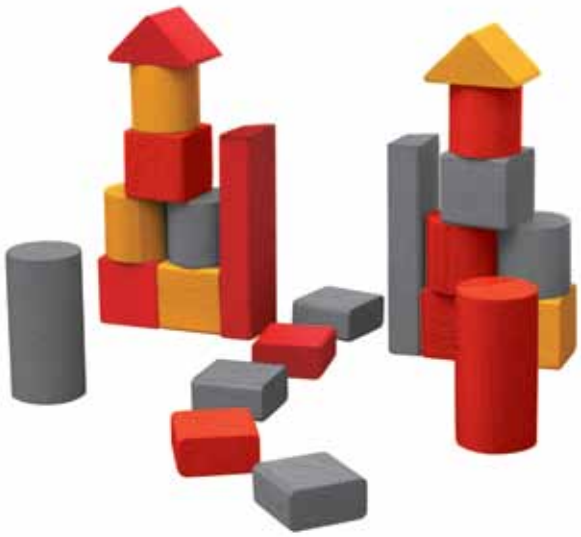
OVERSEAS REALTY

Annual Report 2010

Building success upon success.



WORLD TRADE CENTER COLOMBO

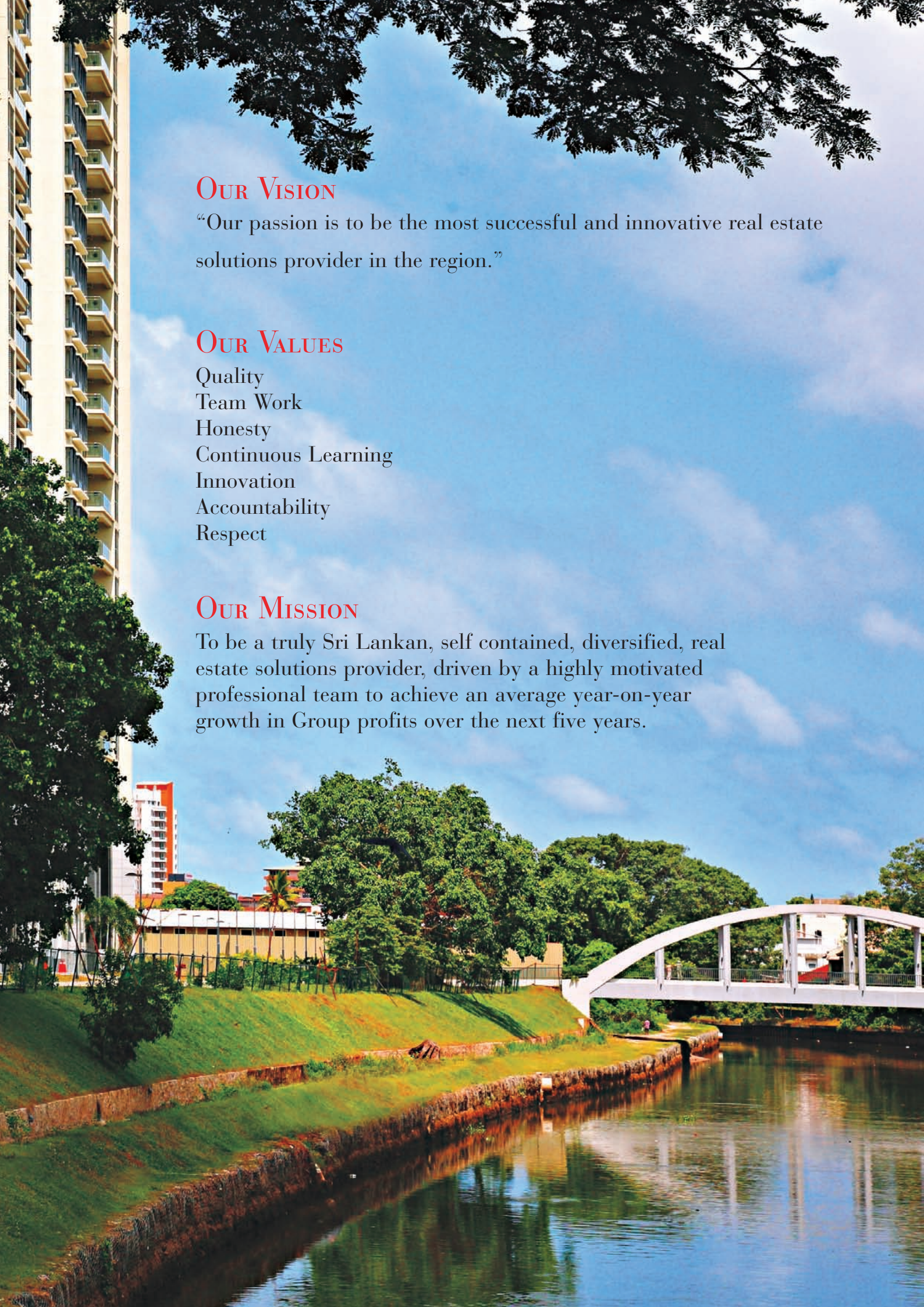
HavelockCity
Come home to the City

Building success upon success.

As the premier property development and investment holding company in Sri Lanka, Overseas Realty (Ceylon) PLC is committed to delivering the best in condominium solutions for residency and business… properties unmatched in style, quality, functionality and location.

Over the years, we have built upon our successes- from the hub of business that is the World Trade Center (WTC) to the newly launched multi tower residential apartments for luxury living that is Havelock City(HC)- to bring our shareholders steadily increasing value and the best returns on every investment.

HC as seen from one of Colombo's main highways



Our Vision

"Our passion is to be the most successful and innovative real estate solutions provider in the region."

Our Values

Quality
Team Work
Honesty
Continuous Learning
Innovation
Accountability
Respect

Our Mission

To be a truly Sri Lankan, self contained, diversified, real estate solutions provider, driven by a highly motivated professional team to achieve an average year-on-year growth in Group profits over the next five years.

Building success upon success.

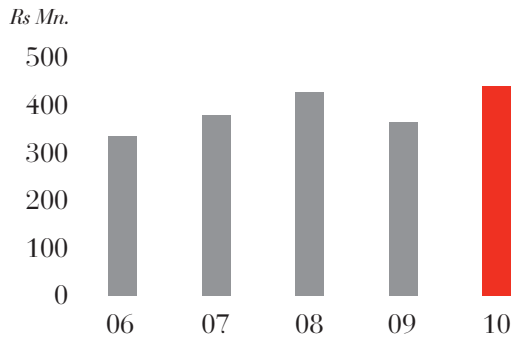
THE BEST BUSINESS ADDRESS

The WTC remains the most prestigious commercial space in Colombo

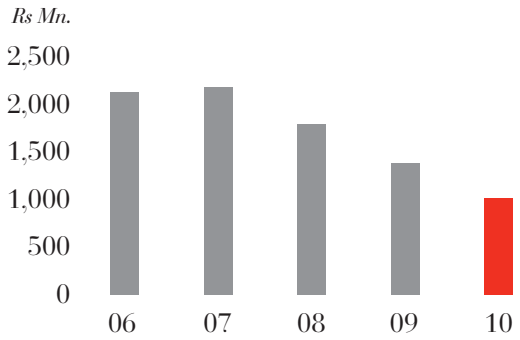
Financial Highlights

For the year ended		2010 Rs. Mn	2009 Rs. Mn
Income Statement			
Revenue		1,698.67	1,940.98
Gross Profit		736.66	555.28
Fair Value (FV) Gain		473.16	1,019.49
Profit Before Tax		925.17	1,391.53
Profit After Tax		914.11	1,384.96
Profit After Tax excl. FV Gains		440.95	365.47
Balance Sheet (As at 31st December)			
Total Assets		22,310.37	21,470.04
Net Borrowings		2,878.84	3,148.12
Shareholders' Equity			
Stated Capital		10,186.09	9,713.31
Reserves		7,021.17	6,417.80
Financial Ratios			
Gross Profit	%	43%	29%
PAT (incl FV)	%	54%	71%
PAT (excl FV)	%	26%	19%
Return on Equity	%	5%	8%
Return on Tot Assets	%	5%	7%
Debt Equity Ratio		0.17	0.20

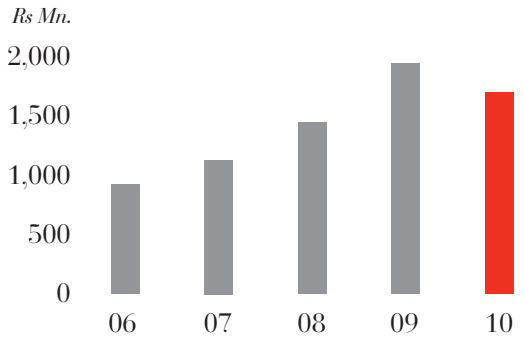
Group PAT-Excl. FV Gain



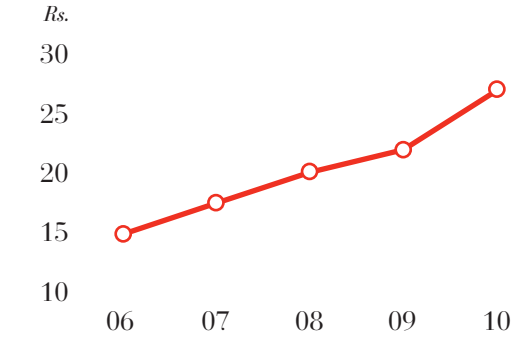
EBIT - Group



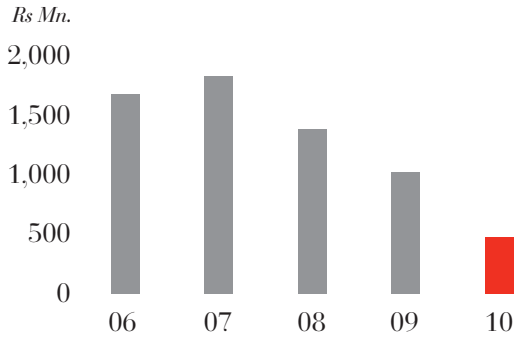
Group Revenue



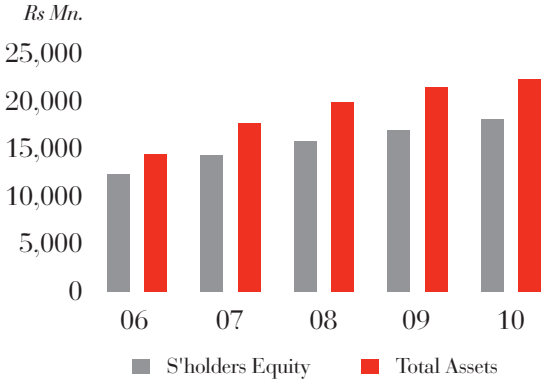
Net Asset Value Per Share



FV Gain



Shareholders Equity and Total Assets



Chairman's Statement

Building success upon success.

"It is with considerable optimism, enthusiasm and courage that I present to you the performance of your Company for the year ended 2010, and her future prospects, as we embark on our ambitious plan to complete the entire Havelock City development in the next three years"

It is with considerable optimism, enthusiasm and courage that I present to you the performance of your Company for the year ended 2010, and her future prospects, as we embark on our ambitious plan to complete the entire Havelock City development in the next three years.

Financial Performance

Arising from the positive sentiments emanating from a development focused economic strategy for the country's future, the Company is beginning to experience an increased demand for both the quality office space at WTC and Havelock City apartments.

The Group's profit after tax (without the fair value gain) of Rs. 441 Mn, represents an increase of 21% from the previous year.

The Group recorded a gross revenue of Rs. 1,699 Mn a decrease of 12% over the previous year, the increase in rent contribution at World Trade Center being offset by decreased revenue recognised from sale of Havelock City apartments.

In November 2010 the Company redeemed its Preference Shares upon its expiry through a successful Rights Issue.

World Trade Center Operations

During the year, the Company benefitted from increases in both occupancy at WTC and average rental rates, a clear indication of an uptrend in business optimism and confidence.

The World Trade Center, the most desirable and prestigious "office address" in Colombo remains unmatched in built-quality, facilities services and location and stands testimony to the Company's dedication to excellence.

Havelock City Project

Work is proceeding at full steam. Whilst piling works for Phase 2 residences has been completed, construction for the two towers in Phase 2 and the Club House will commence in the 1st half of 2011. Design for the Commercial complex, comprising two towers and a low-rise office block, a shopping mall and a multi-storeyed car park has been finalised and construction is targeted for the second half of 2011. With construction of the remaining 6 towers of residential units also slated for the second half of 2011, Havelock City will be completed within the specified period.

The Future

The resolution of the conflict that has lasted 30 years has ushered in peace and a stable government focused on developing the country to claim its rightful place in South Asia and eventually the global economy. Certainly, there are tremendous opportunities for city planning and development to cater to urbanisation and service related industries, all of which would require more and better modern buildings to enhance performance and efficiency. This is also a clarion call to our Company to seize the challenge to build the balance 3.5 Mn sq ft in Havelock City to be ready for the inevitable demand in the future.

Chairman's Statement

The Board has appointed Mr. Pravir Samarasinghe as Chief Executive Officer of Overseas Realty (Ceylon) PLC with effect from 10th March 2011. He brings a wealth of corporate experience and knowledge from the private sector and is tasked with transforming the Company into the premier Sri Lankan public listed property company with clear goals to increase its portfolio of investment assets for recurring income, exploring every trading opportunity for profitability and continuously enhancing and upgrading its service skills to earn fee-based income.

Mr. En Ping Ong was appointed Executive Director on 18th January 2011 to oversee the management of the Company prior to the CEO assuming office in March 2011 and also serve as interface between Management and the Board of Directors. He will work closely with the CEO to realise the objectives laid down by the Board to increase shareholder value.

Appreciation

Management is to be commended for their loyalty and dedication to the Company during the economic downturn in previous years and period of change in 2010. I thank the Board of Directors for their continuing support and counsel especially through the recent challenging times and I am deeply grateful to Mr. Baku Mahadeva who was instrumental in bringing me into the Company in 1992 and Mr. Chris Anthonisz who was a founder Director of this Company. The Board has benefitted greatly from their experience and wisdom and their request to retire at the forthcoming AGM, accepted with regret, marks another era for the Company. Finally I would like to express my sincere appreciation to all shareholders for their continued support and faith in the success of your Company.

S. P. Tao
Chairman

The WTC which defines Colombo's landscape

Profiles of Directors

Mr. Shing Pee Tao

Mr. Shing Pee Tao is the founder of the Shing Kwan Group. A naturalised citizen of Singapore of Chinese origin, Mr. Tao has extensive worldwide business experience and is widely regarded as a visionary entrepreneur in the commodities, shipping and real estate sectors. Mr. S P Tao has been the non-executive Chairman of the Company since the Shing Kwan Group invested in the Company in 1991.

Mr. S P Tao commenced his business association with Sri Lanka in 1958 dealing in commodities and shipping with the Ceylon Food Commissioner's office. In the 1970's, he assisted Sri Lanka to establish the Ceylon National Shipping Corporation when he sold one ship, on credit, to the Shipping Corporation which was renamed "Lanka Rani". Pursuant to that, as payment, he received a 20% equity share in Colombo Dockyard.

In 1991, Mr. Tao, in assisting the Keppel Group of Singapore to negotiate and acquire Colombo Dockyard, revisited Colombo and thus renewed his acquaintances and re-visited friends of some 20 years.

Attracted by the incentives offered by the Sri Lankan Government and on the recommendation of his old friend, the then Chairman of National Development Bank, Mr. Baku Mahadeva, Mr. Tao acquired Overseas Realty (Ceylon) Limited, a listed Company on the Colombo Stock Exchange, owning an undeveloped plot of land at Echelon Square in the Colombo Fort area.

Mr. Tao then decided on a monumental investment in Sri Lanka in developing the WTC twin towers, which was years ahead of its time. To ensure the highest standards of quality that would withstand the test of time, he invited the world's leading construction company, Turner Steiner of USA, to construct the twin towers.

Apart from Sri Lanka, Mr. Tao has real estate investments principally in China and Singapore. Between 1972 and 1996, he was Chairman of Singapore Land Limited spearheading its growth into the largest listed property Company on the Singapore Stock Exchange. During this time, he conceptualised and developed the iconic Marina Square complex which paved the way for development in downtown Singapore. Mr. Tao was also a co-founder of PT Jakarta Land, developer and owner of the WTC complex in Jakarta, Indonesia and served on its Board from 1980 to 2005.

Mr. Hussein Zubire Cassim

Appointed to the Board as a non-executive Director of Overseas Realty (Ceylon) PLC (ORC PLC) in April 1991, Mr. Hussein Zubire Cassim presently serves as the Deputy Chairman of the Board and a member of the Audit Committee and Remuneration Committee. He is an Associate member of the Institute of Chartered Ship Brokers, London, having qualified in the Inter-arts Examination, London, in 1950. Mr. Cassim held the post of Secretary to the Minister of Trade, Commerce & Tourism from 1952 to 1956. He was appointed General Manager of Ceylon Shipping Lines in 1958 and held this post until 1963. From 1960 to date he has held executive and non-executive directorates in Singapore and Sri Lanka.

Mr. Cassim was also a member of the panel of advisors of the United Nations Youth Federation of Sri Lanka from May 1999 to 2004. He was the first President of the Sri Lanka - Singapore Business Council, an affiliate of the Ceylon Chamber of Commerce. He held this post for two consecutive years. He was also a member of the Executive Committee of the Ceylon Chamber of Commerce.

Mrs. Mildred Tao Ong (Dr.)

Mrs. Mildred Ong was appointed to the Board as a non-executive Director in 1991. After receiving her medical degree from University College, London in 1972 and subsequently working as a Pediatrician in Singapore, Dr. Tao joined the Shing Kwan Group in 1977. She subsequently attended an Advanced Management Programme at Harvard Business School in 1983. Mrs. Ong has played a key role in developing the Shing Kwan Group's property development arm in the residential, commercial and retail sectors through its controlling interest in Singapore Land Limited (until 1990) and PT Jakarta Land (until 2005) and subsequently on its own.

Mrs. Ong currently oversees the Shing Kwan Group's real estate developments and investments in Singapore and abroad.

Mr. Melvin Yap Boh Pin

Mr. Melvin Yap Boh Pin was appointed as a non-executive Director of the Company in 1991 and was a member of the Executive Committee of the Board until 18th January 2010. Mr. Yap serves as a member of the Company's Audit Committee.

Mr. Yap qualified as a chartered accountant from the Institute of Chartered Accountants in England and Wales in 1966. He is a Fellow member of both the Institute of Certified Public Accountants of Singapore, and the Institute of Chartered Accountants in England and Wales.

Profiles of Directors

He is currently the Managing Director of B.P.Y. Private Limited, a firm of management consultants which provides financial planning, financial accounting, reviewing of internal control systems as well as corporate secretarial services in Singapore.

Between July 1975 and January 1999, Mr. Yap was a senior partner at Yap Boh Pin & Co., which provided advice on auditing, taxation, liquidation and corporate restructuring matters. He is an independent Director of TeleChoice International Limited, a public listed company and Asia Mobile Holdings Pte Ltd (a private subsidiary of Singapore Technologies Telemedia Pte Ltd), which is part of the Singapore Technology Group. He is also the Chairman of the Audit Committee and member of the Nominating Committee for TeleChoice International Limited. Mr. Yap is also an Independent Director of the public listed company, Lereno Bio-Chem Ltd, serving as Chairman of its Nominating Committee and member of its Audit Committee.

He has held directorships in various public companies between 1975 and 2000, including Singapore Land Limited, L&M Investments Limited and Pan Pacific Company Limited and is a member of their executive committees and/or audit committees, assisting in the evaluation and recommendation of changes to their system of internal controls and corporate governance.

Beyond the corporate sector, Mr. Yap is actively involved in various non-profit, educational and social welfare organisations. He is a member of the Board of Governors of the Singapore Hokkien Huay Kuan and a member of the Board of Trustees of the Chinese Development Assistance Council, as well as a member of its Audit Committee. He is a Director of Anglo-Chinese School (International). He has also been appointed member of the Board of Directors and Chairman of the Finance Committee of the Singapore Heart Foundation.

Mr. Christopher James Edward Anthonisz

Mr. Christopher James Edward Anthonisz, a versatile sportsman in his younger days, holds an Economics Degree specialising in banking from the University of Colombo. He started his career at the Bank of Ceylon and served as its General Manager from 1987 to 1991. He was advisor to the Amro Bank in Colombo and Manager of the Overseas Trust Bank. He counted over 50 years experience in banking at the time of his retirement.

Mr. C J E Anthonisz held directorships at York Arcade Holdings Limited and Tokyo Cement Limited and retired in 1980.

In May 1991, he joined ORC PLC as a Director and also serves as the Chairman of its Audit Committee and is a Director of Hospitality International (Private) Limited.

