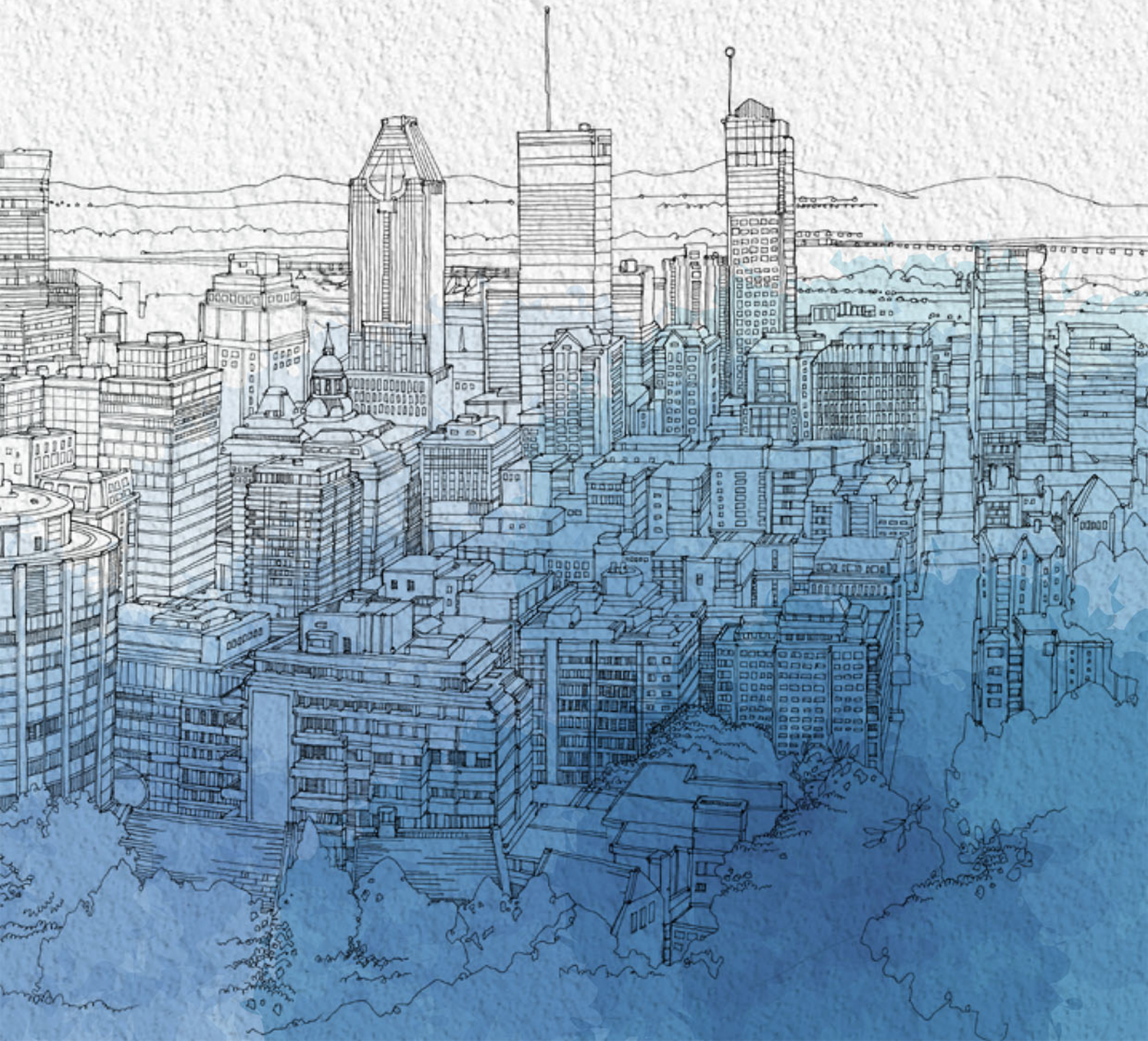




OVERSEAS REALTY (CEYLON) PLC
ANNUAL REPORT 2015

INSPIRING GENERATIONS



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INSPIRING GENERATIONS

We have entered a new phase of growth. We have made our indelible mark in the evolving skyline of Colombo city through our landmark commercial property, the World Trade Centre and the urban lifestyle complex of Havelock City. Now, we are expanding our footprint of high rise, high quality real estate into new terrain. We have entered a new trajectory of growth and expansion within property development and trading that has enhanced opportunities and paved the way for future growth.

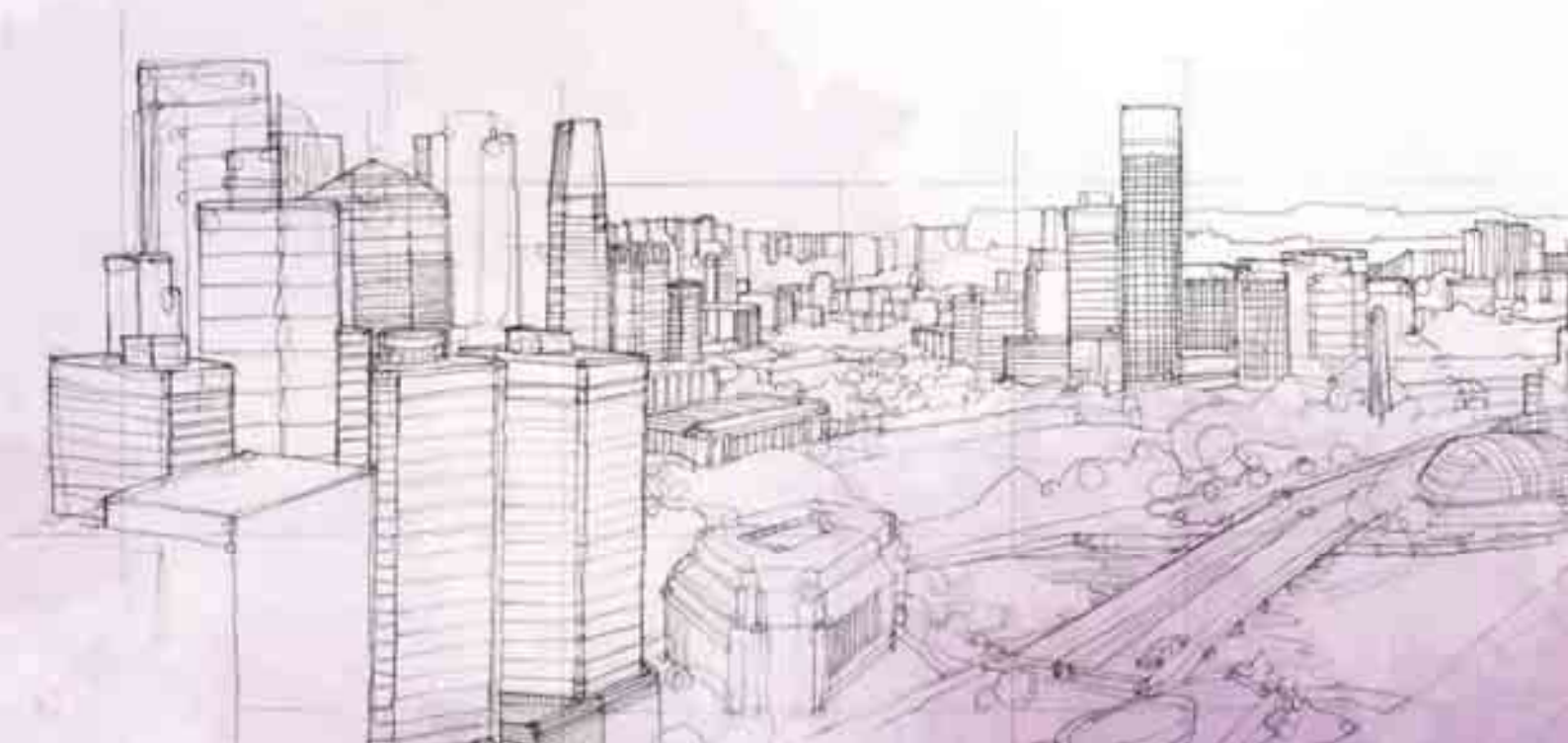


Our Vision

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

Our Mission

To be a truly Sri Lankan, self-contained, diversified, real estate solutions provider, driven by a highly motivated professional team to exceed the expectations of customers and shareholders.



Our Values

- Customer Oriented
- Quality
- Team Work
- Honesty
- Continuous Learning
- Innovation
- Accountability
- Respect
- Sense of Urgency



Financial Highlights

For the year ended 31st December	2015 Rs. Mn	2014 Rs. Mn
INCOME STATEMENT		
Revenue	3,141	6,198
Gross Profit	1,940	2,408
Fair Value Gain (FVG)	1,175	1,016
Profit Before Tax (PBT)	3,073	3,386
Profit After Tax (PAT)	3,031	3,336
PAT (Excluding FVG)	1,856	2,320
STATEMENT OF FINANCIAL POSITION		
Total Assets	32,274	30,276
Total Liabilities	2,157	2,840
Loans and Borrowings	96	1,082
SHAREHOLDERS' EQUITY		
Stated Capital	11,163	10,186
Reserves	17,442	15,742
FINANCIAL RATIOS		
Gross Profit Margin	62%	39%
PAT (Including FVG) Margin	96%	54%
PAT (Excluding FVG) Margin	59%	37%
Earnings Per Share (Including FVG)	3.44	3.48
Earnings Per Share (Excluding FVG)	2.09	2.29
Return on Equity	11%	13%
Debt Equity Ratio	0.3%	4%
Net Assets Per Share	32.22	30.74

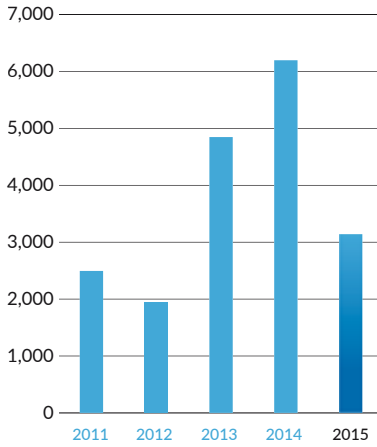
3,141Mn
Group Revenue

3,031Mn
Group Profit After Tax

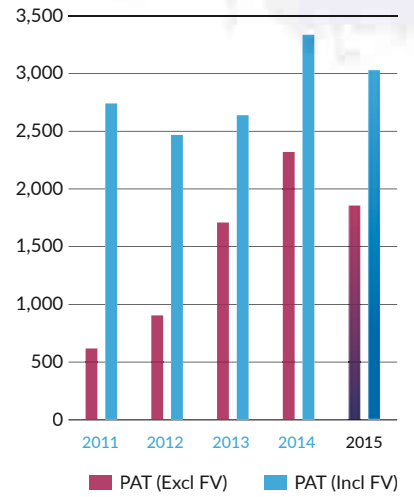
3.44Rs
Earning Per Share

32,274Mn
Total Assets

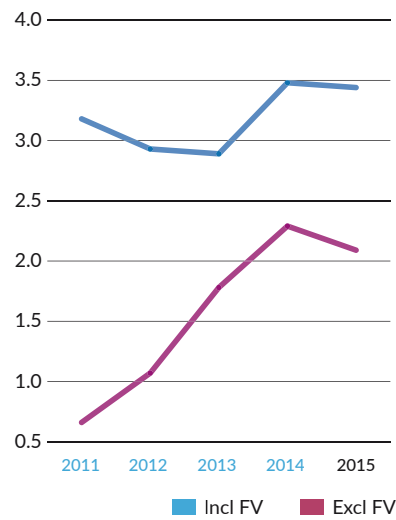
Group Revenue (Rs Mn)



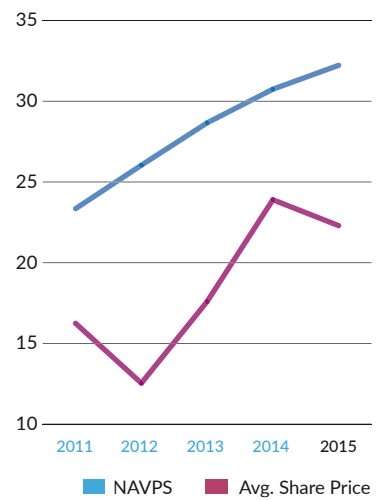
Group Profit After Tax (Rs Mn)



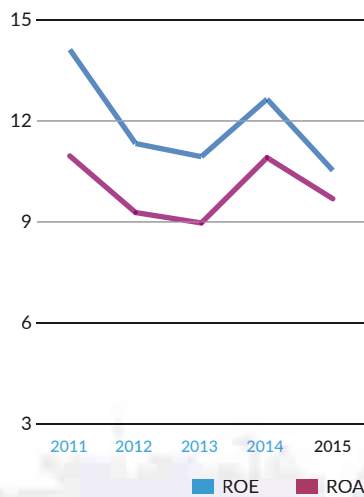
Earning Per Share (Rs)



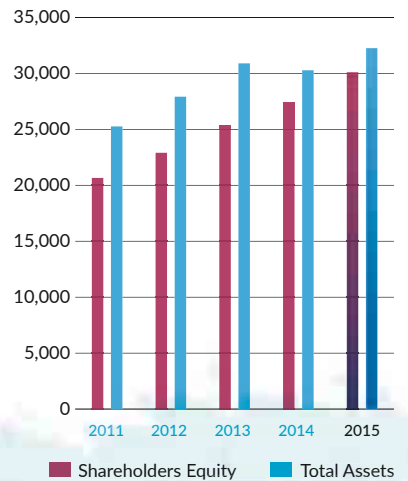
NAVPS and Avg Share Price (Rs)



ROE and ROA (%)



Shareholders Equity and Total Assets (Rs Mn)





“Since the inception 20 Years ago the World Trade Center has been the “Best Business Address” in Colombo, with unmatched built quality, facilities, services and an unique location in the Central Business District.”

Chairman’s Review

It gives me great pleasure to present this Annual Report and Statement of Account for the Year Ended 31st December 2015. On behalf of the Board of Directors, I am pleased to welcome my fellow Shareholders to the 34th Annual General Meeting of Overseas Realty (Ceylon) PLC.

I am happy to report the noteworthy results your Company recorded for the year under review. The Company individually recorded its highest Turnover and highest Net Profit after Tax.

Economic Background

The Country’s Gross Domestic Product (GDP) recorded a growth of 5.5% in 2015, compared to 7.4% in 2014. Interest rates and Inflation remained in single digits although the Sri Lanka Rupee depreciated by 9% against the US Dollar. The Service Sector which contributes close to 60% of the total GDP has shown an average growth

of 6.8% between 2009 – 2015. The performance of the Company within this macro-economic environment is commendable.

Financial Performance

The Company Revenue of Rs 1.9 Bn, was 11% higher than last year, with higher Rental Revenue from the World Trade Center. Consequently the Company recorded its highest Rental Revenue. However the Group Revenue of Rs 3.1 Bn was 49% lower than last year due to lower Revenue recognized from Apartment Sales. As a result, the Group Profit after Tax of Rs 3 Bn was 9% lower than last year.

World Trade Center Colombo (WTC)

Since the inception 20 Years ago the World Trade Center has been the “Best Business Address” in Colombo, with unmatched built quality, facilities, services and an unique location in the Central Business District.

Building maintenance and energy management remains priority areas in coming years. The Company has taken measures to upgrade the standby power capacity, to facilitate uninterrupted power supply during main grid power failure. Further the Company is in the process of upgrading the systems in the building and implementing a modernization program within the next two years.

Havelock City Residential Development

Havelock City is an integrated mixed use real estate development, comprising Residential and Commercial components.

During the year 2015, the remaining revenue recognized from the Sale of Apartments of Phase 2 amounted to Rs 974 Mn., Marketing of Phase 3 which was put on hold during 2015 was re-launched in March 2016.

In order to expedite the construction of the remaining Residential stages, Phase 3 and Phase 4 would be developed simultaneously. Phase 3 construction is planned to commence in May 2016.

Commercial Development

The Commercial Development is being redesigned comprising a Shopping Mall and one Office Tower on a land extent of 5 acres. The single office tower will be the dominant feature of the scheme and will provide an Iconic land mark in the vicinity. This would cater to the growing demand for quality office space in Colombo.

The Shopping mall will have a fusion of retail, F & B and entertainment and will cater to the expected growth in Colombo's retail market with rising disposable incomes and tourist expenditure.

The Future

Sri Lanka is emerging as one of the region's key business destinations, with retail, tourism, property and service sectors expected to grow over the next few years.

Your Company is well placed to be a direct beneficiary of the expected political stability, economic growth and business confidence in the Country. Whilst we have recorded steady growth up to 2015, the Company will endeavor to explore property related opportunities to maximize shareholders value.

Dividend Payout

A first and final dividend of Rs 1.50 per share is recommended by the Board of Directors for the year ended 31st December 2015.

Appreciation

I would like to place on record my gratitude to our Board of Directors and Employees who worked tirelessly to achieve our targets during the year 2015. Our Shareholders are our strength and I would like to thank our valued Shareholders for their confidence and continued support in the success of your Company.



S.P. Tao

Chairman

25th February 2016

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) PLC (ORC PLC), 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 any commercial development in the country. 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 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. He was the Chairman of HZ Cassim & Co Shipping Agents from 1963 to 1971 till he relocated to Singapore. 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. She received her MBBS from University College London in 1972 and MRCP (UK) in Pediatrics in 1975. She however gave up medical practice to join the Shing Kwan Group in 1977 where she has been actively involved in all aspects of the Group's property portfolio encompassing the residential, commercial and retail sectors through its controlling interest in Singapore Land Limited (until 1990), P T Jakarta Land (until 2005) and ORCPLC. Mrs. Ong participated in the Advanced Management Program in Harvard Business School in 1983.

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

Mr. Yap Boh Pin

Mr. Yap Boh Pin was appointed as a non-executive Director of the Company on April 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 from November 1996.

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 Chartered 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, Asia Mobile Holdings Pte Ltd and STT Communications (Beijing) Co Ltd (both are private subsidiaries 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, Lereo Bio-Chem Ltd, serving as Chairman of its Audit Committee and member of its Nominating 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 an Honorary Council Member of the Singapore HokkienHuay Kuan and a member of the Audit Committee of the Chinese Development Assistance Council. He is also a Director of Anglo-Chinese School (International) and chairman of its finance Sub Committee.

Profiles of Directors

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 the President of the Sri Lanka Banks Association and the 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.

She was the Chairperson of the LOLC Group of Companies and the Browns Group of Companies. She is presently the Chairperson of Subsidiaries of Browns Group of Companies. She is also a Director of Eastern Merchants PLC and a trustee of the National Trust of Sri Lanka.

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 is also the Chairman of the Audit Committee of the Company.

