



HavelockCity
Come home to the City



THE ART OF PROPERTY DEVELOPMENT

Overseas Realty (Ceylon) PLC is Sri Lanka's most progressive property developer and manager. In 1995, the Group opened the World Trade Center (WTC) complex at Echelon Square, Colombo 1, which to date is Sri Lanka's tallest and most modern office building. The WTC, years ahead of its time in terms of design and functionality, provides all amenities for business productivity - latest in communication infrastructure, energy efficiency and other comforts through intelligent building management systems and secure car parking. Exactly 10 years after commissioning the WTC, Overseas Realty embarked on creating Havelock City, Colombo's largest integrated property development project, situated on 18 acres of prime residential land in Colombo 5. Residential units at Havelock City embody the best in condominium living: best in built quality, design and maintenance and the largest extent of landscaped gardens and parking. With 2 apartment towers successfully completed, the Group is now continuing with the next phases of development at Havelock City including the Commercial complex and Club House. The Group will continue to deliver steadily increasing value to our stakeholders and clients through excellence in property development and management.





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OUR VISION

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

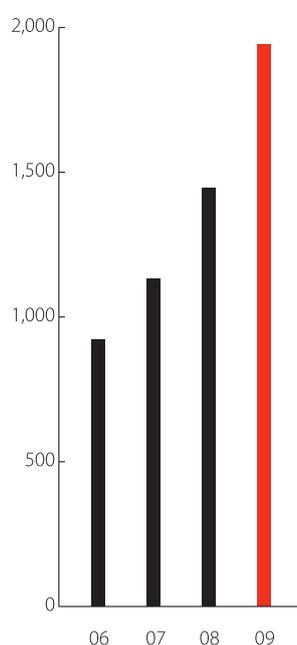
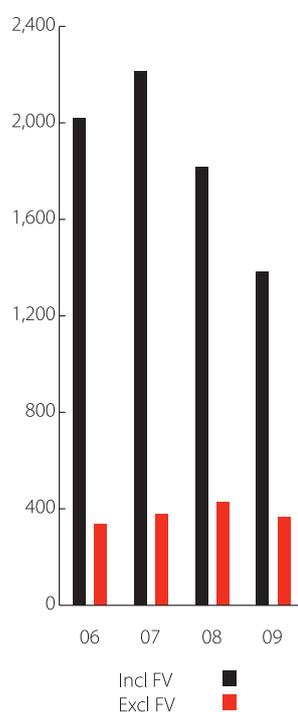
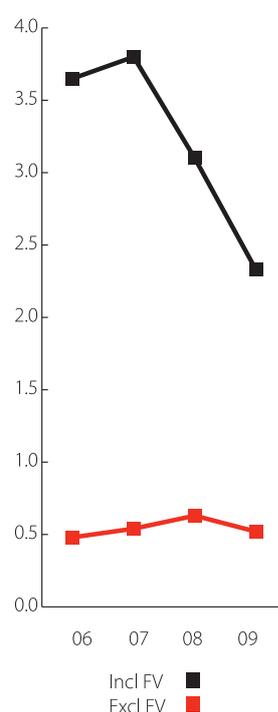
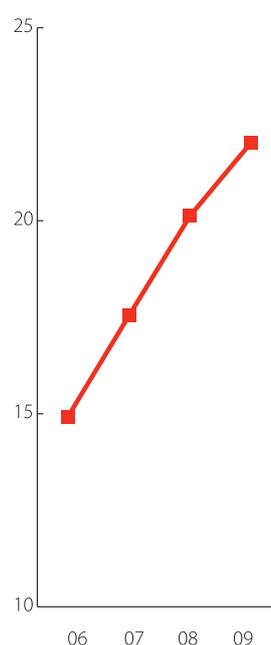
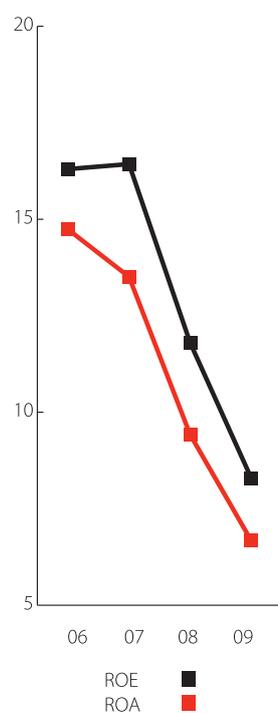
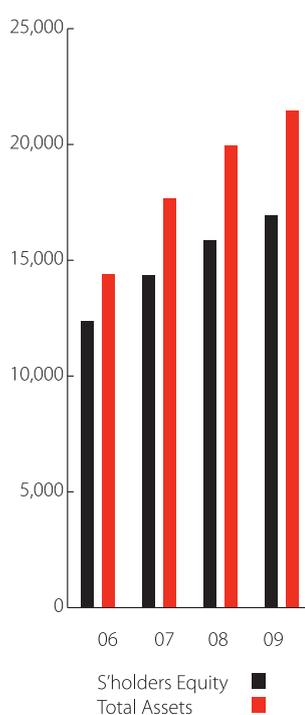
OUR VALUES

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.

FINANCIAL HIGHLIGHTS

Group Revenue (Rs Mn)

Group PAT (Rs Mn)

Earnings Per Share (Rs)

Net Asset Value per Share (Rs)

ROE and ROA (%)

Shareholders' Equity and Total Assets (Rs Mn)

For The Year Ended

	2009 Rs. Mn.	2008 Rs. Mn.	
Income Statement			
Revenue	1,940.98	1,444.15	
Gross Profit	555.28	691.12	
Fair Value Adj	1,019.49	1,388.26	
Profit Before Tax	1,391.53	1,833.00	
Profit After Tax	1,384.96	1,816.67	
Profit After Tax excl. FV gains	365.47	428.41	
Balance Sheet			
Total Assets	21,470.04	19,972.30	
Net Borrowings	3,148.12	2,158.25	
Shareholders' Equity			
Share Capital	9,713.31	9,713.31	
Reserves	6,417.80	5,353.03	
Financial Ratios			
Gross Profit	%	29	48
PAT (incl FV)	%	71	126
PAT (excl FV)	%	19	30
Return on Equity	%	8	12
Return on Total Assets	%	7	9
Debt Equity Ratio		0.10	0.04



Chairman : S. P. Tao

"THE WORLD TRADE CENTER STILL REMAINS THE BEST BUILDING OF ITS CLASS IN COLOMBO, A TESTIMONY TO ITS BUILT-QUALITY AND THE EXCELLENT TEAM THAT MANAGES AND MAINTAINS THE PREMISES"

"HAVELOCK CITY IS A UNIQUE DEVELOPMENT IN COLOMBO, WITH LIVING AND RECREATIONAL SPACES DESIGNED AND BUILT TO THE HIGHEST QUALITY, PROVIDING RESIDENTS WITH AN UNPARALLELED LIVING EXPERIENCE"

CHAIRMAN'S STATEMENT

Financial Performance

I am happy to report that your Company's revenue increased 34% in 2009 over the previous year reaching Rs 1,940.98 Mn. However, due to a decline in rental income and lower than anticipated apartment sales, particularly due to the uncertain economic and security environment that prevailed in Sri Lanka during the first half of 2009, your Company's profit after tax, including fair value adjustment, declined to Rs 1,384.96 Mn. from Rs 1,816.67 Mn. achieved in 2008. Profit after tax excluding fair value gain was Rs 365.47 Mn. for the year under review, a decline of 15% over the previous year.

I am confident that the cessation of hostilities in June 2009 and the improving economic outlook for Sri Lanka would result in better prospects for your Company in years to come. Taking note of the difficult environment your Company operated under during most of 2009, your Board of Directors recommends a first and final dividend of Rs 0.30 per ordinary share for 2009.

World Trade Center (WTC) Operations

In my Statement to you last year, I indicated that as a consequence of the global economic crisis being felt by our tenants, Management would be challenged to maintain growth in occupancy in 2009. As anticipated, average occupancy at WTC declined 19% year-on-year to 68% in 2009, though an upward trend was witnessed in the 4th quarter. Notwithstanding, WTC was able to achieve a 2% increase in the average rental rate earned on leased areas. Overall, revenue from rentals declined 17% in 2009 to Rs 666 Mn, though erosion in net margin was mitigated by a 16% reduction in operating expenses.

The World Trade Center still remains the best building of its class in Colombo, a testimony to its built-quality and the excellent team that manages and maintains the premises. This augurs well for the future as a stronger Sri Lankan economy translates into higher demand for office and commercial space.

Havelock City Project

In 2009, Phase 1 of the Havelock City project comprising two residential towers of 226 units, covered parking for 520 vehicles and approximately 2 acres of landscaped gardens was successfully completed. Though sales were slow during the first half of the year, increased marketing effort commencing October and improved country sentiment resulted in higher sales of apartments in the 4th quarter. Revenue recognized from apartment sales in 2009 was Rs 1,234 Mn, a 106% increase over the previous year. The net profit contribution from Havelock City to the Group profitability in the year was Rs 106.5 Mn.

Havelock City remains a unique development in Colombo, with living and recreational spaces designed and built to the highest quality, providing residents with an unparalleled living experience. As confidence in Sri Lanka grows, I am confident that demand for residential accommodation at Havelock City will grow.

Currently, your Company has invested in the foundation work and designs for Phase 2 of Havelock City. Moreover, plans are being drawn up to proceed with the Club House and Commercial development.

Prospects

The year ahead will present many opportunities for your Company. It will mark the first full year since permanent peace was ushered to Sri Lanka. With this in mind, I have taken steps to strengthen your Board and management team. I have appointed a new Executive Committee of the Board comprising Mr. En-Ping Ong, Mr. Martin Pereira and Mr. Thilan Wijesinghe. I am happy to announce that effective 1st February 2010, Mr. Wijesinghe has been appointed to lead the management team as Group Managing Director.

Appreciation

Credit must be given to the Group's management for performing well under trying conditions that prevailed during most of 2009. I also wish to express my gratitude to the Board of Directors for their continued support and wise counsel. I wish to thank Mr. Anil Kumar and Mr. Peter Rogowski who resigned from the Board during 2009, and Mr. Porn Taochaifu who retired from the Board at the last Annual General Meeting. Finally, I wish to express my sincere appreciation to all shareholders for their continued support and commitment towards the success of your Company.



S. P. Tao
Chairman

4th March 2010

PROFILES OF DIRECTORS

Mr. Shing Pee Tao

Mr. Shing Pee Tao is the Founder of the Shing Kwan Group. A naturalized 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 Lanka 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, for his legacy, in developing the World Trade Center (WTC) Twin Towers, which at the time was years ahead of its time. To ensure the highest standards of quality that would withstand the test of time, he also 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 conceptualized 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 World Trade Center 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 Program 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.

He is currently the Managing Director of B.P.Y. Private Limited, a firm of management consultants which provides financial planning, financial accounting, reviewing 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. He is also an independent Director of public listed company, Lereno Bio-Chem Ltd, serving as Chairman of its Nominating Committee and member of its Audit Committee.

He has also held directorships in various public companies between 1975 and 2000, including Singapore Land Limited, L&M Investments Limited and Pan Pacific Company Limited and 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 organizations. 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 also 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 Singapore Heart Foundation.

Mr. Christopher James Edward Anthonisz

Mr. Christopher James Edward Anthonisz, a versatile sportsman in his younger days, holds an Economics Degree specializing in banking from the University of Colombo. He started his career at 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 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 has been a lecturer in Mathematics at the University of Colombo and has served the Ceylon Civil Service for a period of over 50 years. He has 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 Privatization and served as a member of the Securities and Exchange Commission.

Mrs. Rohini Letitia 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, 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 Investment Group of Companies, and Cinnamon Lake Hotels Limited.

PROFILES OF DIRECTORS

Mr. Ajit Mahendra De Silva Jayaratne

Mr. Ajit M. De S. 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. Upon completing his term in Singapore and returning to Sri Lanka, he continues to serve on the Boards of several public companies.

Mr. Ong En Ping

Mr. Ong was appointed to the Board of Directors of the Company on 18th January 2010 as a non-executive Director. He is also the Chairman of the Executive Committee of the Board reconstituted 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 specializing in Real Estate. He has a background in Investment Banking having worked at JP Morgan, Singapore. He has assisted ORC PLC with its financial restructuring by raising US\$ 20 Mn. through a private placement of new shares. Mr. Ong is currently focused on growing the real estate business of 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 is also a member of the Executive Committee of the Board and 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 World Trade Center and Havelock City 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. Thilan Manjith Wijesinghe

Mr. Thilan Wijesinghe joined the Board of Directors of ORC PLC on 18th January 2010. Effective 1st February 2010, he assumed the position of Group Managing Director of ORC PLC Group and is also a member of the Executive Committee of the Board. Mr. Wijesinghe graduated with honours from the State University of New York and Cornell University, USA, with BSc degrees in Business Administration, Industrial Engineering and Economics.

Having commenced his career as Senior Management Consultant at Coopers & Lybrand (now PWC), Colombo, and Head of Planning at Sampath Bank, in 1992 Mr. Wijesinghe pursued entrepreneurial interests by co-founding Asia Capital, which became Sri Lanka's largest investment bank in terms of market capitalization. Having exited his investment in Asia Capital, in September 1995, Mr. Wijesinghe accepted an invitation by the former President of Sri Lanka and assumed the position of Chairman/Director-General of the Board of Investment (BOI). He became the youngest ever and longest-serving head of the BOI. During his tenure, foreign direct investment reached an all-time record level in 1999 and he was responsible for many pioneering privatization and public-private partnership transactions in large scale infrastructure projects. In 1998, Mr. Wijesinghe co-founded the Sri Lanka Institute of Information Technology (SLIIT), Sri Lanka's largest IT University with over 4000 students, where he serves to date as a Director.

Since 2002, Mr. Wijesinghe's career has focused on property development. For two years, he was Co-CEO/Head of Strategy at Asian Hotels Corporation, among Sri Lanka's largest listed property companies. Having facilitated the sale of this Group to John Keells Holdings, Mr. Wijesinghe accepted an invitation by MJF Group, makers of Dilmah Tea, to steer the Group's diversification into the leisure sector. Concurrently, he assumed the role of Group CEO/Managing Director of Forbes & Walker Ltd, Sri Lanka's largest commodity broker and subsidiary company of MJF Group. Mr. Wijesinghe was responsible for co-founding Ceylon Tea Trails, one of Sri Lanka's most successful resort hotels, which has won many international accolades including the coveted TripAdvisor Travelers' Choice award for Best All Inclusive Hotel (World) for 2009 and 2010.

MANAGEMENT COMMENTARY

Year In Review

The Macro Environment

The year 2009 has proven to be a watershed year in the recent history of Sri Lanka. The beginning of the year witnessed the twin challenges of a worsening security situation and global recession impacting exports and general business confidence. The second half of the year witnessed the end of the conflict and the slow process of reconciliation and resolving post conflict issues.

It is to be expected that the resurgence of business confidence in post-conflict Sri Lanka and the revival of the global economy would be a gradual process. However, signs of optimism were evident by the 4th quarter of 2009 that the future would hold promise for the country and its economy.

The decline in the rate of inflation to low single digit levels and the significant improvement in the country's balance of payments position, augmented by a standby facility of \$2.6 billion extended by the IMF and robust growth of 14% in foreign remittances, were positive developments during the latter part of the year. Moreover, economic activity in the North and East is expected to receive a boost consequent to large pledges of developmental and reconstruction aid by donor organizations and countries.