Deshamanya Balakumara Mahadeva

Deshamanya B Mahadeva has been a Director of the Company since September 1994. Mr. Mahadeva obtained a First Class Bachelors Degree and a Masters Degree in Mathematics from the London University of UK.

He was a lecturer in Mathematics at the University of Colombo and has served the Ceylon Civil Service for over 50 years. He also served the United Nations in Malaysia for a period of 10 years as Head to 16 countries in Asia. Returning to Sri Lanka, he held key posts of Chairman, DFCC Bank and Chairman, National Development Bank. He was also the Chairman of Lanka Tiles and Lanka Wall Tiles during the same period. Deshamanya Balakumara Mahadeva has also held posts such as Chairman of the Presidential Commission on Privatisation and served as a member of the Securities and Exchange Commission.

Mrs. Rohini Lettitia Nanayakkara

Mrs. Rohini Nanayakkara was appointed to the Board of Directors of the Company as an independent non-executive Director in 2005. She holds a Second Class BA Honours Degree from the University of Peradeniya, Sri Lanka. She also holds a Diploma in French from the Chamber of Commerce, Brussels. She is a Fellow of the Institute of Management & the Institute of Bankers, Sri Lanka. She has also been a President of the Sri Lanka Banks Association and Association of Professional Bankers, a member of the Commission of the University of Colombo, Sri Lanka and of the task force setup by the Government for tsunami reconstruction.

She was the first woman executive to join a commercial bank, namely Bank of Ceylon, eventually earning the rare distinction of becoming the first woman General Manager/CEO of the Bank, a first for any bank in Sri Lanka and the Asian region.

She was also Chairman/Director of several financial institutions such as the National Development Bank, DFCC Bank, Merchant Bank of Sri Lanka and the First Capital Group of Companies. She has served as Director/General Manager/CEO of one of the largest private banks namely, Seylan Bank PLC. In August 2004, she accepted the invitation extended to her by the shareholders of LOLC to be the Chairperson of the LOLC Group of Companies.

She is presently the President of United Nations Association of Sri Lanka and also the Chairperson of the Browns Group of Companies, NDB Venture Investments (Pvt) Limited, Ayojana Fund (Pvt) Limited, Taprobane Holding Group of Companies, and Trans Asia Hotels Limited.

Mr. Ajit Mahendra De Silva Jayaratne

Mr. Ajit M DeS Jayaratne was re-appointed to the Board of ORC PLC in 2005 as an independent non-executive Director. Mr. Jayaratne graduated from the University of Southampton, U.K. with a BSc Degree in Economics. Thereafter he qualified as a Fellow of the Institute of Chartered Accountants in U.K. Returning to Sri Lanka, he became a member of the Institute of Chartered Accountants in Sri Lanka.

He served at Forbes & Walker Limited for most of his working life, culminating in being appointed as the Chairman of the Company, a position he held for several years. During his period of service at Forbes & Walker, he was appointed to the Boards of several public and private companies. He also served as the Chairman of the Colombo Stock Exchange, Chairman of the Finance Commission and Chairman of the Ceylon Chamber of Commerce. Upon retiring from the private sector, he was appointed as Sri Lanka's High Commissioner to Singapore. Completing his term in Singapore and returning to Sri Lanka, he continues to serve on the Boards of several public companies.

Mr. En Ping Ong

Mr. Ong was appointed to the Board of Directors of the Company on 18th January 2010 as a non-executive Director and was appointed as an executive Director in January 2011. He was appointed the Chairman of the Executive Committee of the Board with effect from 18th January 2010. Mr. Ong graduated from Harvard University with a BA in Applied Mathematics and later attended the Graduate School of Business at Stanford University for his MBA. He has a background in Investment Banking having worked at JP Morgan in Singapore and Hong Kong. He assisted ORC PLC with its financial restructuring by raising US$ 20 Mn through a private placement of new shares in 2005 and more recently oversaw the 2-for-1 Rights Issue undertaken in October 2010. Mr. Ong is currently focused on growing the real estate business of the Shing Kwan Group.

Mr. Martin Boniface Pereira

Mr. Martin Pereira was appointed to the Board of Directors of the Company as a non-executive Director on 18th January 2010 and was a member of the Executive Committee of the Board and is also a member of the Remuneration Committee. Mr. Pereira is a Fellow of the Institute of Certified Public Accountants of Singapore. He has been associated with the Shing Kwan Group for over 30 years and has hands-on property development experience in several major projects including Marina Square in Singapore and WTC and HC in Colombo. He is amply qualified and well experienced in all aspects of property development and was tasked with overlooking the Company's property development business.

Mr. Leslie Ralph De Lanerolle

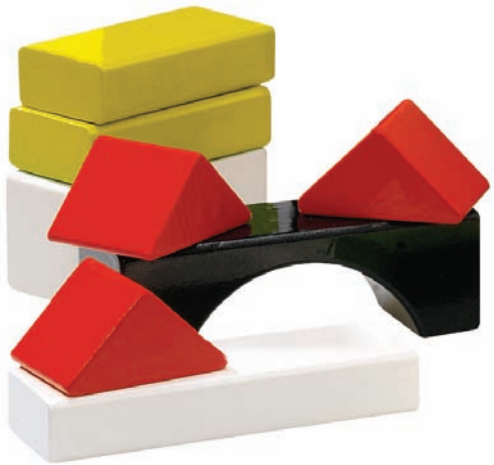
Mr. Ralph de Lanerolle joined the Board of Directors of the Company as a non-executive Director on 3rd June 2010. Mr. de Lanerolle has over 45 years of work experience in both the public and private sectors, where he has held senior management positions, of which more than 18 years have been at the level of CEO/MD. A Chartered Engineer, Mr. de Lanerolle holds a Bachelors Degree in Civil Engineering (First Class Honours) from the University of Ceylon (1965) and a Masters Degree from the University of Waterloo, Ontario, Canada (1968). He is a member of the Association of Professional Bankers of Sri Lanka and a Fellow of the Economic Development Institute of the World Bank, Washington.

Mr. de Lanerolle has worked primarily in the field of Project Finance and Management, undertaking assignments in diverse sectors of the economy, especially in the financial services, real estate and property, tourism, hotel and transportation sectors. He has worked as a team leader/member with several multi-disciplinary groups in carrying out project studies. In an individual capacity, he has served as Consultant to several private companies, providing project related advisory services from pre-investment to implementation.

Mr. de Lanerolle has served, and continues to serve, on the Board of Directors of several other private and public listed companies.

THE BEST IN CONDOMINIUM SOLUTIONS

A show apartment at Elibank Tower, HC



Building success upon success.

Management Commentary

Year in Review

The Macro Environment

2010, the first full year of peace for Sri Lanka in the last 30 years, has seen the materialisation of most of the optimistic expectations set for the country and its economy after the end of the conflict in May 2009. The year has been one of significant growth and development, and has seen a resurgence of business confidence, strong performance from the private sector, improvements in infrastructure and positive fiscal and monetary policy initiatives from the Government of Sri Lanka (GOSL).

As expected, the positive momentum in the stock market from 2009 continued through the first half of 2010 with the all share index reaching a high of 7,150 points, an 111% increase over last year making it the second best performing bourse in the world. However, increased profit taking and regulatory tightening of credit resulted in a slowing down of this momentum towards the end of 2010.

Tourism has been a clear beneficiary of the end of hostilities, and 2010 saw a sharp rise in the number of tourist arrivals, with a growth of 46% compared to 2009. As a result of this influx in tourists, hotels have begun to refurbish and rebrand their products, with the government also stepping up efforts to improve the infrastructure in potential tourist hotspots, and launching a number of projects around the country.

GDP growth for 2010 of 8% is the highest recorded since 2002 driven primarily by strong contributions from the agriculture, service and construction sectors. The country has now recorded 4 consecutive quarters of GDP growth of 6-8% through 2010 which is reflective of a sound momentum for the economy. The inflation rate of 7% in 2010 has continued to ease from a peak of 28.2% in June 2008 as a result of the revisions in monetary policy and favourable supply and demand conditions. The year also saw a stronger rupee which appreciated around 1.7% against the dollar to around Rs. 112 at year end, which also contributed to the easing of the inflation rate.

While sectors such as tourism have been the first to revive, other sectors have begun to improve as well. Business sentiment overall has improved and the Company, as a proxy and clear beneficiary of broad business confidence has seen significant operational improvements, particularly in the second half of 2010.

The Real Estate Market

Despite lower interest rates and improving credit there was no significant improvement in the demand for the residential real estate market in the first half of 2010. This was primarily due to political uncertainty during the presidential and general elections and investors focusing on the outsized returns on the stock market. However, there was a revival in interest for residential and commercial real estate towards the latter half of the year, supported by the stable political environment.

Throughout 2010, demand for commercial/office space increased steadily in line with the positive business sentiment for the country. Additionally, the Company has managed to increase rental rates for commercial space, which augurs well for future yields for the Group.

In 2010 significant moves have been made within the public and private sector of the country, that are promising for the real estate industry. The GOSL is opening up significant land banks within the city for commercial development and there has been several large scale residential and commercial developments announced in the private sector. While this increases the competitive dynamics, our unparalleled knowledge and experience of the Sri Lankan real estate, as well as first mover advantage in our current pipeline of developments present us with a significant opportunity to lead the market.

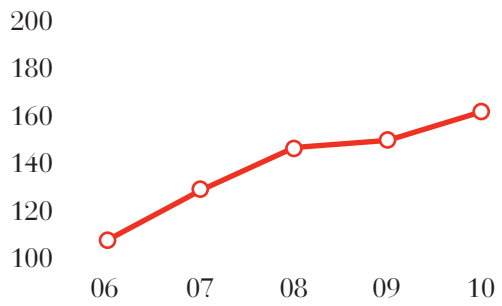
World Trade Center

The iconic building situated in the heart of the country's commercial hub is one of the most sought after business addresses in Sri Lanka. Even after fifteen years, the WTC facility remains unmatched both in terms of quality and quantity of office space available in the country. Though occupancies averaged above 80% through 2006-2008, despite the unstable environment in the country, occupancy in 2009 declined to 68%, a significant drop from the average occupancies witnessed in the prior years. This decline was a result of two key factors. Firstly, the adverse security environment prevalent in the country was at its peak and caused disruptions to WTC operations, as a result of road closures and access restrictions. Secondly, the global financial crisis saw several companies engaged in exports, airline services, telecommunications and IT either downsizing or shifting from the WTC to mitigate the impact of the crisis.

However, the end of hostilities in May 2009 has brought about an unprecedented optimism in the country. This in turn has resulted in an increased demand for quality office space, leading to a rise in occupancy levels to 70% in 2010 with committed occupancy of 72% at year end. Given the stable political environment and its premier position as the most sought after office space in Colombo, the Company expects occupancy levels at the WTC to reach 80 - 85% at the end of 2011.

The fact that the Company has been able to obtain higher rental rates from new tenants is of great significance to its future operations and profitability. Additionally, the Company will also be able to increase its revenues through higher rentals negotiated as and when the existing rental agreements come up for renewal. The Company has been able to increase rentals in 2010, driving the average rental index to 159 in 2010 from the average rental index of 150 in 2009. The Company is optimistic that improved rental yields will increase revenues and profits significantly in future from this landmark Colombo address.

Rental Rate Index (WTC)



The Company expects to build on the positive momentum created in 2010 and focus on its core strengths of providing tenants with the highest standards in office space combined with value added services. The year saw the addition of a high standard gym for use of our tenants and work has now begun on a food court with expected completion in the second quarter of 2011. Our highly professional and qualified staff will continue to improve features and facilities within the building to ensure that tenants would have a working environment that is unmatched and maintain our reputation as the "Best Business Address in Colombo".

Havelock City

Built on a 17 acre land in Colombo, HC is a mixed development that once completed would be the largest single residential-cum-commercial development in a contiguous site in Colombo. It will consist of approximately 1,080 residential apartments, a commercial complex, recreational and entertainment facilities, in line with its 'City within a City' concept. The project is being undertaken through the Company's subsidiary Mireka Capital Land (Private) Limited (MCL), a BOI approved joint venture between MCL and Bank of Ceylon.

The construction of Phase 1 of the project comprising two towers with 226 units took place under adverse conditions and environment. However, with the sentiment in the country improving significantly there is strong interest in the development due to its proximity to modern day amenities and facilities such as schools, hospitals and banks. The high built quality of the apartments which boast the largest green space and car parking ratio of any development in Colombo are characteristics that will continue to attract many discerning buyers to HC. Currently Phase 1 is substantially sold and the balance of the units will be sold in 2011. The Company has now finalised and will begin construction of a state of the art club house for its tenants in the first half of 2011. The facility will comprise a guest lounge, swimming pool, gym and other recreational facilities. This club house will be unrivalled in comparison to facilities available to other residential developments in Colombo.

Rights Issue

In October 2010 the Company made an announcement to issue 281 Mn new ordinary shares at Rs. 15 per share to raise Rs. 4.2 Bn. Rs. 3.7 Bn of these funds were used for the compulsory redemption of the Non Convertible Cumulative Redeemable Preference Shares (NCCRPS) that were issued by the Company and subscribed to by Shing Kwan Investment (Singapore) Pte Ltd., member of the Shing Kwan Group, the majority shareholder of Overseas Realty (Ceylon) PLC, as part of a restructuring exercise undertaken by the Company in 2005. Surplus funds will be used to fund working capital requirements of the HC project currently being developed by the Company. The Rights Issue was positively received by the market, demonstrated by the oversubscription to the issue by shareholders.

Management Commentary

The Future

With the war now behind, us and the economic revival of the country coming to fruition, the Company is well poised to become Sri Lanka's most dynamic property development company.

In the WTC, the Company owns an asset that is by far the "Best Business Address in Colombo". Given the strong prospects for the country's economy the WTC is poised to generate significant returns, evidenced by increasing occupancies and better rental rates.

With successful completion of Phase 1 of HC, Phase 2 of the residential development has already begun with the piling work complete on the next two residential towers and superstructure development to commence in the second quarter.

The Company expects increased demand for these apartments, driven by local demand due to its strategic location and unique product offering as well as due to the renewed interest in the country exhibited by expatriates and foreign investors. Phase 2 apartments have been released for marketing in the first quarter of 2011. The shareholders of the Company would benefit through increased returns due to the successful completion of this second phase of the project and the subsequent sale of the apartments, which are expected to be completed within the next three years.

The Company has also finalised designs and drawings for the commercial development of HC. This commercial complex will comprise retail and office space with the potential for a hotel/serviced apartments. The retail development would be the first stage of the commercial complex and will comprise 400,000 sq ft of gross floor area. This would be the largest shopping mall in Colombo. Sri Lanka currently does not boast of any commercial complex of world standard. With the improving economic environment and Government's intention to promote the country as a premier shopping destination in South Asia, evidenced by policy decisions on reduction of tariffs on consumer goods, the Company sees an immediate opportunity for a world standard commercial complex. The commercial complex will also comprise quality office space of 500,000 sq ft built on two towers and low block floor. With the Company's track record of developing and managing the most sought after office space in Sri Lanka in the WTC, it possesses arguably the best management and development resources necessary to build and manage a commercial complex of such standard. Given the indicators, the Company sees great potential from commercial development and is planning to aggressively pursue this phase of HC.

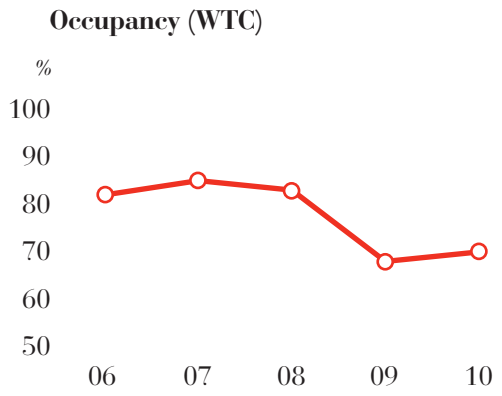
On December 1st 2010 the Company unveiled to the public the revised and more aggressive development plan for the remaining phases of the HC development. The Group Chairman Mr. S P Tao who commissioned the event explained the rationale behind the revised plan and the Groups' optimism for the future property development business given the strong and stable political climate in the country and the fast tracking of development initiatives.

The Group expects year 2011 to be a watershed year for its development and one in which it will generate significant returns from the "Best Business Address in Colombo" in the WTC and build on its success by adding to its portfolio Sri Lanka's biggest and most integrated mixed used development in HC.

Financial Review

Revenue

Group total revenue for the year under review was Rs. 1,699 Mn with a decline of 12% over the previous year. The contribution from the Company's operations to this achievement was Rs. 754 Mn. The contribution from the HC project which is under the Company's subsidiary Mireka Capital Land (Pvt) Ltd (MCL) amounted to Rs. 950 Mn.



The Company's revenue is derived from leasing space at the WTC which has contributed approximately 41% to the Group revenue with a growth of 5% over the previous year. The occupancy at the WTC for the year end was 70% which was a 3% increase over 2009. Year end committed occupancy at the WTC was 72%.

Revenue from MCL from the sale of residential units amounted to Rs. 950 Mn, a decrease of 23% from the previous year. Although a total of 32 units were sold during 2010 compared to 8 in 2009, based on the accounting basis used for recognising revenue and in particular, the booking of unrecognised revenues in December 2009, consequent on the receipt of the certificate of conformity for Phase 1, the comparative revenue for 2010 was lower.

Operating Expenses

Operating expenses including finance cost for the Company for the year was Rs. 497 Mn, which is an increase of 13% over the previous year. This increase was primarily driven by increased staffing costs as a result of expanding corporate staffing, ex-gratia payment to two retiring Directors and increased overhead expenses.

The Group operating expenses including finance and marketing costs increased by 21% to Rs. 638 Mn from Rs. 529 Mn the previous year. This increase was primarily a result of change in recognition of financing expenses on the shareholder loan facility post completion of Phase I of the residential component of HC in December 2009. Prior to completion, finance cost was capitalised, but now recognised as an expense in the Income Statement. The remainder of the increase was primarily a result of increased staffing and overhead costs as mentioned previously at Company and subsidiary levels.

Taxation

The Company and its subsidiaries, by virtue of being registered under Section 17(2) of the BOI Act, enjoy tax holidays for its business activities. The Company enjoys a 15 year tax holiday which will be effective until 31st March 2020 for income generated from operational business activities in relation to the WTC. MCL enjoys a 8 year tax holiday which will go on until 31st March 2014 for the provision of infrastructure services and land for the development of HC. MHL enjoys a 12 year tax holiday until 31st March 2019 for the development and sales of HC residential units.

EBIT

Group EBIT (excluding fair value gain) of Rs. 546 Mn was 48% higher than Group EBIT of Rs. 369 Mn in the previous year. This improvement was primarily attributable to a lower cost of sales as a result of a revaluation of inter-company inventory whereby an adjustment was made to restate the margin component as per current estimated costs on the inventory held.

Shareholder Equity

The equity attributable to ordinary shareholders was Rs. 18,110 Mn as at December 31st 2010, which is 7% higher than the Rs. 16,964 Mn of the previous year. The return on equity for the Group stood at 5% for the year which was a drop from the 8% achieved last year. The primary reason being the lower fair value gain on Investment Properties recognised and the enhancement of the equity base.

Asset Utilisation

The net asset value attributable to an ordinary share was Rs. 27 at the year end, which is a 30% increase over the previous year.

The return on assets decreased to 5% in 2010, compared to 7% in the previous year, primarily driven by the significant reduction in fair value gain of Rs. 1,019 Mn in 2009 to Rs. 473 Mn in 2010.

Shareholder Returns

The Group recorded an EPS of Rs. 1.23 per ordinary share, which is a decrease of 43% over the previous year's EPS of Rs. 2.13.

The increase in the number of ordinary shares consequent on the Rights Issue and the redemption of 2% Non-Cumulative Redeemable Preference Shares during the year mainly contributed to the reduction in EPS.

Human Resources

Human resource is one of our most valuable assets and we attribute our success, quality and high standards maintained at the WTC over the past 14 years to the commitment, passion and sense of ownership of our people. The Company strives to promote a culture of acting with professionalism and pride in our work. The Group's human resource strength stood at 232 at the end of year 2010.

Our Human Resource Management core focus is to improve morale, build teamwork and support staff in enhancing their skills and productivity. Most of our initiatives are designed to infuse our values into the work ethic and motivate and empower our associates to extend themselves in their work on all planes.

Management Commentary

This year our people agenda lined up a number of new initiatives for the benefit of the Organisation and our Associates. Training and competency programme focused on professional, technical and communication skills were performed throughout the year. A key new initiative taken last year was the establishment of the Welfare Society covering all employees in the Company. The objective of the society which is managed centrally is to assist our employees with their welfare requirements such as supporting family funerals monetarily, meeting distress needs and medical and educational assistance. Under the main society, sub committees have been set up to look after sports and recreational activities of the staff.

