tabling the minutes of the Committee meetings.

## Financial Reporting

The Committee, as part of its responsibility to oversee the Company's financial reporting process, has reviewed and discussed with the Management, the quarterly and annual Financial Statements prior to their release including the extent of compliance with the Companies Act No. 07 of 2007 and the adequacy of disclosures required by other applicable laws, rules and guidelines.

The Committee has discussed the operations of the Company and its future prospects with Management and is satisfied that all relevant matters have been taken into consideration in the preparation of the Financial Statements and that the financial position of the Company is secure.

## Audit Committee Report

### Risks and Controls

The Committee reviewed the significant business risks and internal control issues and have suggested, where necessary, appropriate remedial measures.

### External Audit

The Committee undertook the annual evaluation of the independence and objectivity of the External Auditor and the effectiveness of the audit process.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to conflict of interest. Due consideration has been given to the level of audit and non-audit related fees received by the External Auditors' from the Company.

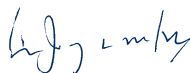
The Audit Committee has recommended to the Board of Directors the re-appointment of the External Auditor, Messrs. V.S. & Associates, Chartered Accountants subject to the approval by the shareholders at the forthcoming Annual General Meeting.

### Regulatory Compliance

The Committee reviewed the procedures established by the Management of the Company for compliance with the requirements of regulatory bodies.

### Conclusion

Based on the assurances and certifications provided by the Board of Directors, and the discussions with Management and the Auditors both at formal meetings and informally, the Committee is of the view that the control environment within the Company is satisfactory and provides reasonable assurance that the financial position of the Company is adequately monitored and safeguarded.



**A.M. de S. Jayaratne**

*Chairman*

*Audit Committee*

Colombo

27th July, 2020

# Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee Report focuses on the related party transactions of the Company during the financial year, which the Committee has reviewed as to provide compliance with the regulations governing listed entities, through a process of independent views.

## Composition

The Related Party Transactions Review Committee of Colombo Fort Investments PLC comprised of the following members,

Mr. A.M.de S.Jayaratne	- Chairman Independent Non Executive Director
Dr. J.M.Swaminathan	- Independent Non Executive Director
Mr.S.Rajaratnam	- Non Executive Director

The Company's Secretaries Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Related Party Transactions Review Committee.

## Meetings of the Committee

The Related Party Transactions Review Committee met on four occasions during the financial year under review and the attendance was as follows;

Mr.A.M.de S.Jayaratne	4/4
Dr.J.M.Swaminathan	4/4
Mr.S.Rajaratnam	1/4

The representatives of the Managers, Corporate Managers & Secretaries (Private) Limited attended these meetings on the invitation of the Committee. The activities and views of the Committee have been communicated to the Board of Directors by tabling the minutes of the Committee Meetings at Meetings of the Board.

## Policies and Procedures

The Committee as part of its responsibility to review the related party/entities transactions,

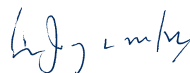
has identified the persons considered as "Related Parties". Declarations are obtained from each Director of the Company to identify such "Related Parties". Managers are requested to inform and obtain the approval prior to transactions being entered with such "Related Parties".

The Committee ensures that they have access to the terms and conditions of the proposed transactions and reviews all aspects and where necessary, would obtain professional and expert advice from an appropriately qualified person and request the Board of Directors to approve the proposed transaction, where necessary. The Committee would further ensure that adequate and appropriate disclosures are made to the stakeholders.

## Conclusion

The Related Party Transactions Review Committee has reviewed the Related Party transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.

The Board of Directors has also declared in the Annual Report that there were no non-recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of Colombo Stock Exchange Listing Rules. The Board further declares that recurrent related party transactions have exceeded the respective threshold and are disclosed in Note 20 of the Financial Statements. The Company has thus complied with the requirements of Section 9 of the Colombo Stock Exchange Listing Rules on Related Party Transactions.



**A.M.de S.Jayaratne**

*Chairman*

*Related Party Transactions Review Committee*

Colombo

27th July, 2020



# Independent Auditors' Report



**V.S. & ASSOCIATES**  
Chartered Accountants

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Partners

Mrs. L.R. SHAH F.C.A

L.J. SELVANAYAGAM F.C.A

## TO THE SHAREHOLDERS OF COLOMBO FORT INVESTMENTS PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Colombo Fort Investments PLC ("the Company"), which comprise the statement of financial position as at 31st March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2020, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company

in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

For each matter below, our description of how our audit addressed the matter is provided in that context.

*Valuation of Financial Assets classified as Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL).*

The Investments of the Company as at 31st March 2020 comprise FVOCI financial assets of Rs. 486,113,629.20 (in 2019 Rs. 737,481,282.70) and FVTPL financial assets of Rs. 148,059,094.20 (2019 - Rs. 152,837,200.60) and, represent 75.99% and 23.14% of total assets respectively.

## Independent Auditors' Report

As at the reporting date, the Company's portfolio is made with;

### *Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)*

	2020	2019
	Rs. Mn	Rs. Mn
1) Quoted equity shares		
a) Related Companies :	357.92	563.11
b) Non Related Companies :	126.47	172.65
2) Unquoted equity shares		
a) Related Companies :	1.52	1.52
b) Non Related Companies :	0.2	0.2

### *Financial Assets at Fair Value through Profit or Loss (FVTPL)*

	2020	2019
	Rs. Mn	Rs. Mn
1) Quoted equity shares		
a) Related Companies :	115.74	119.66
b) Non Related Companies :	32.31	33.17
2) Unquoted equity shares		
a) Non Related Companies :	-	0.01

Risks;

Quoted Financial Assets - due to materiality in the context of the financial statements as a whole and market volatility, this is considered to be an area which had the greatest effect on the financial statements;

Unquoted Financial Assets - due to subjective nature of the valuation methodology and management assumptions used.

Due to the COVID-19 outbreak and the closure of exchange, Management has assessed and determined the fair value of equity portfolio as of 31st March 2020, based on the closing traded prices that existed as of 20th March 2020.

The extent of information about the impact of COVID-19 that was available as at reporting date shows factors which are indicative of an inactive market such as a significant drop in trade volumes, significant decline or absence of market for new issuances, dramatic decrease in correlations between asset / liability values and related indexes and subsequent closure of the exchange for trading. Further there was a significant decline in the world equity markets and the share prices did not reflect the accurate fair values of the instruments.

We determined the valuation of these financial assets as a key audit matter due to an inactive market as at the reporting date.

Our audit procedures included;

- Documenting and testing the design, implementation and operating effectiveness of the investment valuation process and key controls in place;
- Recomputed the disposal gains & losses relating to investments by referring to underlying documents;
- Quoted Investments - Checking the CDS confirmation to verify the existence, completeness and accuracy of number of shares invested in each Company;
- Agreeing the valuation of quoted investments in portfolio to externally quoted prices as at 20.03.2020.

## Independent Auditors' Report

- Checked the individual and sector vice fair value changes of equity instruments after the reporting period in order to identify whether there is a necessity for further impairment.
- Assessing the investment realisations in the period, comparing with actual sales proceeds to prior year valuations to understand the reasons for significant variances and determining whether they are indicative of bias or error in the Company's approach;
- Assessing the adequacy of disclosures in the financial statements and inherent degree of subjectivity and key assumptions in the estimates as required by the relevant accounting standards.
- We further evaluated the adequacy of the related disclosures in the notes 2.2.2, 12, 26 and 28.

### Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material

## Independent Auditors' Report

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness

of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with

## Independent Auditors' Report

them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1638.

 V.S. & Associates

**V.S. & Associates**

*Chartered Accountants*

Colombo

27th July, 2020

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Notes	2020 Rs. '000	2019 Rs. '000
<b>Revenue</b>	3	<b>12,515</b>	22,236
Other Income	4	<b>4,287</b>	4,228
		<b>16,802</b>	26,464
Administrative Expenses	5	<b>(3,238)</b>	(3,331)
Fair Value changes on Financial Assets	6	<b>(7,251)</b>	(46,389)
Other Expenses	7	<b>(267)</b>	(5)
<b>Profit / (Loss) from Operating Activities</b>		<b>6,046</b>	(23,261)
Finance Costs	8	<b>(3,269)</b>	(4,021)
<b>Profit / (Loss) before Income Tax Expense</b>		<b>2,777</b>	(27,282)
Income Tax Expense	9	<b>(1,111)</b>	(1,035)
<b>Profit / (Loss) for the year</b>		<b>1,666</b>	(28,317)
<b>Other Comprehensive Income</b>			
<i>Items that will not to be reclassified to Profit or Loss</i>			
- Loss on changes in Fair Value on Financial Assets at Fair Value through Other Comprehensive Income		<b>(303,153)</b>	(140,577)
- Transfer of realised gains on disposal of Financial Assets at Fair Value through Other Comprehensive Income		<b>(239)</b>	(124)
- Profit on disposal of Financial Assets at Fair Value through Other Comprehensive Income		<b>39</b>	19
<b>Total Other Comprehensive Income / (Expense) for the year</b>		<b>(303,353)</b>	(140,682)
<b>Total Comprehensive Income / (Expense) for the year</b>		<b>(301,687)</b>	(168,999)
Earnings / (Loss) Per Share	10	<b>0.24</b>	(4.10)
Dividend Proposed per Share	11	-	1.20

Figures in brackets indicate deductions.

The Notes to these Financial Statements from pages 32 to 67 form an integral part of these Financial Statements.