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 of U.K. Returning to Sri Lanka, he became a member of the Institute of Chartered Accountants of 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. En Ping Ong

Mr. En Ping Ong was appointed to the Board of Directors of the Company on 18th January 2010. Mr. Ong graduated from Harvard University with a BA (Hons) in Applied Mathematics and later attended the Graduate School of Business at Stanford University for his MBA. He has a background in Investment Banking and is focused on growing the real estate business of Shing Kwan Group.

Mr. Leslie Ralph de Lanerolle

Mr. Ralph de Lanerolle joined the Board of Directors of ORC PLC on 3rd June 2010. Mr. de Lanerolle has over 50 years of work experience in both in the public and private sectors, where he has held senior management positions.

A Chartered Engineer, Mr. de Lanerolle holds a Bachelor's degree in Civil Engineering (First Class Honours) from the University of Ceylon (1965) and a Master's degree from the University of Waterloo, Ontario, Canada (1968). He is a member of the Association of Professional Bankers of Sri Lanka, a Fellow of the Economic Development Institute of the World Bank, Washington and a Honorary Life Member of the Institute of Engineering Sri Lanka.

Mr. De Lanerolle has worked primarily in the field of Project Finance and Management, undertaking assignments in diverse sectors of the economy, especially in the financial services, real estate and property, tourism, hotel and transportation sectors. In an individual capacity, he has served as Consultant to several private companies, providing project related advisory services from pre-investment to implementation.

Mr. de Lanerolle is currently, a Director of ORCPLC and its group companies Mireka Capital Land (Pvt) Ltd and Mireka Homes (Pvt) Ltd. He has also served, and continues to serve, on the Board of Directors of several private and public listed companies.

Mr. Tissa Kumara Bandaranayake

Mr. Tissa Bandaranayake was appointed to the Board of directors of ORC PLC as a non-executive independent director on 19th May 2011 and he is also a member of the Audit and Remuneration Committees. A Fellow member of the Institute of Chartered Accountants of Sri Lanka Mr. Tissa Bandaranayake also holds a B.Sc. degree from the University of Ceylon.

Mr. Bandaranayake retired from Ernst & Young as senior Partner in 2009 after 27 years of Service. He is a Past Chairman of the Audit Faculty and the current Chairman of the Quality Assurance Board established by the Institute of Chartered Accountants of Sri Lanka comprising senior professional representatives from both the private sector and State Regulatory bodies.

Mr. Bandaranayake presently serves as an independent Director of Nawaloka Hospitals PLC, Samson International PLC, Laugfs Gas PLC, Renuka Foods PLC, Renuka Holdings PLC, Micro Holdings Ltd, Harischandra Mills PLC and Brown & Company PLC. He also serves as a Consultant to the Board of Noritake Lanka Porcelain (Pvt) Ltd.

Dr. Ranee Jayamaha

B.A. (Hons) (University of Ceylon, Peradeniya, Sri Lanka), MSc (University of Stirling, U.K.), PhD (University of Bradford, U.K.), DUniv (University of Stirling, U.K.)

Dr. Ranee Jayamaha was appointed to the Board of Directors of the Company as an Independent Non-Executive Director on 15th March 2013,

Dr. Ranee Jayamaha is currently a Council member of the University of Colombo and the Lead Consultant for South Asia Region for the World Bank Group. She was the Chairperson of Hatton National Bank Plc., HNB Assurance PLC and Sithma Development (Pvt) Ltd. Dr. Jayamaha had been the Deputy Governor in charge of Financial System Stability of the Central Bank of Sri Lanka from 2004 up to her retirement at end of May 2009. She has over 40 years

of extensive experience in the field of economics, banking, finance, regulation and administration, having held a number of positions in the Central Bank and outside.

On release from the Central Bank, she has served as Secretary – Presidential Commission on Finance & Banking, Advisor_Financial Sector Reform Committee, Ministry of Finance and Special Advisor (Economic) – Commonwealth Secretariat, London, UK.

She has been a member of the Security & Exchange Commission of Sri Lanka, the Insurance Board of Sri Lanka, the Chairperson of Credit Information Bureau of Sri Lanka and the National Payments Council. Dr. Jayamaha has been a Member of the Working Group on General Payment System Development of the Bank for International Settlements, Member of the Global Payments Forum, Member of the Advisory Panel of the G-8 Remittance Working Group and Member of the Expert Panel of the Safeguard Assessment Policy Review 2010 of the IMF. She had been providing advisory services to a number of International Financial Institutions and Central Banks in the Region.

Mr. Pravir Samarasinghe

Mr. Pravir Samarasinghe was appointed to the Board of Directors of the company with effect from 31st March 2014.

He is the Group Chief Executive Officer of Overseas Realty (Ceylon) PLC since his appointment on 10th March 2011 and prior to which he held the post of Group Director / COO of a diversified conglomerate.

He has 30 years of professional and commercial experience and has served on the Board of Directors of several public listed and unlisted Companies. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants UK and holds a Masters Degree in Business Administration.

He is the Chairman of the EFC Affiliated Group of Companies and Condominium Developers Association of Sri Lanka. He is also a Committee member of the Ceylon Chamber of Commerce and Employers Federation of Ceylon. He was former Chairman of the Sri Lanka Institute of Directors, Industrial Association of Sri Lanka and Past President CIMA Sri Lanka Division and former Council member CIMA Global.

With over 750,000 Sq.ft of Prime office & Commercial space located in the heart of the central business district, surrounded by Banks, Hotels and Government Institutions with panoramic views of the city, Sea and Colombo Harbour, **the World Trade Center** Colombo is the best business address in Sri Lanka.

MANAGEMENT
**DISCUSSION AND
ANALYSIS**







Management Review

Property Leasing

Revenue	Profit Before Tax
Rs. 1,962 Mn 2015	Rs. 2,890 Mn 2015
Rs. 1,764 Mn 2014	Rs. 2,480 Mn 2014
Assets	Liabilities
Rs. 28,798 Mn 2015	Rs. 1,359 Mn 2015
Rs. 26,231 Mn 2014	Rs. 1,339 Mn 2014

“Despite being in operation for over 20 years, the WTC Colombo is unmatched as a commercial building in terms of built quality, facilities and service available.”



World Trade Center Colombo

The World Trade Center (WTC) Colombo monumental high rise, is nationally recognized as the best business address in Sri Lanka. Despite being in operation for over 20 years, the WTC Colombo is unmatched as a commercial building in terms of built quality, facilities and service available.

The revenue from leasing increased by 11% to reach 1.9 Bn in 2015. This was conceivable with higher Rental Rates and maintenance of high Occupancy. Consequently, the company was able to increase the rental yield to 8.7% in 2015 compared with previous year 8.2%. Further the Operating Profit Margin excluding fair value gain also increased from 68% to 71%.

To enable sustainable growth in revenue and profits, WTC Colombo will strive to retain high Occupancy and Rental Rates. The prevailing global and local economic uncertainty combined with the higher rental rates of WTC will make 2016 a challenging year.

We are in the process of upgrading the WTC’s standby power generator capacity to support all building services excluding air-conditioning. With this upgrade all building services including all elevators, escalators, tenants’ and common area lighting and power, air circulation and life support systems will be fully functional even in the event of total failure of the national grid.

In addition, a complete building refurbishment and modernization program is in progress to uplift the functionality of building services, aesthetics, and modernization of systems to serve our tenants and visitors more efficiently.

The Company was recognized as the Leader of the Land and Property Sector 2014 / 2015 at the CIMA LMD 100 Awards Ceremony.



Management Review

Property Trading

Revenue	Profit Before Tax
Rs. 974 Mn 2015	Rs. 112 Mn 2015
Rs. 4,329 Mn 2014	Rs. 949 Mn 2014
Assets	Liabilities
Rs. 4,571 Mn 2015	Rs. 791 Mn 2015
Rs. 5,249 Mn 2014	Rs. 1,480 Mn 2014

“The Havelock City project would contribute to the changing real estate market in Sri Lanka whilst creating value to our shareholders.”



Havelock City

Havelock City is an integrated mixed use real estate development project, comprising Residential and Commercial components. On completion the project would consist of 8 Residential Apartment Towers, a Shopping Mall and an Office Tower offering A Grade Office Space along with a Serviced Apartment.

The state of the art Clubhouse, the largest in Sri Lanka with recreational facilities including a gymnasium, swimming pools and Jacuzzi for the residents along with squash courts, an entertainment lounge, a restaurant and banquet halls for the use of the residents and the public alike is fully operational.

Revenue of Rs 974 Mn was recorded from Sale of Apartments from the remaining stock of Phase 2. Only 3 Penthouses of Phase 2 are available in inventory as at end of 2015. With a committed sale of 48 units out of 304

units, marketing of Phase 3 was put on hold during 2015 and re-launched in March 2016.

Construction of the remaining Phases of Havelock City residential is being expedited with simultaneous development of Phase 3 & 4. Construction is expected to commence in April 2016.

The skyline of Colombo has been changing continuously since 2009, with the conclusion of the three decade-long civil war, and the resultant political and economic stability and growth. The Havelock City project would contribute to the changing real estate market in Sri Lanka whilst creating value to our shareholders.



Management Review

Property Services

Revenue	Profit Before Tax
Rs. 167 Mn 2015	Rs. 21 Mn 2015
Rs. 74 Mn 2014	Rs. 10 Mn 2014
Assets	Liabilities
Rs. 58 Mn 2015	Rs. 54 Mn 2015
Rs. 32 Mn 2014	Rs. 20 Mn 2014

“The continuous development and maturity of the Commercial and Condominium property market will create a demand for outsourced professional real estate service providers.”



Property Services and Trading

The Company continues to be the market leader in providing property related services in the Country with more than 5 Mn sq.ft of prime commercial and residential properties under its management. During the last three years the sector broadened its range of services offered with property and development management, agency to advisory services. The Company was awarded the Facilities Management contracts for two more leading establishments during 2015.

The demand for real estate assets in Sri Lanka has shown significant growth in the past few years. The continuous development and maturity of the Commercial and Condominium property market will create a demand for outsourced professional real estate service providers.

The Sector recorded a growth of 126% over the previous year to register a revenue of Rs 167 Mn.

The Company's agency and consultancy services also gradually grew on the sound momentum laid during last two years.

Trading

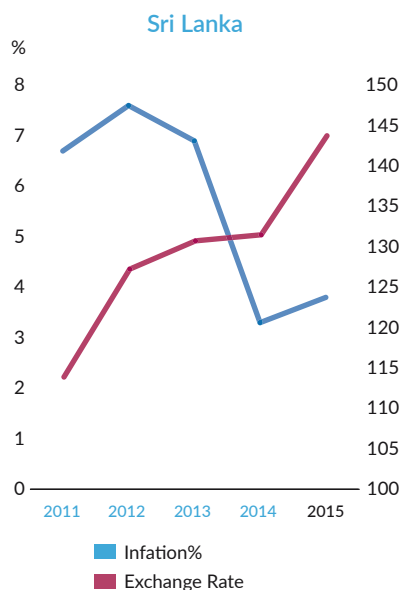
During the year under review, Realty Management Services (Pvt) Ltd the exclusive distributor in Sri Lanka for NVC Lighting continued to grow its market presence and secure important jobs. NVC is the largest manufacturer of lighting solutions in China ranging from Indoor, Outdoor to Decorated Lighting. We are confident that this high quality brand will grow with the development of the real estate and infrastructure sector.

Financial Review

The Economy

The Sri Lanka economy in 2015 recorded an Annual Gross Domestic Product (GDP) growth of 5.5% compared to the growth of 7.4% in 2014, whilst annual average inflation was 3.8%. Interest rate remained in single digits, however there was an increasing trend towards the later part of the year. During the year the Central Bank decided to allow greater flexibility in determination of the exchange rate, consequently, Sri Lanka Rupee depreciated by 9% against the US Dollar during the year.

Within this challenging macro-economic conditions, the Group showed worthy performance for the year under review.



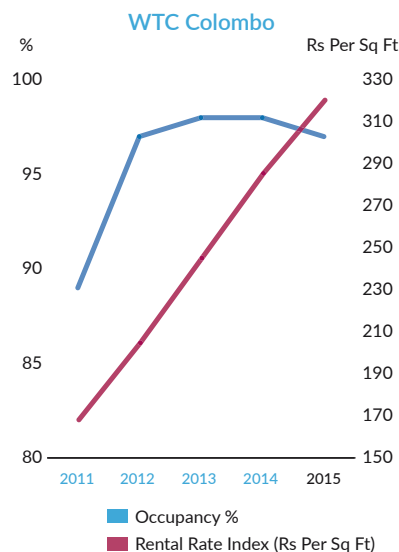
Revenue

During 2015, Group Revenue of Rs 3,141 Mn was 49% lower than last year due to lower revenue recognized from Apartment sales. The main sources were derived from Overseas Realty (Ceylon) PLC; through leasing of office space at the World Trade Center (WTC) Colombo, Mireka Homes (Pvt) Ltd (MHL); through the sale of condominium units at Havelock City (HC) and Realty Management Services (Pvt) Ltd (RMS); through property servicing, agency commission and trading of imported lighting solutions.

The revenue from renting spaces at WTC grew by 11% to 1,962 Mn, which resulted from the increase of rental rates while the average occupancy remained similar to last year at around 98%.

Revenue of MHL from the sale of condominium units amounted to Rs 973 Mn, a decrease of 78% over the previous year due to lower revenue recognized from Apartment Sales of Havelock City.

RMS contributed Rs 167 Mn (2014 Rs 74 Mn) to the group revenue which included Rs 85 Mn (2014 Rs 37 Mn) from property services and Rs 18 Mn (2014 Rs 15 Mn) from agency commission and Rs 64 Mn (2014 Rs 23 Mn) from trading of imported lighting solutions.



Operating Expenses

The Company's operating expenses for the year of Rs 583 Mn, was only 1% more than last year, with stringent cost control measures adopted by the company.

Group operating expenses including expense incurred on marketing were Rs 853 Mn, which was an increase of 14%, due mainly to operating expenses of RMS.

Gross Profit

Group Gross Profit of Rs 1,940 Mn was 19% lower than last year. Gross Profit from property leasing of the WTC Colombo was Rs 1,587.5 Mn, an increase of 14% over the previous year due mainly to increase of rental rates. Gross Profit from the sales of apartments at Havelock City was 321Mn, which was a decrease of 69% over the previous year, due mainly to lower revenue recognized from apartment sales of Havelock City.

Operating Profit

The company operating profit (Excluding fair value gain) of 1,426 Mn, was 15% higher than last year. Operating profit margin (Excluding fair value gain) also improved to 71% from 68% due mainly to higher rental rates and stringent cost control measures.

Finance Income and Finance Expenses

Group Finance income of Rs 182Mn, shows a decrease of 3% over the previous year. However excluding SLFRS adjustments, it is an increase of 13%.

The company has recorded a cost of Rs 3 Mn (2014 – 27 Mn) as fair value adjustment on Rental Deposits, adhering to SLFRS requirements.

Profit Before Tax (PBT)

Group Profit Before Tax of Rs 3,073 Mn was 9% lower than the previous year, with lower Revenue and Gross Profit.

Taxation

The income tax expense of the Group and the Company were Rs 42 Mn and 23 Mn respectively. In addition since the Group net Profit in 2013 exceeded Rs 2 Bn, the company and its subsidiaries paid Super Gain Tax of Rs 49 Mn during the year. This was accounted against retained earnings in the equity statement in accordance with the Statement of Alternative Treatment on accounting for Super Gain Tax issued by the Institute of Chartered Accountants of Sri Lanka, on 24 November 2015.

Cash and Borrowings

The Group's cash and short term investment as at 31st December 2015 were Rs 4,527.7 Mn (2014 – Rs 3,325

Mn) which consist of Rs 977 Mn received through the Right Issue during the year, hence excluding the Right Issue the group was able to grow the cash and short term investments by 7% during the year.

The Group's total borrowing was Rs 96 Mn (2014 – Rs 1,082 Mn), during the year the company's subsidiary Mireka Homes fully settled the loan obtained for the HC Residential Development and the remaining Rs 96Mn was SRCC & Terrorism soft loan obtained from Bank of Ceylon.

Net Assets

As at 31st December 2015 the Net Asset Value Per Share was Rs 32.22 (2014 – Rs 30.74) which increased by 5% over the previous year.

Earnings Per Share

The Group Earnings Per Share for the year 2015 was Rs 3.44 (2014 – Rs 3.48) which is a decrease of 1% over the last year.

Price Earnings Ratio

The Price Earnings ratio of the Company as at 31st December 2015 was 6.7 times (2014-7.6 times)

Dividends

Dividends paid to ordinary share holders was Rs 1.50 (2014 – Rs 1.45). The directors have proposed a dividend of Rs 1.50 to the ordinary share holders for the year ended 31st December 2015.

Solvency

Section 56 of the Companies Act no 07of 2007 requires that a solvency test be carried out prior to the payment of dividends. A certificate of a solvency from the Auditors was obtained for the proposed dividend payment.

Return on Equity (ROE)

The Group Return on Equity (ROE) for the year 2015 was 11% (2014 - 13%) and the decrease was due mainly to lower sales & profit, from Sale of Apartments.

Financial Review

Assets

The Group total Asset Base increased by Rs 1,998 Mn from Rs 30, 276 Mn in 2014 to Rs 32,274 Mn in 2015. Main increase is from Investment Property which increased by Rs 1,175 Mn with the fair valuation.

Liability

Total Liabilities as at 31 December 2015 of Rs 2,157 Mn was 24% (Rs 683 Mn) lower than the last year, due mainly to settlement of loan obtained for Havelock City Residential Development.

Total Equity

Total Equity increased by Rs 2,681Mn due to the Right Issues of 44,393,914 new ordinary shares each issued at Rs 22/- per share and Retained Earnings for the year ended 31st December 2015.

Net Increase in Cash and Cash Equivalents

During the year 2015 the Group generated Rs 2,368 Mn from Operating Activities, after using Rs 1,857 Mn for Investing and Financing Activities, the Group's Cash and Cash Equivalents increased by Rs 511 Mn.

Accounting Policies

The Financial Statements contained in this report are prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) the requirements of the Colombo Stock Exchange and the Companies Act No 07 of 2007.

An architectural rendering of a modern high-rise building complex. The buildings are tall and feature a grid-like facade with numerous windows. The rendering is presented in a light blue, sketch-like style. The background is a clear, bright blue sky. The text is positioned in the upper right quadrant of the image.