Facilities Management

Facilities management is the backbone for maintaining the WTC's reputation as the best business address in Colombo and HC as being the best maintained residential development. With energy cost in Sri Lanka being one of the highest in the world and accounting for approximately 65% of the operating cost of the WTC, our facilities management team has consistently focused on managing energy costs and usage. A testament to this core strength of the facilities management team was the WTC being awarded the GOLD FLAME (Most Energy Efficient Building Award) in the large scale category of the commercial sector buildings at the Sri Lanka National Energy Efficiency Awards 2010. The event was organized by the Sri Lanka Sustainable Energy Authority, Ministry of Power and Energy and awards were presented by His Excellency the President Mahinda Rajapaksa.

Notwithstanding the improved security situation in the country and the relaxation of access restrictions around the central business district, the facilities management team has been vigilant in improving the internal security procedures at the WTC. As a part of its commitment towards ensuring the safety and security of tenants and their property, staff members representing each tenant have been trained as Fire Wardens and their main duty is to assist facilities management in managing emergencies more effectively.

At HC the facilities management team manages a state of the art security and safety system to enhance the safety of its occupants. A dedicated Group of professionals in engineering, security and building management have been appointed to provide the security and privacy of the residents and to manage this prestigious facility to the highest international standards.

Receiving the GOLD FLAME Award from His Excellency President Mahinda Rajapaksa

HC boasts of the largest green space of any development in Colombo

Corporate Governance Statement

Overseas Realty (Ceylon) PLC (ORC PLC) places high emphasis on adhering to good governance practices and adopting and implementing sound practices of good governance. We strive to be transparent and accountable in our governance practices and to ensure affairs of the Company are conducted with integrity and in line with high business ethics. The Board of Directors' primary objective is to enhance long term shareholder value while managing the Company for long term success.

The Company is primarily guided by the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the listing rules of the Colombo Stock Exchange. The revised listing rules of the Colombo Stock Exchange became effective from April 2009 and the Company is in full compliance of the said rules as at 31st December 2010.

Board of Directors

Composition and Attendance at Meetings

As at 31st December 2010, the Board of Directors of the Company consisted of eleven (11) members. The names and the profiles of the Directors, including those appointed after balance sheet date are given on pages 9-11 of this Report. Mr. Leslie Ralph de Lanerolle was appointed as a member of the Board on 3rd June 2010. Mr. Thilan Manjith Wijesinghe who was appointed as the Group Managing Director of ORC PLC on 1st February 2010, ceased to hold such office with effect from 1st August 2010.

Except for Mr. En Ping Ong who serves as an executive Director, all other members on the Board serve as non-executive Directors. Out of the ten non-executive Directors, five Directors are determined to be independent. Mr. H Z Cassim who was appointed as a Director of the Company on 12th April 1991, has continued to serve as a non-executive independent Director on the Board. Mr. Cassim does not perform any executive functions in the Company or its Group. He receives a fee for participating at Board meetings and Audit Committee meetings and does not receive any other perquisites from the Company other than those declared in Note 26.3 to the Financial Statements.

Mr. Anthonisz and Mr. Mahadeva, have served on the Board since their appointments on 31st May 1991 and 27th September 1994 respectively, as independent non-executive Directors, contributing immensely to the growth of the Company to become one of the leading property developers in the country. Mr. Anthonisz after serving the Company as a founding Director for a period of 19 years and Mr. Mahadeva for a period of 16 years have now expressed their desire to retire from their office and therefore do not offer themselves for re-election at the Annual General Meeting of the Company.

Mrs. Rohini Nanayakkara was appointed to the Board on 20th May 2004 and Mr. Ajit M De S Jayaratne on 19th October 2005. Both these Directors have been acting as independent non-executive Directors since their appointment.

Mr. En Ping Ong and Mr. Martin B Pereira were appointed as Directors on 18th February 2010 and represent the Shing Kwan Group, Singapore. Mr. En Ping Ong was appointed as an executive Director of the Company with effect from 18th January 2011. Mr. L R De Lanerolle was appointed as Director on the Board of ORC PLC on 3rd June 2010. Mr. Lanerolle serves as an executive Director of Mireka Capital Land (Private) Limited, a subsidiary of ORC PLC.

The Board meets once in every quarter and the names of the Directors and their attendance at meetings during the financial year under review are as follows-

Name of the Director	Category	Attendance
S P Tao	Chairman	0/4
H Z Cassim	Deputy Chairman	4/4
M Tao Ong	Director	3/4
M Yap Boh Pin	Director	4/4
C J E Anthonisz	Director	3/4
B Mahadeva	Director	0/4
R L Nanayakkara	Director	4/4
A M De S Jayaratne	Director	4/4
E Ping Ong	Director.	4/4
M B Pereira	Director	1/4
L R de Lanerolle	Director	2/4
T M Wijesinghe	Director	3/4

The Board ensures that there is a participation of independent and non-independent Directors in their deliberations and that contributions of independent non-executive Directors are given due consideration. The Board at all times is in control of the affairs of the Company and remains sensitive to its obligations to all stakeholders.

Role and Responsibility

The Board is collectively responsible for the formulation of the overall business policy and strategy and for monitoring the efficient and effective implementation of the same, in accordance with Company's vision, goals and values. The Board also bears the final responsibility for maintaining the integrity of financial information and the effectiveness of the Company's

internal management and risk control. Thereby, its functions include compliance with applicable laws and regulations, review of the management and operational information, policies, adoption of annual and interim accounts before they are published, review of exposure to key business risks, strategic direction of operational and management units, approval of annual budgets, monitoring progress towards achieving those budgets and sanctioning major capital expenditure and acquisition of assets.

The Board is supported by the sub committees of the Board constituted from time to time, including the Audit Committee, the Remuneration Committee and the Company's management. These internal structures provide a regular forum for monitoring the effectiveness ensuring the efficiency of the Board's performance. In its governance of the Company's affairs, the Board strives to balance the interests of the Company, its shareholders, employees and other stakeholders.

The Board seeks independent professional advice from external parties when necessary for the discharge of its duties effectively. The Company Secretary advises the Board on matters relating to the Companies Act, regulations of the Colombo Stock Exchange and other applicable rules and regulations.

The Board is responsible, ultimately, for the Company's financial performance.

Financial Acumen

The Board includes two Chartered accountants and several members who have served in the banking and financial sectors, who possess the necessary acumen and knowledge to offer the Board guidance on matters of finance. The Board of Directors brings a wide range of local and international expertise needed for the overall direction, strategies and achievement of financial objectives of the Company.

Appointments to the Board

The Articles of Association of the Company provide that the Board has the power to appoint Directors to the Board. The Articles of Association of the Company provide that not more than one third of the Directors, excluding the Chairman, retire and submit themselves for re-election at every Annual General Meeting.

The Articles also provide that newly appointed Directors, whether they are appointed to fill a casual vacancy or to serve as an additional Director, can hold office only until the Annual General Meeting of the Company immediately following such appointment, after which they must seek re-election.

The re-election of a Director safeguards the right of the shareholders by providing for a regular assessment of the composition of the Board. The names of the Directors submitted for re-election are provided to the shareholders along with notice of the Annual General Meeting, to enable them to make informed decisions on such appointments.

Board Committees

The Board has formally delegated its responsibilities to Board Committees, which operate within clearly defined delegated authority.

Executive Committee

Mr. En Ping Ong - Chairman

Mr. Martin B Pereira - Director

Mr. Thilan M Wijesinghe - Group Managing Director (ceased with effect from 1st August 2010)

The Executive Committee ceased to function with effect from 1st August 2010.

Audit Committee

The Audit Committee consists of four non–executive Directors, two of whom are qualified Chartered accountants, having extensive experience in the field of finance. The Committee is chaired by Mr. C J E Anthonisz, a non-executive independent Director. The other members are Mr. H Z Cassim, Deputy Chairman, Mr. Melvin Yap Boh Pin and Mr. Ajit M De S Jayaratne. The appointed members are required to exercise independent judgment in carrying out their functions.

The Committee is empowered to examine all matters relating to the financial affairs of the Company and its internal and external audits. The Committee further fulfills the functions of detail review of Financial Statements, internal control procedures, accounting policies, compliance with accounting standards, advising the Board on emerging accounting issues and other related functions. It further reviews and approves the quarterly and annual Financial Statements, striving to ensure accurate and timely financial reporting. The Audit Committee also recommends to the Board, appointment of external auditors and the fees payable and the continuous maintenance of a professional relationship with them.

The Audit Committee held four meetings during the last financial year. The Report of the Audit Committee appears on page 29.

Corporate Governance Statement

Remuneration Committee

The Remuneration Committee comprises four non-executive Directors. The Committee is chaired by Mr. H Z Cassim while Mr. Ajit M De S Jayaratne, Mrs. Rohini Nanayakkara and Mr. Martin B Pereira serve as members. The committee is responsible towards the formulation and establishment of remuneration policies including reviewing, approving and recommending to the Board relating to the remuneration of Directors, the Chief Executive Officer and other individuals who hold key positions on the senior management sector of the Company. The Remuneration Committee ensures that the levels of remuneration is adequate to attract, retain and motivate the senior management so that the highest caliber of work maybe expected, commensurate with each individual's performance and contribution to the Company.

The report of the Remuneration Committee appears on page 28.

Disclosure of Directors' Remuneration

As at 31st December 2010, all Directors of the Company are non-executive Directors and therefore the Directors receive a fee for participating at Board meetings and Audit Committee meetings and do not receive any other perquisite or benefit other than what is disclosed in Note 26.3 to the Financial Statements.

Mr. Anthonisz and Deshamanya Mahadeva who served on the Board as founder Directors were paid ex-gratia retirement payments of Rs. 3.8 Mn and Rs. 3.2 Mn respectively, in recognition of their long and valuable contribution to make ORC PLC one of the leading property companies in the country. The Board is satisfied that the payments made are fair to the Company in view of the valuable contributions made by these two retiring Directors during their long association with the Company.

Financial Reporting

The Board places great emphasis on complete disclosure of both financial and non financial information within the bounds of commercial reality and adoption and compliance with sound reporting practices. Financial information is disclosed in accordance with the Sri Lanka Accounting Standards. The Board has formulated its policies to ensure compliance with all laws and regulations when managing the affairs of the Company and the adoption of sound and accurate reporting practices ensuring that an honest and balanced assessment is presented at all times.

The statement of Directors' responsibilities for the Financial Statements is given on page 36 of this report.

Internal Controls

The Board of Directors is responsible for ensuring that a sound system of internal controls is maintained in order to safeguard both the shareholders' investments and the assets of the Company. Thus, the systems in place are designed to safeguard the assets of the Company against unauthorized use or disposal and ensure that proper records are maintained and reliable financial information is generated. Internal audits conducted at regular intervals to strengthen the internal control process and any significant risks identified in this process are closely examined by the Audit Committee to ensure that appropriate action is taken.

Policies have been established in the areas of investment and treasury management, and an Enterprise Resource Planning system is being implemented to improve the current financial, marketing and operational systems. The responsibility for implementing and ensuring compliance with the policies and guidelines are vested with the Chief Executive Officer of the Company.

The Board has put in place an organizational structure with formally defined lines of reporting and appropriate limits of authority. There are also established procedures for planning, investment and information and reporting systems to monitor the Company's business.

Employees of the Company are carefully selected and periodically trained to work in a control conscious environment. A performance management system is in place to assess individual performance and achievement.

The Board ensures the periodic and timely reporting to shareholders and compliance with all relevant statutory and regulatory provisions.

The Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Company.

The Board has reviewed the efficacy and the efficiency of the system of financial controls for the period preceding the date of signing the Financial Statements.

Major Transactions

During the financial year ended 31st December 2010, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007.

Shareholder Value and Return

The Board strives to enhance shareholder value and protecting the legitimate interests of all its shareholders.

Compliance with the Colombo Stock Exchange Rules on Corporate Governance

The Company complied with the rules on corporate governance of the Colombo Stock Exchange and the Annual Report contains the relevant affirmative statement. The table confirming compliance with the said rules is given below.

Rule No.	Applicable Requirement	Compliance Status	Details
7.10.1	**Non-Executive Directors**		
(a)	At least one third of the total number of Directors should be non-executive Directors.	Compliant	As at 31st December 2010 none of the Directors on the Board acted in the executive capacity. Mr. Thilan Wijesinghe who was appointed as an executive Director on 1st February 2010, ceased to hold such office with effect from 1st August 2010. Mr. En Ping Ong was appointed as an executive Director with effect from 18th January 2011.
7.10.2	**Independent Directors**		
(a)	Two or one third of non-executive Directors, whichever is higher, should be independent.	Compliant	Out of the 11 non-executive Directors on the Board, five Directors are determined as independent.
(b)	Each non-executive Director to submit a declaration annually of his/her independence or non independence.	Compliant	Each non-executive Director has submitted the declaration in the prescribed form.
7.10.3	**Disclosures Relating to Directors**		
(a)	The Board shall annually make a determination as to theindependence /non-independence of each non-executive Director based on such declaration and information made available to the Board and set out in the names of the Directors determined to be independent.	Compliant	Based on the declarations received from Directors at year end, Board has determined the independence and non-independence as reported on page 20 of the Annual Report under "Board of Directors" in the Corporate Governance Statement.

Corporate Governance Statement

Rule No.	Applicable Requirement	Compliance Status	Details
(b)	In the event a Director does not qualify as "independent" against any of the criteria set out in clause 7.10.4 but if the Board, taking account of 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.	Compliant	Given on page 20 of this Report.
(c)	In addition to the 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.	Compliant	Pages 9-11 of the Annual Report include profiles of the Directors.
(d)	Upon appointment of a new Director to its Board, the entity 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 paragraphs (a), (b) and (c) above.	Compliant	A brief resume of Mr. Thilan Wijesinghe who was appointed as the Group Managing Director on 1st February 2010 and Mr. L R de Lanerolle who was appointed as a member of the Board on 3rd June 2010 was submitted to the Colombo Stock Exchange in compliance with the disclosure requirements of the Exchange.
7.10.5	**Remuneration Committee**		
(a)	A listed company shall have a Remuneration Committee in conformity with the following:		
	Composition		
	The Remuneration Committee shall comprise a minimum of two independent non-executive Directors (in instances where an entity has only two directors on its board); or non-executive Directors a majority of whom shall be independent, whichever is higher.	Compliant	The Committee consists of four non-executive Directors, three of whom are independent.
	In a situation where both the parent company and the subsidiary are "listed entities" the Remuneration Committee of the parent company maybe permitted to function as the Remuneration Committee of the subsidiary.	Not Applicable	

Rule No.	Applicable Requirement	Compliance Status	Details
	However, if the parent company is not a listed company, then the Remuneration Committee of the parent company is not permitted to act as the Remuneration Committee of the subsidiary. The subsidiary shall have a separate Remuneration Committee.	Not Applicable	
(b)	One non-executive Director shall be appointed as the Chairman of the Committee.	Compliant	Chairman of the Remuneration Committee is a non-executive independent Director.
	Functions		
(c)	The Remuneration Committee shall recommend the remuneration payable to the executive Directors and Chief Executive Officer of the listed entity and /or equivalent position hereof, to the Board of the listed entity which will make the final determination upon consideration of such recommendations.	Compliant	The remuneration of the Chief Executive Officer and executive Directors (if any) is recommended by the Committee.
	Disclosure in the Annual Report		
	The Annual Report should set out the names of Directors (or persons in the parent company's committee in the case of a group company) comprising the Remuneration Committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to executive and non-executive Directors.	Compliant	Please refer page 22 of this report for the names of the Directors comprising the Remuneration Committee. The report of the Remuneration Committee in page 28 highlights the remuneration policy of the Company. Aggregate remuneration paid to Directors are given on page 68 of the Annual Report.
7.10.6	**Audit Committee**		
(a)	A listed company shall have an Audit Committee in conformity with the following:		
	Composition		
	The Audit Committee shall comprise of a minimum of two independent non-executive Directors (in instances where a company has only two Directors on its Board);	Compliant	Audit Committee consists of four non-executive Directors of whom three are independent.

Corporate Governance Statement

Rule No.	Applicable Requirement	Compliance Status	Details
	Or Of non-executive Director's a majority of whom shall be independent whichever is higher		
	In a situation where both the parent company and the subsidiary are "listed entities", 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 entity, 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.	Compliant	The Chairman of the Audit Committee is an independent non-executive Director.
	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.	Compliant	Chief Executive Officer and the Group Finance Manager attend the meetings of the Audit Committee.
(b)	The Chairman or one member of the Committee should be a member of a recognized professional accounting body.	Compliant	Two members of the Audit Committee are qualified Chartered Accountants.
	Functions Shall include, • Overseeing of the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards.	Compliant	Audit Committee reviews the quarterly and annual Financial Statements prepared in conformity with the Sri Lanka Accounting Standards, prior to release to the Colombo Stock Exchange.

Rule No.	Applicable Requirement	Compliance Status	Details
	• Overseeing of the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.	Compliant	Audit Committee ensures that the Financial Statements of the Company comply with the information requirement of the Companies Act and other relevant requirements and regulations relating to the financial reporting.
	• Overseeing the processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Accounting Standards.	Compliant	The Audit Committee monitors and reviews the effectiveness of the Company's internal audit functions and internal control systems.
	• Assessment of the independence and performance of the external auditors.	Compliant	The Audit Committee, after due evaluation, recommends to the Board with regard to the performance and independence of external auditors.
	• Make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditors.	Compliant	Audit Committee recommends to the Board on all matters relating to the external auditors, including the annual fees payable and the terms of engagement of the auditors.
(c)	**Disclosure in the Annual Report**		
	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.	Compliant	Please refer page 21 of this 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.	Compliant	Please refer Audit Committee Report on page 29.
	The Annual Report shall contain a report by the Audit Committee, setting out the manner of compliance by the entity in relation to the above, during the period to which the Annual Report relates.	Compliant	Please refer Audit Committee Report on page 29.

Remuneration Committee Report

The Remuneration Committee consists of four non-executive Directors three of whom are determined as independent. The Remuneration Committee consists of the following members;

Mr. Hussein Zubire Cassim	-	Chairman
Mrs. Rohini Nanayakkara	-	Member
Mr. Ajit M De S Jayaratne	-	Member
Mr. Martin B Pereira	-	Member

The Chief Executive Officer assists the Committee by providing relevant information such as summaries of salary survey data and participating in its analysis and deliberations, except on the occasions when his compensation package is under review.

The Committee is responsible for the determination of the compensation of the Chief Executive Officer, the executive Directors and fees paid to the non-executive Directors for participation at Board meetings. The Committee also recommends to the Board, appointment of key management positions. In addition the Committee lays down the guidelines and parameters for the compensation of all management staff.

The primary objective of the remuneration policy of the Company is to attract and retain highly qualified and experienced work force and reward their performances. The increment and bonus schemes of the Company are therefore based on the Performance Management System and the Remuneration Committee approves the finalised proposals for the granting of increments to the key senior management and other positions. The remuneration policy of the Company is framed with the aim of increasing the business performance of the Company and long term shareholder return.

The Committee meets from time to time and reviews the Company's compensation structure to ensure alignment with strategic priorities laid down by the Board.

H Z Cassim
Chairman
Remuneration Committee

11th March 2011

Audit Committee Report

The Audit Committee is entrusted with assisting the Board of Directors in discharging its duties and responsibilities and constitutes of the following members:

Mr. C J E Anthonisz - Chairman

Mr. H Z Cassim

Mr. Ajit M De S Jayaratne

Mr. Melvin Yap Boh Pin

The members have a well balanced blend of experience in the commercial sector, financial risk and audit sectors, real estate and real estate development sectors, have displayed high standards of integrity and business acumen. These attributes and the wealth of experience and exposure they bring in contributes to the effectiveness with which the committee carries out its duties.

The profiles of the members which detail their background and professional experience are on pages 9-11 of this report.

Role of the Audit Committee

The Audit Committee with its main objective being to assist the Board of Directors in the decision making process and ensuring that the Group follows best practices in line with best Corporate Governance practises will be formalising the Audit Committee charter during this year and will be formally taking responsibility for the function of risk management as well. The Committee is responsible to ensure a sound financial reporting system adhering to relevant accounting standards and principles, adequacy of internal controls and risk control measures, efficient management reporting systems and adherence to other statutory requirements. In fulfilling this role, the Audit Committee is empowered to examine the financial records of the Company, internal auditors' reports and other communications as necessary in order to ensure the Company adheres to accepted norms of ethical guidelines, rules and regulations.

The Audit Committee recommends the appointment of internal and external auditors ensuring independence in both roles and maintains a close professional relationship with them. The Committee also recommends the fees payable to them in the execution of these services.

Meetings

The Audit Committee has met four times during the year ended 31st December 2010 and the attedance is as follows:

Mr. C J E Anthonisz – Chairman	3/4
Mr. H Z Cassim	4/4
Mr. Ajit M De S Jayaratne	4/4
Mr. Melvin Yap Boh Pin	4/4

Meetings were attended by the Group Managing Director, Chief Executive Officer, Company Secretary and Group Finance Manager, and other senior management members were invited to the meeting if and when required. The proceedings of the Audit Committee are regularly reported to the Board.