# Statement of Financial Position

As at 31st March

	Notes	2020 Rs. '000	2019 Rs. '000
<b>Assets</b>			
<b>Non - Current Assets</b>			
Financial Assets at Fair Value through Other Comprehensive Income	12	486,114	737,481
<b>Total Non-Current Assets</b>		<b>486,114</b>	<b>737,481</b>
<b>Current Assets</b>			
Financial Assets at Fair Value through Profit or Loss	12	148,059	152,837
Receivables		772	2,002
Prepayments		81	88
Amounts due From Related Party	13	2,865	48,655
Fixed Deposits	14	-	3,600
Cash and Cash Equivalents	15	1,836	530
<b>Total Current Assets</b>		<b>153,613</b>	<b>207,712</b>
<b>Total Assets</b>		<b>639,727</b>	<b>945,193</b>
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>			
Stated Capital	16	213,840	205,725
General Reserve	17	16,500	16,500
Fair Value Reserve of Financial Assets at FVOCI	17	202,209	505,601
Retained Earnings		181,194	187,315
<b>Total Equity</b>		<b>613,743</b>	<b>915,141</b>
<b>Non - Current Liabilities</b>			
Interest Bearing Borrowing	18	-	-
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Current Liabilities</b>			
Trade & Other Payables	19	23,521	22,702
Interest Bearing Borrowing	18	1,886	6,898
Dividends Payable		116	166
Income Tax Liability		461	286
<b>Total Current Liabilities</b>		<b>25,984</b>	<b>30,052</b>
<b>Total Equity &amp; Liabilities</b>		<b>639,727</b>	<b>945,193</b>
<b>Net Asset Per Share</b>		<b>88.82</b>	<b>132.44</b>

Figures in brackets indicate deductions.

The Notes to these Financial Statements from pages 32 to 67 form an integral part of these Financial Statements.

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



**M. V. M. Paulraj**

Director  
Corporate Managers & Secretaries (Private) Limited

Approved and signed for and on behalf of the Board by



**S.D.R. Arudpragasam**

Director

Colombo

27th July, 2020



**S. Shanmugalingam**

Director

# Statement of Changes in Equity

For the year ended 31st March, 2020

	Stated Capital	General Reserve	Available-for Sale Reserve	Fair Value Reserve of Financial Assets at FVOCI	Retained Earnings	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 31st March, 2018 - LKAS 39</b>	197,800	16,500	646,302	-	224,041	1,084,643
Impact of adopting SLFRS 9						
- Re-classification and re-measurement	-	-	(646,302)	646,302	-	-
- Adjustment on Initial application	-	-	-	-	(661)	(661)
<b>Restated Balance as at 1st April 2018 - SLFRS 9</b>	197,800	16,500	-	646,302	223,380	1,083,982
Loss for the year	-	-	-	-	(28,317)	(28,317)
Other Comprehensive Income / (Expense)	-	-	-	(140,701)	143	(140,558)
	197,800	16,500	-	505,601	195,206	915,107
<b>Transactions with owners of the Company recognised directly in equity</b>						
Scrip Dividend - First & Final for the year ended 31st March, 2018	7,925	-	-	-	(7,925)	-
Unclaimed Dividend Written back	-	-	-	-	34	34
<b>Total transactions with owners of the Company</b>	7,925	-	-	-	(7,891)	34
<b>Balance as at 31st March, 2019</b>	<b>205,725</b>	<b>16,500</b>	<b>-</b>	<b>505,601</b>	<b>187,315</b>	<b>915,141</b>
Profit for the year	-	-	-	-	1,666	1,666
Other Comprehensive Income / (Expense)	-	-	-	(303,392)	278	(303,114)
	<b>205,725</b>	<b>16,500</b>	<b>-</b>	<b>202,209</b>	<b>189,259</b>	<b>613,693</b>
<b>Transactions with owners of the Company recognised directly in equity</b>						
Scrip dividend - First & Final for the year ended 31st March, 2019	8,115	-	-	-	(8,115)	-
Unclaimed dividend written back	-	-	-	-	50	50
	<b>8,115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,065)</b>	<b>50</b>
<b>Balance as at 31st March, 2020</b>	<b>213,840</b>	<b>16,500</b>	<b>-</b>	<b>202,209</b>	<b>181,194</b>	<b>613,743</b>

Figures in brackets indicate deductions

The Notes to these Financial Statements from pages 32 to 67 form an integral part of these Financial Statements



# Statement of Cash Flows

For the year ended 31st March

## Cash Flow from Operating Activities

Profit / (Loss) before Interest and Tax

### Adjustment for;

Fair Value changes on Financial Assets

(Profit) / Loss on Disposal of Financial Assets

Dividend Received as Scrip Dividend

Provision / (Reversal) for Impairment of Amounts due from Related Party

### Profit before Working Capital Changes

### Changes in Working Capital

(Increase) / Decrease in Receivables

(Increase) / Decrease in Prepayments

(Increase) / Decrease in Amounts due from Related Party

Increase / (Decrease) in Trade and Other Payables

### Cash Generated from / (used in) Operating Activities

Tax paid

Interest Paid

### Net Cash Flows from / (used in) Operating Activities

### Cash Flows from Investing Activities

Acquisition of Financial Assets

Proceeds from Disposal of Financial Assets

Interest Received

### Net Cash Flows from / (used in) Investing Activities

### Cash Flows from Financing Activities

Dividend Paid

Repayment of Interest Bearing Borrowing

### Net Cash Flows from / (used in) Financing Activities

### Net Increase / (Decrease) in Cash & Cash Equivalents

Cash & Cash Equivalents at the beginning of the year

### Cash & Cash Equivalents at the end of the year [Note A]

### Note A

#### Cash & Cash Equivalents at the end of the year

Fixed Deposits

Cash at Bank

	2020 Rs. '000	2019 Rs. '000
Profit / (Loss) before Interest and Tax	2,385	(27,489)
<b>Adjustment for;</b>		
Fair Value changes on Financial Assets	7,251	46,389
(Profit) / Loss on Disposal of Financial Assets	229	-
Dividend Received as Scrip Dividend	(3,584)	(1,807)
Provision / (Reversal) for Impairment of Amounts due from Related Party	(626)	4
<b>Profit before Working Capital Changes</b>	<b>5,655</b>	<b>17,097</b>
<b>Changes in Working Capital</b>		
(Increase) / Decrease in Receivables	1,230	(1,463)
(Increase) / Decrease in Prepayments	7	-
(Increase) / Decrease in Amounts due from Related Party	46,416	(4,520)
Increase / (Decrease) in Trade and Other Payables	819	(3,879)
<b>Cash Generated from / (used in) Operating Activities</b>	<b>54,127</b>	<b>7,235</b>
Tax paid	(936)	(953)
Interest Paid	(3,269)	(4,021)
<b>Net Cash Flows from / (used in) Operating Activities</b>	<b>49,922</b>	<b>2,261</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of Financial Assets	(54,208)	(2,622)
Proceeds from Disposal of Financial Assets	3,343	989
Interest Received	3,661	4,228
<b>Net Cash Flows from / (used in) Investing Activities</b>	<b>(47,204)</b>	<b>2,595</b>
<b>Cash Flows from Financing Activities</b>		
Dividend Paid	-	(3)
Repayment of Interest Bearing Borrowing	(5,012)	(6,102)
<b>Net Cash Flows from / (used in) Financing Activities</b>	<b>(5,012)</b>	<b>(6,105)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(2,294)</b>	<b>(1,249)</b>
Cash & Cash Equivalents at the beginning of the year	4,130	5,379
<b>Cash &amp; Cash Equivalents at the end of the year [Note A]</b>	<b>1,836</b>	<b>4,130</b>
<b>Note A</b>		
<b>Cash &amp; Cash Equivalents at the end of the year</b>		
Fixed Deposits	-	3,600
Cash at Bank	1,836	530
	<b>1,836</b>	<b>4,130</b>

Figures in brackets indicate deductions

The Notes to these Financial Statements from pages 32 to 67 form an integral part of these Financial Statements.

# Notes to the Financial Statements

## 1 Reporting Entity

### 1.1 General

Colombo Fort Investments PLC is a Public Quoted Company with Limited Liability incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of business is located at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1.

### 1.2 Principal Activities and Nature of Operations

The principal activity of the Company, which is investing in securities, remained unchanged during the year.

### 1.3 Number of Employees

The Company did not employ any staff. All staff related services are provided by Corporate Managers & Secretaries (Private) Limited.

### 1.4 Approval of Financial Statements by the Board of Directors

The Financial Statements for the year ended 31st March, 2020 were authorised for issue by the Board of Directors in accordance with the resolution passed at the meeting held on 27th July, 2020.

### 1.5 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of these Financial Statements as per Sri Lanka Accounting Standards (SLFRS / LKAS) and the provisions of the Companies Act No.07 of 2007.

## 2 Basis of Preparation

### 2.1 Statement of Compliance

The Financial Statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the CSE.

#### 2.1.1 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis, except for the measurement of financial assets classified as fair value through other comprehensive income (FVOCI) - Equity Instruments and fair value through profit or loss (FVTPL) in the statement of financial position which are measured at fair value.

#### 2.1.2 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency.

#### 2.1.3 Use of Estimates, Judgements and Assumptions

The presentation of the Financial Statements in conformity with SLFRS / LKAS requires management to make judgements, estimates and assumptions that affect the application of Accounting Policies and the reported amounts of

## Notes to the Financial Statements

assets, liabilities, income and expenses. Actual results may differ from those estimates and judgemental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### 2.1.4 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard-LKAS 1 on 'Presentation of Financial Statements'.

### 2.1.5 Going Concern

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management has assessed the existing and anticipated effects of Covid – 19 on the Company, and is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis.

## 2.2 Significant Accounting Policies

Except for the changes in significant accounting policies given below the accounting policies set out from note 2.2.2 onwards have been applied consistently for all periods presented in the financial statements by the Company.