We have made our indelible mark in the evolving skyline of Colombo city through our landmark commercial property, **the World Trade Centre and the urban lifestyle complex of Havelock City.**

Sustainability Report

Group Sustainability Strategy

Growing a sustainable business is our core strategy and corporate responsibility has long been a philosophy at Overseas Realty (Ceylon) PLC. It has been a way to connect with the societies in which we operate, a way to positively contribute to the global fight against global warming and most importantly a way to enrich the lives of our stakeholders. Our efforts towards that end have primarily been motivated by our need to become more sustainable in all aspects of the business.

Management approach driven by integrated sustainability policy

The Group continues to strategically integrate sustainable practices across every aspect of its operation. The Group adopts best practices in economic, environmental and social governance in order to give a better life to all the stakeholders and society.

The Management Approach Outlined

Core Area	Management Approach
Risk and Governance	Corporate governance structure, policies and principles. Risk Management Framework allows the Board of Directors, the Committee of Management, the Audit Committee and the Senior Management of the Group to play an integral role in the process of risk management.
Market Presence and Economic Value creation	Operates in four key operational areas. Property Leasing, Property Trading, Property Management and Trading.
Environmental & Social Sustainability	Environmental and social sustainability policies govern the sustainability efforts and parameters of each of the Company's operational departments. Monitors different key areas such as energy, water usage, recycling water, waste water, solid waste, quality of air, air pollution, sound pollution, transport, and eco system management, social and cultural development involving internal and external stakeholders.
Employee Development, Equal Opportunity & Anti-corruption	Adopts a human development approach that has yielded positive results especially in terms of career development and inculcation of corporate values and ownership that extends beyond the conventional approach. Adopts a policy of innovative training and continuous learning that overcomes the customary barriers to effective learning. Gender equality and equal opportunity governed by Human Resource policy. Anti-corruption training extended to all employees with honesty being a key corporate value.
Sustainable Purchase and Produce	Sustainable supplier policy dictates that suppliers be evaluated and preference given based on their own commitments to sustainable practice. Bulk purchasing is given priority and supplies in returnable containers are encouraged.

Water Management

Recognizing the global water challenge, Overseas Realty (Ceylon) PLC is working internally to continuously improve our operations in order to minimize water consumption while reducing water waste in day to day operations. Further we have implemented a rain water harvesting system to harvest rain water which enables us to use rain water for gardening and fire protection activities. In our Havelock City Project we use internal well water, to maintain large extents of garden.

Biodiversity

Havelock City Project has been designed with a six acre landscaped roof garden which ensures the protection of bio-diversity through the flora and fauna within the project.



Energy Management

Energy Management Policy

The objective of this policy is to improve energy efficiency, optimize energy consumption, reduce operational cost, maximize return on capital investment, reduce environment and greenhouse gas emissions and conserve natural resources.

The Company is continuously focused to minimize the energy consumption through implementation of various energy conservation methods. Our approach is logical, which contains three main steps.

1. Zero cost implementation
2. Efficient retrofits
3. Replacement with state of the art energy efficient equipment.

The reduction of energy consumption without incurring expenditure is zero cost implementation, where the company employees improve the existing plant and the processes in order to enhance the energy efficiency i.e. rescheduling of operational time of central plant equipment, optimization of common area (AHU) operations, etc.

Improvements which are done at a cost in order to enhance the efficiency of the plant and the processes are identified as efficient retrofit i.e. electronic ballasts for car park common area lighting, fixed capacitor installation to AHU motors, installation of Variable Speed Drives (VSD) for high zone chilled water pumps, etc.

Additionally we replaced, high energy consuming chillers, chilled water pumps and condenser water pumps with the objective of reducing energy consumption.

The above practices resulted in the WTC being a true high performance Green Building, with a Gold Certification of Green rating system from Green Building council of Sri Lanka and being awarded the prestigious Gold Flame Award under large scale sector commercial building at Sri Lanka National Energy awards 2014 organized by the Sri Lanka Sustainable energy authority.

Sustainability Report



Achievements

The Company was awarded, the Leader of the Land and Property Sector 2014 / 2015 at the CIMA LMD 100 Awards Ceremony.

The Company was awarded, the Land & Property Sector Bronze Award at the CA Sri Lanka 51st Annual Report Awards Ceremony - 2015.

The Senior Manager Facility Management of the Company was awarded with, the designation of Green Accredited Professional by the Green Building Council of Sri Lanka.

Brands

We understand that customers are seeking more than just a transaction experience, they are looking for the validation of Brand Promises and brand that reflect their own personal value systems. This is the fundamental reason for our offer of two strong brands. Stringent brand guidelines and standards are followed in all external and internal communications, maintaining consistency in delivery of brand promise.

World Trade Center (WTC) is an internationally recognized reputed brand which has been used by 320 WTC building located in over 90 countries worldwide. WTC Colombo is synonymous with quality facilities and services. Our other brand is 'Havelock City' also very unique in Sri Lanka, promising a city within a city with its mixed use integrated property development.



Community

The company places high emphasis on contributing to the communities we operate. In order to fulfill this requirement the company has undertaken a series of initiatives aimed at improving the living environment of the communities around its premises. The group developed and granted the Sama Vihara temple to the Buddhist devotees, which is located within the Havelock City.

We conduct annually four evacuation and fire drills at the WTC building in order to safeguard the tenant, visitors, staff and the neighboring buildings and properties.

Our People

Our Human Resources Department is dynamic in recruiting and maintaining a well talented work force; providing a safe and pleasant work environment is essential for a healthy and productive workforce.



Continuous training, development and career progression opportunities are provided to all categories of employees. A structured performance management system is adopted with half yearly reviews which provides an objective based appraisal system and reward and recognition process.

The company provides medical and surgical insurance policy to cover in house medical treatments to employees and their family. Further, employees are provided personal accident cover in order to claim the accidental permanent and partial disability covering 24 hours of the day. In addition, employees on duty are covered by a workman compensation policy.



In upholding the safety of our employees, efforts have been made to arrange the work place in a safe manner. Accordingly, steps have been taken to improve the cleanliness of the work places. Moreover, sign posts are displayed at all necessary locations to guide the employees and visitors towards desired destinations.

In terms of staff welfare, the key role is played by the Staff Welfare Society which organizes numerous events throughout the year. Few such events are; Annual Trip for the employees and their families at a star class hotel, Sports day, Annual Pirith Ceremony and Annual Get together.

Labor Practices

A fair and sound grievance handling policy and procedure is a pre requisite for good Human Resource practices and for healthy employee - employer relations. This is implemented through the joint consultative committee having employee representatives.

Our grievance practices are aimed at allowing employees to bring to the attention of the Management any dissatisfaction or injustice which may exist at the work place. It is a formal process offering employees of different levels to solve grievance issues and aiding to maintain a fair and cordial working environment.

Non discrimination, child labor and compulsory labor

We consider upholding good standards of human rights in our work place and in all our dealings and hence discrimination, child labor and compulsory labor are avoided.

We believe in the fair treatment of employees regardless of their age, race, gender, position or any other diversity factor. Accordingly, our management and employees are expected to adhere to a strict code of ethics in relation to favourism and all forms of discrimination.

Our stance on labor is to employ individuals over 18 years of age at their own free will. Thus no forced or compulsory labor is entertained at our work place. All recruitments are handled centrally at the Human Resources Division ensuring best practices.

Resignation, Termination and Transfers

Our policy and procedure on cessation of services is clearly laid out in our HR Manual. Employees may resign from the company subject to the terms and conditions set in their appointment letters while retirement age of employees would be at the age of 55.

The company may terminate the services of an employee due to reasons specified in the manual, but should such a situation occur a fair and equitable procedure will be followed.

Compliance with Law and anti corruption

We maintain maximum adherence to all laws applicable within the jurisdiction of Sri Lanka. Our senior management along with the Human Resources Division and Legal Department monitor strict vigilance in this regard.

Risk Management Report

Enterprise Risk Management process

Overview

Risk arises in all our business activities. Risk, in our context, is the component which has the potential to negatively affecting a business or an organization. Its' significance is measured in terms of the probability of occurrence. Therefore it has become mandatory in existence of an integrated risk management frame work which provides the guide line for managing risks.

Risk Management Framework

A Risk cannot be viewed in isolation as it is inter connected and also one aspect might give rise to various other factors. The Overseas Realty Group has a structured risk management process to address different risk categories: Strategic, Operational, Compliance and Financial.

The Board of Directors recognizes that the proper management of risk is a core leadership function that must be practiced throughout the Organization.

Group Internal Audit coordinates the identification and documentation of control risk areas throughout the Group, enhancing the risk management system and monitoring its effectiveness at regular intervals. In addition, during the year-end, the External Auditor issues a Management Letter and informs the Group Management Committee and the Board of Directors of the outcome of these evaluations. These outcome are taken into account in the continuing enhancement of our risk management system. And also, the Audit Committee constantly evaluates risk, its impact and measures taken to manage risk.

The principal aim of the Group's risk management governance structure and system of Internal Control is to manage business and operational risks, with a view to enhancing the value of shareholders' investments and safeguarding assets.

We have put in place a number of key policies, processes and independent controls to provide assurance to the Board on the integrity of our reporting and effectiveness of our systems of Internal Control and risk management.

The following grid summarizes the main risk areas focused by the Group, its ranking and mitigating strategies.

Risk Type	Rank	Factor	Strategies/ Action Plan
Strategic Risk	Low	Risks of not achieving strategic goals and objectives of the company, and variations etc.	Company operates with a clear Business Plan. Company also operates within an approved Annual Budget & variances are reviewed periodically by the Board of Directors.
Fraud Risk	Low	Risks due to inadequate internal controls, processes and systems. Also due to employee abusing entrusted power for private gains leading to misappropriation of assets.	The Board has approved a structured internal control frame work with different levels of delegated authorization. The company applies an independent internal audit mechanism. Comprehensive policy manual covering all major departments, operations and processes are in place.
Legal and Regulatory Framework	Medium	Risks due to changes to tax and other legal regulations including changes in Government policies.	Constant dialogue and lobbying with Regulatory authorities. Monthly scanning of Government bills. The company has retained the services of Tax Consultants, Legal Consultants & a professional Company Secretary for the respective regulatory requirements.

Risk Type	Rank	Factor	Strategies/ Action Plan
Competition	Medium	Risks arising from new Commercial and Residential Developments	Monitoring of existing and new supply of Commercial and Residential Developments. Quarterly competitor Analysis reports.
Construction Costs	Low	Risks from increase in construction material and other costs	Fixed price SLRS contracts are entered into with contractors.
Brand & Reputation	Low	Risks relating to product quality, timely delivery and service standards	Maintaining high product and service quality standards and quality assurance/control systems in project and facilities management. Regular reviews of customer comments and feedback.
Fire	Low	Risks of a fire at the World Trade Center Colombo and Havelock City Residential	Periodic review and maintenance of building fire systems, training of staff on fire protection procedures, obtaining services of a Professional fire consultant and having adequate insurance cover.
Building-Health and Safety	Low	Risk occurring from threats to personal, staff, tenants and general public at World Trade Center Colombo and Havelock City Residential.	The company complies with all Industrial Safety Requirements. Preventive maintenance programs, potable water quality testing and air quality testing etc. are regularly carried out. Specialized equipment and life support systems maintained by qualified professionals.
Technology Risk	Low	Risks occurring from failure to absorb Technological advancements.	The company has its own engineering maintenance teams abreast with latest technology. Continuous updating & implementation of Energy Efficiency Projects.
Foreign Currency	High	Risks from foreign currency borrowing for the Havelock City Project	Construction contracts are entered into in Sri Lankan Rupees (LKRS). Some apartment sales are contracted in USD. Estimated Currency fluctuation is factored into cost of development. Exchange rate movements are constantly monitored.
Interest Rate	Medium	Risks relating to Interest Income and Cost of Borrowings	Monitoring and management of cash flows daily. Negotiating favorable rates and terms on borrowings and deposits. Borrowing at fixed rates.
Credit Recovery	Low	Non recovery of receivables	Regular trade debtor balance review and follow-up. Contractual obligation which allows the company to Adequate refundable deposits are collected from lessees of leased property. repudiate a unit whilst retaining 10% of purchase price. Contractual obligation to release assets only upon full payment is made for relevant Property.

Corporate Governance Report

Corporate Governance

Corporate Governance at Overseas Realty (Ceylon) PLC encompasses promoting corporate impartiality, transparency and accountability in directing and controlling the company. All structures, principles and policies are focused on ensuring that the company is governed in a manner that safeguards the best interest of all stakeholders and this report aims to provide the details of how this is done in practice.

Company's Brief and Commitment Towards Corporate Governance

We firmly believe that good Corporate Governance is not only the fundamental in ensuring that the company is well managed in the interest of all its stakeholders, but is also essential to attain long term sustainable growth. Corporate Governance is of utmost importance in driving the company towards its high standards of managing the company in an ethical, efficient and effective manner whilst fostering an entrepreneurial culture.

Compliance with Corporate Governance Codes

Overseas Realty (Ceylon) PLC's practices are consistent with the requirements given in the code of best practice on Corporate Governance issued jointly by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC) as well as Rule Number 7.10 of Listing Rules issued on Corporate Governance by the Colombo Stock Exchange (CSE). The principles set out in these codes have been adopted by us to shape our corporate governance stance.

Statement of Compliance

Overseas Realty (Ceylon) PLC is fully compliant with the code of Best Practice on corporate governance issued jointly by CA Sri Lanka and SEC. In addition, we have achieved the status of being 'fully compliant' with the applicable section of the listing rules, issued on corporate governance by the SEC.

Our status of compliance with each section of the code of best practices on corporate governance issued jointly by CA Sri Lanka and SEC appears on pages 37 to 46. We have also included a table which summarizes the status of compliance with Rule No 7.10 and 7.6 of the listing rules of the CSE, on pages 32 to 36.

Board of Directors

The Company's commitment to uphold highest standards of corporate governance is driven by the Board of Directors which is led by the Chairman, assumes overall responsibility for the governance of the company. Each Director identifies himself/herself with a duty to act in good faith and in the best interest of the Company. The Board is responsible for the shareholders for creating and delivering sustainable shareholder value through management of business activities.

Role of Board of Directors

The fundamental role of the Board is to provide entrepreneurial and coherent leadership within a framework of prudent and efficient controls, which enables risks to be assessed and managed. The Board has the final decision making authority and directs the management team to uphold highest level of integrity, function in compliance within the applicable rules and regulations and delegate the necessary authority to fulfill their job responsibilities. Each Director has unrestricted access to information and services of Senior Management and the Company Secretary. Prior notices are given to the Directors regarding board meetings. The Board papers are circulated well in advance so that all directors could actively deliberate and contribute to the Board proceedings.

Board Composition

The Board portrays a balance between Executive and Non-executive Directors each of whom bring a strong and in-depth mix of knowledge, business skills and experience to the Board's deliberation. By the end of the year there were eleven directors in the Board. Out of

them ten directors are non-executive and five of them are considered as independent.

Please refer pages 8 to 11 for profile of the members of the Board of Directors.

Attendance of the Board Meeting

The number of meetings of the Board and individual attendance by members are as follows:

Name	Directorship Status	Meetings Attended/ Meetings Eligible to Attend
Mr S P Tao	Non-Executive	0/4
Mrs Mildred Tao Ong	Non-Executive	4/4
Mr Yap Boh Pin	Non-Executive	4/4
Mr En Ping Ong	Non-Executive	4/4
Mr H Z Cassim	Independent Non-Executive	4/4
Mr A M De S Jayaratne	Independent Non-Executive	4/4
Mr L R de Lanerolle	Non-Executive	4/4
Mrs R Nanayakkara	Independent Non-Executive	4/4
Mr T K Bandaranayake	Independent Non-Executive	4/4
Dr Ranee Jayamaha	Independent Non-Executive	4/4
Mr Pravir Samarasinghe	Executive Director	4/4

Re-election

According to the provisions of the Articles of Association of the Company, The Board possesses the power to appoint any person, at any time, as a Director, either to fill a casual vacancy or as an additional member of the Board. Any director so appointed, shall hold office until the next Annual General Meeting where he/she is then eligible for re-election.

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

Directors' Remuneration

Please refer to pages 42 and 43 under Section B for information relation to the remuneration procedure and page 110 for the details on Directors' remuneration.

Corporate Governance Report

The disclosures below demonstrate the Company's adherence to Corporate Governance Rules as set out under Section 7.10 and the disclosure in the Annual Report under Section 7.6 of the Listing Rules of the Colombo Stock Exchange.

Rule No.	Corporate Governance Rule	Compliance Status	Details
7.10.1 Non-Executive Directors			
(a)	The Board of Directors of a listed entity shall include at least; <ul style="list-style-type: none"> a. Two Non-Executive Directors; or b. One third of the total number of Directors, whichever is higher should be Non- executive Directors. 	Complied with	As at the conclusion of the immediately preceding AGM all ten (10) Directors on the Board functioned in the non-executive capacity.
(b)	The total number of Directors is to be calculated based on the number as at the conclusion of the immediately preceding Annual General Meeting.	Complied with	The total number of directors was eleven (11) as at the conclusion of the immediately preceding AGM.
(c)	Any change occurring to this ratio shall be rectified within ninety (90) days from the date of change.	Not Applicable	
7.10.2 Independent Directors			
(a)	Where the constitution of the Board of Directors includes only two Non-Executive Directors, both such Non-Executive Directors shall be independent. In all other instances two or one third of non-executive Directors, whichever is higher, shall be 'independent'.	Complied with	As at the conclusion of the immediately preceding AGM, five (5) out of ten (10) Directors were independent. As at 31st December 2015 Five (5) out of eleven (11) directors were independent.
(b)	Each Non-executive Director should submit a signed and dated declaration annually of his/ her independence/non-independence in the prescribed format.	Complied with	All Non-Executive Directors have submitted the declaration in the prescribed format.
7.10.3 Disclosure Relating to Directors			
(a)	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.	Complied with	Please refer note * on page 36 of this Report.

Rule No.	Corporate Governance Rule	Compliance Status	Details
(b)	The basis for the Board to determine a Director is Independent, if criteria specified for independence is not met.	Complied with	Please refer note * on page 36 of this Report.
(c)	A brief resume of each Director should be included in the Annual Report and should include the Director's areas of expertise.	Complied with	Please refer "Profiles of Directors" on pages 8 to 11 of this Report
(d)	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.	Not Applicable	
7.10.5 Remuneration Committee			
	A listed entity shall have a Remuneration Committee.	Complied with	Please refer page 47 of this Report.
(a)	The Remuneration Committee Shall comprise of ; a. A minimum of two Independent Non- executive Directors (in instances where an entity has only two directors) or' b. Non-Executive directors, a majority of whom shall be independent.	Complied with	The Committee consists of Five Members, all of whom are Non- executive Directors, out of whom a majority are independent.
	One Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors.	Complied with	The Chairman of the Remuneration Committee is a Non-Executive Director.
(b)	The Remuneration Committee shall recommend the remuneration of the Group Chief Executive Officer and Executive Directors.	Complied with	Please refer Remuneration Committee report on page 47 of this Report which set out the functions of the Committee.
(c)	The Annual Report should set out: a. Names of Directors comprising the Remuneration Committee b. Statement of remuneration policy c. Aggregate remuneration paid to Executive & non-executive Directors.	Complied with Complied with Complied with	Please refer Remuneration Committee report on page 47 of this Report.
7.10.6 Audit Committee			
	A listed entity shall have an Audit Committee.	Complied with	Please refer pages 48 and 49 of this Report.