Internal Audit

The internal audit function is outsourced to PriceWaterhouseCoopers (PWC) for all companies in the Group as recommended by the Audit Committee. The observations of the internal auditors are tabled at the Audit Committee and the Committee invites representatives of PWC to discuss observations and recommendations made in their reports. Follow up and implementation of previous internal audit recommendations are also discussed and reviewed by the Committee with PWC representatives. The Committee appraises the Board on the status and adequacy of internal controls and the effectiveness thereof.

After such process and review, the Committee is of the view that adequate controls, processes and procedures are in place to provide reasonable assurance to the Board that the Company's assets are safeguarded and adequate financial reporting systems are in place. The internal auditor's reports are made available to external auditors as well.

External Audit

The Company has appointed Ernst & Young as its external auditor and the services provided by them are segregated between audit/assurance services and other advisory services such as tax consultancy. The Audit Committee has reviewed and discussed the key observations and recommendations on the Management Letter issued by Ernst & Young in the presence of their representatives.

Ernst & Young has also issued a declaration as required by the Companies Act No. 7 of 2007, that they do not have any relationship or interest in any of the Companies in the Group, which may have a bearing on the independence of their role as auditors.

The Committee has recommended the reappointment of Messrs. Ernst & Young as Auditors for the financial year ending 31st December 2011, subject to the approval of the shareholders at the Annual General Meeting.

C J E Anthonisz
Chairman
Audit Committee

10th March 2011

Building success upon success.

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FINANCIAL REPORTS

Annual Report of the Board of Directors

The Board of Directors have pleasure in presenting their report to the members, together with the audited Consolidated Financial Statements for the year ended 31st December 2010 of Overseas Realty (Ceylon) PLC (ORC PLC). The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange and the recommended best practices.

Principal Activities

The principal activities of the Company are investment in properties, property development, trading and management remain unchanged. There were no significant changes in the nature of principal activities of the Company and its subsidiaries during the financial year under review.

Mireka Capital Land (Pvt) Ltd is a subsidiary of the Company which has undertaken the development of the "Havelock City" project. The development of residential apartments is being undertaken by Mireka Homes (Pvt) Ltd, a wholly owned subsidiary of Mireka Capital Land (Pvt) Ltd. Havelock City (Pvt) Ltd, a subsidiary of ORC PLC is to undertake the development of the Commercial component of the HC project.

Review of Business

A review of ORC PLC Group's business and its performance during the year including the financial and operational performance, and the future developments of the Company is contained in the Chairman's Statement (pages 7-8), Management Commentary (pages 14-18) sections of this Annual Report. The Audited Financial Statements are given on pages 38-41 of the Annual Report. These reports together reflect the state of affairs of the Company and its subsidiaries.

The Company raised Rs. 4,217,421,795 through a 2-for-1 Rights Issue in November 2010, which was primarily utilised to effect the compulsory redemption of the Non Convertible Cumulative Redeemable Preference Shares in November 2010. Surplus funds from the placement will be used for working capital needs to fund projects in pipeline.

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

Financial Statements

The Financial Statements of the Group and the Company are given on pages 38-41.

Auditor's Report

The Auditors' report on the Financial Statements is given on page 37.

Accounting Policies

Significant accounting policies adopted in preparation of the Financial Statements are given on pages 42-69. The changes in the accounting policies made during the accounting period under review are described under Note 2 of the Financial Statements.

Group Turnover

The turnover of the Group during the year was Rs. 1,698,665,311. A detailed analysis of the Group's turn over, profits and asset allocation relating to different segments of the business is given in Note 3 to the Financial Statements.

Financial Results and Dividend

The Company recorded a consolidated net profit of Rs. 731,012,318 for the year. The Consolidated Income Statement along with the Company's Income Statement for the year is given on page 39.

The Directors recommended the payment of a first and final dividend of Rs. 0.30 per share for the year ended 31st December 2009 which was approved by the shareholders at the Annual General Meeting held on 19th May 2010. The dividend was paid out of taxable profits and exempt from tax in terms of the BOI concession granted to the Company.

The Directors have confirmed that the Company satisfied the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 and the solvency report obtained from the auditors of the Company.

Property, Plant & Equipment

Capital expenditure during the year, on property, plant & equipment by the Group and by the Company amounted to Rs. 16,558,233 and Rs. 11,343,744 respectively. Information relating to details and movements in property, plant & equipment is given in Note 6 to the Financial Statements on pages 54-57.

Market Value of Freehold Properties

The value of freehold properties owned by the Group as at 31st December 2010 is included in the accounts at Rs. 15,751,282,685 (2009-Rs. 15,278,120,636) based on the valuations undertaken by a panel of Chartered Valuers/ Licensed Surveyors in December 2010. The Directors are of the opinion that the value is not in excess of the current market value. The details are provided in Note 5 to the Financial Statements.

Investments

The details of investments held by the Company are disclosed in Note 8 on page 58 of the Financial Statements.

Stated Capital and Reserves

The Company issued, rights shares up to two hundred and eighty one million one hundred and sixty one thousand four hundred and fifty three (281,161,453) new ordinary shares in the Company in the proportion of new one (1) ordinary share for every two (2) existing ordinary shares at a price of rupees fifteen (Rs. 15) per share which said new ordinary shares shall be ranking pari passu in all respects with the existing issued ordinary shares of the Company.

Accordingly, the Company raised Rs. 4,217,421,795 through the Rights Issue.

The stated capital of the Company following the Rights Issue amounts to Rs. 10,186,085,405 (The stated capital of the Company prior to the Rights Issue was Rs. 9,713,307,520).

The funds raised by the Rights Issue were utilised to effect the compulsory redemption of the Non Convertible Cumulative Redeemable Preference Shares that were issued by the Company and subscribed to by Shing Kwan Investment (Singapore) Pte Ltd., member of the Shing Kwan Group, the majority shareholder of the Company, as part of the restructuring exercise undertaken by the Company in 2005. Surplus funds will be used to fund elements of the HC project currently being developed by the Company.

Total Group Reserves as at 31st December 2010 was Rs. 7,021,173,470 (2009-Rs. 6,417,796,302) comprising fair value gains of Rs. 6,398,411,771 (2009-Rs. 5,925,249,722) and Revenue Reserves of Rs. 622,761,699 (2009-Rs. 492,546,580). The movement of these reserves is shown in the Statement of Changes in Equity in the Financial Statements on page 40.

Interest Register

The Company maintains an Interest Register as per the Companies Act No. 07 of 2007. The Directors of the Company have duly declared the information as provided for in Section 192 (2) of the Companies Act No. 07 of 2007 and the entries in the Interest Register were made and/or updated accordingly. The Interest Register is kept at the registered office of the Company.

Directors' Interest in Shares

The Directors of the Company have disclosed their shareholding in compliance with Section 200 of the Companies Act.

The shareholdings of the Directors together at the beginning and at the end of the year were as follows:

None of the Directors directly hold any shares in any of subsidiary companies of the Group.

Name of Director	31st December 2010		31st December 2009	
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
• Mr S P Tao	Nil	695,096,518*	Nil	519,626,833*
• Mrs M Tao Ong	Nil	474,940,030*	Nil	369,684,941*
• Mr C J E Anthonisz	1700	Nil	1,000	Nil
• Mr H Z Cassim	Nil	Nil	Nil	Nil
• Mr A M De S Jayaratne	Nil	Nil	Nil	Nil
• Mr B Mahadeva	Nil	Nil	Nil	Nil
• Mrs R Nanayakkara	Nil	Nil	Nil	Nil
• Mr M Y Boh Pin	Nil	474,940,030*	Nil	369,684,941*
• Mr E P Ong	Nil	Nil	Nil	Nil
• Mr M B Pereira	Nil	Nil	Nil	Nil
• Mr L R De Lanerolle	Nil	Nil	Nil	Nil

* Mr. S P Tao's and Mrs. M Tao Ong's interest in shares is deemed interests, indirectly held by them as Directors or shareholders of the holder. Mr. M Y Boh Pin's deemed interest in shares was declared as the spouse being a Director or shareholder of the holder.

Annual Report of the Board of Directors

Directors' Interest in Transactions

The Directors of the Company have made a general disclosure in terms of Section 192(2) of the Companies Act No. 07 of 2007. The particulars of those transactions are set out on page 33 of the Annual Report.

Directors' Remuneration

Directors' remuneration, in respect of the Company and the Group for the financial year ended 31st December 2010 is given in the Note 26.3 to the Financial Statements, on page 68.

Directorship held in Other Entities

Directors have made a general disclosure of their directorships and positions held in other entities and the Interest Register has been accordingly updated.

Insurance and Indemnity

The Company has obtained an indemnity and insurance policy from Allianz Insurance Lanka Limited for its Directors and officers amounting to US$ 1 Mn for the period covering 1st January to 31st December 2010.

Payment of Remuneration to Directors

As at 31st December 2010, all Directors serve as non-executive Directors. Two retiring Directors, Mr. C J E Anthonisz and Mr. Balakumara Mahadeva were paid a sum of Rs. 3,800,000 and Rs. 3,200,000 as ex-gratia retirement payments at the occasion of their decision not to stand for re-election to the Board at the Annual General Meeting, and made in honour of their valuable contributions to the Company. The Board is satisfied that payment so made is fair to the Company.

Related Party Transactions

Details relating to related party transactions and amounts due from related parties are disclosed in pages 66-68 Note 26 to the Financial Statements.

Corporate Governance

The Company is fully compliant with the Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange. The management and operation of the Company and its subsidiaries are effectively directed and controlled within the Corporate Governance frameworks as set out in pages 20 to 27 in this report. The Directors place great emphasis on good governance practices to improve accountability and transparency.

Board of Directors

The Board of Directors of the Company consists of eleven Directors as at the end of the financial year and their profiles are on pages 9-11.

Mr. Leslie Ralph de Lanerolle was appointed as a Director of the Company on 3rd June 2010 and his profile is on page 11. Mr. Thilan Manjith Wijesinghe who was appointed as the Group Managing Director on 1st February 2010 ceased to hold such office with effect from 1st August 2010.

Mr. En Ping Ong was appointed as an executive Director of the Company with effect from 18th January 2011.

Mr. Christopher James Edward Anthonisz and Mr. Balakumara Mahadeva have expressed their desire not to stand for re-election and therefore shall cease to hold office with effect from the conclusion of the Annual General Meeting.

Board Sub-Committees

The Board of Directors of the Company has formed the following sub-committees;

Executive Committee

The Executive Committee of the Board appointed on 18th January 2010 comprising following members, ceased to function with effect from 1st August 2010.

Mr. En Ping Ong (Chairman)

Mr. Martin Boniface Pereira

Mr. Thilan M Wijesinghe

Audit Committee

Mr. Christopher James Edward Anthonisz (Chairman)

Mr. Hussein Zubire Cassim

Mr. Ajit Mahendra De Silva Jayaratne

Mr. Melvin Yap Boh Pin

Remuneration Committee

Mr. Hussein Zubire Cassim (Chairman)

Mr. Ajit Mahendra De Silva Jayaratne

Mrs. Rohini Lettitia Nanayakkara

Mr. Martin Boniface Pereira

Shareholdings

There were 4664 registered shareholders of ordinary shares as at 31st December 2010. The distribution of shareholdings is given on page 72 of this Report.

Shareholder Information

Information relating to earnings, dividends, net assets, market value per share and share trading is given on pages 70-73 and in the Financial Review Section (pages 16-17) of this report.

Major Shareholders

The twenty largest shareholders of the Company as at 31st December 2010 together with an analysis of the shareholdings are given on page 73 of this report.

Information to Shareholders

The Board of Directors strives to be transparent and provide accurate information to shareholders in all published materials.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of affairs of the Company. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, Inland Revenue Act No. 30 of 2000 and amendments thereto, and the Listing Rules of the Colombo Stock Exchange.

Compliance with Laws and Regulations

The Company has not engaged in any activities contravening the laws and regulations of the country.

Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due to the Government and in relation to the employees have been made in full and on time.

Events after Balance Sheet Date

There have not been any material events that have occurred subsequent to the date of the Balance Sheet that required adjustments to the Financial Statements.

Going Concern

The Board of Directors is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared on the going concern concept.

Auditors

The Audit Committee reviews the appointment of the Auditors, their effectiveness, independence and relationship with the Company and its Group. In accordance with Section 158 of the Companies Act No. 7 of 2007, the Auditors of the Company Messrs. Ernst & Young are deemed reappointed as Auditors of the Company.

The Auditors, Messrs. Ernst & Young, Chartered Accountants were paid Rs. 772,000/- (2009-Rs. 690,000/-) and Rs. 1,857,000/- (2009-Rs. 1,709,160/- Mn) as audit fees by the Company and the Group respectively. In addition, they were paid Rs. 782,325/-(2009-Rs. 367,525/-) and Rs. 1,492,825/- (2009-Rs. 981,125/-), by the Company and the Group, for permitted non-audit related services.

The Auditors have confirmed that they do not have any relationship with or interest in the Company other than those disclosed above.

Internal Controls

The Board ensures that there is an effective and comprehensive process for identifying, evaluating and managing any significant risks faced by the Company and carries out financial operations, compliance controls and risk management to safeguard the assets and to assure proper accounting records and the reliability of financial information. The Audit Committee of the Company receives the reports of the internal audit reviews, and monitors the effectiveness of internal control systems of the Company.

Annual General Meeting

The Annual General Meeting will be held at Level 36, East Tower, World Trade Center, Echelon Square, Colombo 1 at 4.30 p.m. on 6th May 2011. The Notice of the Annual General Meeting appears on page 74.

For and on behalf of the Board

H Z Cassim
Director

A M de S Jayaratne
Director

J K K Wegodapola
Company Secretary

Colombo on this 11th day of March 2011

Statement of Directors' Responsibilities

The Directors are responsible, under Section 150 (1), 151, 152 (1) and 153 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year. The Directors are also responsible, under Section 148 for ensuring that proper accounting records are kept to enable the determination of the financial position of the Company and the Group with reasonable accuracy, to prepare Financial Statements in accordance with the Act.

Accordingly, the Directors confirm that the Financial Statements of the Company and its subsidiaries for the year ended 31st December 2010 incorporated in this report have been prepared in accordance with the Companies Act No. 07 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange and generally accepted accounting policies. The Directors consider that, in preparing the Financial Statements exhibited on pages 39-41 they have adopted appropriate accounting policies on a consistent basis, supported by reasonable and prudent judgments and estimates.

They also confirm that reasonable measures were taken to safeguard the assets of the Group and to prevent and detect frauds and other irregularities. In that context, the Directors have instituted appropriate systems of internal controls with a view to preventing and detecting fraud and other irregularities.

To the best of the knowledge and belief of the Directors, the Auditors of the Company Messrs. Ernst & Young, Chartered Accountants, have carried out reviews and samples checks on the effectiveness of the systems of internal control as they consider appropriate and every opportunity was provided to them to undertake the inspections they considered necessary in providing their opinion on the Financial Statements. The Report of the Auditors provided on page 37 set out their responsibilities in relation to the Financial Statements.

As required by Section 56(2) of the Companies Act No. 07 of 2007, the Board of Directors confirmed that the Company, based on the information available, satisfied the solvency test immediately after the distribution of dividend for the year ended 31st December 2009 in accordance with Section 57 of the Companies Act No. 07 of 2007, and has obtained a report on solvency from the Auditors of the Company.

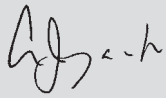
The Directors are of the view that they have discharged their responsibilities as set out in this statement. The Directors are also of the opinion, based on their knowledge of the Company that adequate resources exist to support the Company on a going concern basis over the next year.

Compliance Report

The Directors confirm to the best of their knowledge, all statutory payments relating to employees and the government that were due in respect of the Company and its subsidiaries as at balance sheet date have been paid or where relevant, provided for in the Financial Statements except as specified in Note 28 to the Financial Statements covering contingent liabilities.

For and on behalf of the Board

H Z Cassim
Deputy Chairman



A M de S Jayaratne
Director

Colombo on this 11th day of March 2011

Independent Auditor's Report

ERNST & YOUNG

Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : (0) 11 2463500
Fax Gen : (0) 11 2697369
Tax : (0) 11 5578180
eysl@lk.ey.com

TO THE SHAREHOLDERS OF OVERSEAS REALTY (CEYLON) PLC

Report on the Financial Statements

We have audited the accompanying Financial Statements of Overseas Realty (Ceylon) PLC ("Company"), the consolidated Financial Statements of the Company and its subsidiaries (together "Group") which comprise the Balance Sheets as at 31 December 2010, and the Income Statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

Company

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 December 2010 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31 December 2010 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Group

In our opinion, the consolidated Financial Statements give a true and fair view of the state of affairs as at 31 December 2010 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

In our opinion, these Financial Statements also comply with the requirements of Sections 151(2) and 153(2) to 153(7) of the Companies Act No. 07 of 2007.

Ernst & Young

15th March 2011
Colombo.

Balance Sheet

As at 31 December	Note	Group 2010 Rs.	Group 2009 Rs.	Company 2010 Rs.	Company 2009 Rs.
ASSETS					
Non-Current Assets					
Investment Property	5	15,751,282,685	15,278,120,636	15,751,282,685	15,278,120,636
Property, Plant and Equipment	6	253,603,483	246,192,069	244,377,378	239,161,137
Intangible Assets	7	29,869,824	35,377,702	21,074,940	26,582,818
Investments in Subsidiaries	8	20	-	1,125,010,060	1,125,010,040
		16,034,756,012	15,559,690,407	17,141,745,063	16,668,874,631
Current Assets					
Inventories	9	3,981,120,361	4,092,210,783	22,226,649	16,376,333
Trade and Other Receivables	10	1,232,208,279	1,635,290,190	106,163,161	109,653,980
Amounts Due from Related Parties	11	52,667,347	4,243,065	81,715,465	46,429,191
Income Tax Recoverable		1,453,799	1,350,384	-	-
Cash Balances	21	1,008,168,384	177,255,637	574,351,786	165,645,385
		6,275,618,170	5,910,350,059	784,457,061	338,104,889
Total Assets		22,310,374,182	21,470,040,466	17,926,202,124	17,006,979,520
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	12	10,186,085,405	9,713,307,520	10,186,085,405	9,713,307,520
Revaluation Reserve	13	148,991,766	134,689,558	148,991,766	134,689,558
Retained Earnings		6,872,181,704	6,283,106,744	6,646,934,033	6,171,124,185
		17,207,258,875	16,131,103,822	16,982,011,204	16,019,121,263
Minority Interest		903,110,661	833,276,268	-	-
Total Equity		18,110,369,536	16,964,380,090	16,982,011,204	16,019,121,263
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	14	2,194,108,500	1,548,600,000	295,821,000	345,825,000
Non Interest Bearing Loans	15	843,750	1,968,750	-	-
Post Employment Benefit Liability	16	20,632,272	20,249,177	20,632,272	20,249,177
Total Non-Current Liabilities		2,215,584,522	1,570,817,927	316,453,272	366,074,177
Current Liabilities					
Trade and Other Payables	17	815,528,271	831,335,124	134,585,331	152,007,222
Rental and Customer Deposits	18	473,845,683	440,470,152	427,800,223	376,451,718
Amounts Due to Related Parties	19	9,345,330	26,351,590	9,345,330	-
Interest Bearing Loans and Borrowings	14	682,762,500	1,596,425,000	50,000,000	50,000,000
Non - Interest Bearing Loans	15	1,125,000	1,125,000	-	-
Income Tax Payable		-	-	4,193,424	4,189,557
Dividends Payable	20	1,813,340	39,135,582	1,813,340	39,135,582
Total Current Liabilities		1,984,420,124	2,934,842,449	627,737,648	621,784,079
Total Liabilities		4,200,004,646	4,505,660,376	944,190,920	987,858,256
Total Equity and Liabilities		22,310,374,182	21,470,040,466	17,926,202,124	17,006,979,520

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

Group Finance Manager

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

Director **Director**

The accounting policies and notes on pages 42 through 69 form an integral part of the Financial Statements.