The positive sentiment spilled over to the tourism industry and the Colombo Stock Market. During the months of December 2009 through February 2010, tourist arrivals grew by about 40% compared to the same period in the previous years. A more than 100% rise in the stock market made Colombo's bourse the best performing in Asia and second best in the world for 2009.

GDP growth for 2009 was 3.5% Growth was constrained by a slowdown in exports, which declined 12.7% year-on-year. Though credit growth also has been slow in 2009, corporate earnings for first quarter 2010 are expected to be robust, particularly in view of economic activity from the North and East and growth in services. While the budget deficit approaching 10% of GDP in 2009 is cause for concern, this is expected to be contained as economic growth continues to accelerate as a consequence of the peace dividend.

The relatively buoyant economies in Asia, led by India and China, are expected to benefit Sri Lanka from 2010 onwards. Foreign Direct Investments and aid flows from Asia are expected to grow significantly in the short term.

Against the above economic backdrop, your Group's performance is expected to improve in the years to come, though there is a natural lag between the emergence of positive business sentiment and its impact on the real estate market in general.

The Real Estate Market

The impact of the global and local economic slowdown, exacerbated by the security situation and high interest rates in the early part of the year, had an adverse impact on the real estate market in 2009. During the year, property prices, rental market and absorption rates declined in both commercial and residential markets. An oversupply of apartments coupled with the global economic downturn and tightening of credit markets continued to impact demand for residential apartments from the Sri Lankan Diaspora, which had been a significant source of demand. The final quarter of 2009 saw a slight reversal of this trend, though a recovery was hampered by continued adverse publicity Sri Lanka received abroad and investors and the Diaspora choosing to remain largely in the sidelines awaiting the outcome of elections scheduled in 2010.

World Trade Center (WTC)

Despite being recognized as the "Best Business Address in Colombo", the WTC experienced one of its most difficult years in 2009. Rent-paying occupancy for the year averaged at 68% for the year - a significant decline from the 82% average occupancy maintained in 2008.

The year also saw several companies engaged in exports, airline services, telecommunications and IT either downsizing or shifting from the WTC due to the impact from an adverse business climate. The security environment in the first half of the year also affected the WTC operations significantly, with road closures and access restrictions impacting movement. The management worked closely with the relevant authorities to ensure that the impact to our tenants was minimal under such circumstances. However, on a more optimistic note, security restrictions, which have adversely affected the WTC operations for years, were significantly relaxed in February 2010.

With impediments to commerce and business confidence no longer in force, WTC can now focus on its core strength of providing tenants with the highest standards in office space combined with value added services. WTC will continue to improve features and facilities within the building to ensure that tenants would have a working environment that is unmatched. WTC, for years to come, will remain the safest, best maintained and most modern office building in Sri Lanka, with the tenancy experience enhanced through our highly professional staff equipped to provide tenants with innovative solutions and other amenities such as food and beverage, gym, recreational spaces and parking.

MANAGEMENT COMMENTARY

Havelock City Development

Havelock City is one of the most ambitious projects to be initiated by the Company. Supported by the parent Company of ORC PLC, the Shing Kwan Group, this would be the biggest and most integrated mixed development to be undertaken in Sri Lanka encompassing almost 18 acres of prime freehold residential and commercial real estate. The development is undertaken through Mireka Capital Land (Pvt) Ltd, a BOI approved joint venture between the Company and Bank of Ceylon, and its subsidiaries.

Working according to a master plan conceived by Mr. S. P. Tao and a reputed team of architects and planners handpicked by him, the first phase of the development has just been completed comprising two residential towers, named Elibank and Park towers. The two blocks have 226 condominium units. The Certificate of Conformity has been obtained for this development along with the approval of the Condominium Authority. The Company is now in the process of handing over possession of the units to the buyers, with several residents having moved in to their apartments.

The high built-quality of these apartments, 520 car parking bays, layout and almost two acres of landscaped gardens have attracted many discerning buyers to purchase apartments at Havelock City. The rate of sales has not been satisfactory, particularly during the first half of the year. With the ending of the war, increased confidence and positive outlook of the country, inquiries from buyers have increased significantly over the past few months and sales have seen an upward trend, bolstered by a marketing campaign formally launched in October 2009. The show flats were opened for viewing at the same time and received very favourable reviews by potential buyers.

Havelock City is at the forefront of practising the "living-green" concept with its unique and extensive landscaped gardens comprising an extensive variety of trees surrounding the residential towers. It is situated 30 feet above ground on top of the car parking facility, making it the first and the largest roof garden in Sri Lanka.

The infrastructure services that will support the entire Havelock City Project, such as electricity, telecommunication, water, sewerage and roadways have been completed. The bridge connecting Havelock City to Skelton Road, which is the exit/entry point from the north, has now been completed. Access from Duplication Road will be available by the third quarter of 2010.

The Future

The Company is well poised to become Sri Lanka's most dynamic property development company. With the construction of the WTC, the Company established its reputation as a world class developer and manager of commercial property. Havelock City will leverage on this experience and expertise by providing residents an unmatched environment for urban living, incorporating the best of living spaces combined with retail, recreation and green spaces of more than 8 acres including Sri Lanka's largest residential garden of more than 6 acres, landscaped by a specialist designer.

As Development and Facility Managers of Havelock City, the Company will carefully enhance the living experience for residents. Due to the size of the development, construction has been carried out in phases. Planning for construction is now underway for Clubhouse facilities, phase 2 of the residential and the retail mall in the commercial component. When completed, the clubhouse would boast of one of the largest pools in Sri Lanka, a members' lounge, recreation areas and other amenities.

As the premier property developer and manager in Sri Lanka, we will constantly strive to build on the core strengths of the Company. With the successful completion of phase 1 of the housing component, ORC PLC has also undertaken the management of the resultant Management Corporation, thus expanding its facilities management capabilities beyond the WTC complex. This activity is provided through the Company's fully owned subsidiary, Realty Management Services (Private) Limited. We intend to expand this business further in the years to come.

The Company, now under dynamic new management, while continuing efforts to generate better returns from its existing property assets, will also seek other opportunities that will enhance shareholder value by carefully selecting real estate development ventures that are at the forefront of a newly resurgent Sri Lanka.

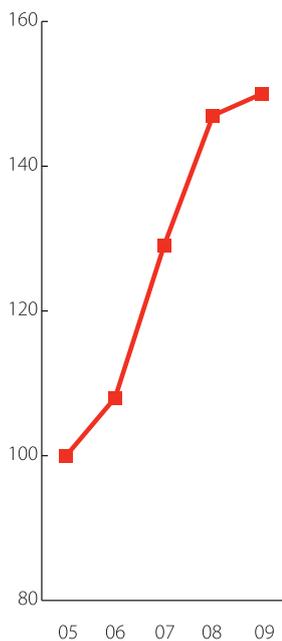
Financial Review

Revenue

The revenue recorded by the Company in 2009 was Rs 708 Mn, which is a decrease of 16% over the previous year. The Company's revenue represents earnings from leasing of office space and other support services at the WTC. The decrease has been impacted by reduced occupancy of approximately 19% year on year. Though occupancy saw a decline during the year, the average rental rates earned on leased area has increased by 2% year on year. The Group recorded an overall revenue of Rs 1,941 Mn, which is an increase of 34% over the previous year.

Revenue from Mireka from the sale of condominium units amounted to Rs 1,234 Mn. With the completion of construction of the Phase 1 housing towers and obtaining of the Certificate of Conformity, total value of committed sales has been recognized as revenue.

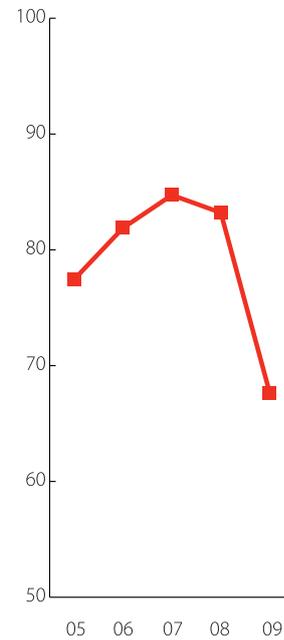
Rental Rate Index



Operating Expenses

Operating expenses including financing for the Company for the year was Rs 439 Mn, which is a decrease of Rs 82 Mn. (16%) over the previous year. The positive variance is a combination of both cost savings driven throughout the current year and provision made for bad debts in the previous financial year.

Occupancy (%)



The Group operating expenses including financing (excluding marketing expenses) decreased by 21% to Rs 496 Mn. from Rs 630 Mn. the previous year. The decrease is due to cost savings of the Company as stated above and savings in administration expenses of the subsidiaries.

Taxation

The Company and its subsidiaries, by virtue of being registered under section 17(2) of 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 World Trade Center. Mireka Capital Land (Private) Limited 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 Havelock City. Mireka Homes (Private) Limited enjoys a 12 year tax holiday until 31st March 2019 for the development and sales of Havelock City residential units.

MANAGEMENT COMMENTARY

EBIT

EBIT for the Group including fair value gain on investment properties was Rs 1,388.5 Mn. for the year in comparison to Rs 1,789.6 Mn. last year. The fair value gain for the year amounted to Rs 1,019.5 Mn. during the year impacted by the slump in the global economy, which impacted the tenancy at the World Trade Center. Group EBIT excluding fair value gains was Rs 369 Mn, compared to the previous year's EBIT of Rs 401.3 Mn.

Rental Yield

The rental yield on lease of space at the World Trade Center during the year stood at 4.4%, compared to a yield of 5.6% generated the previous year. Rental yield reflects the net rental income earned against the fair value of the property.

Dividends

The Directors propose a first and final dividend of Rs 0.30 per ordinary share for the year, which will be an outlay of Rs 168.7 Mn. With the preference dividends paid, the total outlay on dividends applicable for the year would be Rs 243.6 Mn. A dividend of Rs 0.40 per ordinary share was paid for the year 2008 which resulted in a payout of Rs 224.9 Mn. for the ordinary shares and a total payout of Rs 299.8 Mn. for the year.

Shareholder Equity

The equity attributable to ordinary shareholders was Rs 16,964.4 Mn. as at December 31, 2009, which is an increase of 7% over the previous year. The return on equity for the Group stood at 8% for the year compared to 12% in the previous year. The decline was due to the reduction in trading profits and the reduction in fair value gained for the year, as against the fair value gains recognized for the year 2008. The Company recorded an ROE of 8% as well, as compared to 12% the previous year.

Asset Utilization

The net asset value per share for the Group attributable to an ordinary share was Rs 22.03 at the year end, which is an increase of 9% over the previous year. The return on assets stood at 7% in 2009, compared to 9% in the previous year.

Capital Investments

The Group committed to invest in an ERP system for Rs 28.75 Mn. which was partly capitalized during the year amounting to Rs 21.6 Mn. The balance would be capitalized next year with the implementation and amalgamation of the Sales/Marketing module.

Shareholder Returns

The Group recorded an EPS of Rs 2.33 per ordinary share, which is a decrease of 25% over the previous year's EPS per ordinary share of Rs 3.10. The total number of ordinary shares remained unchanged from the previous year. The Company's EPS was Rs 2.17 for the year, which is a reduction of 27% over the previous year due to lower profits and fair value gains recognized.

Human Resources

As reiterated, human resource is the Company's most valuable yet intangible asset. It is due to the untiring commitment and effort of the management team, that the World Trade Center stands alone in terms of the most energy efficient, best maintained and most modern office building in Colombo, providing tenants with an unparalleled standard of service despite many challenges faced by the external environment.

The core emphasis during the year was to improve morale, build teamwork, team spirit and to support staff to enhance their management skills and thereby increase productivity. Focus was given to improving the customer service attitude further to ensure that our tenants and visitors receive the best of support at all times.

The Group's human resource strength was 210 at the year end, which represents a good blend of youth and experience.

The performance management system introduced in 2008 was further strengthened in 2009. Focused training and competency building programmes were facilitated for selected employees, which included a study tour in Singapore in the area of facilities management.

The annual sports day, avurudhu festival and the gathering hosted by the Chairman Mr. S P Tao were held during the year. An HR survey was also carried out to understand employee satisfaction levels, opinions and training needs which will be the basis for the training development plan for 2010.

Facilities Management

Facilities management, the driving force behind the immaculate maintenance of the World Trade Center and now Havelock City, has been focusing on many energy conservation initiatives and other management innovations. Some of the key energy saving initiatives undertaken during the year under review were the installation of capacitors to AHU motors, installation of variable speed drives for the condenser water pump and chilled water system, process improvements to the air conditioning system and installation of electronic ballasts at WTC car park. Other key achievements of this department were rectification of deficiencies and cleaning of apartments prior to handing over to owners and setting up operating procedures for maintenance of Havelock City. With the relaxation of security related to pedestrian and vehicle inspection approaching WTC, by the authorities, facilities management has revamped its internal security procedures at the WTC.

Information Systems

The Company committed Rs 28.75 Mn. to implement an ERP system to increase efficiency in managing the Company and Subsidiary operations along with the Management Corporations of both the World Trade Center and Havelock City where the Company functions as Managing Agent.

The human resource, finance, facilities management, distribution and customer service modules are now online. As in any ERP, the modules are integrated and the flow of information between the different levels and different divisions is smooth and efficient. The Group is expecting the implementation to increase efficiency in routine operations, integrate information and data across the Group, provide online information to support decision making and approvals, manage and operate its subsidiaries and other related entities from a central point and consequently increase operational efficiency and effectiveness. The marketing module will be implemented during 2010, thus resulting in improved customer relationship management.

Corporate Social Responsibility

The Company spearheaded a programme in April 2009 with the support of tenants at the World Trade Center to provide much needed relief to internally displaced persons in the North. Food, clothes, medicines and many items were collected from tenants and handed over to the Authorities for distribution. A blood donation campaign was also organized together with tenant Alcatel Lucent in June 2009, which saw around 200 donors participating.

HAVELOCK CITY*



Lush landscaped gardens



Four bedroom apartment (living area)

Live right in the heart of Colombo city among acres of landscaped gardens...

Havelock City is Colombo's premier condominium development, offering discerning home owners the choice of well-designed one, two, three and four bedroom apartments along with duplexes and penthouses.



Four bedroom apartment (master bedroom)



Four bedroom apartment (kitchen)

* Actual images

HAVELOCK CITY*



Two bedroom apartment (dining & living area)



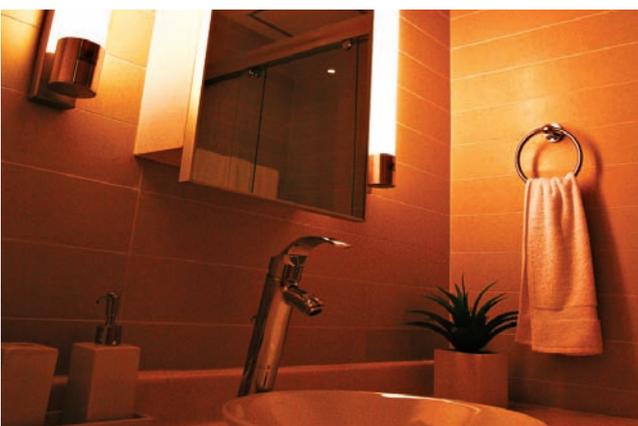
Two bedroom apartment (living area)

Havelock City can be accessed from Havelock Road, Skelton Road, and shortly Duplication Road and Mayura Place...

Excellent built-quality; comprehensively equipped with every accessory for a contemporary lifestyle in a relaxing and secure environment...