Corporate Governance Report

Rule No.	Corporate Governance Rule	Compliance Status	Details
(a)	The Audit Committee Shall comprise of		
	a. A minimum of two independent Non- Executive Directors (in instances where an entity has only two directors) or,	Complied with	Audit Committee consists of five Non-executive Directors four of whom are independent.
	b. A majority of Non-executive Directors shall be independent;		
	One non-executive Director shall be appointed as the Chairman of the Committee by the Board of Directors.	Complied with	Chairman of the Audit Committee is a Non-executive Director.
Group Chief Executive Officer and Chief Financial Officer should attend Audit Committee Meetings.	Complied with	The Group Chief Executive Officer and the Chief Financial Officer attends the meetings by invitation.	
	The Chairman of the Audit Committee or one member should be a member of a recognized professional accounting body.	Complied with	Chairman and Two other members of the Audit Committee are Chartered Accountants with a vast knowledge on Financial reporting and compliance.
(b)	Functions of the Audit Committee shall include:		
	a. Overseeing of the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with SLFRS/LKAS.	Complied with	Please refer Audit Committee Report on pages 48 and 49 of this Report for the functions of Audit Committee.
	b. Overseeing of the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.	Complied with	
	c. Overseeing the process to ensure that the internal controls and risk management processes are adequate to meet the requirements of the SLFRS/LKAS.	Complied with	
	d. Assessment of the independence and performance of the external auditors.	Complied with	
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.	Complied with		

Rule No.	Corporate Governance Rule	Compliance Status	Details
(c)	Names of Directors comprising the Audit Committee should be disclosed in the Annual Report.	Complied with	
	The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination.	Complied with	Please refer the Audit Committee Report on pages 48 and 49 of this Report
	The Annual Report shall contain a Report by the Audit Committee, setting out the manner of compliance in relation to the above.	Complied with	
7.6	Disclosure in the Annual Report		
	All listed entities must include in its Annual Reports and accounts, inter alia;		
	a. Names of persons who were directors of the entity during the year.	Complied with	Please refer Corporate Information on inner back cover of this Report.
	b. Principal activities of the entity and its subsidiaries during the year and any changes therein.	Complied with	Please refer page 52 of the Board of Directors Report.
	c. Names and the numbers of shares held by the 20 largest voting and non-voting shareholders and percentages.	Complied with	Please refer page 122 of this Report.
	d. Public Holding percentage	Complied with	Please refer page 123 of this Report
	e. A statement of each director's holding and chief executive officer's holdings in shares of the entity at the beginning and end of each year.	Complied with	Please refer page 121 of this Report.
	f. Information relating to material foreseeable risk factors of the entity.	Complied with	Please refer pages 28 to 29 of this Report.
	g. Details of material issues pertaining to employees and industrial relations of the entity.	N/A	No material issues pertaining to employees and industrial relations.
	h. Extents, locations, valuations and other number of buildings of the entity's land holding and investment property.	Complied with	Please refer pages 86 and 124 of this Report.
	i. Number of shares representing the entity' stated capital	Complied with	Please refer pages 120 and 99 of this Report.
	j. A distribution schedule of the number of holders in each class of equity security and the percentage of their total holdings in the specified categories.	Complied with	Please refer page 120 of this Report.

Corporate Governance Report

Rule No.	Corporate Governance Rule	Compliance Status	Details
	k. Following ratios and market price information. <ol style="list-style-type: none"> 1. Dividend per share 2. Dividend pay out 3. Net asset value per share 4. Market value per share Highest and the lowest value recorded. Value as at the end of the year. 	Complied with	Please refer pages 119 to 120 of this Report.
	l. Significant changes in the entity's or its subsidiary's' fixed asset and the market value of land, if the value differs substantially from the book value	Complied with	Please refer Note 5 to the Financial Statement on page 86 of this Report.
	EMPLOYEE SHARE OPTION SCHEMES. <p>m. All Following information shall be disclosed in the Annual Report of the listed entity in respect of each ESOS;</p> <ul style="list-style-type: none"> - number of options granted to each category of employees, during the year. - total number of options vested but not exercised by each category of employees during the financial year. - total number of options exercised by each category of employees and the total number of shares arising there from during the financial year. - options cancelled during the financial year and the reasons for such cancellation. - the exercise price. - a declaration by the directors of the entity confirming that the entity or any of its subsidiaries has not directly or 	Complied with Complied with Complied with Complied with	Please refer page 53 of the Board of Directors Report.

*Note.

Mr. H.Z Cassim who was appointed as a Non-Executive Director on 12.04.1991, continues to be a Non-Executive, Independent Director of the Company amidst his tenor in office exceeding nine years. Mrs. Rohini L. Nanayakkara was appointed to the Board as a Non-Executive Independent Director on 20.05.2004, continues to be a Non- Executive, Independent Director of the Company amidst her tenor in office exceeding nine years. Mr. Ajit M. De S. Jayaratne was appointed as a Non-Executive Director on 10.10.2005, continues to be a Non-Executive Independent Director of the Company amidst his tenor in office exceeding nine years. Mr. Tissa K. Bandaranayake was appointed as a Non-Executive Independent Director to the Board on 19.05.2011 and Dr. Rane Jayamaha was appointed as a Non-Executive Independent Director to the Board on 15.03.2013.

Mr. Pravir Samarasinghe was appointed to the Board as an Executive Director on 24.04.2014.

Mr. S. P. Tao, the Chairman of the Company, Mrs. Mildred Tao Ong, Mr. Melvin Yap Boh Pin and Mr. En Ping Ong represent the parent Company Shing Kwan Group which hold more than 50% of shares of the Company.

Mr. Ralph De Lanerolle who was appointed to the Board on 03.06.2010 is also an Executive Director of Mireka Capital Land (Private) Limited, which is a subsidiary of the Company.

The Board is of the collective opinion that the majority of Non-Executive 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 free and fair judgment.

Code of Best Practice of Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka (SEC) and the CA-Sri Lanka.

Section Number		Compliance Status	Company' Commitment
1 The Company			
A Directors			
A.1 The Board	Every public company should be headed by an effective Board, which should direct, lead and control the Company.	Compliant	The Company is headed by an effective Board. The role of the Board and its members, Board functions, Board procedures and governance activities are discussed in detail from pages 30 to 31.
A.1.1 Regular Board Meetings	Frequency of Board meetings (at least once every quarter)	Compliant	Board meets once every quarter, mainly to review the Company's performance and to determine whether its strategies and business practices are in line with the expectation of the Board. Individual attendance is given on page 31.
A.1.2 Board Responsibilities	Ensure formulation and implementation of a sound business strategy.	Compliant	The Board assumes the primary responsibility for the overall success of the company. The Board is involved in formulating the overall strategy and measuring, that it is implemented by the CEO. The MD/CEO, together with the management team develops corporate strategies, annual budgets and action plans to implement corporate strategies on annual basis. The corporate plan and annual budget are approved by the Board every year and achievement of the objectives set in the plan is monitored closely by the Board.
	Ensure that the MD/CEO and the Management team possess the necessary skills, experience and knowledge for effective implementation of the strategy.	Compliant	The Board actively works to ensure that the CEO and the management team continue to have the right balance of skills, experience and knowledge necessary to discharge their responsibilities in accordance with the highest standards of governance.
	Adapt effective CEO and senior management succession strategy	Compliant	Succession plans are in place for the CEO and for other key managerial positions and are monitored continuously.

Corporate Governance Report

Section Number		Compliance Status	Company' Commitment
A.1.2 Board Responsibilities Contd...	Ensure that effective systems are in place to secure integrity of information, internal controls, business continuity and risk management.	Compliant	Effective systems and procedures are in place to ensure the integrity of information, internal controls and information security. Such systems are continuously monitored by the management, internal and external auditors and at times by independent experts.
	Ensure that the company's activities are conducted in compliance with laws, regulations and ethical standards.	Compliant	The Board has adopted a compliance policy to give direction to the management with regard to compliance activities. The company has also issued a group policy that employees should comply with.
	Ensure that all stakeholder interests are considered in corporate decisions	Compliant	The board ensures that the interest of all stakeholders is considered and safeguarded in making corporate decision.
	Recognized sustainable business development in corporate strategy, decisions and activities	Compliant	The Board recognizes the necessity of sustainable business development in the corporate strategy, decisions and activities. Please refer sustainability report on pages 24 to 27.
	Ensure that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations	Compliant	The company's accounting policies are fully in line with Sri Lanka Accounting Standards (SLFRS/LKAS) which was adopted from the financial year 2013. Further the accounting policies are reviewed annually to be in line with the changing business requirements and best practices in the industry. Please refer independent auditor's report given on page 61.
	Fulfill other Board functions that are vital, given the scale, nature and complexity of the business concerned.	Compliant	The Board takes all its decisions paying due attention to the interest of all stakeholders. The Board also intervenes when necessary, in any other function that is vital given the scale, nature and the complexity of the company's business.
A.1.3 Compliance with Laws and Access to Independent Professional Advice	Act in accordance with the laws of the country and seek professional advice whenever required.	Compliant	The board act in accordance with the laws in the country. The Board has permitted all Directors to seek independent professional advice.

Section Number		Compliance Status	Company' Commitment	
A.1.4	Access to Advice and the Services of a Company Secretary	Advice and Services of the Company Secretary	Compliant	The company secretary, who is an attorney-at-law by profession, is accessible by any Director for the services of the company. The company secretary advises the board and ensures that matters concerning the Companies Act, board procedures and other applicable rules and regulations are followed. She also serves as the secretary to the audit committee and the remuneration committee.
A.1.5	Independent Judgment of Directors	Bring Independent judgment on various business issues and standards of business conduct	Compliant	All directors exercise independent judgment on decisions made by the board on issues of strategy, performance, resource allocation and the conduct of business.
A.2	Chairman and Chief Executive Officer	Chairman and CEO are two different positions and need to be divided responsibilities.	Compliant	The functions of the Chairman and CEO are clearly separated to ensure balance of power and authority.
A.2.1		Disclosure required if the positions of the Chairman and the CEO are combined.	Not Applicable	The positions of the Chairman and CEO are separated.
A.3	Chairman's Role	The Chairman's role in preserving good Corporate Governance	Compliant	The Chairman is responsible for leading the Board and ensuring that it operates under the highest standards of governance.
A.4	Financial Acumen	Availability of sufficient financial acumen and knowledge to offer guidance on matters of finance		The following members of the Board, are knowledgeable and experienced individuals who can provide guidance on matters of finance. All Directors possess qualifications and/or experience in accounting and finance. Mr Melvin Yap Boh Pin, Mr Ajith Mahendra De Silva Jayaratne, Mr Tissa Kumara Bandaranayake are qualified Accountants. Please refer profiles of Directors on pages 8 to 11.
A.5	Board Balance	The Board should have a balance of executive and non- Executive Directors.	Compliant	At the end of the year, the Board comprised eleven Directors and all except the CEO, are non-executive, thereby promoting critical review and control. Please refer Page 8 to 11 of the Profile of Directors.
A.5.1		Presence of non- Executive Directors.	Compliant	Ten of the eleven Board members are Non-Executive, which is in excess of one third of the total number of Directors.

Corporate Governance Report

Section Number		Compliance Status	Company' Commitment
A.5.2	Independent Directors	Compliant	Five Non- Executive Directors are independent, which is in excess of one third of the Non-Executive Directors.
A.5.3	Criteria to evaluate "Independence" of Non- Executive Directors	Compliant	All five independent non-executive directors meet the criteria for independence as per the code of best practices, corporate governance (code) and listing rules and free of business or other relationships that could moderately influence the exercise of their unfettered and independence judgment.
A.5.4	Annual Declaration of Non- Executive Directors	Compliant	All non-executive directors have submitted the declaration of independence or non-independence as per the code.
A.5.5	Annual determination of 'Independence' of Non- Executive Directors by the Board	Compliant	The Note on page 36 of this annual report has determined the independence or non-independence of each director.
A.5.6	Appointment and disclosure of senior independent directors	Not applicable	Since the role of the chairman and the CEO of the company are separated, this requirement does not arise.
A.5.7	Availability of the senior independent director for confidential discussions with other directors	Not Applicable	-Do-
A.5.9	Recording of concerns which cannot be unanimously resolved in Board minutes.	Compliant	All decisions of the Board were taken unanimously and there are no concerns raised by the directors during the year which needed to be recorded in the board minutes. However if such concerns do arise the company's policy is to record them accordingly.
A.6	Supply of Information		The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.
			Financial and non-financial information are analyzed and presented to the board to make accurate decisions.

Section Number		Compliance Status	Company' Commitment
A.6.1	Managements responsibility to provide the Board with appropriate and timely information	Compliant	The management ensures that a set of timely accurate relevant and comprehensive information is provided to the Directors before the Board Meeting every month, with adequate time for them to review the same and prepare for discussions. All significant financial and non-financial information for the period are included in this analysis.
A.6.2	Adequate time for effective Board Meetings	Compliant	All Board Papers and papers for subcommittee meetings are circulated at least one week prior to such meetings.
A.7	Appointments to the Board		All new appointments of the Board are made following a formal and transparent procedure.
A.7.3	Disclosure of details of new directors to shareholders	Compliant	All appointments of new directors are informed to the shareholders with sufficient details via immediate notification to the CSE.
A.8	Re Election		Please refer page 31 of the annual report for details of re-election of Directors.
A.8.1	Appointment and re-election of non-Executive Directors	Compliant	Please refer page 31 of the Annual Report
A.8.2	Election of Directors by the shareholders	Compliant	Please refer page 31 of the Annual Report
A.10	Disclosure of Information of Directors.		Shareholders should be kept advised of relevant details in respect of Directors.
A.10.1	Disclosures on Directors in the annual report	Compliant	<p>Required information with respect to Directors are disclosed in this annual report, where relevant. Names, qualifications and profiles, including expertise in relevant functional areas of all Board Members are provided on pages 8 to 11.</p> <p>Details of Directors interest in contracts are given on page 54.</p> <p>Details of related party transactions are provided on pages 108 to 110.</p>

Corporate Governance Report

Section Number		Compliance Status	Company' Commitment
A.11	Appraisal of CEO	The Board should be required, at least annually, to assess the performance of the CEO	Annually the Remuneration Committee and the Board assessed the CEO's performance
A.11.1		Setting annual target for MD/ CEO	Compliant Based on long term strategy annual objectives are fixed by the Board.
A.11.2		Evaluation of the performance of the CEO	Compliant Evaluations of achievement set are reviewed annually by the Board.
B.	Directors Remuneration	Companies should establish a formal and transparent procedure for developing policies on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.	
B.1.1		Presence of a Remuneration Committee	Compliant A Remuneration Committee has been appointed and functions within agreed terms of reference. Please refer page 47 for the Remuneration Committee Report.
B.1.2		Composition of Remuneration Committee	Compliant Please refer page 47 for details of the composition of Remuneration Committee.
B.1.3		Disclosure of the members of the Remuneration Committee in the Annual Report.	Compliant Members responsibilities and other information in respect of the remuneration committee are disclosed on page 47.
B.1.4		Determination of remuneration of Non-Executive Directors	Compliant Non-Executive Director who are nominees of the parent company are paid a nominal fee for their attendance at the Board and sub committee meetings
B.1.5		Ability to consult the chairman and/ or CEO and to seek professional advice by the committee	Compliant The committee consults the Chairman and the CEO, where necessary, has access to the professional advice from within and outside the company.
B.2	Level and Makeup of Remuneration	The Levels of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully.	
B.2.1		Remuneration packages of Executive Directors	Compliant The Remuneration Committee and the Board ensures that the CEO who is the only Executive Director on the Board, is provided with an appropriate remuneration package.
B.2.2		Comparison of remuneration with other Companies	Compliant The Remuneration Committee compares the remuneration levels of the company with such packages of comparable companies in the industry and is sensitive to changes in the remuneration levels.

Section Number		Compliance Status	Company' Commitment
B.2.6	Designing performance – based remuneration of Executive Directors	Compliant	Objectives for the CEO who is the only Executive Director on the Board, are set at the beginning of the year to align his interests with those of the company. Accordingly, his remuneration including the performance bonus is decided based upon the degree of achievement of such pre-set targets.
B.2.7 & B.2.8	Compensation commitments on early termination	Compliant	Termination of the Executive Director (CEO) is governed by his contract of service/ employment
B.2.9	Remuneration of Non – Executive Directors	Compliant	Non-Executive Directors are paid only on their attendance at meetings
B.3 Disclosure of Remuneration	The Company's Annual Report should contain a statement of Remuneration policy and details of Remuneration of the Board as whole.		
B.3.1	Disclosure of Remuneration	Compliant	The aggregate remuneration paid to the CEO and non-Executive Directors is disclosed on page 110 of this report. The Remuneration Committee's Report which highlights the remuneration policy at the company is give on page 47
C. Relations with Share Holders			
C.1 Constructive use of the Annual General Meeting (AGM) and Conduct of General Meeting	Boards should use the AGM to communicate with shareholders and should encourage their participation.		Please refer page 57 for details of the Annual General Meeting
C.1.1	Use of Proxy Votes	Compliant	The company has in place a mechanism to count all proxy votes to indicate to the chairman the level of proxies lodged on each resolution and the number of votes for and against such resolution.
C.1.3	Availability of Chairmen of Board Committees at the AGM	Compliant	The Chairman of the Board ensures that the Chairman of Board Sub- committees are present at AGM to answer any query by shareholders.