11 March 2011
Colombo

Income Statement

Year ended 31 December	Note	Group 2010 Rs.	Group 2009 Rs.	Company 2010 Rs.	Company 2009 Rs.
Rental Income		697,376,626	666,144,840	697,376,626	666,144,840
Sale of Apartments		950,149,134	1,233,615,208	-	-
Other Services	4	51,139,551	41,221,899	56,839,551	42,313,453
Total Revenue	3	1,698,665,311	1,940,981,947	754,216,177	708,458,293
Direct Operating Expenses		(329,352,966)	(334,271,312)	(329,352,966)	(334,271,312)
Cost of Sales of Apartments		(632,647,731)	(1,051,429,395)	-	-
Gross Profit		736,664,615	555,281,240	424,863,211	374,186,981
Fair Value Gain on Investment Property	5	473,162,049	1,019,487,565	473,162,049	1,019,487,565
Administration Expenses		(111,263,995)	(153,270,240)	(160,278,117)	(96,602,226)
Marketing & Promotional Expenses		(79,238,108)	(32,979,215)	-	-
Finance Cost	22.1	(117,805,290)	(8,377,931)	(7,377,946)	(8,377,931)
Finance Income	22.2	23,647,095	11,390,080	6,106,971	11,554,166
Profit before Tax	23	925,166,366	1,391,531,500	736,476,167	1,300,248,555
Income Tax Expense	24	(11,054,542)	(6,569,821)	(5,463,849)	(6,542,457)
Profit after Tax for the Year		914,111,824	1,384,961,679	731,012,318	1,293,706,098
Attributable to:					
Equity Holders of the Parent		844,277,431	1,342,346,672		
Minority Interest		69,834,393	42,615,007		
		914,111,824	1,384,961,679		
Earnings Per Share - Basic	25	1.23	2.13		
Dividend Per Share	20	0.26	0.40		

The accounting policies and notes on pages 42 through 69 form an integral part of the Financial Statements.

Statement of Changes in Equity

Group

	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.	Minority Interest Rs.	Total Equity Rs.
Balance as at 01 January 2009	9,713,307,520	112,444,473	5,240,582,111	15,066,334,104	790,661,261	15,856,995,365
Profit for the Year	-	-	1,342,346,672	1,342,346,672	42,615,007	1,384,961,679
Transfer to Revaluation Reserve (13.2)	-	22,245,085	-	22,245,085	-	22,245,085
Dividends Paid on Preference Shares	-	-	(74,892,878)	(74,892,878)	-	(74,892,878)
Dividends Paid on Ordinary Shares for Y/E 31/12/2008	-	-	(224,929,162)	(224,929,162)	-	(224,929,162)
Balance as at 31 December 2009	9,713,307,520	134,689,558	6,283,106,744	16,131,103,822	833,276,268	16,964,380,090
Profit for the Year	-		844,277,431	844,277,431	69,834,393	914,111,824
Transfer to Revaluation Reserve (13.2)	-	14,302,208	-	14,302,208	-	14,302,208
Redemption of Preference Shares	(3,744,643,910)	-	-	(3,744,643,910)	-	(3,744,643,910)
Issue of Shares for Cash (Rights Issue)	4,217,421,795	-	-	4,217,421,795	-	4,217,421,795
Direct Expenses Related to Rights Issue	-	-	(23,923,878)	(23,923,878)	-	(23,923,878)
Dividends Paid for Preference Shares	-	-	(62,581,720)	(62,581,720)	-	(62,581,720)
Dividends Paid for Ordinary Shares for Y/E 31/12/2009	-	-	(168,696,872)	(168,696,872)	-	(168,696,872)
Balance as at 31 December 2010	10,186,085,405	148,991,766	6,872,181,705	17,207,258,875	903,110,661	18,110,369,536

Company

	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 January 2009	9,713,307,520	112,444,473	5,177,240,127	15,002,992,120
Profit for the Year	-	-	1,293,706,098	1,293,706,098
Transfer to Revaluation Reserve (13.2)	-	22,245,085	-	22,245,085
Dividends paid on Preference Shares	-	-	(74,892,878)	(74,892,878)
Dividends Paid on Ordinary Shares for Y/E 31/12/2008	-	-	(224,929,162)	(224,929,162)
Balance as at 31 December 2009	9,713,307,520	134,689,558	6,171,124,185	16,019,121,263
Profit for the Year	-	-	731,012,318	731,012,318
Transfer to Revaluation Reserve(13.2)	-	14,302,208	-	14,302,208
Redemption of Preference Shares	(3,744,643,910)	-	-	(3,744,643,910)
Issue of Shares for Cash (Rights Issue)	4,217,421,795			4,217,421,795
Direct Expenses Related to Rights Issue	-	-	(23,923,878)	(23,923,878)
Dividends Paid on Preference Shares	-	-	(62,581,720)	(62,581,720)
Dividends Paid on Ordinary Shares for Y/E 31/12/2009	-	-	(168,696,872)	(168,696,872)
Balance as at 31 December 2010	10,186,085,405	148,991,766	6,646,934,033	16,982,011,204

The accounting policies and notes on pages 42 through 69 form an integral part of the Financial Statements.

Cash Flow Statement

Year ended 31 December	Note	Group 2010 Rs.	Group 2009 Rs.	Company 2010 Rs.	Company 2009 Rs.
Cash Flows from Operating Activities :					
Profit before Tax Expense		925,166,366	1,391,531,500	736,476,167	1,300,248,555
Adjustments for -					
Depreciation Charge for the Year	23	14,011,153	12,479,537	13,701,771	11,694,308
Depreciation Capitalised with Inventories	6.11	2,502,081	7,067,072	-	-
Amortization of Intangible Assets	7	5,507,878	1,553,649	5,507,878	1,553,649
Post Employment Benefit Expense	16.1	4,573,984	4,432,744	4,573,984	4,432,744
Exchange (Gains)/Losses	23	(83,742,651)	(491,452)	(2,533,368)	(3,698,228)
Finance Cost	22	117,805,290	8,377,931	7,377,946	8,377,931
Finance Income	22	(23,647,095)	(11,390,080)	(6,106,971)	(11,554,166)
(Profit)/Loss on sale of Property, Plant and Equipment	23	(148,171)	(615,722)	-	(615,812)
Allowance for Doubtful Debts		11,447,066	-	-	-
Fair Value (Gain)/Loss on Investment Property	5	(473,162,049)	(1,019,487,565)	(473,162,049)	(1,019,487,565)
Operating Profit /(Loss) before Working Capital Changes		500,313,852	393,457,614	285,835,359	290,951,416
(Increase)/Decrease in Amounts Due from Related Parties		(38,424,282)	17,312,790	(35,286,274)	13,709,079
(Increase)/Decrease in Trade and Other Receivables		447,502,179	(660,590,202)	3,490,819	(60,078,819)
Increase/(Decrease) in Rental and Customer Deposits		33,375,531	(484,330,263)	51,348,505	14,351,879
(Increase)/Decrease in Inventories		111,090,422	133,606,078	(5,850,316)	(16,376,333)
Increase/(Decrease) in Trade and Other Payables		(10,806,853)	(168,235,210)	(17,421,891)	50,757,027
Increase/(Decrease) in Amounts Due to Related Parties		(12,006,260)	13,161,814	9,345,330	-
Cash Generated From/ (Used in) Operations		1,031,044,589	(755,617,379)	291,461,533	293,314,249
Income Tax Paid		(2,926,615)	(11,467,551)	(2,926,615)	(5,900,246)
Finance Cost Paid	22	(117,805,290)	(8,377,931)	(7,377,946)	(8,377,931)
Defined Benefit Plan Costs Paid	16	(4,190,889)	(2,327,157)	(4,190,889)	(2,327,157)
Net Cash Generated From/(Used in) Operating Activities		906,121,795	(777,790,018)	276,966,083	276,708,915
Cash Flows from Investing Activities :					
Proceeds from Sale of Property, Plant and Equipment		6,727,940	1,553,809	6,727,940	1,553,809
Acquisition of Intangible Assets	7	-	(21,568,507)	-	(21,568,507)
Acquisition of Property, Plant and Equipment	6	(16,558,233)	(8,042,860)	(11,343,744)	(6,712,774)
Acquisition of Investments	8	(20)	-	(20)	(20)
Finance Income	22	23,647,095	11,390,080	6,106,971	11,554,166
Net Cash From/(Used in) Investing Activities		13,816,782	(16,667,478)	1,491,147	(15,173,326)
Cash Flows from Financing Activities :					
Repayment of Interest Bearing Loans and Borrowings	14	(268,154,000)	(1,556,165,500)	(50,004,000)	(50,004,000)
Loans Obtained	14	-	2,547,161,500	-	-
Repayment of Non Interest Bearing Loans and Borrowings	15	(1,125,000)	(1,125,000)	-	-
Dividends Paid		(268,600,834)	(261,702,920)	(268,600,834)	(261,702,920)
Proceeds from Issue of Shares (Rights Issue)	12.2	4,217,421,795	-	4,217,421,795	-
Direct Expenses related to Rights Issue		(23,923,878)		(23,923,878)	-
Redemption of Shares	12.3	(3,744,643,910)	-	(3,744,643,910)	-
Net Cash Flow from Financing Activities		(89,025,829)	728,168,080	130,249,171	(311,706,920)
Net Increase/(Decrease) in Cash and Cash Equivalents		830,912,747	(66,289,416)	408,706,401	(50,171,331)
Cash and Cash Equivalents at the beginning of the Year	21	177,255,637	243,545,053	165,645,385	215,816,716
Cash and Cash Equivalents at the end of the Year	21	1,008,168,384	177,255,637	574,351,786	165,645,385

The accounting policies and notes on pages 42 through 69 form an integral part of the Financial Statements.

Notes to the Financial Statements

1 Corporate Information

1.1 General

Overseas Realty (Ceylon) PLC ("Company") is a Public Quoted Company with limited liability incorporated and domiciled in Sri Lanka. The registered office of the Company is located at Level # 18-01, East Tower, World Trade Center, Colombo 01, which is the principal place of its business.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were the business of investment in properties, property development, trading and management.

Mireka Capital Land (Private) Limited, a subsidiary, is engaged in purchasing, hiring and acquiring real estate properties, real estate development and providing infrastructure facilities to real estate development projects.

Mireka Homes (Private) Limited, a subsidiary, is engaged in constructing and developing, housing complexes and related infrastructure and is involved in the sale, lease, management or any similar transactions in respect of the same and any other business carried on by land investment, land development and real estate companies.

Realty Management Services (Private) Limited, is engaged in providing facility services to companies in the Group.

Other subsidiaries of the Company have not been operational during the year.

1.3 Parent Enterprise and Ultimate Parent Entity

In the opinion of the Directors, the Company's immediate parent enterprise is the Shing Kwan Group headquartered in Singapore.

1.4 Date of Authorization for Issue

The Financial Statements of Overseas Realty (Ceylon) PLC for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Board of Directors on 11th March 2011.

2 Basis Of Preparation

The Financial Statements have been prepared on a historical cost basis except for the revaluation of certain items of Property, Plant & Equipment and Investment Property, which have been measured at fair value. The Financial Statements are presented in Sri Lankan Rupees. The preparation and presentation of these Financial Statements is in compliance with the Companies Act No. 07 of 2007.

2.1.1 Statement of Compliance

The Financial Statements of Overseas Realty (Ceylon) PLC ("Company") and its subsidiaries (together "Group") have been prepared in accordance with Sri Lanka Accounting Standards (SLAS).

2.1.2 Consolidation Policies

The Financial Statements of the Group represent the consolidation of the Financial Statements of the Company, its subsidiaries, after elimination of all material intra Group transactions.

a) Subsidiaries

Subsidiaries are those enterprises controlled by the parent. Control exists when the parent has the power, directly or indirectly to govern the financial and operating policies of an enterprise. Subsidiaries are controlled from the date the parent obtains control until the date that control ceases. The following companies have been consolidated.

- Overseas Realty Ceylon PLC (Parent)
- Mireka Capital Land (Private) Limited (Subsidiary)
- Mireka Homes (Private) Limited (Sub-subsidiary)
- Hospitality International (Private) Limited (Subsidiary)
- Realty Management Services (Private) Limited (Subsidiary)
- Property Mart (Private) Limited (Subsidiary)
- Havelock City (Private) Limited

All subsidiaries are incorporated in Sri Lanka.

b) The total profits and losses for the period of the Company and of its subsidiaries included in consolidation are shown in the consolidated Income Statement with the proportion of profit or loss after taxation pertaining to minority shareholders of subsidiaries being deducted as "minority interest" (non controlling interest). All assets and liabilities of the

Company and of its subsidiaries included in consolidation are shown in the consolidated Balance Sheet. The interest of minority shareholders of subsidiaries in the fair value of net assets of the Group are indicated separately in the consolidated Balance Sheet under the heading "minority interest". The consolidated Cash Flow Statement includes the cash flows of the Company and its subsidiaries.

c) **Goodwill**

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary as at the date of acquisition. In accordance with SLAS 25 (revised 2004), goodwill arising on business combinations after 1 June 2005 are not amortised, but tested for impairment annually.

2.1.3 Segment Reporting

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

2.1.4 Comparative Information

The accounting policies have been consistently applied by the Company and the Group with those used in the previous year. The prior year financial information has been rearranged where necessary to conform to the current presentation.

2.1.5 Going Concern

The Board of Directors of the Company and that of the parent are satisfied that the Company has adequate resources to continue its operations in the foreseeable future with no interruptions or curtailment of operations. Accordingly, the Financial Statements are prepared based on the going concern concept.

2.2 Changes In Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.

2.3 Significant Accounting Judgments, Estimates and Assumptions

2.3.1 Critical Judgments in Applying the Accounting Policies

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

(a) **Classification of Property**

The Group determines whether a property is classified as Investment Property, owner occupied property, inventory property:

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

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

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

Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

(b) **Revenue recognition from sale of apartments**

In recognizing revenue from sale of apartments, management applies judgment ascertaining if the risks and rewards of ownership have passed to the buyers. In this regard, management sought professional legal advice in determining the point at which equitable interest passes to the buyer and accordingly recognized revenue under the percentage of completion method as the group

Notes to the Financial Statements

continuously transfers to the buyer significant risks and rewards of ownership of the work in progress in its current state as the construction progresses.

2.3.2 Critical Accounting Estimates and Assumptions

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

(a) Estimation of fair value of Investment Properties

The Group carries its Investment Properties at fair value, with changes in fair values being recognised in the Income Statement. The Group engaged an independent valuer to determine the fair value as at 31 December 2010.

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

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

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

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

(b) Principal assumptions for management's estimation of fair value

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

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

The continuing volatility in commercial real estate markets across the world caused significant reduction in transaction volumes that continued this year. Therefore, in arriving at fair values as at 31 December 2010, the valuer has used his market knowledge and professional judgement and has not only relied solely on historic transactional comparables. In these circumstances, there is a greater degree of uncertainty than which exists in a more active market in estimating the fair values of Investment Property.

The determined fair value of the Investment Properties is most sensitive to the estimated yield as well as the growth in future rentals and other assumptions given in Note 5.2.

Therefore management has carried out a sensitivity analysis in relation to the key assumptions used in valuing the Investment Property as disclosed in Note 5.3.

(c) Defined Benefit Plans

The cost as well as the present value of defined benefit plan: gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long term nature of employee benefits, such estimates are subject to significant uncertainty. Further details of assumptions together with an analysis of their sensitivity as carried out by the management in relation to the above key assumptions and the results of the sensitivity analysis are given in Note 16.4.

(d) **Deferred Taxation**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax that can be recognised based upon the likely timing and the levels of future taxable profits. Further details are given in Note 24.3.

(e) **Estimation of Net Realisable Value for Inventory Property**

Inventory is stated at the lower of cost and net realisable value (NRV). NRV is assessed with reference to market conditions and prices existing at the balance sheet date and is determined by the Group having taken suitable external advice and in the light of recent market transactions.

2.4 Summary Of Significant Accounting Policies

2.4.1 Foreign Currency Translation

The Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. All exchange variances are charged to the profit or loss.

2.4.2 Taxation

Current Taxes

Companies in the Group have entered into agreements with the Board of Investment of Sri Lanka, as specified below. Such agreements specify that the sections of the Inland Revenue Act relating to the imposition, payment and recovery of income tax should not apply to the respective companies.

Overseas Realty (Ceylon) PLC

Pursuant to the agreement between the Company and the Board of Investment of Sri Lanka, the Company is entitled to a fifteen year "tax exemption period" on its accounting profits and income, commencing from the first year of making profit. The Company entered into a supplementary agreement with the Board of Investment of Sri Lanka on 12 August 2005 with regard to the above.

The 15 year tax exemption period commenced on April 1, 2005 and will end on March 31, 2020.

Mireka Capital Land (Private) Limited

Pursuant to the agreement with the Board of Investment of Sri Lanka (BOI) dated 28th April 2005, Mireka Capital Land (Private) Limited is exempted from income tax for a period of 8 years. Such exemption period is reckoned from the year in which the Company commences to make profit or any year of assessment not later than 2 years from the date of commencement of commercial operations, which ever is earlier, as maybe specified in a certificate by BOI.

The 8 year tax exemption period commenced on April 1, 2006 and will end on March 31, 2014.

Mireka Homes (Private) Limited

Pursuant to the agreement with Board of Investment of Sri Lanka (BOI) dated 26th August 2005, Mireka Homes (Private) Limited is exempted from Income Tax for a period of 12 years. Such exemption period is reckoned from the year in which the Company commences to make profits or any year of assessment not later than 2 years from the date of commencement of commercial operations, which ever is earlier, as maybe specified in a certificate by BOI.

The 12 year tax exemption period commenced on April 1, 2007 and will end on March 31, 2019.

Deferred Taxation

As the Inland Revenue Act does not apply as stated above, temporary differences do not arise during the tax exemption period. However, following technique guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the Board of Directors carries out an assessment of temporary differences which continue to prevail after the tax exemption period and any deferred tax asset or liability which need to be accounted for at each reporting date.

Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is

Notes to the Financial Statements

recognized as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Balance Sheet.

Economic Service Charge (ESC)
As per the provisions of Economic Service Charges Act No. 13 of 2006, ESC is payable on the liable turnover at specified rates. ESC paid is deductible from the income tax liability. Any unclaimed liability can be carried forward and set off against the income tax payable for a further four years.

Social Responsibility Levy (SRL)
As per the provisions of the Finance Act No. 5 of 2005, as amended by the Finance Act no. 11 of 2006, SRL is payable at the rate of 1.5% on all taxes and levies chargeable as specified in the first schedule of the Act.

2.4.3 Intangible Assets

(a) Licenses

Licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives of 20 years.

(b) Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 5 years. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, are not capitalised and expenditure is reflected in the Income Statement in the year in which the expenditure is incurred.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognised.

2.4.4 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realize net of provision for bad and doubtful debts.

Other receivables and dues from Related Parties are recognized at cost less provision for bad and doubtful receivables.

2.4.5 Inventory

Inventory Property and Projects Under Construction
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:

- Freehold rights for land
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs of site preparation, property transfer taxes, construction overheads and other related costs.

Non refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the balance sheet date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale. The cost of inventory recognised in profit or loss on disposal is determined with reference to the costs incurred on the property sold and an allocation of costs based on the gross floor area of the property developed.

Consumables and Spares
The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae:-

Consumables - At actual cost on weighted average basis

2.4.6 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.

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

2.4.7 Property, Plant and Equipment

Property, plant and equipment except for buildings are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met.

Buildings are measured at fair value less depreciation and impairment charged subsequent to the date of the revaluation.

Depreciation is calculated on a straight line basis over the useful life of the assets as follows.

Building - Level 18	Over 60 Years
Temporary Building	Over 5 Years
Furniture & Fittings	Over 10 Years
Office Equipment	
-Computer & Other Electronic Equipment	Over 4 Years
-Other Office Equipment	Over 5 Years
Motor Vehicles	Over 5 Years
Furniture, Fitting & Equipment - Restaurant	Over 3 Years
Gymnasium Equipment	Over 10 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Valuations are performed with sufficient regularity, to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

When an item of property, plant & equipment is revalued, any accumulated depreciation at the date of the valuation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any revaluation surplus (related to property, plant & equipment category) is credited to the revaluation reserve included in the equity section of the Balance Sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the Income Statement.

2.4.8 Investments

a) Initial Recognition:

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees and duties. The Group distinguishes and presents current and non current investments in the Balance Sheet.

Measurement
Current Investments:

Current investments are carried at the lower of cost and market value, determined on the basis of aggregate portfolio.

Long Term Investments: Investment in Subsidiaries

Long term investments are stated at cost. Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions for other than temporary declines in carrying amounts are charged to the Income Statement.

b) Disposal of Investment

On disposal of an investment, the difference between net disposals and proceeds and the carrying amounts is recognized as either income or expense.

2.4.9 Investment Property

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the entities in the consolidated Group, is classified as Investment Property.

Investment Property comprises freehold land, freehold buildings together with the integral parts of such properties.

Notes to the Financial Statements

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

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

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

Changes in fair value are recorded in the Income Statement.

If an Investment Property becomes owner occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as Investment Property is classified as property, plant and equipment and stated at cost until construction or development is complete. At that time, it is reclassified and subsequently accounted for as Investment Property.

2.4.10 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.4.11 Borrowings

Borrowings are recognized at contractual amounts that represent the amount of the liability.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position (I.e. Balance Sheet)

2.4.12 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

The Group measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent actuary every 3 years using Projected Unit Credit method.