### 2.2.1 Changes in Accounting Policies

#### 2.2.1.1 SLFRS 16 - 'Leases'

SLFRS 16 'Leases', replaces the previous guidance on lease accounting, including LKAS 17 'Leases'. SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a one single financial position model similar to the accounting for finance leases under LKAS 17.

This standard is effective for the annual periods beginning on or after 01st April 2019. SLFRS 16 does not have an impact on Company's Financial Statements.

### 2.2.2 Financial Instruments

#### 2.2.2.1 Financial Assets

##### a) Initial Recognition and Measurement

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

## Notes to the Financial Statements

Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

### b) Subsequent Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the

first reporting period following the change in the business model.

The financial assets of the Company comprise financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

### Financial Assets at Amortised Cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include cash & cash equivalent and other receivables.

## Notes to the Financial Statements

### Cash and Cash Equivalents

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

### Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

This category only includes the equity instruments, which the Company intends to hold for the foreseeable future.

Gains & losses on these financial assets are never recycled to profit or loss. Dividends are recognised as income in profit or loss.

### Financial Assets at Fair Value through Profit or Loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes investments in related, quoted and unquoted companies. Dividend on equity investments are also recognised as income in the statement of profit or loss

when the right of payment has been established.

### c) De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

### d) Impairment of Financial Assets

SLFRS 9 establishes a new model for impairment which is a forward looking expected credit loss model.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. The guiding principle of the expected credit loss (ECL) model is to reflect the

## Notes to the Financial Statements

general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition.

### 2.2.2.2 Financial Liabilities

#### a) Initial Recognition and Measurement

Financial liabilities within the scope of SLFRS 9 remains broadly the same as LKAS 39, are classified as financial liabilities at fair value through profit or loss, or at amortised cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include loans and borrowings and trade and other payables.

#### b) Subsequent Measurement of Financial Liabilities

The measurement of financial liabilities depends on their classification, as described below.

##### Loans and Borrowings

This is the category most relevant to the Company. After initial

recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

#### c) Derecognition

A Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 as treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### 2.2.3 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

As per the Companies Act No. 07 of 2007, Section 58(1), Stated Capital in relation to a Company means the total

## Notes to the Financial Statements

of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and in respect of calls in arrears.

### 2.2.4 Property, Plant & Equipment

Company did not own any Property, Plant & Equipment during the year.

### 2.2.5 Provisions

A provision is recognised in the Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably in accordance with LKAS 37- 'Provisions, Contingent Liabilities and Contingent Assets'. The amount recognised is the best estimate of the consideration required to settle the present obligation at the Reporting date, taking into account the risks and uncertainties surrounding the obligation at the date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows.

### 2.2.6 Commitments and Contingencies

Capital commitments and contingent liabilities of the Company are disclosed in the respective notes to the Financial Statements.

### 2.2.7 Employee Benefits

#### 2.2.7.1 Defined Benefit Plan - Retirement Gratuity

Provision has not been made for gratuity in the accounts as per LKAS 19 - 'Employee Benefits', since the Company did not employ any staff. All staff related services are provided by Corporate Managers & Secretaries (Private) Limited.

#### 2.2.7.2 Defined Contribution Plans- Employees' Provident Fund and Employees' Trust Fund

Contribution for Employees' Provident Fund and Employees' Trust Fund have not been made since the Company does not employ any staff.

### 2.2.8 Statement of Profit or Loss and Other Comprehensive Income

#### 2.2.8.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue represents dividend income, interest income and profit or loss on disposal of financial assets.

The following specific criteria are used for the purpose of recognition of revenue.

## Notes to the Financial Statements

### a) Dividend Income

Dividend Income is recognised when the Shareholders right to receive such dividend is established.

### b) Profit or Loss on Disposal of Financial Assets

Profit or Loss on disposal of Financial Assets are accounted for in the Statement of Profit or Loss on the basis of realised net profit or loss.

### c) Interest Income

Other income comprises interest income on funds invested. Interest income is recognised as it accrues unless collectability is in doubt.

### 2.2.8.2 Expenditure Recognition

All expenditure incurred in the running of the business has been charged to revenue in arriving at the profit or loss for the year. For the purpose of presentation of the Statement of Profit or Loss, the Directors are of the view that "function of expense method" fairly presents the elements of the Company's performance, hence such presentation method is adopted.

### Income Tax Expense

Income tax expense comprises of tax for the current period. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates

to items recognised directly in equity or other comprehensive income.

### Current Tax

The provision for taxation is based on the elements of Income & Expenditure as reported in the Financial Statements & computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and Implementation of proposed changes thereto.

### Deferred Tax

Deferred tax is not applicable since the Company does not have temporary differences.

## 2.3 Segmental Reporting

A segment is a distinguishable component of the Company that is engaged in providing related products or services which is subject to different risks and rewards. However, there are no distinguishable components to be identified as segments of the Company (geographical segments) which is subject to different risks and rewards.

## 2.4 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "Indirect method".

## 2.5 Earnings per Share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the



## Notes to the Financial Statements

weighted average number of ordinary shares outstanding during the period.

### 2.6 Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

### 2.7 Transactions with Related Parties

Disclosures have been made in respect of the transactions between parties who are defined as related parties as per Sri Lanka Accounting Standard (LKAS) 24 - "Related Party Disclosures".

Related Party Receivables are treated as Current Assets as they are deemed to be of a temporary nature.

### 2.8 New Accounting Standards Issued But Not Yet Effective

The following Sri Lanka Accounting Standards and interpretations have been issued by the Institute of Chartered Accountants of Sri Lanka which are not yet effective as at 31st March 2020. The Company intends to adopt these new and amended standards, if applicable, when they become effective.

#### 2.8.1 SLFRS 17 - 'Insurance Contracts'

SLFRS 17 - Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosures. Once

effective, SLFRS 17 replaces existing SLFRS 4 Insurance contracts. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. SLFRS 17 is effective for reporting periods beginning on or after 1st January 2021. Early application permitted, if the entity is applying SLFRS 16 and SLFRS 15 on or before the date in which it first applies SLFRS 17.

This standard is not applicable to the Company.

#### 2.8.2 Amendments to LKAS 1 and LKAS 8:

Definition of Material Amendments to LKAS 1 - Presentation of Financial Statements and LKAS 8 - Accounting policies, Changes in accounting Estimates and Errors are made to align the definition of "material" across the standard and to clarify certain aspects of the definition. The new definition states that, "information is material if omitting or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are applied prospectively for the annual periods beginning on or after 1st January 2020 with early application permitted.

## Notes to the Financial Statements

The amendments to the definition of material are not expected to have a significant impact on the Company's Financial Statements.

### **2.8.3 Amendments to references to the conceptual framework in SLFRS standards**

Revisions to the Conceptual Framework were made because some important issues were not covered and some guidance was unclear or out of date. The revised Conceptual Framework includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions; and
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting

Since the amendments are effective for annual periods beginning on or after 1st January 2020, the Company will not be affected by these amendments as at the reporting date. Further, the amendments to the references to the conceptual framework in SLFRS standards are not expected to have a significant impact on the Company's Financial Statements.

## Notes to the Financial Statements

For the year ended 31st March	2020 Rs.'000	2019 Rs.'000
<b>3 Revenue</b>		
Dividend Income	12,515	22,236
	<b>12,515</b>	<b>22,236</b>
<b>4 Other Income</b>		
Interest on Related Party Balances	3,584	3,843
Interest on Fixed Deposits	77	385
Reversal of Impairment on Related Parties	626	-
	<b>4,287</b>	<b>4,228</b>
<b>5 Administrative Expenses</b>		
<i>Include the following:</i>		
Auditors' Fees	200	200
Directors' Fees	360	360
Audit Committee Fees	90	90
Secretarial Fees	404	422
<b>6 Fair value changes on Financial Assets</b>		
Profit / (Loss) on Financial Assets at fair value through profit or loss	(7,251)	(46,389)
	<b>(7,251)</b>	<b>(46,389)</b>
<b>7 Other Expenses</b>		
Loss on Disposal of Financial Assets	229	-
Transaction Costs	38	1
Provision for Impairment of Amounts due from Related Party	-	4
	<b>267</b>	<b>5</b>
<b>8 Finance Costs</b>		
Overdraft Interest	38	-
Loan Interest	638	1,394
Interest on Margin Trading	2,593	2,627
	<b>3,269</b>	<b>4,021</b>

## Notes to the Financial Statements

### For the year ended 31st March

#### 9 Income Tax Expense

##### *Current Income Tax*

Tax Expense on Ordinary Activities for the Year (Note 9.1)

	<b>2020</b>	2019
	<b>Rs.'000</b>	Rs.'000
	<b>1,111</b>	1,035
	<b>1,111</b>	1,035
<b>9.1 Reconciliation of Accounting Profit and Taxable Income for the year</b>		
Accounting Profit / (Loss) before Tax	<b>2,777</b>	(27,282)
Aggregate Disallowed Expenses	<b>12,732</b>	53,215
Aggregate Allowable Expenses	<b>(13,140)</b>	(22,236)
Assessable Income from Business	<b>2,369</b>	3,697
Dividend Income	<b>3,368</b>	-
	<b>3,368</b>	-
Income Tax expense for the year is made up as follows		
Statutory Tax Rate		
<b>Assessable Income from Business</b>		
- First Period	28%	<b>498</b>
		1,035
- Second Period	24%	<b>142</b>
		-
<b>Dividend Income</b>		
- Second Period	14%	<b>471</b>
		-
	<b>1,111</b>	1,035

In accordance with the provisions of the Inland Revenue Act, No. 24 of 2017, the Company is liable to income tax at 28% (2019 - 28%).