Four bedroom apartment (dining & living area)



Two bedroom apartment (bathroom)

* Actual images

CORPORATE GOVERNANCE

Statement of Corporate Governance

As the recent developments in the local and global business sphere emphasize the need to adhere to good governance practices, Overseas Realty (Ceylon) PLC places a strong emphasis on adopting and implementing sound practices of good governance. Transparency, accountability, integrity and high business ethics are the core conducts by which the Corporate Governance mechanism is formulated in order to effectively direct and govern the Company and its subsidiaries.

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 2009.

Board Of Directors

Composition and Attendance at Meetings

As at 31st December 2009, the Board of Directors of the Company consisted of eight (8) members. Three new Directors were appointed to the Board on 18th January 2010, bringing the total number of Directors to eleven (11). The names and the profiles of the Directors, including those appointed after balance sheet date is given on pages 6 to 8 of this Report.

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

<u>Name Of The Director</u>	<u>Category</u>	<u>Attendance</u>
Mr. S. P Tao	Chairman	2/4
Mr. H. Z. Cassim	Deputy Chairman	4/4
Mrs. Mildred Tao Ong	Director	4/4
Mr. M. Yap Boh Pin	Director	4/4
Mr. C. J. E. Anthonisz	Director	2/4
Mr. B. Mahadeva	Director	3/4
Mrs. R. L. Nanayakkara	Director	4/4
Mr. A. M. De S. Jayaratne	Director	4/4

All Directors on the Board as at 31st December 2009 are non-executive Directors. The Board conducts its meetings in a manner that the Board is in control of the affairs of the Company and remains sensitive to the obligations of all its stakeholders. The Board ensures that there is a participation of independent and non independent Directors in their deliberations and that contributions of independent Directors are given due consideration.

Role and Responsibility of the Board

The Board is collectively responsible for the formulation of the overall business policies and strategies and for monitoring the efficient and effective implementation of such policies and strategies 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, 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 Executive Committee, Audit Committee, Remuneration Committee and the Company's management. The Board has reconstituted its Executive Committee from 18th January 2010. The Board has also appointed a Group Managing Director who has assumed duties effective from 1st February 2010, He will also function as an executive Director to drive the management affairs of the Company in an effective manner. These internal structures provide a regular forum for monitoring 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 stakeholders.

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

Board Balance and Independence

As stated above, as at 31st December 2009, the Board comprised eight members, all of whom served in a non-executive capacity. The Directors act free of any business or other relationships that could materially interfere with their ability to exercise unfettered and independent judgment. Each Director has a continuing responsibility to determine whether he or she has a potential or actual conflict arising from any external involvements or interests.

Mr. H. Z. Cassim who was appointed as a Director on 12.04.1991 continues to be a Director of the Company and is considered as a non-executive independent Director. He receives a fee for participating at Board meetings, Audit Committee and Remuneration Committee meetings and does not receive any other perquisites from the Company other than those declared in note 26.3 to the Financial Statements. He does not perform any executive functions in the Company or its Group.

Mr. C. J. E. Anthonisz, and Mr. B. Mahadeva who were appointed as Directors on 31.05.1991 and 29.10.1994 respectively, also continue serving on the Board of Directors of the Company as independent non-executive members. Mr. Anthonisz is also the Chairman of the Audit Committee. The views and expressions of Mr. Anthonisz and Mr. Mahadeva have not affected their objectivity in the discharge of their duties as Directors independently although their periods of service on the Board exceed nine years. Mr. C. J. E. Anthonisz, and Mr. B. Mahadeva do not receive any perquisite or benefit from the Company other than the payments received for participating at board meetings. They also do not participate in any day to day affairs of the Company nor perform any executive functions. Therefore the members of the Board continue to be of the opinion that Mr. C. J. E. Anthonisz, and Mr. B. Mahadeva are independent Directors, notwithstanding the fact that they have served on the Board for more than nine years.

Mrs. Rohini Nanayakkara was appointed to the Board on 20.05.2004 and Mr. Ajit M. De S. Jayaratne on 10.10.2005. Both these Directors have been acting as independent Directors since their appointment.

The Board is of the collective opinion that the majority of Directors, are independent of the management of the Company and free from any business or other relationship that could materially interfere in the exercise of their judgment.

Of the Directors, all of whom are considered as non-executive Directors, three represent the parent Company, Shing Kwan Group which holds more than 50% of the equity capital of ORC PLC.

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 has provided the Board with the power to appoint Directors to the Board. According to the provisions of the Articles of Association, one third of the Directors, excluding the Chairman retire and submit themselves for reelection at every Annual General Meeting. The retirement of each Director is determined according to those who have served the longest period of time in office, since their appointment or reappointment, as the case may be.

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 reelection.

The reelection of a Director safeguards the right of the shareholder by providing for a regular reassessment of the composition of the Board. The names of the Directors submitted the for reelection 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

The Executive Committee, consisted of three members, all of whom are non-executive Directors and is headed by the Chairman of the Company. The Executive Committee that functioned during the financial year ended 31st December 2009 was as follows;

Mr. S. P. Tao	-	Chairman
Mrs. Mildred Tao Ong	-	Member
Mr. Melvin Yap Boh Pin	-	Member
Mr. H. Z. Cassim (Alternate to the Chairman)		

The Board reconstituted its Executive Committee on 18th January 2010, and the new committee consists of the following members of the Board

Mr. Ong En Ping	-	Chairman
Mr. Martin B. Pereira	-	Member
Mr. Thilan. M. Wijesinghe	-	Group Managing Director

The Executive Committee (Ex-Co) functions under the delegation of the Board and interacts closely with the Board and advises the management on key functions. The Ex-Co formulates strategies and explores investment opportunities for the growth and expansion of the Group's businesses for the Board's approval.

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

CORPORATE GOVERNANCE

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 responsible for the evaluation, appointment and reappointment of auditors and the continuous maintenance of a professional relationship with them. The Committee further fulfills the functions of reviewing the internal audit process, the assessment of the adequacy of internal controls, accounting policies and the adherence to and compliance with general principles of accounting. It further reviews and approves the quarterly and annual Financial Statements, striving to ensure accurate financial reporting, effective internal control and risk management.

The Audit Committee held four (04) Meetings during the last financial year. The report of the Audit Committee appears on Page 23.

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, Mr. Martin Pereira and Mrs. Rohini Nanayakkara serve as members. The committee is responsible towards the formulation and establishment of remuneration policies, including the reviewing, approving and recommending to the Board relating to the remuneration of Directors, the Chief Executive Officer and other individuals who hold key positions in the senior management sector of the Company. The Remuneration Committee ensures that the levels of remuneration are adequate to attract, retain and motivate the senior management so that the highest calibre of work may be expected, commensurate with each individual's performance and contribution to the Company.

The Report of Remuneration Committee appears on page 22.

Accountability

The Board considers it within their topmost priorities that complete disclosure of financial and non financial information is made, within the parameters of realistic commercial practices. The Board pays great attention to the adoption of sound and accurate reporting practices ensuring that an honest and balanced assessment is presented at all times.

The statement of Director's responsibilities for the Financial Statements is given on page 30 of this report.

Internal Controls

The Board remains committed towards ensuring that a sound system of internal controls is maintained in order to safeguard both the shareholder interests and the assets of the Company. Thus, the Board is periodically briefed of the reviews conducted by the Audit Committee, which includes details on the effectiveness of the Company's system of internal controls. Internal audits conducted at regular intervals 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 has been implemented to strengthen the current financial, marketing and operational systems. The responsibility for implementing and ensuring compliance with the policies and guidelines are vested with the Group Managing Director/Chief Executive Officer of the Company.

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 on-going 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 accounts.

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	Subject	Applicable Requirement	Compliance Status	Details
7.10.1 (a)	Non-executive Directors	At least one third of the total number of Directors should be non-executive Directors	Compliant	As at the conclusion of the immediately preceding AGM and as at 31st December 2009, all of the Directors on the Board acted in the non-executive capacity
7.10.2 (a)	Independent Directors	Two or one third of non-executive Directors, whichever is higher, should be independent	Compliant	As at the conclusion of the immediately preceding AGM, and as at 31st December 2009 five out of eight Directors were declared as independent
7.10.2 (b)	Independent Directors	Each non-executive Director should submit a declaration of independence/non-independence in the prescribed format	Compliant	All Directors have submitted the declaration in the prescribed format
7.10.3 (a)	Disclosure relating to Directors	The Board shall annually make a determination as to the independence or otherwise of the non-executive Directors and names of independent Directors should be disclosed in the Annual Report	Compliant	Please refer pages 16 to 17 of this Report
7.10.3 (b)	Disclosure relating to Directors	The basis for the Board to determine a Director as independent, if criteria specified for independence is not met	Compliant	Given in pages 16 to 17 under the heading of Board balance and independence
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report and should include the Director's areas of expertise	Compliant	Please refer pages 6 to 8 of this Report
7.10.3 (d)	Disclosure relating to Directors	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the rules of the Colombo Stock Exchange	Compliant	A brief resume of Ong En Ping, Martin B. Pereira and Thilan M. Wijesinghe were submitted to the Colombo Stock Exchange when immediate disclosure of such appointments were made
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Please refer page 22 of this Report
7.10.5 (a)	Composition of Remuneration Committee.	Shall comprise non-executive Directors, a majority of who shall be independent	Compliant	The Committee consists of four non-executive Directors three of whom are independent Please refer Remuneration

CORPORATE GOVERNANCE

Rule No	Subject	Applicable Requirement	Compliance Status	Details
7.10.5 (b)	Function of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors. In a situation where both the parent company and the subsidiary are 'listed entities', the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary.	Compliant	Committee report on page 22 of this Report which set out the functions of the Committee
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out:	Compliant	Please refer page 22 of this Report
		a. Names of Directors comprising the Remuneration Committee	Compliant	Please refer page 22 of this Report
		b. Statement of remuneration policy	Compliant	Please refer page 62 of this Report
		c. Aggregate remuneration paid to Executive & non-executive Directors	Compliant	Please refer page 62 of this Report
7.10.6	Audit Committee	The Company shall have an Audit Committee	Compliant	Names of the members of the Audit Committee are stated on page 23 of this report
7.10.6 (a)	Composition of Audit Committee	Shall comprise of non-executive Directors, a majority of who shall be independent	Compliant	Audit Committee consists of four non-executive Directors of whom three are independent
		A non-executive Director shall be appointed as the Chairman of the Committee Meetings	Compliant	Chairman of the Audit Committee is a non-executive Independent Director
		Chief Executive Officer and Chief Financial Officer should attend Audit Committee Meetings	Compliant	The Chief Executive Officer, and the Group Finance Manager attend the meetings by invitation
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Compliant	Two members of the Audit Committee are Chartered Accountants

Rule No	Subject	Applicable Requirement	Compliance Status	Details
7.10.6 (b)	Audit Committee Functions	Functions shall include:	Compliant	Please refer page 23 of this Report for the functions of Audit the Committee
		a. Overseeing of the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards		
		b. Overseeing of the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements	Compliant	Please refer page 23 of this Report for the functions of Audit the Committee
		c. Overseeing the process to ensure that the internal controls and risk management processes are adequate to meet the requirements of the Sri Lanka Auditing Standards	Compliant	Please refer page 23 of this Report for the functions of Audit the Committee
		d. Assessment of the independence and performance of the external auditors	Compliant	Please refer page 23 of this Report for the functions of Audit the Committee
		e. 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	Please refer page 23 of this Report for the functions of Audit the Committee
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	a. Names of Directors comprising the Audit Committee	Compliant	Please refer page 23 of this Report
		b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Compliant	Please refer Audit Committee Report on page 23 of this Report
		c. The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions.	Compliant	Please refer Audit Committee Report on page 23 of this Report.

REMUNERATION COMMITTEE REPORT

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

Mr. H. Z. Cassim - Deputy Chairman

Mrs. Rohini Nanayakkara

Mr. Ajit M. De. S. Jayaratne

Mr. Martin Pereira

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 executive Directors and fees paid to the non-executive Directors for participation at Board meetings. The Committee is responsible for recommending to the Board, the remuneration payable to the Group Managing Director, Chief Executive Officer and other key senior managers of the company and its subsidiaries. The committee also approves annual increment proposals.

A primary objective of remuneration packages is to attract and retain qualified and experienced team of high caliber managers and professionals and reward their performance. The Committee ensures that the remuneration packages offered provide remuneration appropriate for each business within the Group and commensurate with each employee's level of expertise and contribution. The Remuneration Committee is strongly aware of the performance of the Company and long term shareholder returns.

Remuneration policy of the Company with regard to increments and bonus schemes is based on the performance management system and evaluation systems installed by the Company. Once the remuneration policy of the Company as recommended by the Committee is approved by the Board, the Remuneration Committee will then approve the finalized proposals for the granting of increments to the key senior management and other positions.

The Committee met once during the period under review to approve the proposal for the granting of increments to key senior managers of the Company.



H. Z. Cassim
Chairman

Remuneration Committee

4th March 2010

AUDIT COMMITTEE REPORT

Composition

The Audit Committee appointed by the Board is constituted as follows :

Mr. Christopher James Edward Anthonisz - Chairman

Mr. Hussein Zubire Cassim

Mr. Ajit Mahendra De Silva Jayaratne

Mr. Melvin Yap Boh Pin

The profiles of the members which detail their background and professional experience is on pages 6 to 8 of this report. The Committee has a blend of experience in the commercial sector, financial risk and audit exposure, high standing of integrity, business acumen, exposure in the real estate and real estate development sectors to carry out their role efficiently and effectively.

Role of the Audit Committee

The Audit Committee acts as the advisory to the Board and its main objective is to assist the Board of Directors by giving recommendations to ensure the Group follows best practices in line with best Corporate Governance practices. 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 2009 and the attendance is as follows:

Mr. Christopher James Edward Anthonisz - Chairman	2/4
Mr. Hussein Zubire Cassim	4/4
Mr. Ajit Mahendra De Silva Jayaratne	4/4
Mr. Melvin Yap Boh Pin	4/4

Meetings were attended by the Chief Executive Officer, Company Secretary and Group Finance Manager, and other

Senior Management members are 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 2010, subject to the approval of the shareholders at the Annual General Meeting.



C. J. E. Anthonisz
Chairman

Audit Committee

4th March 2010



FINANCIAL REPORT

Annual Report of the Board of Directors

Statement of Directors' Responsibilities

Auditor's Report

Balance Sheet

Income Statement

Statement of Changes in Equity

Cash Flow Statement

Notes to the Financial Statements

OUR PASSION IS TO BE THE
MOST SUCCESSFUL AND
INNOVATIVE REAL ESTATE
SOLUTIONS PROVIDER
IN THE REGION

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 2009 of Overseas Realty (Ceylon) PLC.

Principal Activities

The principal activities of the Company, which is investment in properties, property development, trading and management, remained 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 (Private) Limited 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 (Private) Limited, a wholly owned subsidiary of Mireka Capital Land (Private) Limited. Realty Management Services (Private) Limited was reactivated to provide facilities management services.

Review of Business

A review of the financial and operational performance of the Company and its subsidiaries during the year, and the future developments of the Company is contained in the Chairman's Statement (page 5), and Management Commentary (pages 9 to 13) sections of this Annual Report. The Audited Financial Statements are given on pages 32 to 35 of the Annual Report. These reports together reflect the state of affairs of the Company and its subsidiaries.

Financial Statements

The Financial Statements of the Group and the Company are given on pages 32 to 35.