Corporate Governance Report

Section Number		Compliance Status	Company' Commitment
C.1.4	Adequate notice of the AGM		The Annual Report together with notice of meeting and related documents and other resolutions if any is circulated to the shareholders at least 15 working days prior to the date of the AGM. The Annual Report 2014 was submitted to the CSE on 6th April 2015 and was posted to all shareholders by 24th March 2015. The AGM was held on 6th May 2015
C.1.5	Summary of procedures Governing voting at the General Meeting.		The proxy form, which includes a summary of the procedures governing voting at the General Meetings, is circulated to all shareholders.
C.2	Major and Material Transaction	All material transactions i.e which if entered into, would materially alter/vary the net asset value of the company should be disclosed.	
	Disclosure or proposed major transactions	Not applicable	There were no major transactions during the year, however if any such transactions do occur, it is the policy of the company to disclose them in the Quarterly and Annual Financial Statements in accordance with relevant SLFRS and the companies Act.
D. Accountability and Audit			
D.1	Financial Reporting	The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	
D.1.1	Board responsibility for statutory and regulatory reporting	Compliant	The company presents its financial statements in line with Sri Lanka Accounting Standards (SLFRS) and other applicable laws and regulations.
D.1.2	Declarations by Directors in the Directors' report.	Compliant	The Directors have made all required declarations in the Annual Report of the Board of Directors on the affairs of the company which is given on pages 52 to 57
D.1.3	Statements by Directors and Auditors on responsibility for financial reporting	Compliant	Page 60 contains the statement setting out the responsibility of the Board for the preparation and presentation of Financial Statements.
D.1.4	Management Discussion Analysis	Compliant	The Management discussion and analysis are appearing in pages 14 to 22.

Section Number		Compliance Status	Company' Commitment
D.1.5	Declaration by the Board on the going concern of the business	Compliant	The Board after conducting necessary reviews and enquires decided to apply the 'going concern' assumption in preparing the company's Financial Statements for the year 2015. The declaration of the company as a 'going concern' is given in the Directors Report on page 56.
D.1.6	Requirement to summon an Extraordinary General Meeting (EGM) to notify serious loss of capital	Not applicable	
D.2	Internal Controls		The Board maintains a sound system of internal controls to safeguard shareholders' investments and the Company assets.
D.2.1	Directors to conduct an annual review of internal controls.	Compliant	The Board has overall responsibility for the system of internal controls and has delegated some of these responsibilities to the Audit Committee.
D.2.2	The need for an internal audit function.	Compliant	The Company has appointed Ms Pricewaterhouse Coopers (PWC) as the Internal Auditors of the Company. All reports by the Internal Auditors are tabled at the Audit Committee meetings.
D.3	Audit Committee		The Board has established formal and transparent arrangement for considering how they should select and apply accounting policies, financial reporting and internal control principles and maintain an appropriate relationship with the company auditors.
D.3.1	Duties of the Audit Committee	Compliant	The Audit Committee monitors and reviews the External Auditors independence, objectivity and the effectiveness of the audit process, taking into account the relevant professional and regulatory requirements.
D.3.2	Duties of the Audit Committee	Compliant	The Audit Committee monitors and reviews the External Auditors independence, objectivity and the effectiveness of the audit process, taking into account the relevant professional and regulatory requirements.
D.3.3	Terms of reference of the Audit Committee	Compliant	The Audit Committee operates with clearly defined terms of reference which are reviewed annually.

Corporate Governance Report

Section Number		Compliance Status	Company' Commitment
D.3.4	Disclosure of names of the members of the Audit Committee	Compliant	Names of Directors comprising the Audit Committee are set out on page 48 of the Annual Report.
D.4	Code of Business Conduct & Ethics		Companies must adopt a Code of Business Conduct and Ethics for Directors and Members of the Senior Management team and must promptly disclose any waivers of the code by Directors or others.
D.5	Corporate Governance Disclosure		Directors should be required to disclose the extent to which the company addresses to establish principles and practices of good corporate governance.
D.5.1	Disclosure of compliance with the Corporate Governance Code.	Compliant	Page 38 to 46 set out the manner and extent to which the company has complied with the principles and provisions of the Code of Best Practice on Corporate Governance issued jointly by the SEC and the CA Sri Lanka.
2. Shareholders			
E. Institutional Investors			
E.1	Shareholder Voting		Should ensure institutional shareholder's voting intentions are translated into practice
E.2	Evaluation on Governance Disclosures		Institutional investors should be encouraged to give due weight to the relevant governance arrangements
F. Other Investors			
F.1	Investing/ Divesting Decisions		Individual Shareholders are encouraged to seek independent advice on investing or divesting decisions.
F.2	Shareholder Voting		All Shareholders are encouraged to participate at Annual General Meeting and cast their votes.

Remuneration Committee Report

Composition of the Committee

The Remuneration Committee consists of five members out of whom four are Non-Executive Independent Directors. The Remuneration Committee consists of the following members;

Mr. H. Z. Cassim	-	Independent Non-Executive Director (Chairman of the Committee)
Ms. Rohini L. Nanayakkara	-	Independent Non-Executive Director
Mr. Ajit M.de S. Jayaratne	-	Independent Non-Executive Director
Mr. Tissa K. Bandaranayake	-	Independent Non-Executive Director
Mr. En Ping Ong	-	Non Executive Director

The brief profiles of the directors are given on pages 8 to 11 of the Annual Report.

Scope of the Committee

The Committee deliberates and recommends to the Board of Directors on remuneration packages, annual increments and bonuses paid to the Chief Executive Officer and other senior level staff. The Committee is also responsible for the determination of the compensation of the Executive Directors and fees paid to the Non-Executive Directors for participation at Board meetings.

Remuneration Policy

The Company's remuneration policy aims to attract and retain qualified and experienced team of high caliber managers and professionals and reward their performance.

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 and recommend to the Board, the finalised proposals for the granting of increments to the key senior level staff.

The Remuneration Committee take into account the performance of the Company and long term shareholder returns, in all their deliberations.



H. Z. Cassim

Chairman - Remuneration Committee

24th February 2016

Audit Committee Report

The Audit Committee of the Overseas Realty (Ceylon) PLC, appointed by and responsible to the Board of Directors, comprises four Independent Non-Executive Directors and a Non-Executive Director as follows:

Mr. Ajit M de S. Jayaratne	- Independent Non-Executive Director (Chairman of the Committee)
Mr. Hussein Zubire Cassim	- Independent Non-Executive Director
Mr. Melvin Yap Boh Pin	- Non-Executive Director
Mrs. Rohini Nanayakkara	- Independent Non-Executive Director
Mr. Tissa K Bandaranayake	- Independent Non-Executive Director

The Chairman of the Committee Mr. Ajit M de S. Jayaratne, an independent non-executive Director, is a finance professional with over 25 years of Post Qualification experience. He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Chartered Accountants of U.K.

A Charter was approved and adopted by the Board in February 2012 to formalise the Committee's responsibilities in exercising its oversight role in the areas of financial reporting, internal controls, risk management and regulatory/statutory compliance.

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

The profiles of the members which detail their background and professional experience are on pages 8 to 11 of this Report.

Role of the Audit Committee

The Audit Committee's main objective is to assist and represent the Board of Directors in discharging its responsibilities by overseeing the financial reporting process to ensure balance, transparency and integrity of published financial information, oversee the internal and external audit process, review the effectiveness and adequacy of the internal control and risk management process, assessing the performance of the internal and external auditors, ensuring independence and ensuring compliance with laws and regulations which effect financial reporting and business conduct. In fulfilling this role, the Audit Committee is empowered to examine the financial records of the Company, internal auditor's 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 external auditors ensuring their independence 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 (04) times during the year ended 31 December 2015 and the attendance was as follows:

Mr. Ajit M de S. Jayaratne - Chairman	4/4
Mr. Hussein Zubire Cassim	4/4
Mr. Yap Boh Pin	4/4
Mrs. Rohini L Nanayakkara	4/4
Mr. Tissa K Bandaranayake	4/4

The Company Secretary functions as the Secretary to the Audit Committee. Meetings were attended by the Group Chief Executive Officer and Group Chief Financial Officer and other senior management members by invitation. 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.

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.

Property Valuation

An independent Chartered Valuation Surveyor Mr. P B Kalugalagedara has conducted the annual valuation of the Investment Property of the Group. The Committee has discussed and understood the valuation method and the assumptions used in the determination of the fair value of Investment Property.

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 reviews these audit and non-audit functions of the External Auditors before such services are assigned in order to ensure that the provisions of such services does not impair independence and that work is assigned in such a manner as to prevent any conflict of interest.

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 re-appointment of Messrs. Ernst & Young as Auditors for the financial year ending 31 December 2016, at a fee to be determined by the Board of Directors, subject to the approval by the shareholders at the Annual General Meeting.

Conclusion

The Committee is satisfied that the Company's internal controls are effectively implemented as designed, and that the Company's assets are adequately safeguarded. The Company's Internal and External Auditors have been effective and independent throughout the year.

The Committee is also satisfied that the operational controls and the application of appropriate accounting policies provide reasonable assurance that the financial statements of the Company are true and fair.



Ajit M. de S. Jayaratne

Chairman - Audit Committee

24th February 2016

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FINANCIAL CALENDER

Interim Financial Statements

	Target set for 2016	Achievement in 2015
1st Quarter (31st March)	April-16	07th May 2015
2nd Quarter (30th June)	July-16	30th July 2015
3rd Quarter (30th September)	October-16	29th October 2015
4th Quarter (31st December)	January-17	25th February 2016

Annual Report and Financial Statements to Shareholders

2014		24th March 2015
2015	March 2016	

Dividends

First and Final Dividend and 2nd Final Dividend for 2014		07th May 2015
First and Final Dividend for 2015	26th April 2016	
33rd Annual General Meeting		6th May 2015
34th Annual general Meeting	25th April 2016	

Annual Report of the Board of Directors

General

The Board of Directors has pleasure in presenting their report on the affairs of the Company together with the audited Financial Statements of Overseas Realty (Ceylon) PLC and the audited Consolidated Financial Statements of the Group for the year ended 31st December 2015. The details set out herein provide the pertinent information required under Section 168 of the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules and the recommended best practices on Corporate Governance.

Overseas Realty (Ceylon) PLC is a Public Listed Company with limited liability, incorporated in Sri Lanka on 28th October, 1980 and re-registered under the Companies Act No.07 of 2007.

Principal Activities

The principal activities of the Company during the year continued to be property leasing, property trading, and provision of property services. There were no significant changes in the nature of principal activities of the Company and its subsidiaries during the financial year under review.

Mireka Capital Land (Pvt) Ltd is a subsidiary of the Company which has undertaken the development of the "Havelock City" Project and providing infrastructure facilities to the project. The development of residential apartments is undertaken by Mireka Homes (Pvt) Ltd, a fully owned subsidiary of Mireka Capital Land (Pvt) Ltd. Havelock City (Pvt) Ltd will undertake the development of the Commercial component of the "Havelock City" project. Realty Management Services (Pvt) Ltd provides property services, and trading of lighting solutions.

Review of Business

A review of financial and operational performance of the Company and its subsidiaries during the year, and the future developments of the Company is contained in the Financial Review (Pages 20 to 22) and Management Review of Operations (pages 14 to 19) of this Annual

Report. The Audited Financial Statements are given on pages 61 to 117 of the Annual Report. These reports together reflect the state of affairs of the Company and its subsidiaries during the period under review.

Financial Statements

The Financial Statements of the Company and the Group are given on pages 62 to 117.

Auditors' Report

The Auditors' Report on the Financial Statements of the Company and the Group is given on page 61.

Accounting Policies

The Significant accounting policies adopted in the preparation of the Financial Statements are given on pages 67 to 83.

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by CA Sri Lanka.

Group Turnover

The turnover of the Group during the year under review was Rs. 3,140,666,111/- (2014 - Rs. 6,197,715,027/-). A detailed analysis of the Group's turnover, profits and asset allocation relating to the different segments of the business is given in Note 3 to the Financial Statements.

Financial Results and Dividend

The Group recorded a consolidated net profit of Rs. 3,030,853,427/- (2014 - Rs. 3,335,936,077/-) for the year. The Consolidated Income Statement along with the Company's Income Statement for the year is given on page 63.

The Directors recommended the payment of a first and final dividend of Rs. 1.00 per share and a second final dividend of Rs. 0.50 per share for the financial year

ended 31st December 2014 which was approved by the shareholders at the Annual General Meeting of the Company held on 06th May 2015.

The dividend was paid out of tax free profits, as exempt from tax in terms of the BOI concessions granted to the Company.

At the meeting of the Board of Directors held on 25th February 2016, the Directors recommended the payment of a first and final dividend of Rs.1.50/- per ordinary share for the financial year ended 31st December 2015 to be approved by the Shareholder at the Annual General Meeting of the Company to be held on 25th April 2016.

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

Property, Plant & Equipment

Capital expenditure during the year, on property plant & equipment by the Group and by the Company amounted to Rs. 35,939,895/- (2014 - Rs. 126,339,415/-) and Rs. 16,557,912/- (2014 - Rs. 9,688,212/-) respectively. The carrying value of the Property, Plant and Equipment of the Group and the Company as at the reporting date amounted to Rs. 1,598,105,407/- (2014 - Rs. 1,559,111,409/-) and Rs. 363,934,865 (2014 - Rs. 338,456,150/-) respectively.

An analysis of the property plant & equipment of the Company, addition and disposal made, together with the depreciation charge for the year, is set out in Note 6 to the Financial Statements on page 88.

Market Value of the Building

All the buildings owned by the Group were subjected to a revaluation by an independent qualified valuer. The carrying value of the building of the Group is Rs. 1,062,741,472 (2014 - Rs. 1,046,185,335). The details are provided in Note 6.1 to the Financial Statements.

Fair Value of Investment Properties

The fair value of Investment properties owned by the Group as at 31st December 2015 is included in the Financial Statements at Rs. 22,579,410,997/- (2014 - Rs. 21,404,872,807/-) based on the Independent valuations

undertaken by the Chartered Valuation Surveyer in December 2015. 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 94 of the Financial Statements.

Stated Capital and Reserves

The total stated capital of the Company amounts to Rs. 11,162,751,513/- (2014 - Rs. 10,186,085,405/-) comprising Rs 887,878,273 (2014 - Rs 843,484,359), as given in note 13 to the Financial Statements.

The shareholders of Overseas Realty Ceylon PLC approved to issue 44,393,914 Ordinary Shares in the proportion of one (1) Ordinary Share for every nineteen (19) Ordinary Shares in the capital of the Company by way of a Rights Issue, at a price of Rupees Twenty Two (Rs. 22/-) per share.

Total Group Reserves as at 31st December 2015 was Rs. 17,442,243,185/- (2014 -Rs. 15,742,432,095/-). The movement of these reserves is shown in the Statement of Changes in Equity in the Financial Statements on page 65.

Employee Share Option Scheme

At the Extraordinary General Meeting of the Company held on 24th May 2012 the establishment and implementation of an employee share option plan ("ESOP") to issue to the executive directors and executives employed by the Company and its subsidiaries, as may be decided by the Board was approved. ESOP which will entitle such employees and Executive Directors to subscribe to and purchase shares offered by the Company totaling to 25,305,530 amounting to 3% of the issued shares in the Company ("the Options") at an exercise price being the market price of the shares of the Company at the time of granting of the Option or the volume weighted average price of the shares of the Company thirty (30) days prior to the grant of the Option whichever is higher, was approved at the EGM held on 24th May 2012.

The Option was not granted to any category of employees of the Company during the financial year under review.

Annual Report of the Board of Directors

Board of Directors

The Board of Directors of the Company consists of eleven Directors as at the end of the financial year and their profiles are on pages 8 to 11.

The basis on which Directors are classified as independent Non-Executive Directors is discussed in the Corporate Governance Report.

Mr. En Ping Ong retires by rotation in terms of Article 29 of the Article of Association of the company, and being eligible has offered himself for re-election.

The proposed resolutions proposes 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, Mr. Hussain Zubire Cassim who attained the age of 70 years on 9th September 1995, Mrs. Rohini Letitia Nanayakkara, who attained the age of 70 years on 12th April 2006, Mr. Ajit Mahendrs De Silva Jayaratne, who attained the age of 70 years on 30th April 2010, Mr. Yap Boh Pin, who attained the age of 70 years on 2nd February 2011, Mr. Tissa Kumara Bandaranayake, who attained the age of 70 years on 3rd January 2013, Mr. Leslei Ralph De Lanerolle, who attained the age of 70 years on 5th January 2013 and that they be re-elected as a Director of the Company.

Board Sub Committees

The Board of Directors of the Company has formed the following sub committees and following members serve on the Board Sub Committees. Details of Board Sub-Committee meetings (Remuneration Committee, Audit Committee) are presented on pages 47 & 49.

Audit Committee

Ajit Mahendra De Silva Jayaratne (Chairman)
Hussein Zubire Cassim
Melvin Yap Boh Pin
Rohini Letitia Nanayakkara
Tissa Kumara Bandaranayake

Remuneration Committee

Hussein Zubire Cassim (Chairman)
Ajit Mahendra De Silva Jayaratne
Rohini Letitia Nanayakkara
En Ping Ong
Tissa Kumara Bandaranayake

Interest Register

The Company maintains an Interest Register as per the Companies Act No. 07 of 2007. The Directors of the Company have duly declared the information as provided for in section 192 (2) of the Companies Act No. 07 of 2007 and the 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 of the Company at the beginning and at the end of the year was as follows:

Name of Director	31 st December 2014		31 st December 2015	
	Direct Interest	Deemed Interest	Direct Interest	Deemed interest
Mr S P Tao	Nil	695,096,518*	Nil	732,335,424*
Mrs Mildred Tao Ong	Nil	474,940,030*	Nil	500,384,334*
Mr Melvin Yap Boh Pin	Nil	474,940,030*	Nil	500,384,334*
Mr En Ping Ong	380,000	Nil	400,000	Nil
Mr H Z Cassim	Nil	Nil	Nil	Nil
Mr A M De S Jayaratne	Nil	Nil	Nil	Nil
Mr L R de Lanerolle	Nil	Nil	Nil	Nil
Mrs R Nanayakkara	Nil	Nil	Nil	Nil
Mr T K Bandaranayake	Nil	Nil	Nil	Nil
Dr Ranee Jayamaha	Nil	Nil	Nil	Nil
Mr Pravir Samarasinghe	Nil	Nil	Nil	Nil

*The deemed interests in shares as declared by Mr. S P Tao is as a director of Shing Kwan Group including Unity Builders Limited and Mrs. Mildred Tao Ong is as a director of the Shing Kwan Group of Singapore who holds majority shareholdings of the Company. Mr. Melvin Yap Boh Pin's deemed interest in shares is declared as the spouse of a director of the said Shing Kwan Group.

Related Party Transactions

The disclosures made by the directors of the Group with regard to related party transactions are given in note 26 to the Financial Statements forming part of the Annual Report of the Board of Directors.

Directors' Interest in Transactions

The Directors of the Company have made a general disclosure in terms of section 192(2) of the Companies Act No. 07 of 2007. The particulars of those transactions are set out on pages 108 to 110 of the Annual Report.

Directors' Remuneration

Directors' remuneration, in respect of the Company and the Group for the financial year ended 31st December 2015 is given in the Note 26 to the Financial Statements, on page 110.