For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimation provided by the qualified actuary is used.

Actuarial gains and losses are recognised as income or expenses when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at the date.

The gains/losses are recognised over the expected average remaining working lives of the employees participating in the plan.

The gratuity liability is not externally funded. This item is stated under Employee Benefit Liability in the Balance Sheet.

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

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

2.4.13 Impairment of Non Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset maybe impaired. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating

unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

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

2.4.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs and borrowing costs incurred after the completion of the underlying construction are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4.15 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes.

a) Sale of Apartments

In the case of sale of apartments, equitable interest in the property is vested in the buyer before legal title passes, and the risks and rewards of ownership of such is transferred at the time of entering into the Sale and Purchase agreement. Therefore, revenue from sale of apartments is recognized at the time of entering into the Sale and Purchase Agreement.

b) Rental Income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

The lease term is the fixed period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Premiums received to terminate leases are recognised in the Income Statement when they arise.

Rental income arising on Investment Properties is accounted for on a straight-line basis over the lease terms.

c) Rendering of Services

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

d) Interest Income

Interest income is recognized as the interest accrues unless collectibility is in doubt.

e) Others

Other income is recognized on an accrual basis.

Notes to the Financial Statements

2.5 Effect of Sri Lanka Accounting Standards issued but not yet effective:

a) The following standards have been issued by the Institute of Chartered Accountants of Sri Lanka.

- Sri Lanka Accounting Standard 44 Financial Instruments; Presentation (SLAS 44)
- Sri Lanka Accounting Standard 45 Financial Instruments; Recognition and Measurement (SLAS 45)
- Sri Lanka Accounting Standard 39 Share Based Payments (SLAS 39)

The effective date of SLAS 44, 45 and 39 was changed during the year to be effective for financial periods beginning on or after 01 January 2012. These three standards have been amended and forms a part of the new set of financial reporting standards mentioned under Note (b) below.

b) Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, the Council of the Institute of Chartered Accountants of Sri Lanka has adopted a new set of financial reporting standards that would apply for financial periods beginning on or after 01 January 2012. The application of these financial reporting standards is substantially different to the prevailing standards.

3 Segmental Information

The Group mainly comprises two business segments viz, "Rental and Other Services" and "Sale of Apartments" which are derived through two individual companies in the Group. The "Rental and Other Services" are derived by Overseas Realty (Ceylon) PLC and the "Sale of Apartments" are derived through Mireka Homes (Pvt) Ltd. Overseas Realty (Ceylon) PLC earns rental income by way of renting out the space at "World Trade Center" located at Echelon Square, Colombo 1 while Mireka Homes (Pvt) Ltd recognizes revenue through the sale of condominium units of "Havelock City".

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

3.1 Segment Results :

	2010				2009			
	Rental and Other Services	Sale of Apartments	Inter/Intra Segment Eliminations	Consolidated	Rental and Other Services	Sale of Apartments	Inter/Intra Segment Eliminations	Consolidated
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	748,516,177	950,149,134	-	1,698,665,311	707,366,739	1,233,615,208	-	1,940,981,947
Direct Operating Expenses	(329,352,966)	-	-	(329,352,966)	(334,271,312)	-	-	(334,271,312)
Cost of Sales	-	(632,647,731)	-	(632,647,731)	-	(1,051,429,395)	-	(1,051,429,395)
Gross Profit/ (Loss)	419,163,211	317,501,404	-	736,664,615	373,095,427	182,185,813	-	555,281,240
Fair Value Gain on Investment Property	473,162,049	-	-	473,162,049	1,019,487,565	-	-	1,019,487,565
Administration Expenses	(181,259,405)	44,055,842	25,939,568	(111,263,995)	(104,382,517)	(60,106,567)	11,218,844	(153,270,240)
Marketing and Promotional Expenses	-	(79,238,108)	-	(79,238,108)	(17,464,848)	(15,514,367)	-	(32,979,215)
Finance Cost	(7,377,946)	(110,427,344)	-	(117,805,290)	(8,377,931)	-	-	(8,377,931)
Finance Income	6,106,971	17,540,124	-	23,647,095	11,554,166	-	(164,086)	11,390,080
Net Profit Before Tax	709,794,879	189,431,918	25,939,568	925,166,366	1,273,911,863	106,564,879	11,054,758	1,391,531,500

3.2 Segment Assets and Liabilities :

	Rental and Other Services	Sale of Apartments	Inter/Intra Segment Eliminations	Consolidated
	Rs.	Rs.	Rs.	Rs.
2010				
Total Assets	18,215,827,739	5,257,786,376	(1,163,239,933)	22,310,374,182
Total Liabilities	3,639,863,401	5,159,173,659	(4,599,032,414)	4,200,004,646
2009				
Total Assets	17,001,129,406	5,641,015,524	(1,172,104,464)	21,470,040,466
Total Liabilities	6,127,764,506	5,449,862,373	(7,071,966,503)	4,505,660,376

Notes to the Financial Statements

3.3 Other Segment Information :

	2010			2009		
	Rental and Other Services Rs.	Sale of Apartments Rs.	Consolidated Rs.	Rental and Other Services Rs.	Sale of Apartments Rs.	Consolidated Rs.
Total cost incurred during the year to acquire Property, Plant and Equipment	11,343,744	5,214,489	16,558,233	6,712,774	1,330,086	8,042,860
Depreciation			-			-
- Charge for the Year	13,701,771	309,382	14,011,153	11,694,308	785,230	12,479,537
- Capitalised with the Inventories	-	2,502,081	2,502,081	-	7,067,072	7,067,072
Amortization	5,507,878	-	5,507,878	1,553,649	-	1,553,649
Employee Benefit Costs	75,334,155	10,196,951	85,531,106	51,501,023	14,798,578	66,299,601

4 Other Services

	Group		Company	
	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.
Property Facility Fee	24,915,000	22,440,000	24,915,000	22,440,000
Net Income from Rented Car Park	2,515,342	3,543,626	2,515,342	3,543,626
Support Services	-	-	5,700,000	9,312,000
Other Services	17,393,167	12,290,025	17,393,167	4,069,578
Default Interest	908,149	1,748,249	908,149	1,748,249
Management Fees	1,200,000	1,200,000	1,200,000	1,200,000
Facility Management Income	4,207,893	-	4,207,893	-
	51,139,551	41,221,899	56,839,551	42,313,453

5 Investment Property

	Group		Company	
	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.
As at 1 January	15,278,120,636	14,258,633,071	15,278,120,636	14,258,633,071
Net gain from Fair Value Adjustment	473,162,049	1,019,487,565	473,162,049	1,019,487,565
As at 31 December	15,751,282,685	15,278,120,636	15,751,282,685	15,278,120,636

5.1 The Company filed a Deed of Declaration No. 237 dated 27th June 2001 attested by Ms. A. R. Edirimane, Notary Public, sub dividing the Company's property, (i.e. WTC at Echelon Square) into 219 condominium units in accordance with the Condominium Plan No. 1824 dated 25th April 2001 made by Mr. M.T. Rathnayake, Licensed Surveyor of Survey Engineering Co. Limited. The Urban Development Authority approved such plan under Section 594 (b) and 5(2) of the Apartment Ownership Law No. 11 of 1973 as amended by Act No. 45 of 1982, on 14th June 2001.

The said Condominium Plan and Deed of Declaration were registered with the Land Registry on 4th July 2001, thus resulting in the creation of the "Management Corporation Condominium Plan No. 1824" under the provisions of the Apartment Ownership Law.

5.2 The Company owns 185 Condominium Units that are held to earn rentals. These units constitute the Investment Property of the Group.

Fair value of the Investment Property is ascertained by annual independent valuations carried out by Messrs. P. B. Kalugalagedera and Associates, Chartered Valuer that has recent experience in valuing properties of akin location and category. Investment Property was appraised in accordance with SLAS 40 and 8th edition of International Valuation Standards published by the International Valuation Standards Committee (IVSC), by the independent valuer. In determining the fair value, the capitalization of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions including future rental income, anticipated maintenance costs, appropriate discount rate and making reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are approximated within appropriate range of values.

The significant assumptions used by the valuer in the years 2009 and 2010 are as follows:

	2010	**2009**
Rate of growth in future rentals	1 to 5 years 10% p.a. and 6 to 10 years 5% p.a.	1 to 5 years 10% p.a. and 6 to 10 years 5% p.a.
Anticipated Outgoings	50% of rentals	45% of rentals
Risk adjusted DCF	6.0% p.a.	6.0% p.a.

5.3 Sensitivity analysis of assumptions employed in Investment Property Valuation

Group/Company

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of Investment Property, in respect of the year 2010.

The sensitivity of the Income Statement and Balance Sheet is the effect of the assumed changes in discount rate, growth rate and rate of maintenance cost (taken individually, while other variables are held constant) on the profit or loss and Investment Property value for the year.

In Risk Adjusted DCF	**Increase / (Decrease) In Rate of Growth in Future Rentals**	**In Rate of Anticipated Maintanance Cost**	**Proforma Fair Value Gain/(Loss) on Investment Property Rs.**	**Proforma Investment Property Valuation Rs.**
0.5%			(1,345,701,395)	13,932,419,241
(0.5%)			1,549,954,477	16,828,075,113
	1%		1,154,153,563	16,432,274,199
	(1%)		(1,112,723,342)	14,165,397,294
		5%	(1,548,287,394)	13,729,833,242
		(5%)	1,502,786,660	16,780,907,296

Notes to the Financial Statements

6 Property Plant & Equipment (Group)

6.1 Gross Carrying Amounts

	Balance As at 01.01.2010 Rs.	Additions Rs.	Transfers Rs.	Increase in Revaluation Rs.	Disposals Rs.	Balance As at 31.12.2010 Rs.
At Cost						
Temporary Building	31,693,828	72,692	-	-	-	31,766,520
Office Equipment	8,623,818	296,610	-	-	(444,197)	8,476,231
Computers and Other Electronic Equipment	28,497,510	2,852,820	-	-	-	31,350,330
Furniture & Fittings	22,113,022	748,821	-	-	(37,818)	22,824,025
Motor Vehicles	27,225,164	7,299,585	-	-	(7,299,585)	27,225,164
Gymnasium Equipment	-	4,515,525	-	-	-	4,515,525
Engineering Equipment & Tools	-	50,100	-	-	-	50,100
	118,153,342	15,836,153	-	-	(7,781,600)	126,207,895
At Valuation						
Buildings - Level 18	216,053,540	-	(3,725,061)	14,302,208	-	226,630,687
	216,053,540	-	(3,725,061)	14,302,208	-	226,630,687
Total Value of Depreciable Assets	334,206,882	15,836,153	(3,725,061)	14,302,208	(7,781,600)	352,838,582
In the Course of Construction						
Capital Work In Progress	-	722,080	-	-	-	722,080
Total Gross Carrying Amount	334,206,882	16,558,233	(3,725,061)	14,302,208	(7,781,600)	353,560,662

6.2 Depreciation

	Balance As at 01.01.2010 Rs.	Depreciation for the Year (6.12) Rs.	Transfers Rs.	Increase in Revaluation Rs.	Disposals Rs.	Balance As at 31.12.2010 Rs.
At Cost						
Temporary Building	28,479,399	1,421,544	-	-	-	29,900,943
Office Equipment	6,231,128	714,419	-	-	(259,980)	6,685,568
Computers and Other Electronic Equipment	20,193,139	3,095,570	-	-	-	23,288,709
Furniture & Fittings	17,189,812	732,857	-	-	(14,182)	17,908,487
Motor Vehicles	15,921,335	6,775,195	-	-	(571,645)	22,124,885
Gymnasium Equipment	-	48,246			-	48,246
Engineering Equipment & Tools	-	341			-	341
Total Depreciation	88,014,813	12,788,173	-	-	(845,806)	99,957,180
At Valuation						
Buildings - Level 18	-	3,725,061	(3,725,061)	-	-	-
	-	3,725,061	(3,725,061)	-	-	-
Total Depreciation	88,014,813	16,513,234	(3,725,061)	-	(845,806)	99,957,180

6.3 Net Book Value

	2010 Rs.	2009 Rs.
At Cost		
Temporary Building	1,865,577	3,214,429
Office Equipment	1,790,663	2,392,690
Computers and Other Electronic Equipment	8,061,621	8,304,371
Furniture and Fittings	4,915,537	4,923,210
Motor Vehicles	5,100,279	11,303,829
Gymnasium Equipment	4,467,279	-
Engineering Equipment & Tools	49,759	-
At Valuation		
Buildings - Level 18	226,630,687	216,053,540
In the Course of Construction		
Capital Work In Progress	722,080	-
	253,603,483	246,192,069

6 Property Plant & Equipment (Company)

6.4 Gross Carrying Amounts

	Balance As at 01.01.2010 Rs.	Additions Rs.	Transfers Rs.	Increase in Revaluation Rs.	Disposals Rs.	Balance As at 31.12.2010 Rs.
At Cost						
Motor Vehicles	26,983,165	7,299,585	-	-	(7,299,585)	26,983,165
Office Equipment	6,322,827	118,408	-	-	-	6,441,235
Computers and Other Electronic Equipment	24,555,110	2,494,120	-	-	-	27,049,230
Furniture and Fittings	18,908,208	659,451	-	-	-	19,567,659
Engineering Equipment & Tools	-	50,100	-	-	-	50,100
	76,769,310	10,621,664	-	-	(7,299,585)	80,091,390
At Valuation						
Buildings - Level 18	216,053,540	-	(3,725,061)	14,302,208	-	226,630,687
	216,053,540	-	(3,725,061)	14,302,208	-	226,630,687
Total Value of Depreciable Assets	292,822,850	10,621,664	(3,725,061)	14,302,208	(7,299,585)	306,722,077
In the Course of Construction						
Capital Work In Progress	-	722,080	-		-	722,080
Total Gross Carrying Amount	292,822,850	11,343,744	(3,725,061)	14,302,208	(7,299,585)	307,444,157

Notes to the Financial Statements

6.5 Depreciation

	Balance As at 01.01.2010 Rs.	Depreciation for the Year Rs.	Transfers Rs.	Increase in Revaluation Rs.	Disposals Rs.	Balance As at 31.12.2010 Rs.
At Cost						
Motor Vehicles	15,790,252	6,714,695	-	-	(571,645)	21,933,302
Office Equipment	5,002,336	322,712	-	-	-	5,325,048
Computers and Other Electronic Equipment	16,979,380	2,533,810	-	-	-	19,513,190
Furniture and Fittings	15,889,745	405,152	-	-	-	16,294,897
Engineering Equipment & Tools	-	341	-	-	-	341
	53,661,713	9,976,710	-	-	(571,645)	63,066,778
At Valuation						
Buildings - Level 18	-	3,725,061	(3,725,061)	-	-	-
	-	3,725,061	(3,725,061)	-	-	-
Total Depreciation	53,661,713	13,701,771	(3,725,061)	-	(571,645)	63,066,778

6.6 Net Book Value

	2010 Rs.	2009 Rs.
At Cost		
Motor Vehicles	5,049,863	11,192,913
Computers and Other Electronic Equipment	1,116,187	1,320,491
Office Equipment	7,536,040	7,575,730
Furniture and Fittings	3,272,762	3,018,463
Engineering Equipment & Tools	49,759	-
At Valuation		
Buildings - Level 18	226,630,687	216,053,540
In the Course of Construction		
Capital Work In Progress	722,080	-
	244,377,378	239,161,137

6.7 Property, Plant and Equipment of the Company includes fully depreciated assets having a gross carrying amount of Rs. 36,411,227/- (2009 : Rs. 33,974,673/-).

6.8 The Furniture, Fittings and Equipment - Restaurant were revalued during the financial year 2001 by Ms. P.B. Kalugalagedara and Associates, an independent Chartered Valuer. The results of such revaluation were incorporated in these Financial Statements from its effective date which was 30 June 2001. Such assets were valued on an open market value for existing use basis. These assets that were fully depreciated as at 31 December 2008 have been sold during the year. Such assets did not have a remaining revaluation gain since the revaluation deficit of these assets had already been charged to the Income Statement.

6.9 Cash payments amounting to Rs. 11,343,744/- (2009 : Rs. 6,712,774/-) were made during the year for purchase of Property, Plant and Equipment by the Company.

6.10 The fair value of building - Level 18, was determined by means of a revaluation during the financial year 2010 by Messrs. P.B. Kalugalagedera and Associates, an independent valuer in reference to market based evidence. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31 December 2010 . The surplus arising from the revaluation was transferred to a revaluation reserve.

The carrying amount of revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	Cost Rs.	Cumulative Depreciation if assets were carried at cost Rs.	Net Carrying Amount 2010 Rs.	Net Carrying Amount 2009 Rs.
Building - Level 18	87,431,566	5,828,771	81,602,795	83,059,988

6.11 Out of the total depreciation for the year of Rs. 16,513,234/- (2009 - Rs.19,546,609/-) an amount of Rs. 2,502,081/- (2009 - Rs. 7,067,072/-) has been capitalized under Project Under Development during the year by the Group.

7 Intangible Assets

Group Summary	Membership Fee (Note 7.1) Rs.	Software (Note 7.2) Rs.	Goodwill (Note 7.3) Rs.	Total Rs.
Cost				
As at 1 January 2010	7,297,734	21,568,507	8,794,884	37,661,125
Acquired / Incurred during the year	-	-	-	
As at 31 December 2010	7,297,734	21,568,507	8,794,884	37,661,125
Amortization				
As at 1 January 2010	1,923,948	359,475	-	2,283,423
Amortization for the year	1,194,174	4,313,704	-	5,507,878
As at 31 December 2010	3,118,122	4,673,179	-	7,791,301
Net Book Value				
As at 1 January 2010	5,373,786	21,209,032	8,794,884	35,377,702
As at 31 December 2010	4,179,612	16,895,328	8,794,884	29,869,824

Company Summary	Membership Fee (Note 7.1) Rs.	Software (Note 7.2) Rs.	Total Rs.
Cost			
As at 1 January 2010	7,297,734	21,568,507	28,866,241
Acquired / Incurred during the year	-	-	-
As at 31 December 2010	7,297,734	21,568,507	28,866,241
Amortization			
As at 1 January 2010	1,923,948	359,475	2,283,423
Amortization for the year	1,194,174	4,313,704	5,507,878
As at 31 December 2010	3,118,122	4,673,179	7,791,301
Net Book Value			
As at 1 January 2010	5,373,786	21,209,032	26,582,818
As at 31 December 2010	4,179,612	16,895,328	21,074,940

Notes to the Financial Statements

7.1 During the year ended 30 June 1994 the Company had paid a membership fee of US$ 150,000 to the World Trade Centers Association and obtained the license for the use of the trade name "World Trade Center". The license requires an annual subscription fee amounting to US$ 10,000 to renew the eligibility of using the trade name. The Management of the Company previously determined the useful life of the asset to be twenty (20) years over which it was amortized on a straight line basis in the Income Statement with effect from the year ended 31 December 2007, up to 31 December 2008.

During the year 2009, the Directors reviewed the useful life and determined that the intangible asset has a further remaining useful life of 5.5 years. Accordingly the amortization charge in respect of the year ended 31 December 2009 was adjusted to reflect this change. This new amortization will arise in the future periods for this intangible upto 30 June 2014.

7.2 During the year ended 31 December 2009 the Company has acquired an Enterprise Resource Planning System consisting of application software, user licence and implementation services at a cost of Rs. 21,568,507/-. The Management of the Company has determined the useful life of the asset as five (5) years and amortization has been made on a straight line basis in the Income Statement with effect from the year ended 31 December 2009.

7.3 Goodwill represents the excess of an acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition of Mireka Capital Land (Pvt) Ltd, and is carried at cost less accumulated impairment losses and the Group Goodwill has been allocated to cash-generating unit, for impairment testing.

Goodwill is not amortised, but is reviewed for impairment annually as to whether there is an indication that goodwill maybe impaired.

8 Investments In Subsidiaries

		Group		Company	
	% Holding	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.
Mireka Capital Land (Pvt) Ltd. (Ordinary Shares of Rs. 10/- each)	60%	-	-	1,125,000,000	1,125,000,000
Hospitality International (Pvt) Ltd. (HIL) (Ordinary Shares of Rs. 10/- each)	100%	-	-	112,159,107	112,159,107
Provision for the fall in value of HIL Investment	-	-	-	(112,159,107)	(112,159,107)
Realty Management Services (Pvt) Ltd. (Ordinary Shares of Rs. 10/- each) (8.1)	100%			10,020	10,020
Property Mart (Pvt) Ltd	100%	-	-	20	20
Havelock City (Pvt) Ltd	100%	20	-	20	-
		20	-	1,125,010,060	1,125,010,040

8.1 The Directors' view is that the value of the investments made in Realty Management Services (Pvt) Ltd, Property Mart (Pvt) Ltd and Havelock City (Pvt) Ltd is Rs. 10,020/-, Rs. 20/- and Rs. 20/- respectively.