Auditors Report

The Auditors' Report on the Financial Statements is given on page 31.

Accounting Policies

Significant accounting policies adopted in the preparation of the Financial Statements are given on pages 36 to 63.

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 at the meeting of the Board held on 3rd February 2009, the declarations made were tabled for the information of the Directors 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 Shareholdings of the Directors at the beginning and at the end of the year were as follows:

Name of Director	31st December 2008		31st December 2009	
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
Mr. S. P. Tao	Nil	514,526,833	Nil	519,626,833
Mrs. Mildred Tao Ong	Nil	367,755,841	Nil	367,755,841
Mr. C. J. E. Anthonisz	1,000	Nil	1,000	Nil
Mr. H. Z. Cassim	Nil	Nil	Nil	Nil
Mr. A. M. De S. Jayaratne	Nil	Nil	Nil	Nil
Mr. Baku Mahadeva	Nil	Nil	Nil	Nil
Mrs. R. Nanayakkara	Nil	Nil	Nil	Nil
Mr. Melvin Yap Boh Pin	Nil	367,755,841	Nil	367,755,841

Mr. Shing Pee Tao and Mrs. Mildred Tao Ong are both Directors of the holder of 374,464,391 2% CRPS (Non Convertible Cumulative Redeemable Preference Shares) of a Nominal Value of Rs 10/- each.

None of the Directors directly hold any shares in any of the Subsidiary Companies of the Group.

CEO of the Company, Mr. W.D. Barnabas has declared that he has no direct or indirect shareholding in the Company.

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 pages 60 to 61 this Report.

Directors' Remuneration

Directors' remuneration, in respect of the Company and the Group for the financial year ended 31st December 2009 is given in note 26.3 to the Financial Statements, on page 62.

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.

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 carrying out periodical internal audit reviews in the areas of 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 received the reports of the internal audit reviews, and monitors the effectiveness of internal control systems of the Company.

Corporate Governance

The management and operation of the Company and its subsidiaries are effectively directed and controlled within the Corporate Governance framework as set out in pages 16 to 21 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 eight Directors as at the end of the financial year and their profiles are on pages 6 to 8.

New Appointments Subsequent to 31st December 2009

Mr. En Ping Ong, Mr. Martin Pereira and Mr. Thilan Wijesinghe were appointed as new Directors to the Board on 18th January 2010. Mr. Wijesinghe was appointed as the Group Managing Director and assumed his duties in the said post on 1st February 2010.

Board Sub Committees

The Board of Directors of the Company has formed the following subcommittees;

Executive Committee

Executive Committee of the Company during the year under review

Shing Pee Tao	-	Chairman
Mildred Tao Ong	-	Member
Melvin Yap Boh Pin	-	Member
Hussein Zubire Cassim	-	Member

The Executive Committee of the Company was reconstituted to form the following members effective from 18th January 2010

En Ping Ong	-	Chairman
Martin Boniface Pereira	-	Member
Thilan Manjith Wijesinghe	-	Member

Audit Committee

Christopher James Edward Anthonisz	-	Chairman
Hussein Zubire Cassim	-	Member
Ajit Mahendra De Silva Jayaratne	-	Member
Melvin Yap Boh Pin	-	Member

Remuneration Committee

Hussein Zubire Cassim	-	Chairman
Ajit Mahendra De Silva Jayaratne	-	Member
Rohini Letitia Nanayakkara	-	Member
Martin Boniface Pereira	-	Member

Review of Business

Review of the Company's and Group's operations during the year is contained in the Chairman's Statement on Page 5 Management Commentary on pages 9 to 13 of the Annual Report, highlighting the financial results of the Company during the period under review and the future developments of the Company.

Income

Income of the Group during the year was Rs 1,940,981,947/- (2008 - Rs 1,444,148,237/-), a detailed analysis of which is given in Note 3 to the Financial Statements.

Financial Results and Appropriations

The Group recorded a consolidated net profit of Rs 1,384,961,679/- (2008 - Rs 1,816,669,652/-) for the year. The Consolidated Income Statement along with the Company's Income Statement for the year is given on page 33.

Dividend

The Directors recommend the payment of a first and final dividend of Rs 0.30 per share for the year ended 31st December 2009 (2008 - Rs 0.40 per share). The dividend is exempt from tax in terms of the BOLI concessions granted to the Company.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors have confirmed that the Company satisfies the solvency test requirement under section 57 of the Companies Act No. 07 of 2007 and the solvency certificate was obtained from the Auditors of the Company for the final dividend payable on 1st June 2010.

Property, Plant & Equipment

Capital expenditure during the year, on property plant & equipment by the Group and by the Company amounted to Rs 8,042,860/- and Rs 6,712,774/- respectively. Information relating to details and movements in property, plant & equipment is given in Note 6 to the Financial Statements on pages 48 to 51.

Market Value of Freehold Properties

The value of freehold properties owned by the Group as at 31st December 2009 is included in the accounts at Rs 15,278,120,636/- (31st December 2008 - Rs 14,258,633,071/-) based on the valuations undertaken by a panel of Chartered Valuers/ Licensed Surveyors in December 2009. 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 53 of the Financial Statements.

Stated Capital and Reserves

The stated capital consists of 562,322,906 ordinary shares and 374,464,391 Non Convertible Cumulative Redeemable Preference shares amounting to Rs 9,713,307,520/- .

Total Group Reserves as at 31st December 2009 was Rs 6,417,796,300/- (2008 - Rs 5,353,026,584/-) comprising fair value gains of Rs 5,925,249,722/- (2008 - Rs 4,905,762,157/-) and Revenue Reserves of Rs 492,546,578/- (2008 - Rs 447,264,427/-). The movement of these reserves is shown in the Statement of Changes in Equity in the Financial Statements on page 34.

Shareholdings

There were 2,990 registered shareholders of ordinary shares as at 31st December 2009. The distribution of shareholdings is given on pages 66 to 67 of this Report.

Shareholder Information

Information relating to earnings, dividends, net assets, market value per share and share trading is given on pages 64 to 67 and in the Financial Review section (pages 11 to 12) of this Report.

Major Shareholders

The twenty largest shareholders of the Company as at 31st December 2009 together with an analysis of the shareholdings are given on page 67 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, other than those disclosed in Note 31 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 the Companies Act No. 7 of 2007, a resolution proposing the re-appointment of Messrs Ernst & Young, Chartered Accountants, as Auditors to the Company will be submitted at the Annual General Meeting.

The Auditors, Messrs. Ernst & Young, Chartered Accountants were paid Rs 690,000/- (2008 - Rs 575,000/-) and Rs 1,709,160 (Rs 1,469,000/- Mn.) as audit fees by the Company and the Group respectively. In addition, they were paid Rs 367,525/- (Rs 585,550/-) and Rs 981,125/- (Rs 1,047,780/-), 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.

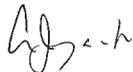
Annual General Meeting

The Annual General Meeting will be held at Level 36, East Tower, World Trade Center, Echelon Square, Colombo 1 at 4.00 p.m. on 19th May 2010. The Notice of the Annual General Meeting appears on page 68 of this Report.

For and on behalf of the Board



Director



Director



Company Secretary

Colombo on this 4th Day of March 2010

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of the Company are responsible for the preparation and presentation of the Financial Statements to the shareholders in accordance with the relevant provisions of the Companies Act No. 07 of 2007 and other statutes which are applicable in preparation of Financial Statements.

The consolidated Financial Statements of the Company and its Subsidiaries comprise of :

- Balance Sheets as at 31st December 2009, which present a true and fair view of the state of affairs of the Company and its Subsidiaries as at the end of the financial year and
- Income Statements, statements of changes in equity and cash flow statements for the year ended 31st December 2009, together with the notes thereon which present a true and fair view of the profit and loss of the Company and its Subsidiaries for the financial year then ended.

Accordingly, the Directors confirm that the Financial Statements of the Company and its Subsidiaries for the year ended 31st December 2009 incorporated in this report have been prepared in accordance with the Companies Act No. 07 of 2007, Sri Lanka Accounting Standards, Listing Rules of the Colombo Stock Exchange and generally accepted accounting policies. The Directors consider that, in preparing the Financial Statements exhibited on pages 32 to 35 they have adopted appropriate accounting policies on a consistent basis, supported by reasonable and prudent judgments and estimates.

The Directors have also taken such steps as are reasonably open to them to safeguard the assets of the Company and to prevent any defects, frauds and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the Company's business in an orderly manner and to safeguard its assets and secure as far as practicable the accuracy and reliability of the records.

To the best of the knowledge and belief of the Directors, the Company's auditors, Messrs. Ernst & Young, Chartered Accountants, have carried out reviews and sample checks on the effectiveness of the systems of internal control as they consider appropriate and necessary in providing their opinion on the Financial Statements. Auditors have examined the Financial Statements made available together with all other financial records, minutes of shareholders' and Directors' meetings and related information and have expressed their opinion which appears on page 31 of the Annual Report.

The Directors have provided the Auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary for the performance of their responsibilities.

Further, as required by Section 56(2) of the Companies Act No. 07 of 2007, the Board of Directors have confirmed that the Company based on the information available, satisfies the solvency test immediately after the distribution, in accordance with Section 57 of the Companies Act No. 07 of 2007, and has obtained a certificate from the auditors, prior to recommending a final dividend of Rs 0.30 per share for this year which is to be approved by the shareholders at the Annual General Meeting to be held on 19th May 2010.

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

The Directors confirm to the best of their knowledge that all taxes, levies and financial obligations of the Group have been either paid or adequately 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 4th day of March 2010

INDEPENDENT AUDITOR'S REPORT



Chartered Accountants

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

Tel : (0) 11 2463500
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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 2009, 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 principles 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

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 December 2009 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31 December 2009 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated Financial Statements give a true and fair view of the state of affairs as at 31 December 2009 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.

18 March 2010
Colombo.

BALANCE SHEET

As At 31st December		Group		Company	
	Note	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
ASSETS					
Non-Current Assets					
Investment Property	5	15,278,120,636	14,258,633,071	15,278,120,636	14,258,633,071
Property, Plant and Equipment	6	246,192,069	236,388,820	239,161,138	222,835,584
Intangible Assets	7	35,377,702	15,362,844	26,582,818	6,567,960
Investments in Subsidiaries	8	-	-	1,125,010,040	1,125,010,020
		15,559,690,407	14,510,384,735	16,668,874,632	15,613,046,635
Current Assets					
Inventories	9	4,092,210,783	4,225,816,861	16,376,333	-
Trade and Other Receivables	10	1,635,290,190	971,001,760	109,653,980	45,408,289
Amounts Due from Related Parties	11	4,243,065	21,555,855	46,429,191	60,138,270
Income Tax Recoverable		1,350,381	-	-	-
Cash Balances		177,255,637	243,545,053	165,645,385	215,816,716
		5,910,350,056	5,461,919,529	338,104,889	321,363,275
Total Assets		21,470,040,463	19,972,304,264	17,006,979,521	15,934,409,910
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	12	9,713,307,520	9,713,307,520	9,713,307,520	9,713,307,520
Revaluation Reserve	13	134,689,558	112,444,473	134,689,558	112,444,473
Retained Earnings		6,283,106,742	5,240,582,111	6,171,124,184	5,177,240,127
		16,131,103,820	15,066,334,104	16,019,121,262	15,002,992,120
Minority Interest		833,276,267	790,661,260	-	-
Total Equity		16,964,380,087	15,856,995,364	16,019,121,262	15,002,992,120
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	14	1,548,600,000	566,649,000	345,825,000	395,829,000
Non Interest Bearing Loans	15	1,968,750	3,093,750	-	-
Post Employment Benefit Liability	16	20,249,177	18,143,590	20,249,177	18,143,590
Total Non-Current Liabilities		1,570,817,927	587,886,340	366,074,177	413,972,590
Current Liabilities					
Trade and Other Payables	17	831,335,124	996,363,557	152,007,222	100,781,551
Rental and Customer Deposits	18	440,470,152	924,800,415	376,451,718	362,099,839
Amounts Due to Related Parties	19	26,351,590	13,189,776	-	-
Interest Bearing Loans and Borrowings	14	1,596,425,000	1,587,380,000	50,000,000	50,000,000
Non - Interest Bearing Loans	15	1,125,000	1,125,000	-	-
Income Tax Payable		-	3,547,350	4,189,559	3,547,348
Dividends Payable	20	39,135,582	1,016,462	39,135,582	1,016,462
Total Current Liabilities		2,934,842,449	3,527,422,560	621,784,081	517,445,200
Total Liabilities		4,505,660,376	4,115,308,900	987,858,258	931,417,790
Total Equity and Liabilities		21,470,040,463	19,972,304,264	17,006,979,521	15,934,409,910

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 36 through 63 form an integral part of the Financial Statements.

18 March 2010
Colombo

INCOME STATEMENT

For the Year Ended	Note	Group		Company	
		2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Rental Income		666,144,840	805,026,451	666,144,840	805,026,451
Sale of Apartments		1,233,615,208	597,559,747	-	-
Other Services	4	41,221,899	41,562,039	42,313,453	41,562,039
Total Revenue	3	1,940,981,947	1,444,148,237	708,458,293	846,588,490
Direct Operating Expenses		(334,271,312)	(350,303,551)	(334,271,312)	(350,303,551)
Cost of Sales of Apartments		(1,051,429,395)	(402,723,401)	-	-
Gross Profit		555,281,240	691,121,285	374,186,981	496,284,939
Fair Value Gain on Investment Property	5	1,019,487,565	1,388,260,775	1,019,487,565	1,388,260,775
Administration Expenses		(153,270,240)	(270,550,415)	(96,602,226)	(161,772,756)
Marketing & Promotional Expenses		(32,979,215)	(19,247,118)	-	-
Finance Cost	22.1	(8,377,931)	(9,401,305)	(8,377,931)	(9,401,305)
Finance Income	22.2	11,390,080	52,818,352	11,554,166	27,414,669
Profit before Tax	23	1,391,531,500	1,833,001,574	1,300,248,555	1,740,786,322
Income Tax Expense	24	(6,569,821)	(16,331,922)	(6,542,457)	(7,616,755)
Profit after Tax for the Year		1,384,961,679	1,816,669,652	1,293,706,098	1,733,169,567
Attributable to:					
Equity Holders of the Parent		1,342,346,672	1,783,269,618		
Minority Interest		42,615,007	33,400,034		
		1,384,961,679	1,816,669,652		
Earnings Per Share - Basic	25	2.33	3.10		
Dividend Per Share	20	0.40	0.50		

The accounting policies and notes on pages 36 through 63 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Minority Interest Rs.	Total Rs.
Balance as at 01 January 2008	9,713,307,520	79,530,022	3,813,461,409	757,261,226	14,363,560,177
Transitional Provision - Gratuity	-	-	(94,586)	-	(94,586)
Profit for the Year	-	-	1,783,269,618	33,400,034	1,816,669,652
Transfer to Revaluation Reserve	-	32,914,451	-	-	32,914,451
Dividends Paid for Preference Shares	-	-	(74,892,877)	-	(74,892,877)
Dividends Paid for Ordinary Shares for Y/E 31/12/2007	-	-	(281,161,453)	-	(281,161,453)
Balance as at 31 December 2008	9,713,307,520	112,444,473	5,240,582,111	790,661,260	15,856,995,364
Profit for the Year	-	-	1,342,346,672	42,615,007	1,384,961,679
Transfer to Revaluation Reserve	-	22,245,085	-	-	22,245,085
Dividends Paid for Preference Shares	-	-	(74,892,878)	-	(74,892,878)
Dividends Paid for 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	6,283,106,742	833,276,267	16,964,380,087
Company		Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 January 2008		9,713,307,520	79,530,022	3,800,219,477	13,593,057,019
Transitional Provision - Gratuity		-	-	(94,586)	(94,586)
Profit for the Year		-	-	1,733,169,567	1,733,169,567
Transfer to Revaluation Reserve		-	32,914,451	-	32,914,451
Dividends Paid for Preference Shares		-	-	(74,892,878)	(74,892,878)
Dividends Paid for Ordinary Shares for Y/E 31/12/2007		-	-	(281,161,453)	(281,161,453)
Balance as at 31 December 2008		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		-	22,245,085	-	22,245,085
Dividends Paid for Preference Shares		-	-	(74,892,878)	(74,892,878)
Dividends Paid for 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	6,171,124,184	16,019,121,262

The accounting policies and notes on pages 36 through 63 form an integral part of the Financial Statements.