As per the Notice issued by the Inland Revenue Department on 06.05.2020 (Notice PN/IT/2020-03) (Revised) Implementation of proposed changes to the Inland Revenue Act, No. 24 of 2017, the Company is liable to income tax at 24% and Dividend Income received from a resident company is liable to income tax at 14% w.e.f. 01.01.2020.

Further, according to Notice PN/IT/2020-06, Taxable income is required to be apportioned over the two periods by applying the pro-rata basis based on the time 3/4th for the First Period (01.04.2019 - 31.12.2019) and 1/4th for the Second Period (01.01.2020 - 31.03.2020) to calculate Liability for the Year of Assessment 2019/2020.

In terms of item (h) of third schedule of the Inland Revenue Act, No.24 of 2017, gains made on the realisation of an asset consisting of shares quoted in any official list published by any stock exchange licensed by the Securities and Exchange Commission of Sri Lanka are exempt from income tax.

## Notes to the Financial Statements

### For the year ended 31st March

#### 10 Earnings/(Loss) Per Share

The calculation of basic earnings/(loss) per share has been based on the following profit/(loss) attributable to ordinary shareholders and the weighted average number of shares outstanding during the year.

##### Amounts used as the Numerator

Profit/(Loss) for the year (Rs'000)

**1,666** (28,317)

##### Number of Ordinary Shares used as Denominator

Weighted average number of Ordinary Shares (No.'000) (10.1)

**6,910** 6,910

Basic Earnings/(Loss) Per Share (Rs.)

**0.24** (4.10)

#### 10.1 Weighted Average Number of Ordinary Shares for Basic Earnings Per Share

##### Outstanding No. of Shares

Number of shares in issue as at 1st April

**2020** 2019  
**'000** '000

Number of shares issued due to scrip dividend on  
19th September 2019

**6,762** 6,762

**148** 148

Number of shares in issue as at 31st March

**6,910** 6,910

## Notes to the Financial Statements

<b>As at 31st March</b>	<b>2020</b>	2019
	<b>Rs.'000</b>	Rs.'000
<b>11 Dividend Proposed per Share</b>		
First & Final Proposed Dividend	-	8,115
Number of Ordinary Shares Entitled for Dividend (No.'000)	-	6,762
<b>Dividend Per Share (Rs.)</b>	-	1.20
<b>12 Financial Assets</b>	<b>2020</b>	2019
	<b>Rs.'000</b>	Rs.'000
<b>12.1 Financial Assets at Fair value through Other Comprehensive Income (Equity Instruments)</b>		
Financial Assets in Related Companies - Quoted (Note 12.1.1)	<b>357,922</b>	563,111
Financial Assets in Quoted Companies (Note 12.1.2)	<b>126,473</b>	172,651
Financial Assets in Related Companies - Unquoted (Note 12.1.3)	<b>1,519</b>	1,519
Financial Assets in Unquoted Companies (Note 12.1.4)	<b>200</b>	200
	<b>486,114</b>	737,481
<b>12.2 Financial Assets at Fair value through Profit or Loss</b>		
Financial Assets in Related Companies - Quoted (Note 12.2.1)	<b>115,745</b>	119,659
Financial Assets in Quoted Companies (Note 12.2.2)	<b>32,307</b>	33,166
Financial Assets in Unquoted Companies (Note 12.2.3)	<b>7</b>	12
	<b>148,059</b>	152,837
<b>Total Financial Assets</b>	<b>634,173</b>	890,318

The fair value of the Company's listed equity portfolio is based on the volume weighted average price published by the Colombo Stock Exchange on the last day of trading (20th March 2020) for the financial year ended 31st March 2020.

## Notes to the Financial Statements

As at 31 March	2020			2019		
	No. of Shares	Cost Rs. '000	Fair Value Rs. '000	No. of Shares	Cost Rs. '000	Fair Value Rs. '000
<b>12.1 Financial Assets at Fair Value through Other Comprehensive Income (Equity Instruments)</b>						
<b>12.1.1 Financial Assets in Related Companies - Quoted</b>						
Beruwala Resorts PLC	3,000,000	3,735	1,800	2,300,000	3,027	1,380
C M I Holdings PLC	109,400	2,363	4,650	109,400	2,363	3,949
E B Creasy & Company PLC	159,116	3,324	129,982	159,116	3,324	237,083
Kotagala Plantations PLC	101,250	1,470	506	101,250	1,470	709
Lankem Ceylon PLC	1,116,300	58,916	19,089	1,116,300	58,916	24,558
Marawila Resorts PLC	1,448,505	4,608	1,593	1,448,505	4,608	2,318
Muller and Phipps (Ceylon) PLC	90,000	58	54	390,000	469	234
Sigiriya Village Hotels PLC	5,300	306	139	5,300	306	247
The Colombo Fort Land & Building PLC	26,668,586	167,008	200,014	21,668,586	117,008	292,526
York Arcade Holdings PLC	1,525	82	95	1,525	82	107
<b>Total</b>		<b>241,870</b>	<b>357,922</b>		<b>191,573</b>	<b>563,111</b>
<b>12.1.2 Financial Assets in Quoted Companies</b>						
<b>Banks</b>						
Commercial Bank of Ceylon PLC-Voting	712,467	28,496	42,819	700,335	27,202	69,123
Commercial Bank of Ceylon PLC-Non-Voting	6,897	268	403	6,768	257	569
DFCC Bank PLC	16,000	1,401	970	16,000	1,401	1,120
		<b>30,165</b>	<b>44,192</b>		<b>28,860</b>	<b>70,812</b>

## Notes to the Financial Statements

As at 31 March	2020			2019		
	No. of Shares	Cost Rs. '000	Fair Value Rs. '000	No. of Shares	Cost Rs. '000	Fair Value Rs. '000
<b>12.1.2 Financial Assets in Quoted Companies</b>						
<b>Capital Goods</b>						
Aitken Spence PLC	60,360	215	1,853	60,360	215	2,475
Hayleys PLC	3,000	43	371	3,000	43	504
John Keells Holdings PLC	72,977	4,348	8,422	72,977	4,348	11,384
		<u>4,606</u>	<u>10,646</u>		<u>4,606</u>	<u>14,363</u>
<b>Consumer Services</b>						
Aitken Spence Hotel Holdings PLC	24,633	270	372	24,633	270	584
Asian Hotels & Properties PLC	20,000	253	580	20,000	253	474
		<u>523</u>	<u>952</u>		<u>523</u>	<u>1,058</u>
<b>Food Beverage &amp; Tobacco</b>						
Ceylon Cold Stores PLC	22,916	213	15,010	22,916	213	13,177
Ceylon Tobacco Company PLC	24,144	253	24,144	24,144	253	32,351
Nestle Lanka PLC	12,000	82	12,136	12,000	82	19,495
		<u>548</u>	<u>51,290</u>		<u>548</u>	<u>65,023</u>
<b>Materials</b>						
Chevron Lubricants Lanka PLC	14,000	297	749	14,000	297	876
CIC Holdings PLC	315,000	2,572	11,025	315,000	2,572	12,127
Union Chemicals Lanka PLC	5,500	77	2,200	5,500	77	2,200
		<u>2,946</u>	<u>13,974</u>		<u>2,946</u>	<u>15,203</u>
<b>Real Estate</b>						
Overseas Realty (Ceylon) PLC	47,410	772	569	47,410	772	778
		<u>772</u>	<u>569</u>		<u>772</u>	<u>778</u>
<b>Retailing</b>						
John Keells PLC	112,800	90	4,850	112,800	90	5,414
		<u>90</u>	<u>4,850</u>		<u>90</u>	<u>5,414</u>
<b>Total</b>		<u>39,650</u>	<u>126,473</u>		<u>38,345</u>	<u>172,651</u>



## Notes to the Financial Statements

	2020		2019			
	No. of Shares	Cost Rs. '000	Fair Value Rs. '000	No. of Shares	Cost Rs. '000	Fair Value Rs. '000
<b>12.1.3 Financial Assets in Related Companies - Unquoted</b>						
Agarapatana Plantations Limited	250,000	501	501	250,000	501	501
Capital Leasing Company Limited	150,000	1,500	989	150,000	1,500	989
Union Group (Private) Limited	2,998	29	29	2,998	29	29
Imperial Hotels Limited	625	125	-	625	125	-
		<u>2,155</u>	<u>1,519</u>		<u>2,155</u>	<u>1,519</u>
Diminution in value of Financial Assets		(636)	-		(636)	-
<b>Total</b>		<u>1,519</u>	<u>1,519</u>		<u>1,519</u>	<u>1,519</u>
<b>12.1.4 Financial Assets in Unquoted Companies</b>						
Bartleet Transcapital Limited	10,000	200	200	10,000	200	200
<b>Total</b>		<u>200</u>	<u>200</u>		<u>200</u>	<u>200</u>
<b>Total Financial Assets at Fair Value through Other Comprehensive Income</b>		<b>283,239</b>	<b>486,114</b>		<b>231,637</b>	<b>737,481</b>

The following investment in shares have been disposed during the year. These shares were disposed to manage cash flow deficit.