Donations

Donations made by the Group amounted to Rs. 3,009,000/- (2014 - Rs. 132,500/-) which includes a sum of Rs. 3,000,000/- (2014 - Nil) made to Government approved charities.

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 Million for the period covering 1st January to 31st December 2015.

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, compliance controls and risk management to safeguard the assets. The Board places emphasis in assuring proper accounting records are maintained and the reliability of financial information. The Audit Committee of the Company receives the reports of the internal audit reviews, monitors the effectiveness of internal control systems of the Company and makes periodical recommendations to the Board.

Annual Report of the Board of Directors

The Directors' Statement on Internal Controls on page 58 gives further details.

Corporate Governance

The Board places emphasis in instituting and maintaining good governance practices and principles. Therefore 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 30 to 46 in this Report.

Shareholdings

There were 4,357 (2014 - 3,635) registered shareholders of ordinary shares as at 31st December 2015. The distribution of shareholdings is given on page 120 of this Report.

Shareholder Information

Information relating to earnings, dividends, net assets, market value per share and share trading is given on pages 119 and 120 in the Financial Review section of this Report.

Major Shareholders

The twenty largest shareholders of the Company as at 31st December 2015 together with an analysis of the shareholdings are given on page 122 of this Report.

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 (SLFRS/LKAS), Sri Lanka Accounting and Auditing Standards Act No 15 of 1995, Companies Act No 07 of 2007, Inland Revenue Act No. 10 of 2006 and amendments thereto, and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is given on page 60 and forms an integral part of this report.

Compliance with Laws and Regulations

The Directors, to the best of their knowledge and belief, confirm that 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 Statement of Financial Position Date

There have not been any material events that have occurred subsequent to the date of the Statement of Financial Position that require adjustments to the Financial Statements, other than those disclosed in Note 30 to the Financial Statements.

Going Concern

The Board of Directors is satisfied that the Company and its subsidiaries have 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 Report is found in the Financial Information section of the Annual Report.

The Auditors, Messrs. Ernst & Young, Chartered Accountants were paid Rs. 1,549,544/- (2014 - Rs. 1,450,672/-) and Rs. 2,910,366/- (2014 -Rs. 3,134,412/- Mn) as audit fees by the Company and the Group respectively. In addition, they were paid Rs. 348,790/- (2014-Rs. 345,520/-) and Rs. 1,063,930/- (2014-Rs. 1,552,320/-), 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 on 25th April 2016 at 4.00 p.m at the Havelock City Club House, No. 324, Havelock Road, Colombo 06. The Notice of the Annual General Meeting appears on page 125 of the Annual Report.

For and on behalf of the Board



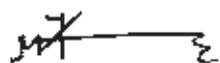
H. Z. Cassim

Director



Ajith M. de S. Jayaratne

Director



Minoka Samaranayake

Company Secretary

25th February 2016

Directors, Statement on Internal Controls

The following statement fulfills the requirement to publish the Directors' Statement on Internal Control as per the Code of Best Practice on Corporate Governance issued by CA Sri Lanka and Securities and Exchange Commission of Sri Lanka.

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard Shareholders' Investments and the Company's Assets. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and the Group. This process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

The Board has implemented the following to obtain reasonable assurance that proper systems of internal controls are in place:

- Instituted various committees to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies and annual budget.
- The Company's internal audit function has been outsourced to Messrs. Pricewaterhouse Coopers (PWC) (Chartered Accountants). The Internal Auditors check for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and the highlight significant findings in respect of any non-compliance. Audits are carried out on all subsidiaries in accordance with the annual audit plan approved by the Audit Committee. Findings are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee reviews internal control issues identified by Internal Auditors, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings are tabled at the Board meetings for the information of the Board on a periodic basis.
- In assessing the internal control system over financial reporting, relevant senior officers of the company collated all procedures and control that are connected with significant accounts and disclosures of the Financial Statement of the Company. These in turn were observed and checked by the Internal Auditors for suitability of design and effectiveness on an ongoing basis.
- The adoption of new Sri Lanka Accounting Standards comprising SLFRS and LKAS in 2012, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.
- The comments made by External Auditors in connection with the internal control system during the financial year 2015 were taken into consideration and appropriate steps have been taken to rectify them.

Conclusion

Based on the above processes, the Board of Directors confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes have been done in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS), requirements of the Company's Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.



H. Z. Cassim

Deputy Chairman



Ajith M. de S. Jayaratne

Chairman, Audit Committee

25th February 2016

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:

- Statement of Financial position as at 31 December 2015, 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 which presents 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 31 December 2015 incorporated in this report have been prepared in accordance with the Companies Act No. 07 of 2007, Sri Lanka Accounting

Standards (SLFRS/LKAS), Listing Rules of the Colombo Stock Exchange and generally accepted accounting policies. The Directors consider that, in preparing the Financial Statements exhibited on pages 62 to 117 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 and detect 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, 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.

Messrs. Ernst & Young, Chartered Accountants, have carried out an audit in accordance with Sri Lanka Auditing

Standards and their report is given on page 61 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. 1.50 per share for this year which is to be approved by the shareholders at the Annual General Meeting to be held on 25th April 2016.

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 25th day of February 2016

Independent Auditors' Report



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

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Tax : +94 11 5578180
eysk@lk.ey.com
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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 ("the Company"), the consolidated financial statements of the Company and its subsidiaries ("Group") which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss, statement of comprehensive income, statements of changes in equity and statement cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position as at 31 December 2015, and of its the financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on other legal and regulatory requirements

As required by Section 163(2) of the Companies Act No. 7 of 2007, we state the following:

- a) The basis of opinion, scope and limitations of the audit are as stated above.
- b) In our opinion :
 - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
 - the financial statements of the Company give a true and fair view of the financial position as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
 - the financial statements of the Company and the Group, comply with the requirements of Section 151 and 153 of the Companies Act No. 07 of 2007.

25 February 2016

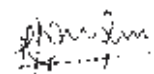
Colombo

Statement of Financial Position

As at 31 December 2015

	Note	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
ASSETS					
Non-Current Assets					
Investment Property	5	22,579,410,997	21,404,872,807	22,579,410,997	21,404,872,807
Property, Plant and Equipment	6	1,598,105,407	1,559,111,409	363,934,865	338,456,150
Intangible Assets	7	12,329,186	13,799,438	3,534,322	5,004,574
Investments in Subsidiaries	8	-	-	1,125,010,040	1,125,010,040
Inventories	10.1	2,362,174,072	2,124,582,326	-	-
Deferred Tax Assets	9	29,364,154	27,170,393	15,490,202	23,613,326
		26,581,383,816	25,129,536,373	24,087,380,426	22,896,956,897
Current Assets					
Inventories	10.2	271,599,468	424,017,954	15,615,804	19,230,387
Trade and Other Receivables	11	892,180,991	1,378,720,419	423,400,072	355,457,085
Amounts due from Related Parties	12	996,488	8,666,291	9,843,740	12,058,039
Income Tax Recoverable		-	9,940,543	-	131,163
Short Term Investments	15.1	2,861,711,243	2,154,735,058	2,861,711,243	2,154,735,058
Cash and Short Term Deposits	21	1,666,099,117	1,170,006,576	1,400,284,722	792,836,167
		5,692,587,307	5,146,086,841	4,710,855,581	3,334,447,899
Total Assets		32,273,971,123	30,275,623,214	28,798,236,007	26,231,404,796
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	13	11,162,751,513	10,186,085,405	11,162,751,513	10,186,085,405
Revaluation Reserve	14	291,182,354	264,523,391	284,081,947	264,523,391
Retained Earnings		17,151,060,831	15,477,908,704	15,992,500,341	14,441,644,747
		28,604,994,698	25,928,517,500	27,439,333,801	24,892,253,543
Non-controlling Interest		1,511,844,687	1,507,482,118	-	-
Total Equity		30,116,839,385	27,435,999,618	27,439,333,801	24,892,253,543
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	15.2	45,797,000	95,801,000	45,797,000	95,801,000
Post Employment Benefit Liability	16	26,511,177	21,274,742	11,650,115	8,352,270
Customer Deposits	18	322,786,412	-	-	-
Deferred Tax Liabilities	9	22,708,034	-	-	-
		417,802,623	117,075,742	57,447,115	104,153,270
Current Liabilities					
Trade and Other Payables	17	782,166,170	825,224,075	329,331,292	334,322,674
Rental and Customer Deposits	18	875,469,328	904,236,270	875,469,328	840,698,153
Amounts due to Related Parties	19	21,171,041	-	24,436,521	4,657,631
Interest Bearing Loans and Borrowings	15.2	50,004,000	985,796,951	50,004,000	50,004,000
Income Tax Payable		3,805,402	1,975,033	15,500,776	-
Dividends Payable	20	6,713,174	5,315,525	6,713,174	5,315,525
		1,739,329,115	2,722,547,854	1,301,455,091	1,234,997,983
Total Liabilities		2,157,131,738	2,839,623,596	1,358,902,206	1,339,151,253
Total Equity and Liabilities		32,273,971,123	30,275,623,214	28,798,236,007	26,231,404,796

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

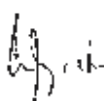


Roschen Perera
Group Chief Financial Officer

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



H. Z. Cassim
Director



A. M. de S. Jayaratne
Director

The accounting policies and notes on pages 67 through 117 form an integral part of the Financial Statements.

25 February 2016

Colombo

Statement of Profit or Loss

Year ended 31 December 2015

	Note	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Rental Revenue	3	1,962,481,494	1,764,445,362	1,962,481,494	1,764,445,362
Sale of Apartments		973,585,939	4,329,204,511	-	-
Other Services	4	204,598,678	104,065,154	46,488,998	54,040,648
Total Revenue	3	3,140,666,111	6,197,715,027	2,008,970,492	1,818,486,010
Direct Operating Expenses		(548,356,881)	(481,522,100)	(421,437,467)	(424,771,995)
Cost of Sales of Apartments		(652,623,361)	(3,308,320,133)	-	-
Gross Profit		1,939,685,869	2,407,872,794	1,587,533,025	1,393,714,015
Fair Value Gain on Investment Property	5	1,174,538,190	1,015,557,962	1,174,538,190	1,015,557,962
Administration Expenses		(265,394,896)	(220,841,508)	(162,054,729)	(152,013,163)
Marketing and Promotional Expenses		(39,105,751)	(45,554,839)	-	-
Operating Profit		2,809,723,412	3,157,034,409	2,600,016,486	2,257,258,814
Finance Cost	22.1	(12,339,271)	(32,571,014)	(5,140,030)	(29,874,649)
Finance Income	22.2	181,572,958	187,400,848	173,298,077	177,699,206
Other Income	22.3	84,289,181	64,346,923	115,959,244	74,295,453
Exchange Gain		9,664,790	10,212,200	5,887,498	825,997
Profit Before Tax	23	3,072,911,070	3,386,423,366	2,890,021,275	2,480,204,821
Income Tax	24.1	(42,057,643)	(50,487,289)	(23,209,026)	(45,316,727)
Profit after Tax for the Year		3,030,853,427	3,335,936,077	2,866,812,249	2,434,888,094
Attributable to:					
Equity Holders of the Parent		2,990,698,564	2,957,045,507		
Non-controlling Interest		40,154,863	378,890,570		
		3,030,853,427	3,335,936,077		
Earnings Per Share - Basic/Diluted	25	3.44	3.48		
Dividend Per Share	20	1.50	1.45		

The accounting policies and notes on pages 67 through 117 form an integral part of the Financial Statements.

Statement of Comprehensive Income

Year ended 31 December 2015

	Note	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Profit For the Year		3,030,853,427	3,335,936,077	2,866,812,249	2,434,888,094
Other Comprehensive Income:					
Items that will not be reclassified to profit or loss:					
Revaluation of Buildings	14.1	33,572,583	25,648,180	19,558,556	25,648,180
Deferred Tax Effect		(2,180,016)	-	-	-
		31,392,567	25,648,180	19,558,556	25,648,180
Actuarial Gains/(Losses) on Defined Benefit Plans	16	1,090,965	(8,112,102)	(513,224)	(634,969)
Deferred Tax Effect		(866,903)	2,105,955	-	-
		224,062	(6,006,147)	(513,224)	(634,969)
		31,616,629	19,642,033	19,045,332	25,013,211
Other Comprehensive Income for the Year, Net of Tax		31,616,629	19,642,033	19,045,332	25,013,211
Total Comprehensive Income for the Year, Net of Tax		3,062,470,056	3,355,578,110	2,885,857,581	2,459,901,305
Attributable to:					
Equity Holders of the Parent		3,018,674,115	2,976,687,540		
Non-controlling Interest		43,795,941	378,890,570		
		3,062,470,056	3,355,578,110		

The accounting policies and notes on pages 67 through 117 form an integral part of the Financial Statements.

Statement of Changes In Equity

Year ended 31 December 2015

Group	Note	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.	Non-controlling Interest Rs.	Total Equity Rs.
Balance as at 1 January 2014		10,186,085,405	238,875,211	13,749,921,664	24,174,882,280	1,147,341,548	25,322,223,828
Profit for the Year		-	-	2,957,045,507	2,957,045,507	378,890,570	3,335,936,077
Other Comprehensive Income for the Year		-	25,648,180	(6,006,147)	19,642,033	-	19,642,033
Dividends Paid for Ordinary Shares for Y/E 31/12/2013	20	-	-	(1,223,052,321)	(1,223,052,321)	-	(1,223,052,321)
Subsidiary Dividends Paid for Non controlling interest for Y/E 31/12/2013		-	-	-	-	(18,750,000)	(18,750,000)
Balance as at 31 December 2014		10,186,085,405	264,523,391	15,477,908,704	25,928,517,500	1,507,482,118	27,435,999,618
Super Gain Tax Paid	2.3.16	-	-	(47,079,857)	(47,079,857)	(1,933,372)	(49,013,229)
Profit for the Year		-	-	2,990,698,564	2,990,698,564	40,154,863	3,030,853,427
Other Comprehensive Income for the Year		-	26,658,963	1,316,588	27,975,550	3,641,078	31,616,629
Issue of Ordinary Shares	13	976,666,108	-	-	976,666,108	-	976,666,108
Transaction Cost Relating to Share Issue		-	-	(6,556,629)	(6,556,629)	-	(6,556,629)
Dividends Paid for Ordinary Shares for Y/E 31/12/2014	20	-	-	(1,265,226,539)	(1,265,226,539)	-	(1,265,226,539)
Subsidiary Dividends Paid for Non controlling interest for Y/E 31/12/2014		-	-	-	-	(37,500,000)	(37,500,000)
Balance as at 31 December 2015		11,162,751,513	291,182,354	17,151,060,831	28,604,994,698	1,511,844,687	30,116,839,385

Company	Note	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 January 2014		10,186,085,405	238,875,211	13,230,443,943	23,655,404,559
Profit for the Year		-	-	2,434,888,094	2,434,888,094
Other Comprehensive Income for the Year		-	25,648,180	(634,969)	25,013,211
Dividends Paid on Ordinary Shares for Y/E 31/12/2013	20	-	-	(1,223,052,321)	(1,223,052,321)
Balance as at 31 December 2014		10,186,085,405	264,523,391	14,441,644,747	24,892,253,543
Super Gain Tax Paid	2.3.16	-	-	(43,660,263)	(43,660,263)
Profit for the Year		-	-	2,866,812,249	2,866,812,249
Other Comprehensive Income for the Year		-	19,558,556	(513,224)	19,045,332
Issue of Ordinary Shares	13	976,666,108	-	-	976,666,108
Transaction Cost Relating to Share Issue		-	-	(6,556,629)	(6,556,629)
Dividends Paid on Ordinary Shares for Y/E 31/12/2014	20	-	-	(1,265,226,539)	(1,265,226,539)
Balance as at 31 December 2015		11,162,751,513	284,081,947	15,992,500,341	27,439,333,801

The accounting policies and notes on pages 67 through 117 form an integral part of the Financial Statements.

Statement of Cash Flows

Year ended 31 December 2015

	Note	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Cash Flows from Operating Activities:					
Profit Before Tax Expense		3,072,911,070	3,386,423,366	2,890,021,275	2,480,204,821
Adjustments for -					
Depreciation Charge for the Year	6	30,518,480	11,402,406	10,637,753	7,790,129
Depreciation Transferred to Inventories	6.7	-	866,333	-	-
Amortization of Intangible Assets	7	1,470,252	5,268,799	1,470,252	5,268,799
Post Employment Benefit Expense	16	6,477,655	4,421,922	2,784,621	1,959,666
Finance Cost	22.1	12,339,271	32,571,014	5,140,030	29,874,649
Finance Income Received	22.2	(181,572,958)	(187,400,848)	(173,298,077)	(177,699,206)
(Profit)/Loss on Disposal of Property, Plant and Equipment		(5,952,721)	-	(5,952,721)	-
Fair Value (Gain) on Investment Property	5	(1,174,538,190)	(1,015,557,962)	(1,174,538,190)	(1,015,557,962)
Operating Profit before Working Capital Changes		1,761,652,859	2,237,995,030	1,556,264,943	1,331,840,896
(Increase)/ Decrease in Amounts due from Related Parties		7,669,803	16,201,731	2,214,299	39,778,850
(Increase) / Decrease in Trade and Other Receivables		486,539,428	69,590,657	(67,942,987)	(15,469,346)
Increase / (Decrease) in Rental and Customer Deposits		294,019,470	(984,251,474)	34,771,175	117,491,837
(Increase) / Decrease in Inventories		(85,173,260)	2,085,642,208	3,614,583	941,737
Increase / (Decrease) in Trade and Other Payables		(43,057,905)	(769,089,416)	(4,991,382)	(52,548,037)
Increase/ (Decrease) in Amounts due to Related Parties		21,171,041	(19,567,306)	19,778,890	(18,416,603)
Cash Generated from Operations		2,442,821,436	2,636,521,430	1,543,709,521	1,403,619,334
Income Tax Paid		(61,832,606)	(61,048,755)	(43,114,226)	(49,288,774)
Finance Cost Paid	22.1	(12,339,271)	(32,571,014)	(5,140,030)	(29,874,648)
Defined Benefit Plan Costs Paid	16	(150,255)	(1,399,900)	-	(947,810)
Net Cash Generated from Operating Activities		2,368,499,304	2,541,501,761	1,495,455,265	1,323,508,101
Cash Flows from Investing Activities :					
Proceeds from Sale of Property, Plant and Equipment		5,952,721	-	5,952,721	-
Acquisition of Intangible Assets	7.4	-	(1,334,388)	-	(1,334,388)
Acquisition of Property Plant and Equipment	6	(35,939,895)	(126,339,415)	(16,557,912)	(9,688,212)
Acquisition of Investment	15.1	(609,609,045)	(840,170,452)	(609,609,045)	(840,170,452)
Finance Income Received		84,205,818	108,578,990	75,930,937	98,877,347
Net Cash from Investing Activities		(555,390,401)	(859,265,265)	(544,283,299)	(752,315,705)
Cash Flows from Financing Activities :					
Repayment of Interest Bearing Loans and Borrowings	15.2	(970,504,000)	(1,485,604,000)	(50,004,000)	(50,004,000)
Loans Obtained	15.2	-	523,500,000	-	-
Dividends Paid		(1,301,328,890)	(1,239,382,959)	(1,263,828,890)	(1,220,632,959)
Proceeds from Issue of Shares (Rights Issue)	13.1	976,666,108	-	976,666,108	-
Direct Expenses Related to Rights Issue		(6,556,629)	-	(6,556,629)	-
Net Cash Flow from/(Out Flow) Financing Activities		(1,301,723,411)	(2,201,486,959)	(343,723,411)	(1,270,636,958)
Net Increase/ (Decrease) in Cash and Cash Equivalents		511,385,492	(519,250,463)	607,448,555	(699,444,562)
Cash and Cash Equivalents at the Beginning of the Year	21	1,154,713,625	1,673,964,088	792,836,167	1,492,280,729
Cash and Cash Equivalents at the End of the Year	21	1,666,099,117	1,154,713,625	1,400,284,722	792,836,167

The accounting policies and notes on pages 67 through 117 form an integral part of the Financial Statements.