9 Inventories

	Group		Company	
	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.
Project Under Development	2,150,497,164	1,836,010,381	-	-
Completed Apartments for Sale	1,808,396,548	2,239,824,069	-	
Consumables & Spares	22,226,649	16,376,333	22,226,649	16,376,333
	3,981,120,361	4,092,210,783	22,226,649	16,376,333

10 Trade and Other Receivables

	Group		Company	
	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.
Rent and Service Charge Receivable	71,431,017	69,942,628	71,431,017	69,942,628
Trade Debtors - Apartment Sales	443,534,682	787,736,844	-	-
Less: Allowance for Doubtful Debts	-		-	-
	514,965,699	857,679,472	71,431,017	69,942,628
Other Debtors	688,578,584	758,655,749	15,955,590	27,518,325
Less: Allowance for Doubtful Debts	(3,853,876)	(6,666,809)	-	-
	1,199,690,407	1,609,668,412	87,386,607	97,460,953
Advances & Prepayments	32,517,872	25,621,778	18,776,554	12,193,027
	1,232,208,279	1,635,290,190	106,163,161	109,653,980

11 Amounts Due From Related Parties

	Group		Company	
	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.
Management Corporation Condominium Plan 1824	22,256,477	2,303,754	22,256,477	2,303,754
Management Corporation Condominium Plan 5770	5,805,976	-	5,805,976	-
Mireka Capital Land (Pvt) Ltd	-	-	14,498,282	35,013,889
Realty Management Services (Pvt) Ltd	-	-	14,009,004	103,335
Shing Kwan Investment (Singapore) Pte Ltd	1,144,137	1,939,311	1,144,137	1,939,311
Property Mart (Pvt) Ltd	-	-	-	7,068,902
Mireka Homes (Pvt) Ltd	-	-	24,001,589	-
Havelock City (Pvt) Ltd	23,460,757	-	-	-
	52,667,347	4,243,065	81,715,465	46,429,191

12 Stated Capital

Group/Company

12.1 Stated Capital as at 31 December 2010

	2010 Rs.	2009 Rs.
Ordinary Shares	9,840,650,855	5,623,229,060
374,464,391 Non-Convertible Cumulative Redeemable Preference Shares	-	3,744,643,910
	9,840,650,855	9,367,872,970
Add: Balance in Share Premium	345,286,000	345,286,000
Add: Balance in Redemption Reserve Fund	148,550	148,550
Stated Capital	10,186,085,405	9,713,307,520

12.2 Fully Paid Ordinary Shares

	2010		2009	
	Number	Rs.	Number	Rs.
Balance at the beginning of the Year	562,322,906	5,623,229,060	562,322,906	5,623,229,060
Issue of Shares for Cash (Rights Issue)	281,161,453	4,217,421,795	-	-
Balance at end of the Year	843,484,359	9,840,650,855	562,322,906	5,623,229,060

Notes to the Financial Statements

12.3 Non-Convertible Cumulative Redeemable Preference Shares

	2010		2009	
	Number	Rs.	Number	Rs.
Balance at the beginning of the Year	374,464,391	3,744,643,910	374,464,391	3,744,643,910
Redemption of Shares	(374,464,391)	(3,744,643,910)	-	-
Balance at end of the Year	-	-	374,464,391	3,744,643,910

12.4 Rights, Preferences and Restrictions of Capital

During the year 2006, the Company issued 374,464,391 Non Convertible Cumulative Redeemable Preference Shares (CRPS) of Rs. 10/- each at a dividend rate of 2% per annum amounting to Rs. 3,744,643,910/- as part of the financial restructuring process. Tenor of the Preference Share issue was 5 years and redeemable on 28 November 2010. The Company had also been given the option of redeeming the principal in full or in multiples of Rs. 1 Mn, on each dividend payment date. 2% dividend was payable on a semi – annual basis. These Preference Shares were redeemed through a Rights Issue during the year.

12.5 Dividend amounting to Rs. 37,138,660/- accumulated on 2% CRPS have been paid on 20 July 2010 and Rs. 25,443,059/- was paid on 22 November 2010 as this preference dividend was payable semi-annually.

13 Reserves

13.1 Capital Reserves

Group/Company	2010 Rs.	2009 Rs.
Revaluation Reserve (13.2)	148,991,766	134,689,558
	148,991,766	134,689,558

13.2 Revaluation Reserve

Balance as at the Beginning of the Year	134,689,558	112,444,473
Transfer of Surplus / (Deficit) during the Year	14,302,208	22,245,085
Balance as at the End of the Year	148,991,766	134,689,558

13.3 Revaluation Reserve represents the surplus related to the regular revaluation as explained in Note 6.10.

14 Interest Bearing Loans and Borrowings

14.1 Group

	2010			2009		
	Amounts Repayable within 1 Year Rs.	Amounts Repayable after 1 Year Rs.	Total Rs.	Amounts Repayable within 1 Year Rs.	Amounts Repayable after 1 Year Rs.	Total Rs.
Loan - BOC (14.3)	632,762,500	1,898,287,500	2,531,050,000	1,546,425,000	1,202,775,000	2,749,200,000
SR & CC & T Fund Loan - BOC (14.4)	50,000,000	295,821,000	345,821,000	50,000,000	345,825,000	395,825,000
	682,762,500	2,194,108,500	2,876,871,000	1,596,425,000	1,548,600,000	3,145,025,000

14.2 Company

	2010			2009		
	Amounts Repayable within 1 Year Rs.	Amounts Repayable after 1 Year Rs.	Total Rs.	Amounts Repayable within 1 Year Rs.	Amounts Repayable after 1 Year Rs.	Total Rs.
SR & CC & T Fund Loan (14.4)	50,000,000	295,821,000	345,821,000	50,000,000	345,825,000	395,825,000
Total Loans and Overdraft	50,000,000	295,821,000	345,821,000	50,000,000	345,825,000	395,825,000

14.3 Loan - BOC

	As At 01.01.2010 Rs.	Loans Obtained during the Year Rs.	Repayments Rs.	As At 31.12.2010 Rs.
Shareholder Loan - BOC	2,749,200,000	-	(218,150,000)	2,531,050,000
	2,749,200,000	-	(218,150,000)	2,531,050,000

This loan has been granted to Mireka Capital Land (Pvt) Ltd as per the funding commitments contained in the Joint Venture agreement between Overseas Realty (Ceylon) PLC (ORC PLC), Bank of Ceylon and Mireka Capital Land (Pvt) Ltd. The agreement provides for a shareholder loan facility of US$ 40 Mn in proportion to the shareholding of Overseas Realty (Ceylon) PLC and Bank of Ceylon in Mireka Capital Land (Pvt) Ltd. The shareholder's funding is arranged through the Bank of Ceylon. Shing Kwan Group provides funding support to ORC PLC as its principal shareholder.

14.4 Unsecured Bank Loans

	As At 01.01.2010 Rs.	Loans Obtained during the Year Rs.	Repayments Rs.	As At 31.12.2010 Rs.
SR & CC & T Fund Loan - BOC (14.5)	395,825,000	-	(50,004,000)	345,821,000
	395,825,000	-	(50,004,000)	345,821,000

14.5 The Company signed an unsecured Term Loan Agreement on 30th March 1998 with Bank of Ceylon (BOC) to borrow Rs.500 Mn at a concessionary rate of interest of 2% p.a. repayable over a period of ten years following a grace period of five years. Accordingly, the repayment was to begin in April 2003. Following negotiations, the repayment of capital was extended by a further 5 years, as per the letter from the Ministry of Finance dated 11th September 2003. The first capital repayment therefore commenced in December 2007.

Notes to the Financial Statements

15 Non-interest Bearing Liabilities (Group)

	2010			2009		
	Amounts Repayable within 1 Year Rs.	Amounts Repayable after 1 Year Rs.	Total Rs.	Amounts Repayable within 1 Year Rs.	Amounts Repayable after 1 Year Rs.	Total Rs.
HIL Loan - BOC (15.1)	1,125,000	843,750	1,968,750	1,125,000	1,968,750	3,093,750
	1,125,000	843,750	1,968,750	1,125,000	1,968,750	3,093,750

15.1 HIL Loan - SR & CC & T Fund

	As at 01.01.2010 Rs.	Loan Obtained During the Year Rs.	Repayments Rs.	As at 31.12.2010 Rs.
Loan payable by Hospitality International (Pvt) Ltd. (15.2)	3,093,750	-	(1,125,000)	1,968,750

15.2 The Company's Subsidiary, Hospitality International (Pvt) Ltd (HIL), had obtained an unsecured SR & CC & T Loan of Rs. 19,917,795/- from SR & CC & T Fund, at a concessionary rate of interest of 4% p.a. According to the settlement in Court reached with the disbursing bank, Bank of Ceylon, case No. HC Civil 188/2002 (i), an amount of Rs. 10,000,000/- is repayable by the subsidiary, spread over a period of 8 years, beginning August 2004.

16 Post Employment Benefit Liability

	Group		Company	
	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.
Balance as at 1 January 2010	20,249,177	18,143,590	20,249,177	18,143,590
Transitional Provision	-			
Charge for the Year (16.1)	4,573,984	4,432,744	4,573,984	4,432,744
Payments made during the Year	(4,190,889)	(2,327,157)	(4,190,889)	(2,327,157)
Balance as at 31 December 2010 (16.2)	20,632,272	20,249,177	20,632,272	20,249,177

16.1 Post Employee Benefit Expense

	Group		Company	
For the Year Ended	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.
Current Service Cost	2,424,949	2,519,677	2,424,949	2,519,677
Interest Cost	2,149,035	1,913,067	2,149,035	1,913,067
Post Employment Benefit Expense	4,573,984	4,432,744	4,573,984	4,432,744

16.2 Net Liability Recognised in the Balance Sheet as at 31 December

	Group		Company	
	2010	2009	2010	2009
	Rs.	Rs.	Rs.	Rs.
Present value of Defined Benefit Obligation as at the beginning of the Year	20,249,177	19,065,405	20,249,177	19,065,405
Actuarial Gains /(Losses)	383,095	1,183,772	383,095	1,183,772
Post Employment Benefit Liability recognised in Balance Sheet as at the end of the Year	20,632,272	20,249,177	20,632,272	20,249,177

16.3 Messrs. Piyal S Goonetilleke and Associates : Actuaries, carried out an actuarial valuation of the Group as at 31 December 2010 . Appropriate and compatible assumptions were used in determining the cost of post employment benefits. The principal assumptions used are as follows:

a) Demographic Assumptions

Retirement Age : 55 Years

Assumed rate of employee turnover is 10% from age 20 to age 30. Such is estimated to decrease from 5% to 3% in respect of ages 35 to 40, from which point onwards up to retirement it is estimated at 1% p.a .

b) Financial Assumptions

	2010	2009
Discount Rate	9%	10%
Salary Increment Rate	10%	8%

16.4 Sensitivity of assumptions employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2010.

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

Increase/(Decrease) In Discount Rate	Increase/(Decrease) In Rate of Salary Increment	Effect on Income Statement (reduction)/ increase in results for the Year 2010 Rs.	Proforma Post Employment Benefit Liability Rs.
2%	-	-	21,576,000
(2%)	-	-	21,576,000
-	(2%)	-	21,576,000
-	2%	-	21,576,000

17 Trade and Other Payables

	Group		Company	
	2010	2009	2010	2009
	Rs.	Rs.	Rs.	Rs.
Trade Creditors	541,241,406	528,000,729	-	-
Rental Income Received in Advance	83,234,916	84,692,163	83,234,916	84,692,163
Sundry Creditors including Accrued Expenses	188,109,706	218,642,232	51,350,415	67,315,059
	812,586,028	831,335,124	134,585,331	152,007,222
Trade Payables - Related Party				
Shing Kwan Management Ltd	2,942,243	-	-	-
	815,528,271	831,335,124	134,585,331	152,007,222

Notes to the Financial Statements

18 Rental and Customer Deposits

	Group		Company	
	2010	2009	2010	2009
	Rs.	Rs.	Rs.	Rs.
Rental Deposits	427,800,223	376,451,718	427,800,223	376,451,718
Customer Deposits	46,045,460	64,018,434	-	-
	473,845,683	440,470,152	427,800,223	376,451,718

19 Amounts Due to Related Parties

	Group		Company	
	2010	2009	2010	2009
	Rs.	Rs.	Rs.	Rs.
Shing Kwan Investment (Singapore) Pte Ltd	-	18,669,387	-	-
Shing Kwan Management Ltd	-	7,682,203	-	-
Shing Kwan Investment Lanka (Pvt) Ltd	9,345,330	-	9,345,330	-
	9,345,330	26,351,590	9,345,330	-

20 Dividends Paid and Payable

20.1 Declared and Paid during the Year

	Group/Company	
	2010	2009
	Rs.	Rs.
Equity Dividends on Ordinary Shares		
- Final dividend for 2009 : Rs.0.30 (2008 - Rs. 0.40)	168,696,872	224,929,162
Preference Dividend	62,581,720	74,892,878
	231,278,592	299,822,041

20.2 Dividends Payable as at the end of the Year

Dividends on Ordinary Shares	1,813,340	1,381,367
Dividends on Preference Shares	-	37,754,216
	1,813,340	39,135,582

21 Cash and Cash Equivalents In Cash Flow Statement

Components of Cash and Cash Equivalents

	Group		Company	
	2010	2009	2010	2009
	Rs.	Rs.	Rs.	Rs.
Favourable Cash & Cash Equivalents Balance				
Cash and Bank Balances	94,155,873	91,344,070	78,981,624	79,733,818
Fixed and Call Deposits	914,012,512	85,911,567	495,370,162	85,911,567
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	1,008,168,384	177,255,637	574,351,786	165,645,385

22 Finance Cost And Income

22.1 Finance Cost

	Group		Company	
	2010	2009	2010	2009
	Rs.	Rs.	Rs.	Rs.
Interest Expense on Interest Bearing Loans & Borrowings	117,805,290	8,377,931	7,377,946	8,377,931
	117,805,290	8,377,931	7,377,946	8,377,931

22.2 Finance Income

Income from Investments				
- Interest on Fixed Deposits	14,502,247	11,390,080	6,106,971	11,554,166
- Interest on Government Securities (REPO)	9,144,848	-	-	-
	23,647,095	11,390,080	6,106,971	11,554,166

23 Profit Before Tax

Stated after Charging /(Crediting)

	Group		Company	
	2010	2009	2010	2009
	Rs.	Rs.	Rs.	Rs.
Depreciation Charge for the Year	14,011,153	12,479,537	13,701,771	11,694,308
Exchange (Gain)/Loss	(83,742,651)	(491,452)	(2,533,368)	(3,698,228)
(Profit)/Loss on Disposal of Property, Plant and Equipment	(148,171)	(615,722)	-	(615,812)
Employee Benefit Expenses including the following;	85,531,106	66,299,601	75,334,155	51,501,023
-Defined Benefit Plan Cost - Gratuity	4,573,984	4,432,744	4,573,984	4,432,744
-Defined Contribution Plan Cost - EPF & ETF	4,129,850	5,271,273	4,129,850	5,271,273
Amortization of Intangible Assets	5,507,878	1,553,649	5,507,878	1,553,649

24 Tax Expenses

24.1 Reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :

	Group		Company	
	2010	2009	2010	2009
	Rs.	Rs.	Rs.	Rs.
Accounting Profit before Tax	925,166,366	1,391,531,500	736,476,167	1,300,248,555
Income Exempt from Tax	671,732,870	1,368,923,979	682,674,497	1,277,641,034
Tax Liable Income	38,266,191	22,607,521	22,528,843	22,607,521
Deductions Allowed	(7,885,095)	(7,912,632)	(7,885,095)	(7,912,632)
Taxable Income	30,381,096	14,694,889	14,643,748	14,694,889
Income Tax at the Statutory Rate of 35% (2009 - 35%)	10,633,383	5,143,211	5,125,311	5,143,211
Social Responsibility Levy	159,501	77,148	76,880	77,148
Under/(Over) Provision in respect of Previous Year	261,658	1,349,462	261,658	1,322,098
	11,054,542	6,569,821	5,463,849	6,542,457

Notes to the Financial Statements

24.2 The above tax expense relates to the interest income and other miscellaneous income that are not covered by the tax exemption enjoyed by Overseas Realty (Ceylon) PLC and its subsidiaries as detailed in Note 2.4.2.

24.3 Deferred Tax asset amounting to Rs. 99,639,037/- (2009 - Rs. 102,398,820/-) arising as a result of pre-operational interest has not been recognized in these Financial Statements as there is an uncertainty of the availability of such tax losses amounting to Rs. 284,682,963/- (2009- Rs. 292,568,058/-) for set off against taxable income after the tax holiday period enjoyed by the Group. The Group will continue to re-assess unrecognized deferred tax assets at each Balance Sheet date.

25 Earnings Per Share

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

25.2 The following reflects the income and share data used in the basic earnings per share computation.

Amounts Used as the Numerator

	Group	
	2010	**2009**
	Rs.	**Rs.**
Net Profit/(Loss) attributable to Shareholders for Basic Earnings per Share	844,277,431	1,342,346,672
Dividends on Redeemable Preference Shares	(62,581,720)	(74,892,878)
Net Profit/(Loss) attributable to Ordinary Shareholders for Basic Earnings per Share	781,695,711	1,267,453,794
Number of Ordinary Shares Used as the Denominator		
Weighted Average number of Ordinary Shares in issue applicable to basic Earnings Per Share	636,747,997	595,400,724
	636,747,997	595,400,724

On 15 September 2010 the Company announced the issue of 281,161,453 new ordinary shares by way of rights to qualifying shareholders at Rs.15/- per share. The issue was on the basis of 1 share for every 2 shares held as of the said date. As required by SLAS 34 'Earnings Per Share' the impact of the bonus element included within the price of the rights issue has been adjusted in arriving at the number of Ordinary Shares used as the denominator for the year and accordingly prior periods have been restated on this basis.

26 Related Party Disclosures

26.1 Transactions with Related Entities

26.1.1 Subsidiaries

	Group		Company	
	2010	**2009**	**2010**	**2009**
	Rs.	**Rs.**	**Rs.**	**Rs.**
Amounts Receivable as at 31 December	-	-	31,434,273	42,186,126
Amounts Payable as at 31 December	-	-	-	-
Rendering of Services	-	-	(16,121,358)	(26,839,606)
Receipt of Services	-	-	-	34,709,310
Reimbursements / Settlements	-	-	(17,094,326)	(18,437)
Loan Received	-	-	11,438,000	(11,455,000)

26.1.2Other Group Companies

	Group		Company	
	2010	2009	2010	2009
	Rs.	Rs.	Rs.	Rs.
Amounts Receivable as at 31 December	15,259,564	-		2,743,680
Amounts Payable as at 31 December	-	(24,412,279)	(2,483,439)	
Management Fee Earned	-	(30,776,318)	-	(1,721,004)
Management Fee	1,384,320	26,647,223	1,384,320	13,182,528
Rendering of Services	-	(464,924)		
Receipt of Services	16,549,297	1,018,509	-	10,000,000
Reimbursements/Settlements	(25,899,018)	(7,658,479)	(3,867,759)	(18,717,843)

The above transactions are included in Current Liabilities as Balances Due to Related Parties and in Current Assets as Balances due from Related Parties.

Terms and Conditions

Services to related parties were made on the basis of the price agreed between related parties. Outstanding balance with related parties at Balance Sheet date are unsecured and interest free, except for the loan granted to subsidiary which is at market rates on the day. Settlement will take place in cash.

26.2 Other Related Party Disclosures

a) Bank of Ceylon (BOC) - Significant Investor in a Subsidiary

	Group	
	2010	2009
	Rs.	Rs.
Nature of Transactions		
As at 01 January	3,148,118,750	2,158,247,750
Shareholder Loans Granted	-	2,547,161,500
Loan Repayment	(269,279,000)	(1,557,290,500)
As at 31 December	2,878,839,750	3,148,118,750

The above transactions are included in interest bearing loans. Further, the Group has current accounts at BOC amounting to Rs. 46,226,038/- (2009 - Rs. 85,474,126/-), Call & Fixed deposits amounting to Rs. 914,012,512/- (2009 - Rs. 85,911,567/-). During the year interest expense on account of financial accommodation obtained from BOC amounted to Rs. 117,736,326/- (2009 - Rs. 35,361,764/-), while interest earned amounted to Rs. 17,540,124/- (2009 - Rs. 3,552,801)

Other matters related to this financial accommodation are given in Note 14 and 15.