	Fair Value as at date of Disposal Rs. '000	Cumulative Gain or Loss on Disposal Rs. '000
Muller & Phipps (Ceylon) PLC	351	(144)

## Notes to the Financial Statements

As at 31 March	2020		2019			
	No. of Shares	Cost Rs. '000	Fair Value Rs. '000	No. of Shares	Cost Rs. '000	Fair Value Rs. '000
<b>12.2 Financial Assets at Fair Value through profit or loss</b>						
<b>12.2.1 Financial Assets in Related Companies - Quoted</b>						
Colombo Investment Trust PLC	1,782,425	112,328	108,728	1,799,647	111,000	107,979
C.W.Mackie PLC	27,500	1,456	1,067	27,500	1,456	1,111
Lankem Developments PLC	2,120,000	13,855	3,180	2,120,000	13,855	7,208
Laxapana Batteries PLC	311,200	2,168	2,770	311,200	2,168	3,361
<b>Total</b>		<b>129,807</b>	<b>115,745</b>		<b>128,479</b>	<b>119,659</b>
<b>12.2.2 Financial Assets in Quoted Companies</b>						
<b>Automobiles &amp; Components</b>						
Kelani Tyres PLC	1,920	21	64	1,920	21	59
		<b>21</b>	<b>64</b>		<b>21</b>	<b>59</b>
<b>Banks</b>						
National Development Bank PLC	1,602	43	106	1,528	38	144
Nations Trust Bank PLC	63,417	1,608	4,008	63,417	1,608	5,092
Sampath Bank PLC	10,937	1,034	1,302	10,506	932	1,892
Seylan Bank PLC-Voting	142	5	5	105	3	7
Seylan Bank PLC-Non-Voting	150	3	3	109	2	4
Union Bank Colombo PLC	200	5	2	200	5	2
		<b>2,698</b>	<b>5,426</b>		<b>2,588</b>	<b>7,141</b>
<b>Capital Goods</b>						
Central Industries PLC	13,500	99	443	13,500	99	381
Lanka Tiles PLC	5,451	36	273	5,451	36	382
Lanka Walltiles PLC	420	10	17	420	10	25
Royal Ceramics Lanka PLC	434	6	24	434	6	26
Sierra Cables PLC	1,900	6	4	1,900	6	3
Vallible One PLC	1,600	40	19	1,600	40	23
		<b>197</b>	<b>780</b>		<b>197</b>	<b>840</b>

## Notes to the Financial Statements

As at 31 March	2020		2019	
	No. of Shares	Cost Rs. '000	No. of Shares	Cost Rs. '000
<b>12.2.2 Financial Assets in Quoted Companies</b>				
<b>Commercial &amp; Professional Services</b>				
Gestetner of Ceylon PLC	230	32	230	32
		<u>32</u>		<u>32</u>
				Fair Value Rs. '000
				20
				<u>20</u>
<b>Consumer Durables &amp; Apparel</b>				
Blue Diamonds Jewellery Worldwide PLC	6,500	38	6,500	38
Dankotuwa Porcelain PLC	6,187	87	6,187	87
Hayleys Fabric PLC	6,000	263	6,000	263
Hayleys Fibre PLC	1,600	23	1,600	23
Regnis (Lanka) PLC	1,242	12	1,242	12
Singer Industries (Ceylon) PLC	605	10	605	10
Teejay Lanka PLC	25,000	459	25,000	459
		<u>892</u>		<u>892</u>
				Fair Value Rs. '000
				1,097
				<u>1,097</u>
<b>Consumer Services</b>				
Eden Hotel Lanka PLC	565	5	565	5
John Keells Hotels PLC	30,000	475	30,000	475
Tal Lanka Hotels PLC	3,000	14	3,000	14
The Nuwara Eliya Hotels Company PLC	29	39	29	39
		<u>533</u>		<u>533</u>
				Fair Value Rs. '000
				297
				<u>297</u>
<b>Diversified Financials</b>				
Asia Capital PLC	1,550	42	1,550	42
Lanka Ventures PLC	15,300	155	15,300	155
LOLC Holdings PLC	45,840	29	45,840	29
Merchant Bank of Sri Lanka & Finance PLC	9,000	108	9,000	108
People's Leasing & Finance PLC	21,635	390	21,000	381
Singer Finance (Lanka) PLC	2,500	32	2,500	32
The Finance Company PLC	120	10	120	10
		<u>766</u>		<u>757</u>
				Fair Value Rs. '000
				5,085
				<u>5,085</u>

## Notes to the Financial Statements

	2020		2019	
	No. of Shares	Cost Rs. '000	No. of Shares	Cost Rs. '000
<b>12.2.2 Financial Assets in Quoted Companies</b>				
<b>Energy</b>				
Lanka IOC PLC	21,000	567	21,000	567
Laufgs Gas PLC	1,000	23	1,000	23
		590		590
		332		365
		9		17
		341		382
<b>Food &amp; Staples Retailing</b>				
Cargills (Ceylon) PLC	7,429	1,120	7,429	1,120
C.T.Holdings PLC	3,190	663	3,190	663
		1,783		1,783
		1,263		1,486
		510		520
		1,773		2,006
<b>Food Beverage &amp; Tobacco</b>				
Browns Investments PLC / (Browns Capital PLC)	22,000	55	11,000	55
Carson Cumberbatch PLC	3,000	489	3,000	489
Ceylon Beverages Holdings PLC	516	15	516	15
Hapugastenne Plantations PLC	100	1	100	1
HVA Foods PLC	1,800	29	1,800	29
Kahawatte Plantations PLC	165	2	165	2
Lanka Milk Foods (CWE) PLC	1,645	82	1,645	82
Lion Brewery Ceylon PLC	1,550	43	1,550	43
Renuka Agri Foods PLC	10,900	25	10,900	25
Talawakelle Tea Estates PLC	1,000	38	1,000	38
		779		779
		2,929		2,068
<b>Health Care Equipment &amp; Services</b>				
Asiri Hospitals Holdings PLC	30,000	233	30,000	233
Nawaloka Hospitals PLC	20,000	37	20,000	37
The Lanka Hospitals Corporation PLC	500	8	500	8
		278		278
		510		606
		58		84
		14		22
		582		712
<b>Insurance</b>				
Ceylinco Insurance PLC	3,626	30	3,626	30
HNB Assurance PLC	17,000	249	17,000	249
Janasakthi Insurance Co PLC	4,000	48	4,000	48
People's Insurance PLC	14,600	219	14,600	219
		546		546
		6,436		7,700
		2,057		1,967
		91		106
		250		288
		8,834		10,061

As at 31 March

## Notes to the Financial Statements

As at 31 March	2020		2019	
	No. of Shares	Cost Rs. '000	No. of Shares	Cost Rs. '000
<b>12.2.2 Financial Assets in Quoted Companies</b>				
<b>Materials</b>				
ACL Plastics PLC	300	12	300	12
Acme Printing & Packaging PLC	764,301	3,438	10,000	61
Haycarb PLC	8,939	150	8,939	150
Piramal Glass Ceylon PLC	100,000	795	100,000	795
Richard Pieris Exports PLC	100	5	100	5
Swisstek (Ceylon) PLC	600	24	600	24
		4,424		1,047
				1,586
<b>Real Estate</b>				
C T Land Development PLC	3,527	13	3,527	13
Lee Hedges PLC	1,375	12	1,375	12
Property Development PLC	1,500	18	1,500	18
		43		43
				370
<b>Retailing</b>				
RIL Property PLC	6,666	53	6,666	53
Sathosa Motors PLC	466	15	466	15
Singer (Sri Lanka) PLC	1,000	8	1,000	8
United Motors Lanka PLC	11,934	247	11,934	247
		323		323
				1,078
<b>Telecommunication Services</b>				
Dialog Axiata PLC	11,830	156	11,830	156
SriLanka Telecom PLC	100	3	100	3
		159		159
				2
				110
				108
				2
				110



## Notes to the Financial Statements

### 12.3 Disclosure of Interest in Other Entities

The Company holds 26.05% of the voting rights (2019 – 26.80%) of Colombo Investment Trust PLC (CITP). This investment in CITP is held under trading portfolio and classified as Financial Asset at Fair Value through Profit or Loss in accordance with SLFRS 9 (Financial Instruments) based on the exemptions provided in LKAS 28 (Investments in Associates and Joint Ventures) considering the nature and extent of the entity's investment activities, entity's organizational structure and its relationship with its investee.

As at 31st March	2020 Rs.'000	2019 Rs.'000
<b>13 Amounts due from Related Party</b>		
<b>Interest Bearing Receivables</b>		
The Colombo Fort Land & Building PLC	-	30,000
<b>Non-Interest Bearing Receivables</b>		
The Colombo Fort Land & Building PLC	<b>2,904</b>	19,320
	<b>2,904</b>	49,320
Provision for Impairment of Amount due from Related Party (Note 13.1)	<b>(39)</b>	(665)
	<b>2,865</b>	48,655
<b>13.1 Provision for Impairment of Amounts due from Related Party</b>		
Balance at the beginning of the year	<b>665</b>	-
Impact of Adopting SLFRS 9 - Financial Instruments	-	661
Provision / (Reversal) Provided during the year	<b>(626)</b>	4
Balance at the end of the year	<b>39</b>	665
The above amounts due from related party are receivable "on demand" and interest is charged at AWPLR + 2% on interest bearing receivables.		
<b>14 Fixed Deposits</b>		
Sampath Bank PLC	-	3,600
	-	3,600
<b>15 Cash &amp; Cash Equivalents</b>		
Cash at Banks	<b>1,836</b>	530
	<b>1,836</b>	530

## Notes to the Financial Statements

As at 31st March 2020                      2019

### 16 Stated Capital

	<b>No of Shares</b>	
Ordinary Shares as at beginning of the year	<b>6,762,496</b>	6,604,000
Shares issued during the year due to Scrip Dividend	<b>147,545</b>	158,496
Ordinary Shares as at end of the year	<b>6,910,041</b>	6,762,496
<b>Issued and Fully Paid</b>		
	<b>Rs.'000</b>	Rs.'000
Balance as at beginning of the year	<b>205,725</b>	197,800
Shares issued during the year due to Scrip Dividend	<b>8,115</b>	7,925
Balance as at end of the year	<b>213,840</b>	205,725

The Company has paid a First and Final Dividend of Rs.1.20 per ordinary share by way of a Scrip Dividend for the year ended 31st March 2019 amounting to Rs. 8,114,995.20. Accordingly the Company issued 147,545 ordinary shares in the proportion of 1:45.8334474228 for existing shares at a value of Rs. 55/- per share.