Notes to the Financial Statements

Year ended 31 December 2015

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 property Leasing, property services.

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 the Havelock City development project.

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

Realty Management Services (Private) Limited, a subsidiary, is engaged in providing absentee landlord management on behalf of its owners, agency services, providing facility management services and trading of lighting solutions.

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

1.3 Parent Entity and Ultimate controlling party

In the opinion of the Directors, the Company's parent entity is the Shing Kwan Group headquartered in Singapore and Mr. Shing Pee Tao is the ultimate controlling party.

1.4 Date of Authorization for Issue

The Financial Statements of Overseas Realty (Ceylon) PLC for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2016.

2. BASIS OF PREPARATION

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

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

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

2.1.1 Changes in Accounting Policies

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

2.1.2 Consolidation Policies

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the reporting date. Control is

Notes to the Financial Statements

Year ended 31 December 2015

achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

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

group transactions and dividends are eliminated in full.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in Other Comprehensive Income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The following companies have been consolidated.

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

- Mireka Residencies (Private) Limited (Sub-subsidiary)
- Mireka Property (Private) Limited (Sub-subsidiary)

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 a business segment.

2.2 Significant Accounting Judgments, Estimates and Assumptions

2.2.1 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, using significant judgment as disclosed in Note 5 and Note 6.

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

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another

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

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

(b) Revenue recognition from sale of apartments

In recognizing revenue from sale of apartments, management applies judgment ascertaining if the risks and rewards of ownership have passed to the buyers. In this regard, management sought professional legal advice in determining the point at which equitable interest passes to the buyer and accordingly 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 in its current state as the construction progress.

(c) Deferred Taxation

Deferred taxation on Investment Property

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

The investment property of the company consists of freehold land and buildings. With regard to the building, the presumption is rebutted, as

Notes to the Financial Statements

Year ended 31 December 2015

the company's business model is to consume substantially all the economic benefits embodied in the building over time, rather than through sale. The component in investment property comprising land does not create any tax consequences, as currently capital gain tax is not applicable for land.

As described in Note 2.3.3, the company enjoys tax exemption status up to the year 2020, and thereafter till 2035, company will be taxed based on its turnover. Accordingly temporary differences will not arise on the investment property up to the year 2035.

In the event the building component is sold after the year 2035, it will create tax consequences. However the management believes the fair value of the building component of the investment property will not be material as a significant proportion of the useful life of the building will have been consumed by them.

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

2.2.2 Critical Accounting Estimates and Assumptions

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

(a) Estimation of fair value of Investment Properties

The Group carries its Investment Properties at fair value, with changes in fair values being recognised in the Income Statement. The Group engaged an independent valuer to determine the fair value as at 31 December 2015.

The best evidence of fair value is usually the current price in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount

within a range of reasonable fair value estimates. In making such estimates, the Group considers information from a variety of sources including:

- (i) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalization rates that reflect current market assessments of the returns and yields, and uncertainty in the amount and timing of the cash flows.

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

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

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

The determined fair value of the Investment Properties is most sensitive to the capitalization rate, anticipated maintenance cost as well as the rate of growth in future rentals as given in Note 5.2.

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

(c) Deferred Taxation

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax that can be recognised based upon the likely timing and the levels of future taxable profits. More information regarding deferred tax assets is given in Note 9 and 24.

(d) Estimation of Net Realisable Value for Inventory

Inventory disclosed in Note 10 is stated at the lower of cost and net realisable value (NRV). NRV is assessed with reference to market conditions and prices existing at the reporting date and in the light of recent market transactions.

2.3 Summary of Significant Accounting Policies

2.3.1 Business Combinations and Goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for

appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with LKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS/LKAS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit

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is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.3.2 Foreign Currency Translation

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

2.3.3 Taxation

Current Taxes

Companies in the Group have entered into agreements with the Board of Investment of Sri Lanka (BOI), 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, as explained below for the specified businesses.

Overseas Realty (Ceylon) PLC

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

The 15 year tax exemption period commenced in 2005 and will end in 2020 where business income is exempted and other income is taxable at normal rate. Thereafter Company will be taxed at 2% on turnover for another 15 years until 2035.

Mireka Capital Land (Private) Limited

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

The 8 year tax exemption period commenced in 2006 and ended in the last financial year where business income was exempted and other income was taxable at normal rate.

Mireka Homes (Private) Limited

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

The 12 year tax exemption period commenced in 2007 and will end on 2019. Income from sources falling outside the BOI approved business, is liable to income tax at 28%. Companies in the group other than specified above are also liable for income tax at 28%.

Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities

and their carrying amounts for financial reporting purposes.

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

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

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

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

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 or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The

amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the reporting date.

2.3.4 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 capitalized as part of the cost of the respective assets. All other borrowing costs and borrowing costs incurred after the completion of the underlying construction are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using Group's weighted average cost of borrowing after adjusting for borrowings associated with specific developments where, borrowings are associated with specific developments. Where borrowings are associated with developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investments. Interest is capitalized as from the commencement of the development work until date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for development, but only where activities necessary to prepare the asset for redevelopments are in progress.

2.3.5 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 and value added tax.

Notes to the Financial Statements

Year ended 31 December 2015

a) Sale of Apartments

In the case of sale of apartments, the group has determined that 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 recognition from sale of apartments is begun from the point of entering in to Sale and Purchase Agreement. Where the property is under development for a considerable time frame and agreement has been reached to sell such an apartment when construction works are completed, the directors consider whether the contract comprises;

- A contract to construct a property or
- A contract for the sale of a completed property

Where a contract is judged to be for the construction of a property, revenue is recognized using the percentage of completion method as construction of apartments progresses. This is in line with the directive of the Institute of Chartered Accountants of Sri Lanka for entities engaged in the industry of construction of real estate, which gives the option to defer the application of IFRIC 15, until new Revenue Standard (i.e IFRS 15) coming to effect.

Where the contract is for the sale of a completed property, revenue is recognised, when significant risk and returns have been transferred to the buyer, which is normally on unconditional exchange contracts.

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) Finance Income

Finance income is recognized as the interest accrues unless collectability is in doubt.

e) Others

Other income is recognized on an accrual basis.

2.3.6 Intangible Assets

(a) WTC Membership

Membership paid to World Trade Centers' Association (WTC Membership) is shown at historical cost. It is considered to have a finite useful life and carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over its 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 amortized over their estimated useful life of 5 years. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

(c) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill carried at cost less any accumulated impairment losses.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Income Statement when the asset is de-recognized.

2.3.7 Inventory

Work-in-Progress and Completed Apartments

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, and completed apartments are shown as inventories and measured at the lower of cost and net realizable value.

Cost includes:

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

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

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting 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 recognized in profit or loss on disposal is determined with reference to the costs incurred on the property sold and an allocation of costs based on the gross floor area of the property developed.

Work-in-progress that is intended to be completed within one year is classified as Current Inventories and those that take more than a year to complete are classified as Non-Current Inventories.

Consumables and Spares

Consumable and spares are stated at cost, accounted using at actual cost on weighted average basis.

2.3.8 Cash and Short-Term Deposits

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 original maturities of three months or less are also treated as cash equivalents.

2.3.9 Property, Plant and Equipment

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

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

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

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

When an item of property, plant & equipment is revalued, any accumulated depreciation at the date of the valuation is eliminated against the

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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) is credited to the revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. In which case, the increase is recognized in profit or loss. A revaluation deficit is recognized 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 revaluation reserve.

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

2.3.10 Financial Instruments-Initial Recognition and Subsequent Measurement

2.3.10.1 Financial Assets

The Group's financial assets include cash and short-term deposits, trade and other receivables, short term investments and amount due from related parties.

Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

a) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the income statement.

The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

b) Loans and Receivables

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

De-recognition

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

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

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

Financial Assets carried at Amortized Cost

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

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

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

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

2.3.10.2 Financial Liabilities

The Group's financial liabilities include Trade and Other Payables, Dues to Related Parties, Rental and Customer Deposits and Interest Bearing Loans and Borrowings.

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs. Any difference between initial fair value and the nominal amount is included as a component of operating lease income and recognized on a straight line basis over the applicable time period.

Subsequent Measurement

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

Loans and Borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs those are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is

treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.3.10.3 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

External valuer, Mr. P.B Kalugalgedara is involved in valuation of significant assets, such as Investment properties and Buildings.

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Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management, after discussions with the Group's external valuer, which valuation techniques and inputs to use for each case.

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

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

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

2.3.11 Investments

a) Investment in Subsidiaries

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

2.3.12 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.

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

If an Investment Property becomes owner occupied, it is reclassified as Property, Plant and Equipment and its fair value at the date of reclassification becomes its cost for accounting purposes. 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.

2.3.13 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 recognized 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.

2.3.14 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

The Group is liable to pay gratuity in terms of the Gratuity Act No.12 of 1983.

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.

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.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, excluding net interest

(not applicable to the Group) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales' and 'administration expenses' in the Income Statement:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

The gratuity liability is not externally funded. This item is stated under Post Employee Benefit Liability in the Statement of Financial Position.

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

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

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2.3.15 Impairment of Non Financial Assets

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

Impairment losses of continuing operations are recognised in the 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 recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the Income Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.16 Super Gain Tax (SGT)

As per the provisions of Part III of the Finance Act, No. 10 of 2015 which was certified on 30 October 2015, the Group was liable for Super Gain tax of Rs. 49 Million (Company; 43 Million). According to the Act, the super gain tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2013. The expense of Super gain tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24 November 2015.

2.4 Effect of Sri Lanka Accounting Standards (SLFRS) Issued but not yet Effective:

Certain new accounting standards and amendments / improvements to existing standards have been published, that are not mandatory for 31 December 2015 reporting periods. None of those have been early adopted by the Company.

SLFRS 9 Financial Instruments

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

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

SLFRS 14 Regulatory Deferral Accounts

SLFRS 14 is an interim standard which provides relief for first time -adopters of SLFRS in relation to the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). The standard permits these entities to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts.

SLFRS 14 is effective for annual periods beginning on or after 1 January 2016.

SLFRS 15 Revenue from Contracts with Customers

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

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

Management believes that the SLFRS 14 would not be applicable for the Company, as it is an existing SLFRS preparer/does not involve in rate regulatory activities. Pending the completion of the detailed impact analysis, possible Impact from SLFRS 9 and SLFRS 15 is not reasonably estimable as of the reporting date.

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

- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to LKAS 16 and LKAS 38).
- Annual Improvements to SLFRSs 2012-2014 Cycle – various standards.
- Disclosure Initiative (Amendments to LKAS 1).

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3. SEGMENTAL INFORMATION

The Group has three business segments, Property Leasing, Property Services and Property Trading. Property Leasing is derived by Overseas Realty (Ceylon) PLC (ORC PLC), Property Services is derived by ORC PLC and Realty Management Services (Pvt) Ltd (RMS) and Property Trading is derived through Mireka Capital Land (Pvt) Ltd (MCL) and Mireka Homes (Pvt) Ltd (MHL). ORC PLC earns rental income by way of renting out the space at "World Trade Center" located at Echelon Square, Colombo 1. while Realty Management Services (Pvt) Ltd (RMS) is engaged in broking, providing absentee landlord management, providing facility management and related services and trading of lighting solutions. MCL recognises revenue through the sale of land and infrastructure and MHL recognises 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 :

	2015				2014			
	Property Leasing Rs.	Property Services Rs.	Property Trading Rs.	Consolidated Rs.	Property Leasing Rs.	Property Services Rs.	Property Trading Rs.	Consolidated Rs.
Revenue	1,962,481,494	-	859,264,842	2,936,067,433	1,764,445,362	-	4,329,204,511	6,093,649,872
Other Services	46,488,998	167,210,197	-	(9,100,517)	204,598,678	54,040,648	73,767,341	(23,742,835)
Total Revenue	2,008,970,492	167,210,197	859,264,842	3,140,666,111	1,818,486,010	73,767,341	4,329,204,511	6,197,715,027
Direct Operating Expenses	(421,437,467)	(126,919,414)	-	(548,356,881)	(424,771,995)	(56,750,105)	-	(481,522,100)
Cost of Sales	-	-	(652,623,361)	(652,623,361)	-	-	(3,308,320,132)	(1) (3,308,320,133)
Gross Profit/ (Loss)	1,587,533,025	40,290,783	206,641,481	1,939,685,869	1,393,714,015	17,017,236	1,020,884,378	(23,742,836)
Fair Value Gain on Investment Property	1,174,538,190	-	-	1,174,538,190	1,015,557,962	-	-	1,015,557,962
Administration Expenses Marketing and	(162,054,729)	(19,921,650)	(84,198,316)	779,799	(152,013,163)	(7,504,832)	(61,326,240)	2,727
Promotional Expenses	-	-	(39,105,751)	(39,105,751)	-	-	(45,554,839)	(45,554,839)
Exchange Gain	5,887,498	-	3,777,292	9,664,790	825,997	-	9,386,204	(1) 10,212,200
Finance Cost	(5,140,030)	-	(7,199,241)	(12,339,271)	(29,874,649)	-	(2,696,365)	(32,571,014)
Finance Income	173,298,077	549,828	7,725,053	181,572,958	177,699,206	451,473	9,250,169	187,400,848
Other Income	115,959,244	-	24,680,137	84,289,181	74,295,453	-	19,178,470	(29,127,000)
Net Profit Before Tax	2,890,021,275	20,918,961	112,320,654	3,072,911,070	2,480,204,821	9,963,877	949,121,776	3,386,423,366

3.2 Segment Assets and Liabilities :

	2015		2014		2013		2012	
	Property Leasing	Property Services	Property Trading	Property Services	Property Trading	Property Services	Property Trading	Consolidated
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2015								
Total Assets	28,798,236,007	57,587,008	4,570,891,351	(1,165,088,132)	32,273,971,123			
Total Liabilities	1,358,902,205	53,900,725	791,199,192	(59,215,274)	2,157,131,738			
2014								
Total Assets	26,231,404,796	31,993,639	5,249,134,292	(1,236,909,513)	30,275,623,214			
Total Liabilities	1,339,151,253	20,367,009	1,480,348,556	(243,221)	2,839,623,596			

3.3 Other Segment Information :

	2015		2014		2013		2012	
	Property Leasing	Property Services	Property Trading	Property Leasing	Property Services	Property Trading	Property Services	Consolidated
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2015								
Total Cost Incurred during the Year to Acquire								
- Property, Plant and Equipment	16,557,912	1,105,564	18,276,419	9,688,212	439,900	116,211,303	126,339,415	
Depreciation								
- Charge for the Year	10,637,753	481,615	19,399,112	7,790,129	238,850	4,239,761	12,268,740	
- Capitalized with the Inventories	-	-	-	-	-	866,333	866,333	
Amortization	1,470,252	-	-	5,268,799	-	-	5,268,799	
Employee Benefit Costs	101,838,153	51,482,697	40,118,284	97,259,006	35,959,867	28,721,093	161,939,966	

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4. OTHER SERVICES

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Property Facility Fees	51,513,786	42,782,609	22,440,000	22,440,000
Net Income/(Expense) from Rented Car Park	(1,122,874)	3,041,370	(1,122,874)	3,041,370
Default Interest	-	15,145	-	15,145
Management Fees	53,396,067	14,610,455	7,420,517	22,782,835
Legal Fees	2,479,288	2,227,405	2,479,288	2,227,405
Agency Fees	17,895,183	14,506,599	-	-
Other Service Income	15,982,910	4,034,057	15,272,067	3,533,894
Sale of Lighting Solutions	64,454,318	22,847,514	-	-
	204,598,678	104,065,154	46,488,998	54,040,648

5. INVESTMENT PROPERTY

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
As at 1 January	21,404,872,807	20,389,314,845	21,404,872,807	20,389,314,845
Net Gain from Fair Value Adjustment	1,174,538,190	1,015,557,962	1,174,538,190	1,015,557,962
As at 31 December	22,579,410,997	21,404,872,807	22,579,410,997	21,404,872,807

5.1 The Company filed a Deed of Declaration No. 237 dated 27 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 25 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 14 June 2001.

The said Condominium Plan and Deed of Declaration were registered with the Land Registry on 04 July 2001, thus resulting in the creation of the "Management Corporation Condominium Plan No. 1824" under the provisions of the Apartment Ownership Law.

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

Fair value of the Investment Property is ascertained annually by independent valuations carried out by Mr. P. B. Kalugalagedera, Chartered Valuation Surveyor that has recent experience in valuing properties of akin location and category. Investment Property was appraised in accordance with Sri Lanka Accounting Standards 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 2014 and 2015 are as follows:

Significant Unobservable Inputs	Valuation Technique	2015	2014
Estimated Market Rent per sq:ft		: Rs.240-285	:Rs. 225-275
Rate of Growth in Future Rentals	Investment Method (Income Approach) using the discounted cash flows	: 1 to 2 years 0% 3-10 years 5% p.a.	: 1 to 2 years 0% 3-10 years 5% p.a.
Anticipated Maintenance Cost		: 45% of rentals	: 45% of rentals
Capitalization Rate		: 5.75% p.a.	: 5.75% p.a.

5.3 Sensitivity Analysis of Assumptions Employed in Investment Property Valuation

Group/Company

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of Investment Property, in respect of the year 2015

The sensitivity of the Income Statement and Statement of Financial Position 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 carrying value of Investment Property for the year.