Notes to the Financial Statements

26 Related Party Disclosures (Contd.)

b) Management Corporation Condominium Plan 1824

	Group		Company	
	2010	2009	2010	2009
	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the Year	2,303,754	21,555,855	2,303,754	21,555,855
Property Facility Fee	25,886,784	23,520,112	25,886,784	23,520,112
Membership Fee Paid	(339,937,920)	(345,603,552)	(339,937,920)	(345,603,552)
Employment Benefits	40,046,479	48,194,445	40,046,479	48,194,445
Transfer of Retirement Benefit Obligation	551,723	678,304	551,723	678,304
Supply of Electricity	281,276,810	282,040,801	281,276,810	282,040,801
Other	12,128,847	(28,082,211)	12,128,847	(28,082,211)
Balance as at the end of the Year	22,256,477	2,303,754	22,256,477	2,303,754

Management Corporation Condominium Plan No.1824 ("Corporation") is a body corporate constituted on 4th July 2001 in terms of the provisions of Apartment Ownership (Amendment) Act No.45 of 1982, upon the registration of Condominium Plan No. 1824, which converted the WTC into a Condominium Property. The Chairman of the Council of the Corporation which consists of all the owners (currently 5 owners) was appointed by Overseas Realty Ceylon PLC (ORC PLC).

c) Management Corporation Condominium Plan No. 5770

	Group		Company	
	2010	2009	2010	2009
	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the Year	-	-	-	-
Property Facility Fee	2,855,160	-	2,855,160	-
Other Reimbursements	2,950,816	-	2,950,816	-
Balance as at the end of the Year	5,805,976	-	5,805,976	-

Management Corporation Condominium Plan No. 5770 ("Corporation") is a body corporate constituted on 3rd February 2011 in terms of the provisions of Apartment Ownership (Amendment) Act No.45 of 1982, upon the registration of Condominium Plan No. 5770, which converted the Havelock City Phase I into a Condominium Property.

26.3 Transactions with Key Management Personnel of the Company or its Parent

The key management personnel of the Company are the members of its Board of Directors and that of its parent. Payments made to key management personnel during the year were as follows:

	2010	2009
	Rs.	Rs.
Directors Fee	1,925,000	2,425,000
Other Short Term Benefits	7,000,000	-

27 Capital Expenditure Commitments

a) The Company has commitments amounting to Rs. 8,248,327/- (2009 -Rs. 8,461,000/-) as at the Balance Sheet date in respect of the planned ERP implementation.

b) Mireka Capital Land (Pvt) Ltd and Mireka Homes (Pvt) Ltd have commitments amounting to Rs. 64,221,208/- (2009 - Rs. 81,523,172/-) and Rs. Nil/- (2009 - Rs. 477,204,460/-) respectively.

28 Contingencies

Legal Claim:

The following entities in the Group are involved in legal actions described below. Although there can be no assurance, the Directors believe, based on the information currently available, that the ultimate resolution of such legal procedures would not likely have a material adverse effect on the results of operations or financial position. Accordingly, no provision for any liability has been made in these Financial Statements.

The Company is a defendant in a lawsuit in respect of a case filed by a tenant for recovery of Deposit and Rent paid in advance in terms of the Indenture executed with the said party for which its maximum liability is Rs. 5,835,583/- with an interest rate at 28%. This case was decided in Commercial High Court in favor of the Plaintiff and the Company has appealed against the judgment. The appeal is now pending at the Supreme Court

29 Assets Pledged

The Company has not pledged any asset for any business transaction.

30 Events Occurring After The Balance Sheet Date

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.

Company Performance-Five Year Summary

	2006 18 months Rs.	2007 12 months Rs.	2008 12 months Rs.	2009 12 months Rs.	2010 12 months Rs.
Profit & Loss Statement					
Rental Income	873,618,934	716,381,709	805,026,451	666,144,840	697,376,626
Income from Other Services	47,890,217	35,350,908	41,562,039	42,313,453	56,839,551
Sale of Condo Units	-	-	-	-	-
Total Revenue	921,509,151	751,732,617	846,588,490	708,458,293	754,216,177
Cost of Sales	-	-	-	-	-
Gross Profit	921,509,151	751,732,617	846,588,490	708,458,293	754,216,177
Fair Value Gain	1,683,184,396	1,834,316,986	1,388,260,775	1,019,487,565	473,162,049
Revaluation Gain Realised					
Tot Operating Expenses	(464,770,548)	(408,111,117)	(512,076,307)	(430,873,538)	(489,631,083)
Profit from Operating Activities	2,139,922,999	2,177,938,486	1,722,772,958	1,297,072,320	737,747,142
Net Finance (Expense)/Income	(109,213,771)	7,868,040	18,013,364	3,176,235	(1,270,975)
Net Profit Before Tax	2,030,709,228	2,185,806,526	1,740,786,322	1,300,248,555	736,476,167
Income Tax	(5,872,939)	(5,491,011)	(7,616,755)	(6,542,457)	(5,463,849)
Net Profit After Tax	2,024,836,289	2,180,315,515	1,733,169,567	1,293,706,098	731,012,318
Balance Sheet					
Assets					
Investment Property	11,203,016,898	12,870,372,296	14,258,633,071	15,278,120,636	15,751,282,685
Property Plant & Equipment	28,490,959	194,298,325	222,835,584	239,161,137	244,377,378
Intangible Assets	7,297,734	6,932,847	6,567,960	26,582,818	21,074,940
Goodwill	-	-	-	-	-
Investments in Subsidiaries	1,125,010,020	1,125,010,020	1,125,010,020	1,125,010,040	1,125,010,060
	12,363,815,611	14,196,613,488	15,613,046,635	16,668,874,631	17,141,745,063
Current Assets					
Inventory	-	-	-	16,376,333	22,226,649
Trade & Other Receivables	49,858,721	118,003,524	45,408,289	109,653,980	106,163,161
Amounts Due from Related Parties	16,527,342	4,194,806	60,138,270	46,429,191	81,715,465
Cash & Cash Equivalents	245,535,110	377,679,763	215,816,716	165,645,385	574,351,786
	311,921,173	499,878,093	321,363,275	338,104,889	784,457,061
Total Assets	12,675,736,784	14,696,491,581	15,934,409,910	17,006,979,520	17,926,202,124
Equity & Liabilities					
Stated Capital	9,713,158,970	9,713,307,520	9,713,307,520	9,713,307,520	10,186,085,405
Share Premium	148,550	-	-	-	-
Revaluation Reserve		79,530,022	112,444,473	134,689,558	148,991,766
Accumulated Profit/(Loss)	1,943,023,733	3,800,219,477	5,177,240,127	6,171,124,185	6,646,934,033
Equity Attributable to Equity Holders	11,656,331,253	13,593,057,019	15,002,992,120	16,019,121,263	16,982,011,204
Minority Interest	-	-			
Total Equity	11,656,331,253	13,593,057,019	15,002,992,120	16,019,121,263	16,982,011,204

	2006 18 months Rs.	2007 12 months Rs.	2008 12 months Rs.	2009 12 months Rs.	2010 12 months Rs.
Non-Current Liabilities					
Interest Bearing Loans & Borrowings	500,000,000	446,910,585	395,829,000	345,825,000	295,821,000
Post Employment Benefit Liability	12,284,061	15,298,368	18,143,590	20,249,177	20,632,272
Total Non Current Liabilities	512,284,061	462,208,953	413,972,590	366,074,177	316,453,272
Current Liabilities					
Trade & Other Payables	448,359,574	549,872,780	100,781,551	152,007,222	134,585,331
Deposits			362,099,839	376,451,718	427,800,223
Interest Bearing Loans & Borrowings	-	50,000,000	50,000,000	50,000,000	50,000,000
Non Interest Bearing Loans & Borrowings	18,291,782	-	-	-	-
Amounts Due to Related Parties	-	-	-	-	9,345,330
Income Tax Payable	2,715,895	2,925,059	3,547,348	4,189,557	4,193,424
Dividend Payable	37,754,219	38,427,769	1,016,462	39,135,582	1,813,340
Total Current Liabilities	507,121,470	641,225,608	517,445,200	621,784,079	627,737,648
Total Equity & Liabilities	12,675,736,784	14,696,491,581	15,934,409,910	17,006,979,520	17,926,202,124
Earnings Per Share	3.67	3.74	2.95	2.05	1.05
Average Occupancy (%)	82	85	83	68	70
Net Asset Value per Share	14.93	17.51	20.02	20.62	26.67
Share Value (High)	23.25	15.50	15.00	16.50	24.00
Share Value (Low)	9.50	9.00	5.75	6.25	14.00
Current Ratio	0.62	0.78	0.62	0.54	1.25
Return on Equity (%)	24	17	12	8	4
Total Debt to Total Assets (%)	8	8	6	6	5
Debt/Equity Ratio	0.04	0.03	0.03	0.02	0.02
Asset Turnover (%)	8	5	6	4	4
Yield (%)	8	6	6	4	4
Return on Assets (%)	19	16	11	8	4

Shareholder Information

General

Stated Capital of the Company as defined by the Companies Act No 7 of 2007 was Rs. 10,186,085,405.

Stock Exchange Listing

Overseas Realty (Ceylon) PLC is a public listed Company, the issued ordinary shares of which are listed on the Colombo Stock Exchange.

Analysis of Ordinary Shareholders as at 31st December 2010

Shareholdings	Resident			Non Resident			Total		
	No of Share holders	No of Shares	(%)	No of Share holders	No of Shares	(%)	No of Share holders	No of Shares	(%)
1 - 1,000	2220	942,677	0.11	18	9,372	0.00	2238	952,049	0.11
1,001 - 10,000	1737	6,847,886	0.81	23	113,137	0.01	1760	6,961,023	0.83
10,001 - 100,000	526	16,353,661	1.94	17	573,900	0.07	543	16,927,561	2.01
100,001 - 1,000,000	86	22,411,705	2.66	16	6,320,650	0.75	102	28,732,355	3.41
Over 1,000,000	12	79,683,203	9.45	9	710,228,168	84.20	21	789,911,371	93.65
	4581	**126,239,132**	**14.97**	**83**	**717,245,227**	**85.03**	**4664**	**843,484,359**	**100.00**

Categories of Shareholders

Category	As of 31st Dec 2010		As of 31st Dec 2009	
	No of Share holders	No of Shares	No of Share holders	No of Shares
Individual	4396	42,382,225	2862	13,901,826
Institutional	268	801,102,134	128	548,421,080
	4664	**843,484,359**	**2990**	**562,322,906**

Performance at the CSE

Year Ended	31st Dec 2010		31st Dec 2009	
	Date	Price (Rs.)	Date	Price (Rs.)
Highest	30.06.2010	24.00	10.09.2009/05.10.2009	16.50
Lowest	11.11.2010	14.00	09.01.2009	6.25
Last Traded Price	31.12.2010	15.30	30.12.2009	15.50

Year Ended	31st December 2010	31st December 2009
Ordinary shares		
Closing Share Price (Rs.)	15.30	15.50
Number of Transactions	25,086	15,559
Number of Shares Traded	163,873,600	39,530,200
Value of Shares Traded (Rs.)	3,023,019,670	512,666,200

Top Twenty Shareholders as at 31st December 2010

	Name	No of Shares	Percentage (%)
1	Shing Kwan Investments Co. Ltd	453,366,580	53.75
2	Unity Builders Limited	220,156,488	26.10
3	Employees Provident Fund	30,582,350	3.63
4	Shing Kwan Investment (Singapore) Pte Ltd	21,573,450	2.56
5	Peoples Bank	20,722,353	2.46
6	Chipperfield Investments Limited	7,650,000	0.91
7	National Savings Bank	5,591,100	0.66
8	East West Properties PLC	5,370,450	0.64
9	Sri Lanka Insurance Corporation Ltd - Life Fund	3,972,300	0.47
10	Bank of Ceylon-No2 A/C	3,773,250	0.45
11	Oriental Pearl International Inc	2,550,000	0.30
12	Mr. Esufally Hussein Nuruddain	2,450,000	0.29
13	HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore a/c 01	2,000,550	0.24
14	Mr. Imtiaz Thamby Lebbe Mohamed	1,776,300	0.21
15	Alliance Finance Company PLC	1,725,000	0.20
16	J B Cocoshell (Pvt) Ltd	1,500,000	0.18
17	Pershing Llc S/A Averbach Grauson & Co.	1,488,300	0.18
18	Gold Investment Limited	1,442,800	0.17
19	Mr. Balendra Krishan Niraj Jayasekara	1,127,500	0.13
20	Mr. Jafferjee Murtaza Ali	1,092,600	0.13
		789,911,371	93.65
	Balance held by 4644 shareholders	53,573,088	6.35
	Total No of Ordinary Shares	**843,484,359**	**100**
	Public Holding	138,187,841	16.38
	Others	705,296,518	83.62
	Total	**843,484,359**	**100**

Public Shareholding as at 31st December 2010

Parent Company/(Group)	**No of Shares**
Shing Kwan Investments Co. Ltd	453,366,580
Unity Builders Limited	220,156,488
Shing Kwan Investment (Singapore) Pte Ltd	21,573,450
Chipperfield Investments Limited	7,650,000
Oriental Pearl International Inc	2,550,000
	702,746,518

Issued number of ordinary shares as at 31st December 2010	843,484,359
Less:	
Parent Company	453,366,580
Subsidiaries	251,929,938
Over 10% Holding	
Directors' Shareholding	1,700
Spouses of Directors & CEO	
Public Holding	138,186,141
Public Holding as a % of Issued Ordinary Shares	16.38%

Notice of Meeting

Notice is hereby given that the Twenty Ninth Annual General Meeting of OVERSEAS REALTY (CEYLON) PLC will be held at Level 36, East Tower, World Trade Center, Echelon Square, Colombo on 6th May 2011 at 4.30 p.m. for the transaction of the following business:

AGENDA

1. To receive and consider the report of the Board of Directors and the Statement of Accounts as at 31st December 2010 and the Report of the Auditors thereon.

2. To declare a first and final dividend of Rs. 0.30 per Ordinary Share in respect of the financial year ended 31st December 2010 as recommended by the Directors, on the 29th of March 2011.

3. To re-elect Mr. L R de Lanerolle who was appointed as a Director of the Company on 3rd June 2010 and who retires in terms of Article 27 (2) of the Articles of Association of the Company, and being eligible has offered himself for re-election.

4. To re-elect Mrs. Mildred Tao Ong a Director who retires by rotation in terms of Article 29 of the Articles of Association of the Company, and being eligible has offered herself for re-election.

5. To propose the following resolutions as ordinary resolutions.
   i) Ordinary Resolution
   It is hereby resolved and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. SHING PEE TAO who attained the age of 70 years on 25th December 1986.

   ii) Ordinary Resolution
   It is hereby resolved and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. HUSSAIN ZUBIRE CASSIM who attained the age of 70 years on 9th September 1995.

   iii) Ordinary Resolution
   It is hereby resolved and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mrs. ROHINI LETTITIA NANAYAKKARA, who attained the age of 70 years on 12th April 2006.

   iv) Ordinary Resolution
   It is hereby resolved and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. AJIT MAHENDRA DE SILVA JAYARATNE, who attained the age of 70 years on 30th April 2010.

   v) Ordinary Resolution
   It is hereby resolved and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. MELVIN YAP BOH PIN who attained the age of 70 years on 2nd February 2011.

6. Ordinary Resolution
   To authorise the directors to determine the remuneration of the Auditors, Messrs. Ernst & Young, Chartered Accountants who are deemed to have been reappointed as Auditors of the Company in terms of Section 158 of the Companies Act No. 07 of 2007.

Note

A shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a shareholder of the Company. A form of proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the registered office, Level 18, East Tower, World Trade Center, Echelon Square, Colombo 1.

By Order of the Board

Overseas Realty (Ceylon) PLC
Jayanga Wegodapola
Company Secretary

30th March 2011

Form of Proxy

I/We.....
.....
..... being a member/members of OVERSEAS REALTY (CEYLON) PLC, hereby appoint,

1. .....of
.....
.....

Or

2. failing,.....of.....
.....one of the Directors of the Company as my/our Proxy to vote as indicated hereunder on my/our behalf at the Annual General Meeting of the Company to be held on the 6th of May 2011 at 4.30 p.m., at any adjournment thereof and at every poll which maybe taken in consequence thereof.

		For	Against
1	To receive and consider the report of the Board of Directors and the Statement of Accounts as at 31st December 2010 and the Report of the Auditors thereon.	☐	☐
2	To declare a first and final dividend of Rs. 0.30 per Ordinary Share in respect of the financial year ended 31st December 2010 as recommended by the Directors on 29th March 2011.	☐	☐
3	To re-elect Mr. L R de Lanerolle who was appointed as a Director of the Company on 3rd June 2010	☐	☐
4	To re-elect Mrs. Mildred Tao Ong a Director who retires by rotation in terms of Article 29 of the Articles of Association of the Company	☐	☐
5	i) Ordinary Resolution To declare that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. SHING PEE TAO who attained the age of 70 years on 25th December 1986.	☐	☐
	ii) Ordinary Resolution To declare that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. HUSSAIN ZUBIRE CASSIM who attained the age of 70 years on 9th September 1995.	☐	☐
	iii) Ordinary Resolution To declare that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mrs. ROHINI LETTITIA NANAYAKKARA, who attained the age of 70 years on 12th April 2006.	☐	☐
	iv) Ordinary Resolution To declare that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. AJIT MAHENDRA DE SILVA JAYARATNE, who attained the age of 70 years on 30th April 2010.	☐	☐
	v) Ordinary Resolution To declare that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. MELVIN YAP BOH PIN who attained the age of 70 years on 2nd February 2011.	☐	☐

		For	Against
6	Ordinary Resolution To authorize the Directors to determine the remuneration of the Auditors, Messrs. Ernst & Young, Chartered Accountants who are deemed to have been reappointed as Auditors of the Company in terms of Section 158 of the Companies Act No. 07 of 2007.	☐	☐

As witness my/our* hands this …… day of ……2011.

……..
Signature

Note: *Instructions as to completion.

1. To be valid, this Form of Proxy must be deposited at the Registered Office of the Company at Level 18, East Tower, World Trade Center, Echelon Square, Colombo 01, forty eight (48) hours before the appointed time for the meeting.

2. In perfecting the Form of Proxy, please ensure that all details are legible and that the Form is signed and dated by the shareholder appointing the proxy.

3. If you wish to appoint a person other than a Director as your proxy, please insert the relevant details at (1) above and initial against this entry.

4. In the case of a Company/Corporation, the proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.

Corporate Information

Name of the Company
Overseas Realty (Ceylon) PLC

Company Registration No
PQ 39

Legal Form
A Public Listed Company with limited liability, incorporated in Sri Lanka on 28th October, 1980 under the Companies Ordinance (Cap. 145) bearing Company Registration No. PBS 1084 and listed on the Colombo Stock Exchange since 1982. The Company was re-registered under the Companies Act No.07 of 2007.

Registered Office
Overseas Realty (Ceylon) PLC
Level 18 – East Tower
World Trade Center
Echelon Square
Colombo 01.
Tel: 2346333

Directors
Shing Pee Tao – Chairman
Hussein Zubire Cassim – Deputy Chairman
Christopher James Edward Anthonisz
Ajit Mahendra De Silva Jayaratne
Leslie Ralph De Lanerolle- Appointed with effect from 03/06/2010
Balakumara Mahadeva
Rohini Lettitia Nanayakkara
Mildred Tao Ong
Melvin Yap Boh Pin
En Ping Ong
Martin Boniface Pereira
Thilan Manjith Wijesinghe – Group Managing Director – ceased to hold office with effect from 01/08/2010

Tao Ben Nien (alternate to Shing Pee Tao)
Lee Kang Ho (alternate to Melvin Yap Boh Pin)

Audit Committee
Christopher James Edward Anthonisz – Chairman
Hussein Zubire Cassim
Melvin Yap Boh Pin
Ajit Mahendra De Silva Jayaratne

Remuneration Committee
Hussein Zubire Cassim
Rohini Lettitia Nanayakkara
Ajit Mahendra De Silva Jayaratne
Martin Boniface Pereira

Company Secretary
Ms. Jayanga Wegodapola
Attorney – at – Law
No. 09, Station Road
Colombo 04.

Auditors
Messrs. Ernst & Young
201, De Saram Place
Colombo 10.
Tel: 2463500

Registrars
Messrs. SSP Corporate Services (Private) Limited
101, Inner Flower Road
Colombo 03.
Tel: 2573894

Subsidiaries
Mireka Capital Land (Private) Limited
Level 18 – East Tower
World Trade Center
Echelon Square
Colombo 01.
Tel: 2502247/2505100

Mireka Homes (Private) Limited
Level 18 – East Tower
World Trade Center
Echelon Square
Colombo 01.
Tel: 2502247/2505100

Havelock City (Private) Limited
Level 18 – East Tower
World Trade Center
Echelon Square
Colombo 01.
Tel: 2346333

Realty Management Services (Private) Limited
Level 18 – East Tower
World Trade Center
Echelon Square
Colombo 01.
Tel: 2346333

Websites
www.wtc.lk
www.havelockcity.lk

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Printed by Gunaratne Offset Ltd

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