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at a meeting of the Company.

As at 31st March 2020                      2019  
**Rs.'000**                      Rs.'000

### 17 Reserves

General Reserve (Note 17.1)	<b>16,500</b>	16,500
Fair Value Reserve of Financial Assets at FVOCI (Note17.2)	<b>202,209</b>	505,601
	<b>218,709</b>	522,101

#### 17.1 General Reserve

General Reserve is the Reserve set aside for General purposes.

#### 17.2 Fair Value Reserve of Financial Assets at Fair Value through Other Comprehensive Income

Balance at the beginning of the year	<b>505,601</b>	-
Impact of Adopting SLFRS 9 as at 1st April 2018		
- Reclassifying financial assets from AFS to FVOCI	-	646,302
Fair Value Changes in Financial Assets at Fair Value through Other Comprehensive Income	<b>(303,153)</b>	(140,577)
Transfer of realised gains on disposal of Financial Assets at Fair Value through Other Comprehensive Income	<b>(239)</b>	(124)
Balance at the end of the year	<b>202,209</b>	505,601

Fair Value reserve of financial assets at Fair Value through Other Comprehensive Income included changes of fair value of equity instruments.



## Notes to the Financial Statements

As at 31st March

### 18 Interest Bearing Borrowing

**Term Loan** - Commercial Bank of Ceylon PLC

	2020 Rs.'000	2019 Rs.'000
Balance at the beginning	6,898	13,000
Loans obtained during the year	-	-
Repayments made during the year	(5,012)	(6,102)
Balance at the end	<u>1,886</u>	<u>6,898</u>
Payable within one year	1,886	6,898

#### Terms and Conditions for Interest Bearing Borrowing

Interest Rate : AWPLR + 1.5%p.a

Terms of Repayment : Two equal bi-annual installments of

Rs. 3 Million each repayable over a period of five years

#### Assets Pledged as Security against Interest Bearing Borrowings

Primary Mortgage Bond for Rs.30 Million over the following shares owned by the Company.

Company	No. of Shares
Aitken Spence PLC	60,000
Ceylinco Insurance PLC	3,600
CIC Holdings PLC	300,000
DFCC Bank PLC	16,000
John Keells Holdings PLC	58,285
John Keells PLC	112,000
LOLC Holdings PLC	45,840
Nations Trust Bank PLC	62,894
Sampath Bank PLC	10,252

As at 31st March

### 19 Trade and Other Payables

	2020 Rs.'000	2019 Rs.'000
Trade Payable		
Asha Phillip Securities Ltd	3,098	2,322
Acuity Partners (Pvt) Ltd (Note 19.1)	20,119	20,051
Other Payables	304	329
<b>Total</b>	<u>23,521</u>	<u>22,702</u>

## Notes to the Financial Statements

### 19.1 Margin Trading Facility

The Company has entered into a Margin Trading Facility with Acuity Partners (Pvt) Ltd, for Rs.20 million with effect from 3rd November, 2016 at an interest rate of 12.80%. This has been enhanced up to Rs. 25 million as at 31st March, 2018.

The following shares held by the Company have been pledged as security for the aforementioned facility.

Company	No. of Shares
Ceylon Cold Stores PLC	15,000
Ceylon Tobacco Company PLC	15,000
Chevron Lubricants Lanka PLC	10,000
CIC Holdings PLC	10,000
Commercial Bank of Ceylon PLC	225,844
C.W. Mackie PLC	15,000
Haycarb PLC	8,000
Lankem Ceylon PLC	150,000
Lankem Developments PLC	2,000,000

## 20 Related Party Disclosure

### a) Parent and Ultimate Controlling Party

The Company does not have an identifiable parent on its own.

### b) Identity of the Related Parties

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24) - "Related Party Disclosures", the details of which are reported in Note 20 (c) below.

## Notes to the Financial Statements

### c) Transactions with Related Parties

Name of the Related Party	Nature of Transactions	Transaction Value	
		2020 Rs.,'000	2019 Rs.'000
Beruwala Resorts PLC	Acquisition of Financial Assets	(708)	(238)
	Disposal of Financial Assets	-	233
	Dividend received	-	115
C M Holdings PLC	Acquisition of Financial Assets	-	(27)
	Dividend received	219	218
Colombo Investment Trust PLC	Acquisition of Financial Assets	-	(84)
	Dividend received - Form of Scrip	2,160	2,119
	Dividend paid - Form of Scrip	(3,276)	(3,252)
	Disposal of Financial Assets	2,954	-
C.W.Mackie PLC	Dividend received	96	96
E. B. Creasy & Co. PLC	Dividend received	1,909	5,728
Lankem Ceylon PLC	Acquisition of Financial Assets	-	(45)
Lankem Developments PLC	Acquisition of Financial Assets	-	(29)
Laxapana Batteries PLC	Dividend received	78	-
Muller & Phipps (Ceylon) PLC	Acquisition of Financial Assets	(122)	-
	Disposal of Financial Assets	390	-
The Colombo Fort Land & Building PLC	Acquisition of Financial Assets	(50,000)	-
	Interest received at the rate of AWPLR+2% on interest bearing receivables	3,584	3,843
	Transfer to interest bearing receivable	-	3,000
	Dividend paid - Form of Scrip	(1,296)	(1,266)
	Dividend received	-	3,258
	Part settlement of outstanding balances	(20,000)	(2,580)
	Settlement of Interest bearing receivables	(30,000)	-
	Disposal of Financial Asset	-	756
	Provision for Impairment on initial application of SLFRS 9	-	661
	Provision/(Reversal) for Impairment Interest bearing receivables	(626)	4
	Interest bearing receivables	-	30,000
	Non interest bearing receivables	2,904	19,320
	York Arcade Holdings PLC	Acquisition of Financial Assets	-

The Related Party Transactions Review Committee has reviewed the transactions mentioned above.

## Notes to the Financial Statements

### d) Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of business on an arm's length basis. Related party balances at the year end are unsecured and repayable on demand.

Interest on balance transferred to interest bearing receivables are charged at the rate of AWPLR + 2%.

There were no Guarantees received from or given to Related Parties during the financial year.

### e) Recurrent and Non-Recurrent Related Party Transactions

During the year there were no Non-Recurrent transactions which exceeded the disclosure threshold mentioned in Section 9 of the Colombo Stock Exchange Rules and the Re-current transaction which exceeded the threshold is disclosed below.

Name of the Related Party	Relationship	Nature of Transaction	Aggregate Value of RPT* entered during the Financial Year Rs.'000	Aggregate Value of RPT* as a % of Net Revenue / Income	Terms and Conditions of the RPT*
The Colombo Fort Land & Building PLC	Related	Interest Received	3,584	28.64%	Interest received at the rate of AWPLR + 2%

\*RPT - Related Party Transaction

### f) Transaction with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard (LKAS 24) - "Related Party Disclosures", Key Management Personnel (KMP) are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company (including executive and non-executive directors) and their immediate family members have been classified as Key Management Personnel of the Company.

### g) Loans to Key Management Personnel

No Loans have been given to the Key management Personnel and their close family members during the year.

### h) Key Management Personnel Compensation

Details of compensation are given in Note 5 to the Financial Statements.

## Notes to the Financial Statements

### i) The Directors of the Company are also Directors of the following Companies

Name of the Company	Relation-ship	Name of the Common Director					
		Mr. A.Rajaratnam	Mr. S.D.R. Arudpragasam	Mr. S. Shanmugalingam	Mr. A.M.de S.Jayaratne	Mr. S. Rajaratnam	Dr. J.M. Swaminathan
Agarapatana Plantations Ltd	Related	✓	✓	-	-	-	-
Beruwala Resorts PLC	Related	-	✓	-	-	✓	-
C.M. Holdings PLC	Related	✓	✓	-	✓	✓	✓
C.W. Mackie PLC	Related	-	✓	-	✓	-	-
Colombo Investment Trust PLC	Related	✓	✓	✓	✓	✓	✓
E.B. Creasy & Co. PLC	Related	✓	✓	-	✓	✓	-
Kotagala Plantations PLC	Related	✓	✓	-	✓	-	-
Lankem Ceylon PLC	Related	-	✓	-	-	-	-
Lankem Developments PLC	Related	✓	✓	-	-	-	-
Laxapana Batteries PLC	Related	-	✓	-	-	✓	-
Marawila Resorts PLC	Related	-	✓	-	-	✓	-
Muller and Phipps (Ceylon) PLC	Related	-	✓	-	-	-	-
Sigiriya Village Hotels PLC	Related	-	✓	-	-	✓	-
The Colombo Fort Land & Building PLC	Related	✓	✓	-	✓	✓	-
York Arcade Holdings PLC	Related	✓	✓	✓	✓	✓	-

Mr.A.Rajaratnam resigned from the Board of Lankem Developments PLC with effect from 20.06.2019. He also resigned from Agarapatana Plantations Ltd and Kotagala Plantations PLC with effect from 30.09.2019.

There were no other related party transactions other than the above and those disclosed in Notes 12, 13 and 20 to the financial statements.

## Notes to the Financial Statements

### 21 Transactions with Managers and Secretaries

The Company has made the following transactions with Corporate Managers & Secretaries (Private) Limited during the year.

<b>For the year ended 31st March</b>	<b>2020</b>	<b>2019</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>
Administration fees paid	727	760
Secretarial fees paid	404	422
Registrar's fees paid	485	507

All staff related services are provided by Corporate Managers & Secretaries (Private) Limited.