CASH FLOW STATEMENT

For the Year Ended	Note	Group		Company	
		2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Cash Flows from Operating Activities :					
Profit before Tax Expense		1,391,531,500	1,833,001,574	1,300,248,555	1,740,786,322
Adjustments for :					
Depreciation Charge for the Year	23	12,479,537	11,485,002	11,694,308	10,701,624
Depreciation Capitalised with Inventories	6	7,067,072	7,050,397	-	-
Amortization of Intangible Assets	7	1,553,649	364,887	1,553,649	364,887
Post Employment Benefit Expense	16.1	4,432,744	4,277,851	4,432,744	4,277,851
Exchange (Gains)/Losses	23	(491,452)	88,054,064	(3,698,228)	599,384
Finance Cost	22	8,377,931	9,401,305	8,377,931	9,401,305
Finance Income	22	(11,390,080)	(52,818,352)	(11,554,166)	(27,414,669)
(Profit)/Loss on sale of Property, Plant and Equipment	23	(615,722)	1,029,550	(615,812)	1,030,552
Fair Value (Gain)/Loss on Investment Property	5	(1,019,487,565)	(1,388,260,775)	(1,019,487,565)	(1,388,260,775)
Operating Profit /(Loss) before Working Capital Changes		393,457,614	513,585,503	290,951,416	351,486,481
(Increase)/Decrease in Amounts Due from Related Parties		17,312,790	(19,581,319)	13,709,079	(56,543,835)
(Increase)/Decrease in Trade and Other Receivables		(660,590,202)	(418,187,840)	(60,078,819)	72,595,235
Increase/(Decrease) in Rental and Customer Deposits		(484,330,263)	356,213,811	14,351,879	962,869
(Increase)/Decrease in Inventories		133,606,078	(1,117,449,140)	(16,376,333)	-
Increase/(Decrease) in Trade and Other Payables		(168,235,210)	(482,583,627)	50,757,027	(87,954,259)
Increase/(Decrease) in Amounts Due to Related Parties		13,161,814	(5,488,770)	-	-
Cash Generated From/ (Used in) Operations		(755,617,379)	(1,173,491,382)	293,314,249	280,546,491
Income Tax Paid		(11,467,551)	(23,532,133)	(5,900,246)	(6,994,467)
Finance Cost Paid	22	(8,377,931)	(9,401,305)	(8,377,931)	(9,401,305)
Defined Benefit Plan Costs Paid	16	(2,327,157)	(1,527,215)	(2,327,157)	(1,527,215)
Net Cash Generated From/(Used in) Operating Activities		(777,790,018)	(1,207,952,034)	276,708,915	262,623,505
Cash Flows from Investing Activities :					
Proceeds from Sale of Property, Plant and Equipment		1,553,809	2,299,045	1,553,809	2,286,735
Acquisition of Intangible Assets	7	(21,568,507)	-	(21,568,507)	-
Acquisition of Property, Plant and Equipment	6	(8,042,860)	(10,613,271)	(6,712,774)	(9,640,732)
Acquisition of Investment	8	-	-	(20)	-
Finance Income	22	11,390,080	52,818,352	11,554,166	27,414,669
Net Cash From/(Used) in Investing Activities		(16,667,478)	44,504,126	(15,173,326)	20,060,672
Cash Flows from Financing Activities :					
Repayment of Interest Bearing Loans and Borrowings	14	(1,556,165,500)	(51,081,585)	(50,004,000)	(51,081,585)
Loans Obtained	14	2,547,161,500	950,455,000	-	-
Repayment of Non Interest Bearing Loans and Borrowings	15	(1,125,000)	(1,125,000)	-	-
Dividends Paid		(261,702,920)	(393,465,638)	(261,702,920)	(393,465,639)
Net Cash Flow from Financing Activities		728,168,080	504,782,777	(311,706,920)	(444,547,224)
Net Increase/(Decrease) in Cash and Cash Equivalents		(66,289,416)	(658,665,131)	(50,171,331)	(161,863,047)
Cash and Cash Equivalents at the beginning of the Year	21	243,545,053	902,210,184	215,816,716	377,679,763
Cash and Cash Equivalents at the end of the Year	21	177,255,637	243,545,053	165,645,385	215,816,716

The accounting policies and notes on pages 36 through 63 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 commercial buildings 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.

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 2009 were authorised for issue in accordance with a resolution of the Board of Directors on 18 March 2010.

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 that 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 (Subsidiary)
 - Hospitality International (Private) Limited (Subsidiary)
 - Realty Management Services (Private) Limited (Subsidiary)
 - Property Mart (Private) Limited (Subsidiary)
 - Havelock City (Private) Limited (Subsidiary)
- 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 Group Income Statement with the proportion of profit or loss after taxation pertaining to minority shareholders of subsidiaries being deducted as "minority interest". All assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the Group 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 Group 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 is 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 prior year financial information has been rearranged where necessary to conform to the current presentation. Significant rearrangements made in comparatives are discussed in Note 30.

2.2 Changes In Accounting Policies

The accounting policies have been consistently applied by the Company and the Group with those used in the previous 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 or inventories.

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 property generates cash flows that are attributable not only to property but also to other assets used in the operation of the Group.

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 or component within a property such as a level or a floor, separately in making its judgment.

Inventories comprise 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) Stage of completion, and Revenue & Cost of sales recognition thereon

Revenue from sale of apartments is recognized based on "substantial percentage completion" of apartments for which advances have been received from buyers or when 25% of the sales price of each apartment is received in cash,

NOTES TO THE FINANCIAL STATEMENTS

whichever is lower. The Board has decided that the “substantial percentage completion” to be 25% of the total project activities involved in the completion process of apartments.

The percentage of completion is made by reference to the stage of completion of projects and contracts, determined based on the proportion of contract costs incurred to date and the estimated costs to complete.

c) Revenue recognition from sale of apartments

In recognizing revenue from sale of apartments, management applies judgment ascertaining if the risks and rewards of ownership has 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 recognizes revenue under the percentage of completion method as the Group continuously transfers to the buyer, significant risks and rewards of ownership of the work in progress as the construction progress in its current state.

d) Deferred tax assets arising from sources that are not covered by tax exemptions

Deferred tax assets are recognised for applicable 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.

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, and principal assumptions engaged

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 professional valuer to determine the fair value as at 31 December 2009.

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 with the assistance of a professional independent valuer, 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.

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

market conditions existing at each 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 with the assistance of an independent professional valuer.

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 2009, the valuer has used his market knowledge and professional judgement and not 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 assumption 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.

b) 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 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.

c) Estimation of net realisable value for inventories

Inventories of project under development, are 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 carried out a market research 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 Lanka 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 Income Statement.

2.4.2 Taxation

Current Taxes

Companies in the Group have entered into agreements with 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 profits. 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 1 April 2005 and will end on 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

Mireka Capital Land (Private) Limited

Pursuant to the agreement with the Board of Investment of Sri Lanka (BOI) dated 28 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 profits or any year of assessment not later than 2 years from the date of commencement of commercial operations, whichever is earlier, as may be specified in a certificate by BOI.

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

Mireka Homes (Private) Limited

Pursuant to the agreement with the Board of Investment of Sri Lanka (BOI) dated 26 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, whichever is earlier, as may be specified in a certificate by BOI.

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

Deferred Taxation

As the Inland Revenue Act does not apply as stated above, temporary differences do not arise during the tax exemption period. Any deferred tax assets arising from source that are not covered by tax exemptions are re-assessed at each Balance Sheet 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 recognized as a part of the cost of the asset.

Economic Service Charge (ESC)

As per the provisions of the 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 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 said Act.

2.4.3 Intangible Assets

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

The following details are relevant to the current intangible assets of the Group

a) Membership Fee

Membership fee shown at historical cost, has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of membership fee over their estimated useful life 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 recognised as an expense as incurred.

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

Real Estate intended for Sale 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 inventories and is measured at the lower of cost and net realisable value.

Cost includes:

- Freehold rights of land
- Amounts paid or payable to contractors for construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, 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 non-specific costs based on the floor area of the property sold.

Consumables and Spares

The cost incurred in bringing consumables and spares to its present location and condition is accounted for using the 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 are stated at cost except for Building – Level 18 and Furniture Fittings and Equipment – Restaurant that are stated at fair value, 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.

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

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

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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

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 Income Statement.

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 Group, is classified as Investment Property.

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

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

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

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the 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 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 Balance Sheet

2.4.11 Rental and Customer Deposits

Rental and customer deposit liabilities are recognised at fair value of the amount received from the tenants or customers.

2.4.12 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.

2.4.13 Employee Benefits

a) Post Employment Benefit Liabilities

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.

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.

b) Short Term Employee Benefits

Salaries, bonuses and other related expenses are recognized as employee benefit expenses and accrued when the associated services are rendered by the employees to the Group.

2.4.14 Impairment of Non Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation

NOTES TO THE FINANCIAL STATEMENTS

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.

2.4.15 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 are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.4.16 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 has vested in the buyer before legal title passes, and the risks and rewards of ownership of such have been transferred at the time of entering into Sale and Purchase agreement. Therefore, revenue from sale of apartments is recognized based on "substantial percentage completion" of apartments for which advances have been received from buyers or when 25% of the sales price of each apartment is received in cash. The Board has decided that the "substantial percentage completion" to be 25% of the total project activities involved in the completion process of the apartment.

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.

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.

2.4.17 Expenditure Recognition

All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to the Income Statement for the period.

2.4.18 Cash Flow Statements

The cash flow statement has been prepared by using the "Indirect Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standards No. 09 on cash flow statements.

2.5 Future Changes In Accounting Policies

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

The following Standards have been issued by the Institute of Chartered Accountants of Sri Lanka and are effective for the accounting period on the dates specified below.

a) Sri Lanka Accounting Standard 44 Financial Instruments; Presentation (SLAS 44) and Sri Lanka Accounting Standard 45 Financial Instruments; Recognition & Measurement (SLAS 45)

SLAS 44 and 45 become effective for financial years beginning on or after 1 January 2011. Accordingly, the financial Statements for the year ending 31 December 2011 will adopt SLAS 44 and 45, for the first time.

These two standards together provide comprehensive guidance on identification, classification, measurement and presentation of financial instruments (including Derivatives) into financial assets, financial liabilities and equity instruments.

In order to comply with the requirements of these standards, the Group is in the process of assessing the effect of adoption of the aforesaid two standards. Due to the complex nature of the effect of these standards the impact of adoption is not estimable as at the date of publication of these Financial Statements.

b) Sri Lanka Accounting Standard 39 - Share Based Payments (SLAS 39)

SLAS 39- Share based payments, effective for periods beginning on or after 1st January 2010 will be first adopted in the year ending 31 December 2010. This standard requires an expense to be recognized where the Group buys goods or services in exchange for shares or rights over shares (equity - settled transactions), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (cash- settled transactions). For equity-settled share-based payment transactions, the Group is required to apply SLAS 39 to grants of shares, share options or other equity instruments that were granted after 1 January 2010.

The Group is in the process of evaluating the impact of this standard, and the impact of the same is not currently estimable as at the date of the publication of these Financial Statements.

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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 (Private) Limited. 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 (Private) Limited 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 :

	2009				2008			
	Rental and Other Services Rs.	Sale of Apartments Rs.	Inter/Intra Segment Eliminations Rs.	Consolidated 2009 Rs.	Rental and Other Services Rs.	Sale of Apartments Rs.	Inter/Intra Segment Eliminations Rs.	Consolidated 2008 Rs.
Revenue	707,366,739	1,233,615,208	-	1,940,981,947	846,588,490	597,559,747	-	1,444,148,237
Direct Operating Expenses	(334,271,312)	-	-	(334,271,312)	(350,303,551)	-	-	(350,303,551)
Cost of Sales	-	(1,051,429,395)	-	(1,051,429,395)	-	(402,723,401)	-	(402,723,401)
Gross Profit/ (Loss)	373,095,427	182,185,813	-	555,281,240	496,284,939	194,836,346	-	691,121,285
Fair Value Gain on Investment								
Property	1,019,487,565	-	-	1,019,487,565	1,388,260,775	-	-	1,388,260,775
Administration Expenses	(104,382,517)	(60,106,567)	11,218,844	(153,270,240)	(161,772,756)	(109,842,286)	1,064,627	(270,550,415)
Marketing and Promotional Expenses	(17,464,848)	(15,514,367)	-	(32,979,215)	-	(19,247,118)	-	(19,247,118)
Finance Cost	(8,377,931)	-	-	(8,377,931)	(9,401,305)	-	-	(9,401,305)
Finance Income	11,554,166	-	(164,086)	11,390,080	27,414,669	25,403,683	-	52,818,352
Net Profit before Tax	1,273,911,863	106,564,879	11,054,758	1,391,531,500	1,740,786,322	91,150,625	1,064,627	1,833,001,574

3.2 Segment Assets and Liabilities :

	Rental and Other Services Rs.	Sale of Apartments Rs.	Inter/Intra Segment Eliminations Rs.	Consolidated Rs.
2009				
Total Assets	17,006,979,521	5,635,165,406	(1,172,104,464)	21,470,040,463
Total Liabilities	(987,858,258)	3,554,164,385	(7,071,966,503)	(4,505,660,376)
2008				
Total Assets	15,934,409,910	5,192,637,243	(1,154,742,889)	19,972,304,264
Total Liabilities	(931,417,790)	(3,218,173,737)	34,282,627	(4,115,308,900)

3.3 Other Segment Information :

	2009			2008		
	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	6,712,774	1,330,086	8,042,860	9,640,732	972,539	10,613,271
Depreciation						
- Charge for the Year	11,694,308	785,230	12,479,537	10,701,624	783,378	11,485,002
- Capitalised with Inventories	-	7,067,072	7,067,072	-	7,050,397	7,050,397
Amortization	1,553,649	-	1,553,649	364,887	-	364,887
Employee Benefit Costs	51,501,023	14,798,578	66,299,601	51,501,023	14,506,343	66,007,366

4 Other Services

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Property Facility Fee	22,440,000	22,440,000	22,440,000	22,440,000
Net Income from Rented Car Park	3,543,626	2,140,637	3,543,626	2,140,637
Support Services	-	-	9,312,000	6,800,000
Other Services	12,290,025	15,237,060	4,069,578	8,437,060
Default Interest	1,748,249	23,338	1,748,249	23,338
Management Fees	1,200,000	1,721,004	1,200,000	1,721,004
	41,221,899	41,562,039	42,313,453	41,562,039

5 Investment Property

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
As at 1 January	14,258,633,071	12,870,372,296	14,258,633,071	12,870,372,296
Transfers to Property, Plant and Equipment			-	-
Net gain from Fair Value Adjustment	1,019,487,565	1,388,260,775	1,019,487,565	1,388,260,775
As at 31 December	15,278,120,636	14,258,633,071	15,278,120,636	14,258,633,071

- 5.1 The Company filed 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. World Trade Center 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.