### 22 Capital Expenditure Commitments

There are no Capital Commitments outstanding as at 31st March, 2020.

### 23 Contingent Liabilities

There were no Contingent Liabilities as at 31st March, 2020.

### 24 Restatement of Comparative Figures

Comparative information including quantitative, narrative and descriptive information are disclosed in respect of the previous period for all amounts reported in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

### 25 Events after the Reporting Period

Subsequent to the Reporting date no circumstances have arisen which would require adjustments to or disclosure in the Financial Statements as at 31st March, 2020.

## Notes to the Financial Statements

### 26 The Impact of COVID - 19 pandemic to the Company

#### a) The impact of COVID-19 pandemic on The Business/Operations

The Company's main line of business is equity investments in listed companies and those assets have seen a marked decline as the indices of the Colombo Stock Exchange (CSE) have declined after the markets opened.

The value of the Company's Investment Portfolio is measured based on the traded prices of listed equities in the CSE. As the CSE's trading halted on the 20th March, 2020 following a steep decline in the Indices the Company's Portfolio witnessed a decline in value.

The Company will not incur any contingent liabilities due to the COVID-19 pandemic situation in the Country.

#### b) Expectation of the future impact of COVID - 19 on the Company's future operations and the financial conditions

The Company expects that the Stock Market will gradually gain momentum and reverse the decline witnessed at present. This will positively impact the Investments of the Company.

The Company further anticipates that with normalcy being reinstated with continuity in operations, the Equity Investments of the Company will receive better returns than at present.

In order to be geared to meet any uncertainty in the future, avenues to work with more technology related work practices are to be considered.

### 27 Directors' Responsibility

The Board of Directors acknowledge the responsibility for the preparation and presentation of these Financial Statements.

## Notes to the Financial Statements

### 28 Financial Instruments

#### 28.1 Financial Instruments - Statement of Financial Position

<b>As At 31st March</b>	<b>2020</b>	2019
	<b>Rs.'000</b>	Rs.'000
<b>Financial Assets</b>		
<i>Non Current</i>		
- Financial Assets at Fair Value through OCI	<b>486,114</b>	737,481
<i>Current</i>		
- Financial Assets at Fair Value through Profit or Loss	<b>148,059</b>	152,837
<b>Total</b>	<b><u>634,173</u></b>	<u>890,318</u>
Receivables	<b>772</b>	2,002
Amounts due from Related Party	<b>2,865</b>	48,655
	<b><u>3,637</u></b>	<u>50,657</u>
Cash and Cash Equivalents	<b>1,836</b>	4,130
<b>Total</b>	<b><u>5,473</u></b>	<u>54,787</u>
<b>Financial Liabilities</b>		
Interest Bearing Borrowing	<b>1,886</b>	6,898
Trade Payables	<b>23,217</b>	22,373
Dividends Payable	<b>116</b>	166
<b>Total</b>	<b><u>25,219</u></b>	<u>29,437</u>



## Notes to the Financial Statements

### 28.2 Financial Risk Management

#### Overview

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

- a) Credit Risk
- b) Liquidity Risk
- c) Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

#### Risk Management Framework

The Board of Directors have overall responsibility for the establishment and oversight of the risk management framework, including policies and procedures. In discharging its governance responsibility it operates through the Board of Directors and Audit Committee. Risk management framework is reviewed regularly to reflect changes.

#### a) Credit risk

##### Exposure to Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The exposure to credit risk at the reporting date was,

<b>As at 31st March</b>	<b>2020</b>	2019
	<b>Rs.'000</b>	Rs.'000
Receivables	<b>772</b>	2,002
Amounts due from Related Party	<b>2,865</b>	48,655
Cash and Cash Equivalents	<b>1,836</b>	4,130
	<b>5,473</b>	<u>54,787</u>

## Notes to the Financial Statements

### Impairment Losses

The aging of Receivables at the reporting date was,

As at 31st March	Gross 2020 Rs.'000	Impairment 2020 Rs.'000	Gross 2019 Rs.'000	Impairment 2019 Rs.'000
	Not past due	772	-	2,002
Past due 0-31 days	-	-	-	-
Past due 31-365 days	-	-	-	-
More than one year	-	-	-	-
	<u>772</u>	<u>-</u>	<u>2,002</u>	<u>-</u>

Based on historic default rates, the Company believes that, no impairment allowance is needed in respect of Receivables.

The aging of Amounts due from Related Party as at the reporting date was,

As at 31st March	Gross 2020 Rs.'000	Impairment 2020 Rs.'000	Gross 2019 Rs.'000	Impairment 2019 Rs.'000
	Not past due	-	-	-
Past due 0-31 days	-	-	355	5
Past due 31-365 days	2,904	39	3,488	47
More than one year	-	-	45,477	613
	<u>2,904</u>	<u>39</u>	<u>49,320</u>	<u>665</u>

The Company has provided impairment provision for the Amounts due from Related Party according to Expected Credit Loss (ECL) model.

### b) Liquidity Risk

Liquidity Risk is the risk that an entity will encounter difficulty in meeting obligations associated with Financial Liabilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

As at 31 March 2020	Carrying amount Rs.'000	Contractual cash flows Rs.'000	12 months or less Rs.'000	1-2 years Rs.'000	2-5 Years Rs.'000
<b>Financial Liabilities at Amortised Cost</b>					
Interest Bearing Borrowing	1,886	(1,886)	(1,886)	-	-
Trade and other Payables	23,521	(23,521)	(23,521)	-	-
Dividends Payable	116	(116)	(116)	-	-
	<u>25,523</u>	<u>(25,523)</u>	<u>(25,523)</u>	<u>-</u>	<u>-</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

## Notes to the Financial Statements

### c) Market Risk

Market Risk is the risk that Fair Value of future Cash Flows of a Financial Instrument will fluctuate because of changes in market prices. Market Risk will have an implication on the value of the Company's Financial Assets.

A description of the valuation methods used is given below.

#### Fair Value Hierarchy

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### 31st March, 2020

Financial Assets at Fair Value through

- Other Comprehensive Income	<b>484,395</b>	-	<b>1,719</b>	<b>486,114</b>
- Profit or Loss	<b>148,052</b>	-	<b>7</b>	<b>148,059</b>
	<b><u>632,447</u></b>	-	<b><u>1,726</u></b>	<b><u>634,173</u></b>

#### 31st March, 2019

Financial Assets at Fair Value through

- Other Comprehensive Income	735,762	-	1,719	737,481
- Profit or Loss	152,825	-	12	152,837
	<u>888,587</u>	-	<u>1,731</u>	<u>890,318</u>

#### Currency Risk

Currency Risk is the risk that the Fair Value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As the Company did not have any Financial Assets designated in currency's other than Sri Lankan Rupees, the Company was not exposed to currency risk at the reporting period.

## Notes to the Financial Statements

### 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 Rate. At the reporting date the Company's exposure towards interest rate risk was;

#### As at 31st March

#### Fixed Rate Instruments

Financial Assets - Fixed Deposits	-	3,600
Financial Liabilities - Trade Payables	<b>(20,119)</b>	(20,051)

#### Variable Rate Instruments

Financial Assets - Amounts due from Related Party	-	30,000
Financial Liabilities - Interest Bearing Borrowing	<b>(1,886)</b>	(6,898)

### Sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax:

	<b>Profit or Loss</b>	
<b>As at 31st March</b>	<b>2020</b>	2019
	<b>Rs.</b>	Rs.
Variable rate instruments (1% decrease)	<b>18,858</b>	231,021
Variable rate instruments (1% increase)	<b>(18,858)</b>	(231,021)

## Notes to the Financial Statements

### 28.3 Fair values of Financial Assets and Liabilities not carried at fair value

The carrying amounts and fair values of the financial assets and liabilities of the Company which are not measured at fair value in the financial statements are given below.

As at 31st March	Explanatory Reference	2020		2019	
		Fair Value	Carrying Value	Fair Value	Carrying Value
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Amortised Cost</b>	(a)				
Receivables		772	772	2,002	2,002
Cash and Cash Equivalents		1,836	1,836	4,130	4,130
<b>Financial Liabilities at Amortised Cost</b>	(b)				
Interest Bearing Borrowing		1,886	1,886	6,898	6,898
Trade Payables		23,217	23,217	22,373	22,373
Dividends Payable		116	116	166	166

(a) The carrying values of Receivables has been considered as the fair value due to uncertainty of the timing of the cash flows.

The carrying value of cash and bank balances have been considered as the fair value due to the short maturity of the financial instruments.

(b) Carrying values of the financial liabilities have been considered as the fair value, due to uncertainty of the timing of the cash flow.