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

- 5.2 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 2008 and 2009 are as follows:

	2009	2008
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 maintenance cost	: 45% of rentals	: 45% of rentals
Risk adjusted yields	: 6.0% p.a	: 6.5% p.a

NOTES TO THE FINANCIAL STATEMENTS

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 2009.

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 Yield	Increase / (Decrease) In Rate of Growth in Future Rentals	In Rate of Anticipated Maintenance Cost	Proforma Fair Value Gain/(Loss) on Investment Property Rs.	Proforma Investment Property Valuation Rs.
0.5%			(284,272,613)	13,974,360,458
-0.5%			2,642,821,810	16,901,454,881
	1%		2,235,757,235	16,494,390,306
	-1%		(42,855,457)	14,215,777,614
		5%	(339,056,512)	13,919,576,559
		-5%	2,444,858,800	16,703,491,871

6 Property Plant & Equipment (Group)

6.1 Gross Carrying Amounts

	Balance as at 01.01.2009 Rs.	Additions Rs.	Transfers Rs.	Increase in Revaluation Rs.	Disposals Rs.	Balance as at 31.12.2009 Rs.
At Cost						
Temporary Building	31,193,824	500,004	-	-	-	31,693,828
Office Equipment	9,207,119	1,355,322	-	-	(1,938,623)	8,623,818
Computers and other						
Electronic Equipment	22,828,005	5,670,355	-	-	(850)	28,497,510
Furniture & Fittings	21,595,843	517,179	-	-	-	22,113,022
Motor Vehicles	28,304,130	-	-	-	(1,078,966)	27,225,164
Total Value of Depreciable Assets	113,128,921	8,042,860	-	-	(3,018,439)	118,153,342
At Valuation						
Furniture Fittings & Equipment						
- Restaurant	7,822,700	-	-	-	(7,822,700)	-
Buildings- Level 18	197,093,347	-	(3,284,892)	22,245,085	-	216,053,540
	204,916,047	-	(3,284,892)	22,245,085	(7,822,700)	216,053,540
Total Value of Depreciable Assets	318,044,968	8,042,860	(3,284,892)	22,245,085	(10,841,139)	334,206,882

6.2 Depreciation

	Balance as at 01.01.2009 Rs.	Depreci- -ation for the Year Rs.	Transfers Rs.	Increase in Revaluation Rs.	Disposals Rs.	Balance as at 31.12.2009 Rs.
At Cost						
Temporary Building	22,189,264	6,290,135	-	-	-	28,479,399
Office Equipment	6,417,195	902,390	-	-	(1,088,457)	6,231,128
Computers and other						
Electronic Equipment	17,157,395	3,036,504	-	-	(760)	20,193,139
Furniture & Fittings	16,196,458	993,354	-	-	-	17,189,812
Motor Vehicles	11,873,136	5,039,334	-	-	(991,135)	15,921,335
Total Depreciation	73,833,448	16,261,717	-	-	(2,080,352)	88,014,813
At Valuation						
Furniture Fittings & Equipment						-
- Restaurant	7,822,700	-	-	-	(7,822,700)	-
Buildings- Level 18	-	3,284,892	(3,284,892)	-	-	-
	7,822,700	3,284,892	(3,284,892)	-	(7,822,700)	-
Total Depreciation	81,656,148	19,546,609	(3,284,892)	-	(9,903,052)	88,014,813

6.3 Net Book Value

	2009 Rs.	2008 Rs.
At Cost		
Temporary Building	3,214,429	9,004,560
Office Equipment	2,392,690	7,068,204
Computers and other Electronic Equipment	8,304,371	1,392,330
Furniture and Fittings	4,923,210	5,399,385
Motor Vehicles	11,303,829	16,430,994
At Valuation		
Buildings- Level 18	216,053,540	197,093,347
	246,192,069	236,388,820

NOTES TO THE FINANCIAL STATEMENTS

6 Property Plant and Equipment (Company) Cont...

6.4 Gross Carrying Amounts

	Balance as at 01.01.2009 Rs.	Additions Rs.	Transfers Rs.	Increase in Revaluation Rs.	Disposals Rs.	Balance as at 31.12.2009 Rs.
At Cost						
Motor Vehicles	28,062,131	-	-	-	(1,078,966)	26,983,165
Office Equipment	7,537,534	723,916	-	-	(1,938,623)	6,322,827
Computers and other						
Electronic Equipment	18,971,386	5,583,724	-	-	-	24,555,110
Furniture and Fittings	18,503,074	405,134	-	-	-	18,908,208
	73,074,125	6,712,774	-	-	(3,017,589)	76,769,310
At Valuation						
Furniture Fittings and Equipment						
- Restaurant	7,822,700	-	-	-	(7,822,700)	-
Buildings - Level 18	197,093,347	-	(3,284,892)	22,245,085	-	216,053,540
	204,916,047	-	(3,284,892)	22,245,085	(7,822,700)	216,053,540
Total Value of Depreciable Assets	277,990,172	6,712,774	(3,284,892)	22,245,085	(10,840,289)	292,822,850

6.5 Depreciation

	Balance as at 01.01.2009 Rs.	Charge for the Year Rs.	Transfers Rs.	Increase in Revaluation Rs.	Disposals Rs.	Balance as at 31.12.2009 Rs.
At Cost						
Motor Vehicles	11,802,553	4,978,834	-	-	(991,135)	15,790,252
Office Equipment	5,627,343	463,450	-	-	(1,088,457)	5,002,336
Computers and other						
Electronic Equipment	14,693,106	2,286,274	-	-	-	16,979,380
Furniture and Fittings	15,208,886	680,859	-	-	-	15,889,745
	47,331,888	8,409,416	-	-	(2,079,592)	53,661,712
At Valuation						
Furniture Fittings and Equipment						
- Restaurant	7,822,700	-	-	-	(7,822,700)	-
Buildings - Level 18	-	3,284,892	(3,284,892)	-	-	-
	7,822,700	3,284,892	(3,284,892)	-	(7,822,700)	-
Total Depreciation	55,154,588	11,694,308	(3,284,892)	-	(9,902,292)	53,661,712

6.6 Net Book Value

	2009 Rs.	2008 Rs.
At Cost		
Motor Vehicles	11,192,913	16,259,578
Computers and other Electronic Equipment	1,320,491	1,910,191
Office Equipment	7,575,730	4,278,280
Furniture and Fittings	3,018,463	3,294,188
At Valuation		
Buildings - Level 18	216,053,540	197,093,347
	239,161,138	222,835,584

6 Property Plant and Equipment (Company) Cont...

- 6.7** Property, Plant and Equipment of the Company includes fully depreciated assets having a gross carrying amount of Rs 33,974,673/- (2008 : Rs 38,758,426/-).
- 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 6,712,774/- (2008 : Rs 9,640,732/-) were made during the year for purchase of Property, Plant and Equipment by the Company and cash payments amounting to Rs 8,042,860/- (2008 : Rs 10,613,271-) were made during the year for purchase of Property, Plant and Equipment by the Group.
- 6.10** The fair value of building - Level 18, was determined by means of a revaluation during the financial year 2009 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 2009 . The surplus arising from the revaluation was transferred to a revaluation reserve.
- 6.11** 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 2009 Rs.	Net Carrying Amount 2008 Rs.
Building - Level 18	87,431,566	4,371,578	83,059,988	84,517,180

- 6.12** Out of the total depreciation for the year of Rs 19,546,609/- (2008- Rs 18,535,399/-) an amount of Rs 7,067,072/-(2008- Rs 7,050,397/-) has been capitalized under Project Under Development during the year by the Group.

7 Intangible Assets

Group	Membership Fee Rs. (Note 7.1)	Software Rs. (Note 7.2)	Goodwill Rs. (Note 7.3)	Total Rs.
Summary				
Cost				
As at 1 January 2009	7,297,734	-	8,794,884	16,092,618
Acquired / Incurred during the Year	-	21,568,507	-	21,568,507
As at 31 December 2009	7,297,734	21,568,507	8,794,884	37,661,125
Amortisation				
As at 1 January 2009	729,774	-	-	729,774
Amortisation for the Year	1,194,174	359,475	-	1,553,649
As at 31 December 2009	1,923,948	359,475	-	2,283,423
Net Book Value				
As at 1 January 2009	6,567,960	-	8,794,884	15,362,844
As at 31 December 2009	5,373,786	21,209,032	8,794,884	35,377,702

NOTES TO THE FINANCIAL STATEMENTS

7 Intangible Assets (Contd..)

Company	Membership Fee Rs. (Note 7.1)	Software Rs. (Note 7.2)	Total Rs.
Summary			
Cost			
As at 1 January 2009	7,297,734	-	7,297,734
Acquired / Incurred during the Year	-	21,568,507	21,568,507
As at 31 December 2009	7,297,734	21,568,507	28,866,241
Amortisation			
As at 1 January 2009	729,774	-	729,774
Amortisation for the Year	1,194,174	359,475	1,553,649
As at 31 December 2009	1,923,948	359,475	2,283,423
Net Book Value			
As at 1 January 2009	6,567,960	-	6,567,960
As at 31 December 2009	5,373,786	21,209,032	26,582,818

7.1 During the year ended 30 June 1994 the Company has 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 is 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 current year, the Directors reviewed the useful life and determined that the intangible asset has a further remaining useful life of 5.5 years. Accordingly the amortisation charge in respect for the year ended 31 December 2009 was adjusted to reflect this change. Due to this change in estimation, the following additional charges have resulted in the current year, in comparison to the amortisation based on previous estimate. This new amortisation will arise in the future periods for this intangible asset upto 30 June 2014.

Class of Asset	Previous estimate of Remaining Useful Life	Adjusted Remaining Useful Life	Increase/ (Decrease) in Amortisation 2009 Rs.	Comparative Amortisation Based on Previous Estimate 2009 Rs.
Intangible Assets				
Membership Fee	18 Years	5.5 Years	829,288	364,887

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 amortisation 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 (Private) Limited, 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 may be impaired.

8 Investments In Subsidiaries

	% Holding	Group		Company	
		2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Non-Quoted Investment at cost					
Mireka Capital Land (Private) Limited (Ordinary shares of Rs 10/- each)	60%	-	-	1,125,000,000	1,125,000,000
Hospitality International (Private) Limited (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 (Private) Limited (Ordinary shares of Rs 10/- each) (8.1)	100%			10,020	10,020
Property Mart (Private) Limited	100%	-	-	20	-
		-	-	1,125,010,040	1,125,010,020

8.1 Realty Management Services (Private) Limited which is incorporated in Sri Lanka has not commenced commercial operations. The Directors' view is that the value of this investment is Rs 10,020/- (2008- Rs 10,020/-). Property Mart (Private) Limited which is incorporated in Sri Lanka has commenced commercial operations. The Directors' view is that the value of this investment is Rs 20/- .

9 Inventories

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Real Estate intended for Sale	958,003,749	958,003,749	-	-
Project Under Development and Completed	3,117,830,701	3,267,813,112	-	-
Consumables & Spares	16,376,333	-	16,376,333	-
	4,092,210,783	4,225,816,861	16,376,333	-

10 Trade and Other Receivables

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Rent and Service Charge Receivable	69,942,628	53,045,003	69,942,628	53,045,003
Amount in respect of inventory sales recognised on a percentage completion basis	787,736,844	171,331,699	-	-
Less: Allowance for Doubtful Debts	-	(23,813,967)	-	(23,813,967)
	857,679,472	200,562,735	69,942,628	29,231,036
Other Debtors	758,655,749	741,165,557	27,518,325	3,868,738
Less: Allowance for Doubtful Debts	(6,666,809)	(5,198,189)	-	-
	1,609,668,412	936,530,103	97,460,953	33,099,774
Advances & Prepayments	25,621,778	34,471,657	12,193,027	12,308,515
	1,635,290,190	971,001,760	109,653,980	45,408,289

NOTES TO THE FINANCIAL STATEMENTS

11 Amounts Due From Related Parties

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Management Corporation Condominium Plan 1824	2,303,754	21,555,855	2,303,754	21,555,855
Mireka Capital Land (Private) Limited	-	-	35,013,889	38,501,379
Realty Management Services (Private) Limited	-	-	103,335	81,036
Shing Kwan Investment (Singapore) (Pte) Limited	1,939,311	-	1,939,311	-
Property Mart (Private) Limited	-	-	7,068,902	-
	4,243,065	21,555,855	46,429,191	60,138,270

12 Stated Capital

12.1 Stated Capital as at 31 December 2009

	Group/Company	
	2009 Rs.	2008 Rs.
562,322,906 Ordinary Shares of Rs 10/- each	5,623,229,060	5,623,229,060
374,464,391 Non-Convertible Cumulative Redeemable Preference Shares	3,744,643,910	3,744,643,910
	9,367,872,970	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	9,713,307,520	9,713,307,520

12.2 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 is 5 years and redeemable on 28 November 2010. The Company has 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 is payable on a semi – annual basis.

12.3 Dividends amounting to Rs 37,178,660/- accumulated on 2% CRPS have been paid in June 2009 and Rs 37,754,215/- was paid on 5 January 2010 as this preference dividend is payable semi-annually.