# Financial Summary

	SLFRS 9		LKAS 39		
Year ended 31st March	2020	2019	2018	2017	2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Trading Results</b>					
Revenue	<b>12,515</b>	22,236	19,241	29,196	21,760
Other Income	<b>4,287</b>	4,228	5,999	5,285	4,280
Profit / (Loss) Before Income Tax Expense	<b>2,777</b>	(27,282)	24,666	21,349	(50,642)
Income Tax Expense	<b>(1,111)</b>	(1,035)	(1,247)	(2,212)	-
Profit / (Loss) for the year	<b>1,666</b>	(28,317)	23,419	19,137	(50,642)
<b>As at 31st March</b>					
	2020	2019	2018	2017	2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Equity</b>					
Stated Capital	<b>213,840</b>	205,725	197,800	190,000	190,000
General Reserve	<b>16,500</b>	16,500	16,500	16,500	16,500
Available-for-Sale Reserve	-	-	646,302	675,777	704,423
Fair Value Reserve of Financial Assets at OCI	<b>202,209</b>	505,601	-	-	-
Retained Earnings	<b>181,194</b>	187,315	224,041	208,385	197,027
	<b>613,743</b>	915,141	1,084,643	1,090,662	1,107,950
<b>Assets Less Liabilities</b>					
Current & Non-Current Assets	<b>639,727</b>	945,193	1,124,631	1,112,811	1,133,619
Current & Non-Current Liabilities	<b>(25,984)</b>	(30,052)	(39,988)	(22,149)	(25,669)
Net Assets	<b>613,743</b>	915,141	1,084,643	1,090,662	1,107,950
<b>Financial Statistics</b>					
Earnings / (Loss) Per Share	<b>0.24</b>	(4.10)	3.46	2.90	(7.79)
Net Asset Per Share	<b>88.82</b>	132.44	160.40	165.15	170.45
Market Price Per Share	<b>55.00</b>	50.20	64.70	66.00	77.20
Price Earnings Ratio	<b>229.17</b>	(12.24)	18.70	22.76	(9.91)
Dividend Per Share	-	1.20	1.20	1.20	1.20

# Information to Shareholders and Investors

## Distribution of Shareholdings

	31st March 2020			31st March 2019		
	No.of Shareholders	Total Shareholdings	%	No.of Shareholders	Total Shareholdings	%
1 - 1,000	510	68,917	1.00	498	66,734	0.99
1,001 - 10,000	95	265,649	3.85	100	269,966	4.00
10,00 - 100,000	23	627,698	9.08	21	517,712	7.65
100,001 - 1,000,000	4	921,206	13.33	5	1,016,667	15.03
Over - 1,000,000	3	5,026,571	72.74	3	4,891,417	72.33
<b>Total</b>	<b>635</b>	<b>6,910,041</b>	<b>100.00</b>	<b>627</b>	<b>6,762,496</b>	<b>100.00</b>

## Categories of Shareholders

	31st March 2020			31st March 2019		
	No.of Shareholders	Total Shareholdings	%	No.of Shareholders	Total Shareholdings	%
Individuals	567	675,805	9.78	559	681,198	10.07
Institutions	68	6,234,236	90.22	68	6,081,298	89.93
<b>Total</b>	<b>635</b>	<b>6,910,041</b>	<b>100.00</b>	<b>627</b>	<b>6,762,496</b>	<b>100.00</b>

## Public Holding

The percentage of the Issued Share Capital held by the public as at 31st March, 2020 was 18.81%. (31.03.2019– 19.72%).

The applicable option under Colombo Stock Exchange Rule 7.13.1 on Minimum Public Holding is option 2 and the Float Adjusted Market Capitalisation as at 31st March, 2020 was Rs. 71.49 Million.

## Public Shareholders

The number of Public Shareholders as at 31st March, 2020 was 635.

## Market Performance - Ordinary Shares

	2019/20 Rs.	2018/19 Rs.
Highest Price	75.00	65.60
Lowest Price	40.00	40.00
Market Value as at the Year end Price	55.00	50.20

## Information to Shareholders and Investors

### Twenty Major Shareholders of the Company

	31st March 2020		31st March 2019	
	Shares	%	Shares	%
Colombo Investment Trust PLC	<b>2,731,229</b>	<b>39.53</b>	2,775,398	41.04
Financial Trust Ltd.	<b>1,191,739</b>	<b>17.25</b>	1,035,980	15.32
The Colombo Fort Land & Building PLC	<b>1,103,603</b>	<b>15.97</b>	1,080,039	15.97
Property & Investment Holdings (Private) Ltd.	<b>490,753</b>	<b>7.10</b>	480,275	7.10
Mr.G.M. Dhansingani	<b>172,502</b>	<b>2.50</b>	168,819	2.50
People's Leasing & Finance PLC / Dr.H.S.D.Soyasa & Mrs.G.Soyasa	<b>134,868</b>	<b>1.95</b>	131,989	1.95
Mrs.M.L.De Silva	<b>123,083</b>	<b>1.78</b>	120,455	1.78
Seylan Bank PLC / E.J.Gunasekera & M.G.M.Gunasekera	<b>90,340</b>	<b>1.31</b>	115,129	1.70
Tranz Dominion L.L.C	<b>88,789</b>	<b>1.28</b>	80,000	1.18
Commercial Bank of Ceylon PLC / N.H.Dawoodbhoy and Company (Private) Limited	<b>62,933</b>	<b>0.91</b>	61,590	0.91
People's Leasing & Finance PLC/ Mr.M.A.N.Yoosufali	<b>42,000</b>	<b>0.61</b>	42,318	0.63
Capital Investments Ltd.	<b>38,425</b>	<b>0.56</b>	37,605	0.56
Mr.D.L.N.P.Dassanayaka	<b>31,474</b>	<b>0.46</b>	25,088	0.37
Ceylon Galvanising Industries Ltd.	<b>25,308</b>	<b>0.37</b>	24,768	0.37
N.Vaitilingam & Co. Ltd.	<b>25,308</b>	<b>0.37</b>	24,768	0.37
Mr.Anushman Rajaratnam	<b>21,500</b>	<b>0.31</b>	-	-
Trust Holdings & Investments (Pvt) Ltd.	<b>17,966</b>	<b>0.26</b>	17,583	0.26
Sampath Bank PLC / Mr.A.Sithampalam	<b>17,648</b>	<b>0.26</b>	28,193	0.42
People's Leasing & Finance PLC/L.P.Hapangama	<b>17,135</b>	<b>0.25</b>	16,770	0.25
J.B.Cocoshell (Pvt) Ltd.	<b>16,183</b>	<b>0.23</b>	15,838	0.23
<b>Total</b>	<b>6,442,786</b>	<b>93.26</b>	6,282,605	92.91

### Financial Statistics

	2020 Rs.	2019 Rs.
Earnings / (Loss) per Share	<b>0.24</b>	(4.10)
Net Asset per share	<b>88.82</b>	132.44
Dividend per Share	-	1.20
Dividend Payout Ratio	-	(0.29)



# Form of Proxy

I/We the undersigned .....of.....  
 .....  
 being a member/members of Colombo Fort Investments PLC, do hereby appoint : .....  
 .....of..... whom failing

Alagarajah Rajaratnam	of Colombo whom failing
Sri Dhaman Rajendram Arudpragasam	of Colombo whom failing
Sriskandamoorthy Shanmugalingam	of Colombo whom failing
Ajit Mahendra de Silva Jayaratne	of Colombo whom failing
Sanjeev Rajaratnam	of Colombo whom failing
Jayanta Mootatamby Swaminathan	of Colombo

as my/our Proxy to represent me/us to speak and to vote on my/our behalf at the Annual General Meeting of the Company to be held on 31st August, 2020 and at any adjournment thereof and at every poll which may be taken in consequence thereof. I/We the undersigned hereby authorise my/our proxy to vote on my/our behalf in accordance with the preferences indicated below:

<b>RESOLUTIONS</b>						
Resolution Numbers as set out in the Notice convening the Meeting	1	2	3	4	5	6
For						
Against						

As witness, my / our \* hand/s this.....day of .....2020.

.....  
 Signature of Shareholder

## Notes :

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

A Proxy holder need not be a member of the Company.

Instructions as to completion appear on the reverse hereof.

**Instructions as to Completion**

- 1 To be valid the completed Form of Proxy must be deposited at the Registered Office of the Company at No 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 not less than 48 hours before the time appointed for the holding of the Meeting.
- 2 The Instrument appointing a proxy shall in the case of an individual be signed by the appointor or by his Attorney and in the case of a Company/Corporation the Proxy Form must be executed under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association or other constitutional document.
- 3 If the Proxy Form is signed by an Attorney, the relevant Power of Attorney or a notarially certified copy thereof, should also accompany the completed Form of Proxy if it has not already been registered with the Company.
- 4 The full name and address of the Proxy and of the shareholder appointing the Proxy should be entered legibly in the Form of Proxy. Please sign in the space provided and fill in the date of signature.

# Corporate Information

## **Name of the Company**

Colombo Fort Investments PLC

## **Legal Form**

A Public Quoted Company with Limited Liability incorporated in Sri Lanka on 10th June, 1983 under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 on 13th December 2007.

## **Company No.**

PQ 100

## **Stock Exchange Listing**

The Ordinary Shares of the Company are listed with the Colombo Stock Exchange

## **Registered Office**

8-5/2, Leyden Bastian Road,  
York Arcade Building,  
Colombo - 1.  
☎ 0112344485 - 9

## **Board of Directors**

A.Rajaratnam FCA (Chairman)  
(Alternate, Anushman Rajaratnam)  
S.D.R.Arudpragasam FCMA (UK) (Deputy Chairman)  
S.Shanmugalingam  
A.M. de S.Jayaratne B.Sc. (Econ.), FCA  
S.Rajaratnam B.Sc., CA  
J.M.Swaminathan Attorney-at-Law, LLB(Ceylon), LLM, M. Phil. (Colombo), Hon. LLD (Colombo)

## **Secretaries**

Corporate Managers & Secretaries (Private) Limited  
8-5/2, Leyden Bastian Road,  
York Arcade Building,  
Colombo - 1.  
☎ 0112344485 - 9

## **Auditors**

Messrs. V.S. & Associates  
Chartered Accountants  
20/62, Fairfield Gardens,  
Colombo - 8.

## **Lawyers**

Messrs. Julius & Creasy  
Attorneys-at-Law,  
Solicitors & Notaries Public,  
P.O. Box 154,  
Colombo.

## **Bankers**

Commercial Bank of Ceylon PLC  
Sampath Bank PLC

**Colombo Fort Investments PLC**  
8-5/2, Leyden Bastian Road,  
York Arcade Building,  
Colombo 1 .