13 Reserves

13.1 Capital Reserves

	Group/Company	
	2009 Rs.	2008 Rs.
Revaluation Reserve (13.2)	134,689,558	112,444,473
	134,689,558	112,444,473

13.2 Revaluation Reserve

	Group/Company	
	2009 Rs.	2008 Rs.
Balance as at the beginning of the Year	112,444,473	79,530,022
Transfer of Surplus / (Deficit) during the Year	22,245,085	32,914,451
Balance as at the End of the Year	134,689,558	112,444,473

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

14 Interest Bearing Liabilities

14.1 Interest Bearing Liabilities (Group)

	2009 Amounts Repayable within 1 Year Rs.	2009 Amounts Repayable after 1 Year Rs.	2009 Total Rs.	2008 Amounts Repayable within 1 Year Rs.	2008 Amounts Repayable after 1 Year Rs.	2008 Total Rs.
Loan - BOC (14.3)	1,546,425,000	1,202,775,000	2,749,200,000	1,537,380,000	170,820,000	1,708,200,000
SR & CC & T Fund Loan - BOC (14.4)	50,000,000	345,825,000	395,825,000	50,000,000	395,829,000	445,829,000
	1,596,425,000	1,548,600,000	3,145,025,000	1,587,380,000	566,649,000	2,154,029,000

14.2 Interest Bearing Liabilities (Company)

	2009 Amounts Repayable within 1 Year Rs.	2009 Amounts Repayable after 1 Year Rs.	2009 Total Rs.	2008 Amounts Repayable within 1 Year Rs.	2008 Amounts Repayable after 1 Year Rs.	2008 Total Rs.
SR & CC & T Fund Loan (14.4)	50,000,000	345,825,000	395,825,000	50,000,000	395,829,000	445,829,000
Total Loans and Overdraft	50,000,000	345,825,000	395,825,000	50,000,000	395,829,000	445,829,000

14.3 Loan - BOC

	As At 01.01.2009 Rs.	Loans Obtained during the Year Rs.	Repayments Rs.	As At 31.12.2009 Rs.
Shareholder Loan - BOC	1,708,200,000	2,547,161,500	(1,506,161,500)	2,749,200,000
	1,708,200,000	2,547,161,500	(1,506,161,500)	2,749,200,000

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 share holding 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 01.01.2009 Rs.	Loans Obtained during the Year Rs.	Repayments Rs.	As At 31.12.2009 Rs.
SR & CC & T Fund Loan - BOC (14.5)	445,829,000	-	(50,004,000)	395,825,000
	445,829,000	-	(50,004,000)	395,825,000

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)

	2009 Amounts Repayable within 1 Year Rs.	2009 Amounts Repayable after 1 Year Rs.	2009 Total Rs.	2008 Amounts Repayable within 1 Year Rs.	2008 Amounts Repayable after 1 Year Rs.	2008 Total Rs.
HIL Loan - BOC (15.1)	1,125,000	1,968,750	3,093,750	1,125,000	3,093,750	4,218,750
	1,125,000	1,968,750	3,093,750	1,125,000	3,093,750	4,218,750

15.1 HIL Loan - SR & CC & T Fund

	As At 01.01.2009 Rs.	Loans Obtained during the Year Rs.	Repayments Rs.	As At 31.12.2009 Rs.
Loan payable by Hospitality International (Private) Limited (15.2)	4,218,750	-	(1,125,000)	3,093,750

The Company's Subsidiary, Hospitality International (Private) Limited (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	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Balance as at 1 January 2009	18,143,590	15,298,368	18,143,590	15,298,368
Transitional Provision	-	94,586	-	94,586
Charge for the Year (16.1)	4,432,744	4,277,851	4,432,744	4,277,851
Payments made during the Year	(2,327,157)	(1,527,215)	(2,327,157)	(1,527,215)
Balance as at 31 December 2009 (16.2)	20,249,177	18,143,590	20,249,177	18,143,590

16.1 Post Employee Benefit Expense

	Group		Company	
For the Year Ended 31 December	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Current Service Cost	2,519,677	2,575,584	2,519,677	2,575,584
Interest Cost	1,913,067	1,796,853	1,913,067	1,796,853
Transitional Provision Recognised Immediately	-	(94,586)	-	(94,586)
Post Employment Benefit Expense	4,432,744	4,277,851	4,432,744	4,277,851

16.2 Net Liability Recognised in the Balance Sheet

	Group		Company	
As at 31 December	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Present value of Defined Benefit Obligation				
as at the beginning of the Year	19,065,405	19,242,247	19,065,405	19,242,247
Transition Liability / (Assets)	-	(94,586)	-	(94,586)
Actuarial Gains /(Losses)	1,183,772	(1,004,071)	1,183,772	(1,004,071)
Post Employment Benefit Liability recognised in Balance Sheet as at at the end of the Year	20,249,177	18,143,590	20,249,177	18,143,590

16.3 Messrs. Piyal S Goonetilleke and Associates : Actuaries, carried out an actuarial valuation of the Group as at 31 December 2009. 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 and 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

Discount Rate 10%

Salary Increment Rate 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 2009.

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)	Effect on Income Statement (Reduction)/ Increase in Results for the Year 2009	Proforma Post Employment Benefit Liability
In Discount Rate		
2%	(463,000)	19,786,177
-2%	309,000	20,558,177
In rate of Salary Increment		
-2%	(888,000)	19,361,177
2%	1,130,000	21,379,177

17 Trade and Other Payables

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Trade Creditors	528,000,729	823,490,342	-	-
Rental Income Received in Advance	84,692,163	34,455,547	84,692,163	34,455,547
Sundry Creditors including Accrued Expenses	218,642,232	138,417,668	67,315,059	66,326,004
	831,335,124	996,363,557	152,007,222	100,781,551

18 Rental and Customer Deposits

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Rental Deposits	376,451,718	362,099,839	376,451,718	362,099,839
Customer Deposits	64,018,434	562,700,576	-	-
	440,470,152	924,800,415	376,451,718	362,099,839

NOTES TO THE FINANCIAL STATEMENTS

19 Amounts Due To Related Parties

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Shing Kwan Management Ltd	18,669,387	23,724	-	-
Shing Kwan Investment (Singapore) (Pte) Ltd	7,682,203	13,166,052	-	-
	26,351,590	13,189,776	-	-

20 Dividends Paid And Payable

20.1 Declared and Paid during the Year

	Group/Company	
	2009 Rs.	2008 Rs.
Equity Dividends on Ordinary Shares		
- Final dividend for 2008 : Rs 0.40 (2007 - Rs 0.50)	224,929,162	281,161,451
Preference Dividend	74,892,878	74,892,878
	299,822,041	356,054,329

20.2 Dividends Payable as at the end of the Year

	Group/Company	
	2009 Rs.	2008 Rs.
Dividends on Ordinary Shares	1,381,367	1,016,465
Dividends on Preference Shares	37,754,216	(3)
	39,135,582	1,016,462

21 Cash and Cash Equivalents in Cash Flow Statement

Components of Cash and Cash Equivalents	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Favourable Cash & Cash Equivalent Balance				
Cash and Bank Balances	91,344,070	134,372,879	79,733,818	106,644,542
Fixed and Call Deposits	85,911,567	109,172,174	85,911,567	109,172,174
Total Cash and Cash Equivalents for the purpose of Cash Flow Statement	177,255,637	243,545,053	165,645,385	215,816,716

22 Finance Cost and Income

22.1 Finance Cost

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Interest Expense on Interest Bearing Loans & Borrowings	8,377,931	9,401,305	8,377,931	9,401,305
	8,377,931	9,401,305	8,377,931	9,401,305

22.2 Finance Income

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Income from Investments				
- Interest on Fixed Deposits	11,390,080	52,818,352	11,554,166	27,414,669
	11,390,080	52,818,352	11,554,166	27,414,669

23 Profit Before Tax

Stated after Charging/(Crediting)

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Depreciation Charge for the Year	12,479,537	11,485,002	11,694,308	10,701,624
Exchange (Gain)/Loss	(491,452)	88,054,064	(3,698,228)	599,384
(Profit)/Loss on Disposal of Property, Plant and Equipment	(615,722)	1,029,550	(615,812)	1,030,552
Employee Benefit Expenses including the following;	66,299,601	66,007,366	51,501,023	66,007,366
-Defined Benefit Plan Cost - Gratuity	4,432,744	4,277,851	4,432,744	4,277,851
-Defined Contribution Plan Cost - EPF & ETF	5,271,273	5,649,355	5,271,273	5,649,355
Amortization of Intangible Assets	1,553,649	364,887	1,553,649	364,887

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	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Accounting Profit before Tax	1,391,531,500	1,833,001,574	1,300,248,555	1,740,786,322
Income Exempt from Tax	1,368,923,979	1,775,361,840	1,277,641,034	1,707,756,147
Tax Liabile Income	22,607,521	57,639,734	22,607,521	33,030,175
Deductions Allowed	(7,912,632)	(11,560,561)	(7,912,632)	(11,560,561)
Taxable Income	14,694,889	46,079,173	14,694,889	21,469,614
Income Tax at the Statutory Rate of 35% (2008 - 35%)	5,143,211	16,127,711	5,143,211	7,514,365
Social Responsibility Levy	77,148	176,965	77,148	75,144
Under/(Over) Provision in respect of Previous Year	1,349,462	27,246	1,322,098	27,246
	6,569,821	16,331,922	6,542,457	7,616,755

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 102,398,820/-(2008-Rs 105,168,242/-) 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 292,568,058/- (2008- Rs 300,480,690/-) 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.

NOTES TO THE FINANCIAL STATEMENTS

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/Company	
	2009 Rs.	2008 Rs.
Net Profit/(Loss) attributable to Shareholders for Basic Earnings per Share	1,384,961,679	1,816,669,652
Dividends on Redeemable Preference Shares	(74,892,878)	(74,892,878)
Net Profit/(Loss) attributable to Ordinary Shareholders for Basic Earnings per Share	1,310,068,800	1,741,776,774
Number of Ordinary Shares Used as the Denominator		
Weighted Average number of Ordinary Shares in issue applicable to basic Earnings per Share	562,322,906	562,322,906
	562,322,906	562,322,906

26 Related Party Disclosures

26.1 Transactions with Related Entities

26.1.1 Subsidiaries

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Amounts Receivable as at 31 December	-	-	42,186,126	38,582,415
Amounts Payable as at 31 December	-	-	-	-
Interest on Temporary Loan	-	-	(164,074)	(308,899)
Management Fee Earned	-	-	-	-
Management Fee	-	-	-	-
Rendering of Services	-	-	(26,675,532)	(20,760,288)
Receipt of Services	-	-	34,709,310	19,830,936
Reimbursements/Settlements	-	-	(18,437)	17,603
Loan Received	-	-	(11,455,000)	(34,164,000)

26.1.2 Other Group Companies

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Amounts Receivable as at 31 December	-	-	-	2,743,680
Amounts Payable as at 31 December	(24,412,279)	(13,189,776)	(1,923,025)	-
Interest on Temporary Loan	-	-	-	-
Management Fee Earned	(30,776,318)	(3,810,131)	(1,374,240)	(1,721,004)
Management Fee	26,647,223	13,182,528	-	13,182,528
Rendering of Services	(464,924)	(464,924)	(464,924)	-
Receipt of Services	1,018,509	11,018,509	1,018,509	10,000,000
Reimbursements / Settlements	(7,658,479)	17,516,611	-	(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 prevailing at the time of granting the loan. Settlement will take place in cash.

26.2 Other Related Party Disclosures

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

Nature of Transactions	Group	
	2009 Rs.	2008 Rs.
As at 01 January	2,158,247,750	1,259,999,335
Shareholder Loans Granted	2,547,161,500	950,455,000
Loan Repayment	(1,557,290,500)	(52,206,585)
As at 31 December	3,148,118,750	2,158,247,750

The above transactions are included in interest bearing loans. Further, the Group has current accounts at BOC amounting to Rs 85,474,126/- (2008 - Rs 60,992,032/-), and Call & Fixed deposits amounting to Rs Nil (2008- Rs 102,919,333/-) as at the Balance Sheet date. During the year interest expense on account of financial accommodation obtained from BOC amounted to Rs 35,361,764/- (2008 - Rs 9,449,313/-), while interest earned amounted to Rs 3,552,801/- (2008- Rs 17,759,416/-).

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

b) Management Corporation Condominium Plan 1824

	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Balance as at the beginning of the Year	21,555,855	769,176	21,555,855	769,176
Property Facility Fee	23,520,112	25,806,000	23,520,112	25,806,000
Membership Fee Paid	(345,603,552)	(360,678,180)	(345,603,552)	(360,678,180)
Employment Benefits	48,194,445	63,604,759	48,194,445	63,604,759
Transfer of Retirement Benefit Obligation	678,304	881,938	678,304	881,938
Supply of Electricity	282,040,801	308,406,446	282,040,801	308,406,446
Other	(28,082,211)	(17,234,284)	(28,082,211)	(17,234,284)
Balance as at the end of the Year	2,303,754	21,555,855	2,303,754	21,555,855

Management Corporation Condominium Plan No.1824 ("Corporation") is a body corporate constituted on 4th July 2001 in terms of the provisions of the Apartment Ownership (Amendment) Act No.45 of 1982, upon the registration of Condominium Plan No. 1824, which converted the World Trade Center 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.

NOTES TO THE FINANCIAL STATEMENTS

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:

	2009 Rs.	2008 Rs.
Directors Fee	2,425,000	2,150,000
Other Short Term Benefits	-	575,000

27 Capital Expenditure Commitments

- a) The Company has commitments amounting to Rs 8,461,000/- (2008 - Rs 14,323,000) as at the Balance Sheet date in respect of the planned ERP implementation.
- b) Mireka Capital Land (Private) Limited and Mireka Homes (Private) Limited have commitments amounting to Rs 81,523,172/- (2008- Rs 476,758,705/-) and Rs 477,204,460/- (2008 - Rs 466,283,658/-) respectively.

28 Contingencies

Legal Claims:

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.

- a) 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% p.a. 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.
- b) Mireka Capital Land (Private) Limited is in litigation to obtain a waiver against a fine imposed by the Customs on the importation of engineering drawings sent to the Company by their Consultant Architect. An initial fine of Rs 46 Mn. was imposed on the interpretation that the value of the drawings should equal to the total value of fees paid to the Consultant for their entire scope of services. The fine paid under protest was followed by litigation. Subsequently the Company has been granted a waiver of Rs 21 Mn. by the Ministry of Finance, the refund of which is pending. Litigation is proceeding in respect of the balance amount of the fine. The case is now in its final stage of trial.

29 Assets Pledged

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

30 Comparative Information

30.1 The presentation and classification of the following items in these Financial Statements are amended to ensure comparability with the current year.

As Reported Previously	Group/Company	
	2009 Rs.	2008 Rs.
Trade and Other Payables	1,921,163,972	462,881,390

Current Presentation	Group		Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Rental and Customer Deposits	440,470,152	924,800,415	376,451,718	362,099,839
Trade and Other Payables	831,335,124	996,363,557	-	100,781,551
	1,271,805,276	1,921,163,972	376,451,718	462,881,390

Reasons for change in the presentation and classification :

Rental deposits and customer deposits balances are significant. Hence the comparative classification and presentation of these deposits which were previously classified under the trade and other payables have been amended to conform to the current presentation which is rental and customer deposits, shown on the face of the Balance Sheet.

30.2 Goodwill that was included in the face of the Balance Sheet in the year 2008 has now been shown under Intangible Assets in Note 7.

31 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

	2005 12 months Rs.	2006 18 months Rs.	2007 12 months Rs.	2008 12 months Rs.	2009 12 months Rs.
Profit & Loss Statement					
Rental Income	508,459,741	873,618,934	716,381,709	805,026,451	666,144,840
Income from Other Services	31,667,988	47,890,217	35,350,908	41,562,039	42,313,453
Sale of Condo units	333,354,099	-	-	-	-
Total Revenue	873,481,828	921,509,151	751,732,617	846,588,490	708,458,293
Cost of Sales	(419,548,022)	-	-	-	-
Gross Profit	453,933,806	921,509,151	751,732,617	846,588,490	708,458,293
Fair Value Gain	-	1,683,184,396	1,834,316,986	1,388,260,775	1,019,487,565
Rev'n Gain Realised	73,006,865	-	-	-	-
Tot Operating Expenses	(326,872,390)	(464,770,548)	(408,111,117)	(512,076,307)	(430,873,538)
Profit from Optg Activities	200,068,281	2,139,922,999	2,177,938,486	1,722,772,958	1,297,072,320
Net Finance (Exp)/Income	(205,046,184)	(109,213,771)	7,868,040	18,013,364	3,176,235
Net Profit before Tax	(4,977,903)	2,030,709,228	2,185,806,526	1,740,786,322	1,300,248,555
Income Tax	(2,014,413)	(5,872,939)	(5,491,011)	(7,616,755)	(6,542,457)
Net Profit after Tax	(6,992,316)	2,024,836,289	2,180,315,515	1,733,169,567	1,293,706,098
Balance Sheet					
Assets					
Investment Property	6,789,204,083	11,203,016,898	12,870,372,296	14,258,633,071	15,278,120,636
Property Plant & Equipment	6,571,373	28,490,959	194,298,325	222,835,584	239,161,138
Intangible Assets	7,297,734	7,297,734	6,932,847	6,567,960	26,582,818
Goodwill	-	-	-	-	-
Investments in Subsidiaries	10,020	1,125,010,020	1,125,010,020	1,125,010,020	1,125,010,020
	6,803,083,210	12,363,815,611	14,196,613,488	15,613,046,635	16,668,874,612
Current Assets					
WTC Condominium Units for Sale	2,730,628,418	-	-	-	16,376,333
Trade & Other Receivables	39,951,813	49,858,721	118,003,524	45,408,289	109,653,980
Amounts Due from Related Parties	2,102,064	16,527,342	4,194,806	60,138,270	46,429,211
Cash & Cash Equivalents	292,671,542	245,535,110	377,679,763	215,816,716	165,645,385
	3,065,353,837	311,921,173	499,878,093	321,363,275	338,104,909
Total Assets	9,868,437,047	12,675,736,784	14,696,491,581	15,934,409,910	17,006,979,521
Equity & Liabilities					
Capital Reserves	-	-	-	-	-
Issued Share Capital	5,839,547,575	-	-	-	-
Stated Capital	-	9,713,158,970	9,713,307,520	9,713,307,520	9,713,307,520
Reserves	2,684,474,052	-	-	-	-
Share Premium	-	148,550	-	-	-
Cap Redemption Reserve Fund	-	-	-	-	-
Revaluation Reserve	-	-	79,530,022	112,444,473	134,689,558
Accumulated Profit/(Loss)	(3,591,216,008)	1,943,023,733	3,800,219,477	5,177,240,127	6,171,124,184
Equity Attributable to Equity Holders	4,932,805,619	11,656,331,253	13,593,057,019	15,002,992,120	16,019,121,262
Minority Interest	-	-	-	-	-
Total Equity	4,932,805,619	11,656,331,253	13,593,057,019	15,002,992,120	16,019,121,262

	2005 12 months Rs.	2006 18 months Rs.	2007 12 months Rs.	2008 12 months Rs.	2009 12 months Rs.
Non-current Liabilities					
Interest Bearing Loans & Borrowings	2,268,059,332	500,000,000	446,910,585	395,829,000	345,825,000
Non Interest Bearing Loans	-	-	-	-	-
Provisions & Other Liabilities	7,726,636	-	-	-	-
Retirement Benefit Liability	-	12,284,061	15,298,368	18,143,590	20,249,177
Total Non Current Liabilities	2,275,785,968	512,284,061	462,208,953	413,972,590	366,074,177
Current Liabilities					
Trade & Other Payables	653,695,654	448,359,574	549,872,780	100,781,551	152,007,222
Deposits	-	-	-	362,099,839	376,451,718
Interest Bearing Loans & Borrowings	2,004,515,988	-	50,000,000	50,000,000	50,000,000
Non Interest Bearing Loans	-	18,291,782	-	-	-
Amounts Due to Related Parties	-	-	-	-	-
Tax Payable	1,633,818	2,715,895	2,925,059	3,547,348	4,189,559
Dividend Payable	-	37,754,219	38,427,769	1,016,462	39,135,582
Total Current Liabilities	2,659,845,460	507,121,470	641,225,608	517,445,200	621,784,081
Total Equity & Liabilities	9,868,437,047	12,675,736,784	14,696,491,580	15,934,409,910	17,006,979,521
Earnings Per Share	(0.012)	3.67	3.74	2.95	2.17
Average Occupancy (%)	77.44	81.89	84.73	83.21	67.65
Net Asset Value per share	2.03	14.93	17.51	20.02	21.83
Share Value (High)	12.50	23.25	15.50	15.00	16.50
Share Value (Low)	5.75	9.50	9.00	5.75	6.25
Current Ratio	1.15	0.62	0.78	0.62	0.54
Return on equity (%)	(0.1)	24	17	12	8
Total Debt to Total Assets (%)	50	8	8	6	6
Debt/Equity Ratio	0.46	0.04	0.03	0.03	0.02
Asset Turnover (%)	9	8	5	6	4
Yield (%)	7.5	7.8	5.6	5.6	4.4
Return on Assets (%)	2	19	16	11	8

SHAREHOLDER INFORMATION

General

Stated Capital of the Company as defined by the Companies Act No 07 of 2007 was Rs 9,713,307,520/- as at 31st December 2009.

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, 2009

Shareholdings	Resident			Non Resident			Total		
	No of Shares	No of Shares	Percentage (%)	No of Shares	No of Shares	Percentage (%)	No of Shares	No of Shares	Percentage (%)
1 - 1,000	1821	703,060	0.13	12	5,872	0.00	1833	708,932	0.13
1,001 - 10,000	898	3,437,426	0.61	13	54,787	0.01	911	3,492,213	0.62
10,001 - 100,000	196	5,589,256	0.99	11	445,500	0.08	207	6,034,756	1.07
100,001 - 1,000,000	29	8,320,919	1.48	2	605,000	0.11	31	8,925,919	1.59
Over 1,000,000	1	20,722,353	3.69	7	522,438,733	92.91	8	543,161,086	96.59
	2945	38,773,014	6.90	45	523,549,892	93.10	2990	562,322,906	100.00

Categories of Shareholders

Category	As of 31st Dec 2009		As of 31st Dec 2008	
	No of Share holders	No of shares	No of Share holders	No of shares
Individual	2862	13,901,826	2847	14,852,126
Institutional	128	548,421,080	113	547,470,780
	2990	562,322,906	2960	562,322,906

Analysis of 2% Cumulative Redeemable Preference Shares (Non-convertible) as at 31st December 2009

	No of Shareholders			Total Holding			Percentage	
	Foreign	Local	Total	Foreign	Local	Total	Foreign	Local
Over 1,000,000	1	-	1	374,464,391	-	374,464,391	100	-
	1	-	1	374,464,391	-	374,464,391	100	-

Categories of Shareholders

	No of Shareholders	No of Shares
Institutional	1	374,464,391

Performance at the Colombo Stock Exchange

Year Ended	31st Dec 2009		31st Dec 2008	
	Date	Price (Rs)	Date	Price (Rs)
Highest	10.09.2009/05.10.2009	16.50	17.04.2008	15.00
Lowest	09.01.2009	6.25	30.12.2008	5.75
Last Traded Price	30.12.2009	15.50	31.12.2008	6.50

Year Ended	31st Dec 2009	31st Dec 2008
Ordinary shares		
Closing Share Price (Rs)	15.50	6.50
Number of Transactions	15,559	7,122
Number of Shares Traded	39,530,200	1,071,600
Value of Shares Traded (Rs)	512,666,200	113,757,700

Top Twenty Shareholders as at 31st December 2009

Name	No of shares	Percentage (%)
1 Shing Kwan Investments Co. Ltd	302,244,387	53.75
2 Unity Builders Limited	146,770,992	26.10
3 Shing Kwan Investment (Singapore) Pte Ltd	65,511,454	11.65
4 Peoples' Bank	20,722,353	3.69
5 Chipperfield Investments Limited	5,100,000	0.91
6 Oriental Pearl Inc	1,700,000	0.30
7 Pershing LLC S/A Averbach Grauson & Co.	1,111,900	0.20
8 Mr. Jayasooriya Goodson Prabha Ranjith	800,000	0.14
9 Employees Provident Fund	726,600	0.13
10 National Savings Bank	652,400	0.12
11 Mr. Hirdaramani Janak Bhagwandas	569,338	0.10
12 Sandwave Limited	500,000	0.09
13 Seylan Bank Limited/Jayantha Dewage	400,000	0.07
14 Mr. Rajanthan Yogarajah	376,400	0.07
15 Mr. Gulamhusein Shabbir Husein Abbas	369,201	0.07
16 Mr. Mohamed Naizer	362,900	0.06
17 Sri Lanka Insurance Corporation Ltd - Life Fund	302,400	0.05
18 Mr. Ellelagoda Gamage Valentine De Silva	300,000	0.05
19 Mr. Hirdaramani Aroon Janak	300,000	0.05
20 Associated Electrical Corporation Ltd	300,000	0.05
	549,120,325	97.65
Balance held by 2970 share holders	13,202,581	2.35
Total No of Ordinary Shares	562,322,906	100
Public Holding	42,695,073	7.59
Others	519,627,833	92.41
Total	562,322,906	100

Public Shareholding as at 31st December 2009

Parent Company/(Group)	No of Shares
Shing Kwan Investments Co. Ltd	302,244,387
Unity Builders Limited	146,770,992
Shing Kwan Investment (Singapore) Pte Ltd	65,511,454
Chipperfield Investments Limited	5,100,000
	519,626,833
Issued number of ordinary shares as at 31st December 2009	562,322,906
Less :	
Parent Company	519,626,833
Subsidiaries	
Over 10% Holding	
Directors' Shareholding	1000
Spouses of Directors & CEO	
Public Holding	42,695,073
Public Holding as a % of issued Ordinary Shares	7.59%

NOTICE OF MEETING

Notice is hereby given that the Twenty Eighth Annual General Meeting of OVERSEAS REALTY (CEYLON) PLC will be held at Level 36, East Tower, World Trade Center, Echelon Square, Colombo on 19th day of May 2010 at 4.00 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 2009 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 2009 as recommended by the Directors.
3.
 - i) To re-elect Mr. ONG EN PING who was appointed as a Director of the Company on 18th January 2010 and who retires in terms of Article 27 (2) of the Articles of Association of the Company, and being eligible who has offered himself for re-election.
 - ii) To re-elect Mr. MARTIN BONIFACE PEREIRA who was appointed as a Director of the Company on 18th January 2010 and who retires in terms of Article 27 (2) of the Articles of Association of the Company, and being eligible who has offered himself for re-election.
 - iii) To re-elect Mr. THILAN MANJITH WIJESINGHE who was appointed as a Director of the Company on 18th January 2010 and who retires in terms of Article 27 (2) of the Articles of Association of the Company, and being eligible who has offered himself for re-election.
4. To propose the following resolutions as Ordinary resolutions to re-elect Directors retiring by rotation in terms of Article 29 of the Articles of Association of the Company ;
 - i) IT IS HEREBY RESOLVED that Mrs. ROHINI LETTITIA NANAYAKKARA, a Director who retires by rotation in terms of Article 29 of the Articles of Association of the Company, and being eligible be and is hereby re-elected as a director of the Company .
 - ii) IT IS HEREBY RESOLVED Mr. CHRISTOPHER JAMES EDWARD ANTHONISZ a Director who retires by rotation in terms of Article 29 of the Articles of Association of the Company, and being eligible be and is hereby re-elected as a director of the Company.
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 Sec. 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. HUSSEIN 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 Mr. CHRISTOPHER JAMES EDWARD ANTHONISZ who attained the age of 70 years on 19th March 1992.
 - 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. BALAKUMARA MAHADEVA who attained the age 70 years on 29th October 1991.
 - 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 Mrs. ROHINI LETTITIA NANAYAKKARA, who attained the age of 70 years on 12th April 2006.
5. To Propose the following resolutions as an ordinary resolution for the appointment of Auditors.

IT IS HEREBY RESOLVED that the retiring Auditors Messrs. Ernst & Young Chartered Accountants be and is hereby appointed as Auditors of the Company to hold office from the conclusions of this meeting until the conclusions of the next Annual General Meeting to audit the Financial Statements of the Company and the Group, and the Directors of the Company be and is hereby authorize to determine fees and expenses of the said auditors.

By Order of the Board
Overseas Realty (Ceylon) Plc



Jayanga Wegodapola
Company Secretary

4th March 2010

FORM OF PROXY

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

Of.....or failing him,

Shing Pee Tao	of Singapore or failing him
Hussein Zubire Cassim - Deputy Chairman	of Colombo or failing him
Christopher James Edward Anthonisz	of Colombo or failing him
Ajit Mahendra De Silva Jayaratne	of Colombo or failing him
Balakumara Mahadeva	of Colombo or failing him
Rohini Lettitia Nanayakkara	of Colombo or failing her
Mildred Tao Ong	of Singapore or failing her
Melvin Yap Boh Pin	of Singapore or failing him
Ong En Ping	of Singapore or failing him
Martin Boniface Pereira	of Singapore or failing him
Thilan Manjith Wijesinghe	

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 19th May 2010 at 4.00 p.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

- | | | | |
|---|---|--------------------------|--------------------------|
| 1 | To receive and consider the report of the Board together with the financial statements of the Company as at 31st December 2010. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | To declare a first and final dividend of Rs 0.30 per Ordinary Share as recommended by the directors. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | To pass the following Ordinary Resolutions | | |
| | i) To re-elect Mr. ONG EN PING as a Director of the Company in terms of Article 27 (2) of the Articles of Association of the Company. | <input type="checkbox"/> | <input type="checkbox"/> |
| | ii) To re-elect Mr. MARTIN BONIFACE PEREIRA as a Director of the Company in terms of Article 27 (2) of the Articles of Association of the Company. | <input type="checkbox"/> | <input type="checkbox"/> |
| | iii) To re-elect Mr. THILAN MANJITH WIJESINGHE as a Director of the Company in terms of Article 27 (2) of the Articles of Association of the Company. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | To propose the following resolutions as Ordinary resolutions in terms of Article 29 of the Articles of Association of the Company | <input type="checkbox"/> | <input type="checkbox"/> |
| | i) To re-elect Mrs. ROHINI LETTITIA NANAYAKKARA, a Director who retires by rotation in terms of Article 29 of the Articles of Association of the Company. | <input type="checkbox"/> | <input type="checkbox"/> |
| | ii) To re-elect Mr. CHRISTOPHER JAMES EDWARD ANTHONISZ, a Director who retires by rotation in terms of Article 29 of the Articles of Association of the Company | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | To propose the following resolutions as Ordinary resolutions | | |
| | i) To resolve 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 | <input type="checkbox"/> | <input type="checkbox"/> |

FORM OF PROXY

ii) To resolve that the age limit of 70 years referred to in Sec. 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. HUSSEIN ZUBIRE CASSIM who attained the age of 70 years on 9th September 1995

iii) To resolve 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. CHRISTOPHER JAMES EDWARD ANTHONISZ who attained the age of 70 years on 19th March 1992.

iv) To resolve 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. BALAKUMARA MAHADEVA who attained the age 70 years on 29th October 1991

v) To resolve 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.

5 To appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company to audit financial statements and authorize the directors to fix their remuneration.

As witness my/our* hands this..... day of2010.

Signature

Note: *Instructions as to completion.

1. Please perfect the form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.
2. 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, before 4.00 p.m on 17th May 2010.
3. 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.
4. 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.
5. 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.

Please fill in the following details

Name :

Address :

.....

.....

Jointly with

Share folio No

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
Balakumara Mahadeva
Rohini Lettitia Nanayakkara
Mildred Tao Ong
Melvin Yap Boh Pin
Ong En Ping- Appointed with effect from 18/02/2010
Martin Boniface Pereira - Appointed with effect from 18/02/2010
Thilan Manjith Wijesinghe - Group Managing Director - Appointed with effect from 18/02/2010
Tao Ben Nien (alternate to Shing Pee Tao)
Lee Kang Ho (alternate to Melvin Yap Boh Pin)
Martin Boniface Pereira (alternate to Mildred Tao Ong)

Executive Committee

Shing Pee Tao
Mildred Tao Ong
Melvin Yap Boh Pin
Hussein Zubire Cassim (alternate to Shing Pee Tao)

Reconstituted Executive Committee with effect from 18/02/2010

Ong En Ping - Chairman
Martin Boniface Pereira
Thilan Manjith Wijesinghe

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

Jayanga Wegodapola - Attorney-at-Law

Auditors

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

Registrars

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

Website

www.orcl.lk
www.wtc.lk
www.havelockcity.lk