Increase/(Decrease)				
Capitalization Rate	Growth in Future Rentals (3-10 Years)	Anticipated Maintenance Cost	Preforma Investment Property valuation Rs.	Effect on Fair Value Gain/(Loss) on Investment Property Rs.
1%			18,986,074,928	(2,418,797,880)
-1%			27,711,385,403	6,306,512,595
	1%		23,983,104,375	2,578,231,567
	-1%		21,260,076,625	(144,796,183)
		5%	20,526,736,724	(878,136,084)
		-5%	24,632,084,069	3,227,211,261

5.4 The Group and Company use unobservable market inputs in determining the fair value of the Investment Property (i.e. Falling under Level 3 of the fair value hierarchy)

5.5 Rental Income earned from Investment Property by the Group and Company amounted to Rs.1,962 Mn. (2014 - Rs.1,764 Mn.). Direct operating expenses incurred by the Group and Company amounted to Rs. 421 Mn.(2014 - Rs.425 Mn.).

Notes to the Financial Statements

Year ended 31 December 2015

6. PROPERTY, PLANT AND EQUIPMENT

6.1 Group

6.1.1 Gross Carrying Amounts

	At Cost					At Valuation				
	Temporary Building	Equipment	Electronic Equipment	Furniture and Fittings	Motor Vehicles	Buildings	Total Value of Depreciable Assets	In the Course of Construction	Total Gross Carrying Amount	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost or Valuation										
Balance as at										
1 January 2015	6,488,324	14,407,213	33,491,771	32,887,800	33,202,834	1,046,185,334	1,166,663,276	480,272,199	1,646,935,475	
Additions during the Year	-	4,849,381	3,539,823	388,655	13,700,000	3,613,737	26,091,596	9,848,299	35,939,895	
Disposals during the Year	-	-	(250,000)	(664,762)	(19,295,000)	-	(20,209,762)	-	(20,209,762)	
Transfers*	-	-	-	-	-	(20,630,182)	(20,630,182)	-	(20,630,182)	
Revaluations	-	-	-	-	-	33,572,583	33,572,583	-	33,572,583	
Balance as at										
31 December 2015	6,488,324	19,256,594	36,781,594	32,611,693	27,607,834	1,062,741,472	1,185,487,511	490,120,498	1,675,608,009	
6.1.2 Depreciation										
Balance as at										
1 January 2015	3,549,495	8,575,330	28,634,211	22,424,910	24,640,120	-	-	-	87,824,067	
Charged for the Year	1,296,951	1,628,765	2,187,607	1,671,569	3,103,406	20,630,182			30,518,480	
Disposals during the Year	-	-	(250,000)	(664,762)	(19,295,000)	-	-	-	(20,209,762)	
Transfers*	-	-	-	-	-	(20,630,182)	(20,630,182)	-	(20,630,182)	
Balance as at										
31 December 2015	4,846,446	10,204,095	30,571,818	23,431,717	8,448,526	-	-	-	77,502,603	

6.1.3 Net Book Value

	2015	2014
	Rs.	Rs.
At Cost		
Temporary Building	1,641,878	2,938,829
Equipment	9,052,499	5,831,882
Computers and Electronic Equipment	6,209,776	4,857,561
Furniture and Fittings	9,179,975	10,462,889
Motor Vehicles	19,159,308	8,562,714
	45,243,436	32,653,876
At Valuation		
Buildings	1,062,741,472	1,046,185,334
	1,062,741,472	1,046,185,334
In the Course of Construction		
Capital Work In Progress	490,120,498	480,272,199
	490,120,498	480,272,199
	1,598,105,407	1,559,111,409

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

6.2.3 Net Book Value

	2015	2014
	Rs.	Rs.
At Cost		
Equipment	1,357,521	703,346
Computers and Electronic Equipment	2,881,436	2,018,204
Furniture and Fittings	1,642,675	2,082,590
Motor Vehicles	19,159,308	8,562,714
	25,040,940	13,366,854
At Valuation		
Buildings	336,589,004	323,127,192
	336,589,004	323,127,192
In the Course of Construction		
Capital Work In Progress	2,304,921	1,962,104
	2,304,921	1,962,104
	363,934,865	338,456,150

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

Notes to the Financial Statements

Year ended 31 December 2015

6. PROPERTY, PLANT AND EQUIPMENT (Contd.)

- 6.3** The fair value of building (Level 18 of the World Trade Centre held as owner occupied property) was determined by means of a revaluation during the financial year 2015 by Mr. P.B. Kalugalagedera, an independent valuer. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31 December 2015. The surplus arising from the revaluation was transferred to a revaluation reserve. The valuation that was used to ascertain the value of investment property was used for the determination of the fair value of the Buildings-Level 18 carried at fair value. Further, similar assumptions have been used in determining the fair value of the property as given in Note 5.2.
- 6.4** The fair value of building (Club House at Havelock City) was determined by means of a revaluation using the replacement cost approach during the financial year 2015 by Mr. P.B. Kalugalagedera, an independent valuer. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31 December 2015.
- 6.5** Cash payments amounting to Rs.35,939,895/- (2014 : Rs. 126,339,415/-) were made during the year by the Group and Rs.16,557,912/- (2014 : Rs. 9,688,212/-) were made by the Company for purchase of Property, Plant and Equipment.
- 6.6** Depreciation is calculated on a straight line basis over the useful life of the assets as follows :

Buildings	Over 60 Years
Temporary Building	Over 5 Years
Computer and Electronic Equipment	Over 4 Years
Equipment	Over 5 - 10 Years
Furniture and Fittings	Over 10 Years
Motor Vehicles	Over 5 Years

- 6.7** Out of the total depreciation for the year of Rs.30,518,480/- (2014 -Rs.12,268,739/-) an amount of Rs.Nil/- (2014 - Rs.866,333 /-) has been transferred to Inventory/Project Under Development during the year by the Group. Those assets are still in use for supply of services and administrative purpose.
- 6.8** Property, Plant and Equipment of the Group and the Company includes fully depreciated assets having a gross carrying amount of Rs.55,255,463/- and Rs. 47,111,952/- (2014 : Rs. 72,685,423 and Rs.64,520,560 /-) respectively.
- 6.9** 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	Net Carrying
			Amount 2015 Rs.	Amount 2014 Rs.
Group				
Building - Level 18	87,431,566	(13,114,736)	74,316,830	75,774,023
Building - Club House	726,671,879	(14,533,438)	712,138,441	723,058,142

- 6.10** The Group and Company use unobservable market inputs in determining the fair value of the Buildings reflected at its fair value (i.e. Falling under Level 3 of the fair value hierarchy)

7. INTANGIBLE ASSETS

7.1 Group

	WTC Membership Rs.	Computer Software Rs.	Goodwill Rs.	Total Rs.
Summary	(Note 7.3)	(Note 7.4)	(Note 7.5)	
Cost				
As at 1 January 2015	7,297,734	28,919,768	8,794,864	45,012,366
Acquired / Incurred during the Year	-	-	-	-
As at 31 December 2015	7,297,734	28,919,768	8,794,864	45,012,366
Amortization				
As at 1 January 2015	7,297,734	23,915,194	-	31,212,928
Amortization during the Year	-	1,470,252	-	1,470,252
As at 31 December 2015	7,297,734	25,385,446	-	32,683,180
Net book value				
As at 1 January 2015	-	5,004,574	8,794,864	13,799,438
As at 31 December 2015	-	3,534,322	8,794,864	12,329,186

7.2 Company

	WTC Membership Rs.	Computer Software Rs.	Total Rs.
Summary	(Note 7.3)	(Note 7.4)	
Cost			
As at 1 January 2015	7,297,734	28,919,768	36,217,502
Acquired / Incurred during the Year	-	-	-
As at 31 December 2015	7,297,734	28,919,768	36,217,502
Amortization			
As at 1 January 2015	7,297,734	23,915,194	31,212,928
Amortization for the Year	-	1,470,252	1,470,252
As at 31 December 2015	7,297,734	25,385,446	32,683,180
Net book value			
As at 1 January 2015	-	5,004,574	5,004,574
As at 31 December 2015	-	3,534,322	3,534,322

Notes to the Financial Statements

Year ended 31 December 2015

7. INTANGIBLE ASSETS (Contd.)

- 7.3** WTC membership fee represent the original amount paid to be eligible to use the trade name "World Trade Centre".
- 7.4** Computer software represent the Enterprise Resource Planning System (ERP) consisting of application software, user license and implementation services of which the management of the Company has determined the useful life as five (5) years. Amortization has been made on a straight line basis in the Income Statement. During the year under review, a further amount of Rs.Nil (2014 Rs. 1,334,388/-) was invested in the ERP system.
- 7.5** Goodwill is related to the acquisition of Mireka Capital Land (Pvt) Ltd.

8. INVESTMENTS IN SUBSIDIARIES

	% Holding	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Non-Quoted Investment at cost					
Mireka Capital Land (Pvt) Ltd.	60%	-	-	1,125,000,000	1,125,000,000
Hospitality International (Pvt) Ltd.	100%	-	-	112,159,107	112,159,107
Realty Management Services (Pvt) Ltd.	100%	-	-	10,020	10,020
Property Mart (Pvt) Ltd.	100%	-	-	20	20
		-	-	1,237,169,147	1,237,169,147
Provision for Impairment: Hospitality International (Pvt) Ltd.		-	-	(112,159,107)	(112,159,107)
		-	-	1,125,010,040	1,125,010,040

8.1 All subsidiaries are incorporated in Sri Lanka.

8.2 Principal Subsidiaries with material Non-controlling Interests

Summarised financial information in respect of Overseas Realty (Ceylon) PLC's subsidiary that has material non-controlling interest, reflecting amounts before inter-company eliminations, is set out below.

	Mireka Capital Land (Pvt) Ltd.	
	Group 2015	Group 2014
	Rs.	Rs.
Statement of Financial Position		
Current Assets	956,885,486	1,903,590,460
Non Current Assets	3,614,005,865	3,345,543,832
Total Assets	4,570,891,351	5,249,134,292
Current Liabilities	436,657,157	1,476,013,741
Non Current Liabilities	354,542,035	4,334,815
Total Liabilities	791,199,192	1,480,348,556
Net Assets	3,779,692,159	3,768,785,736
Net Assets Attributable to NCI	1,511,844,687	1,507,482,118
Statement of Profit or Loss and Other Comprehensive Income		
Revenue	859,264,842	4,329,204,511
Profit/(Loss) after Tax	100,387,158	947,226,424
Profit/(Loss) Attributable to NCI	40,154,863	378,890,570
Other Comprehensive Income	9,102,695	80,799
Total Comprehensive Income	109,489,853	947,307,223
Total Comprehensive Income Attributable to NCI	3,641,078	378,890,570
Dividend Paid to NCI during the Year	(37,500,000)	(18,750,000)
Statement of Cash Flows		
Net Cash Inflow from Operating Activities	918,342,913	162,622,136
Net Cash (Outflow) from Investing Activities	(10,551,366)	(478,848,576)
Net Cash (Outflow)/Inflow from Financing Activities	(1,014,250,000)	(958,975,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	(106,458,453)	188,397,785

Notes to the Financial Statements

Year ended 31 December 2015

9. DEFERRED TAX

9.1 Group

	Statement of Financial Position		Statement of Profit or Loss	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Assets Arising on:				
Unused Carried Forward Tax Losses	26,179,412	23,650,233	2,529,179	12,155,863
Post Employment Benefit Liability	2,951,162	3,054,766	(103,604)	1,754,322
Property Plant and Equipment	233,580	465,394	(231,814)	81,648
	29,364,154	27,170,393	2,193,761	13,991,833
Deferred Tax Liability Arising on:				
Property Plant and Equipment	(22,708,034)	-	(22,708,034)	-
	(22,708,034)	-	(22,708,034)	-
Deferred Tax Expense/(Income)			(20,514,273)	13,991,833
Net Deferred Tax Asset/(Liability)	6,656,120	27,170,393		

	2015	2014
	Rs.	Rs.
Balance brought forward	(27,170,393)	(41,162,226)
Deferred Income Tax (Credit)/Charge- Statement of Profit or Loss (Note 24.1)	17,467,354	16,097,788
Deferred Income Tax (Credit)/Charge- Statement of Comprehensive Income	3,046,919	(2,105,955)
Net Deferred Tax (Asset)/Liability	(6,656,120)	(27,170,393)

9.2 Company

	Statement of Financial Position		Statement of Profit or Loss	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Assets Arising on:				
Tax Loss Carried Forward	15,490,202	23,613,326	8,123,124	15,860,854
Deferred Tax Expense/(Income)			8,123,124	15,860,854
Net Deferred Tax Asset/(Liability)	15,490,202	23,613,326		

10. INVENTORIES

10.1 Non Current Inventories

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Work in Progress	2,362,174,072	2,124,582,326	-	-
	2,362,174,072	2,124,582,326	-	-

10.2 Current Inventories

Work in Progress	-	17,348,555	-	-
Completed Apartments for Sale	254,835,853	387,439,012	-	-
Consumables and Spares	16,763,615	19,230,387	15,615,804	19,230,387
	271,599,468	424,017,954	15,615,804	19,230,387

10.3 Total Inventories	2,633,773,540	2,548,600,280	15,615,804	19,230,387
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10.4 The amount of borrowing costs capitalised with inventory during the year ended 31 December 2015 was Rs Nil (2014: Rs 102,482,027/-). The rate used for capitalising the borrowing cost was 5%.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Rent and Service Charge Receivables	98,122,908	50,956,095	98,122,908	50,956,095
Trade Receivables - Apartment Sales	99,364,096	628,144,202	-	-
	197,487,004	679,100,297	98,122,908	50,956,095
Other Receivables	118,136,651	116,464,793	30,329,617	17,821,776
Accrued Rental Income	275,221,690	273,246,108	275,221,690	273,246,108
	590,845,345	1,068,811,198	403,674,215	342,023,979
VAT Receivables	237,367,924	254,454,178	-	-
Advances and Prepayments	63,967,722	55,455,043	19,725,857	13,433,106
	892,180,991	1,378,720,419	423,400,072	355,457,085

Notes to the Financial Statements

Year ended 31 December 2015

11. TRADE AND OTHER RECEIVABLES (Contd.)

11.1 As at 31 December, the age analysis of trade receivables, is as follows:

Group	Past Due but not Impaired						
	Total	Before 30 days	31-60 days	61-90 days	91-120 days	121-150 days	> 150 days
2015	197,487,004	73,727,065	11,069,255	18,287,596	13,602,313	158,726	80,642,049
2014	679,100,297	247,801,501	39,414,324	109,292,745	198,182,415	56,980,232	27,429,080

Company	Past Due but not Impaired						
	Total	Before 30 days	31-60 days	61-90 days	91-120 days	121-150 days	> 150 days
2015	98,122,908	55,562,323	8,976,513	18,287,596	13,602,313	158,726	1,535,437
2014	50,956,095	20,505,145	15,443,265	5,036,319	4,233,743	39,874	5,697,749

11.2 Rent and Service Charge Receivable are not interest bearing and usually due within 30 days. The Group holds no collateral in respect of these receivables. However the Group is in a position to recover long outstanding dues from rental deposits and customer deposits obtained from customers and tenants.

11.3 Movement in the allowance for impairment is as follows.

Group	As at 1 January Rs.	Charge for the Year Rs.	Reversal Rs.	As at 31 December Rs.
2015	-	-	-	-
2014	15,564,685	-	(15,564,685)	-

12. AMOUNTS DUE FROM RELATED PARTIES

Relationship	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Realty Management Services (Pvt) Ltd. Subsidiary	-	-	3,914,592	3,233,524
Mireka Homes (Pvt) Ltd. Sub-Subsidiary	-	-	4,774,436	-
Havelock City (Pvt) Ltd. Sub-Subsidiary	-	-	158,224	158,224
Shing Kwan Investment Lanka (Pvt) Ltd. Fellow Subsidiary	996,488	82,372	996,488	82,372
Management Corporation Condominium Plan 1824 Other Related Party	-	8,583,920	-	8,583,920
	996,488	8,666,291	9,843,740	12,058,039

13. STATED CAPITAL**13.1 Stated Capital**

	2015 Rs.	2014 Rs.
Balance as at 1 January	10,186,085,405	10,186,085,405
Issue of shares during the Year	976,666,108	-
Balance as at 31 December	11,162,751,513	10,186,085,405

13.2 Number of Ordinary Shares

	2015 Number	2014 Number
Balance as at 1 January	843,484,359	843,484,359
Issue of shares during the Year	44,393,914	-
Balance as at 31 December	887,878,273	843,484,359

14. RESERVES**14.1 Revaluation Reserve**

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Balance as at 1 January	264,523,391	238,875,211	264,523,391	238,875,211
Surplus during the Year	33,572,583	25,648,180	19,558,556	25,648,180
Deferred Tax Effect	(2,180,016)	-	-	-
	295,915,958	264,523,391	284,081,947	264,523,391
Revaluation Surplus Attributable to Non Controlling Interest	(4,733,604)	-	-	-
Balance as at 31 December	291,182,354	264,523,391	284,081,947	264,523,391

14.2 Revaluation Reserve represents the surplus related to the regular revaluation as explained in Note 6.3.

Notes to the Financial Statements

Year ended 31 December 2015

15. OTHER FINANCIAL ASSETS AND LIABILITIES

15.1 Short Term Investment

15.1.1 Investments in Money Market Funds

Group / Company	As At 01.01.2015 Rs.	Additions Rs.	Fair Value Gain) / Loss Rs.	As At 31.12.2015 Rs.
Namal High Yield Fund	646,741,724	-	43,200,715	689,942,439
Ceybank Saving Plus	763,134,653	59,609,045	(7,620,545)	815,123,153
Eagle Money Plus Fund	744,858,681	-	50,841,042	795,699,723
Guardian Acuity Money Market Fund	-	550,000,000	10,945,928	560,945,928
	2,154,735,058	609,609,045	97,367,140	2,861,711,243

15.1.2 Fair values of the Investments in Money Market Funds are ascertained annually using the unit prices of each Trust Funds. These investments are carried in the Statement of Financial Position at fair value with changes in fair value recognised in finance income or finance costs in the income statement as disclosed in note 22.

15.2 Interest Bearing Loans and Borrowings

15.2.1 Group

	2015 Amounts Repayable within 1 Year Rs.	2015 Amounts Repayable after 1 Year Rs.	2015 Total Rs.	2014 Amounts Repayable within 1 Year Rs.	2014 Amounts Repayable after 1 Year Rs.	2014 Total Rs.
Loan from Bank of Ceylon (BOC) (15.2.3)	-	-	-	920,500,000	-	920,500,000
SR & CC & T Fund Loan - BOC (15.2.4)	50,004,000	45,797,000	95,801,000	50,004,000	95,801,000	145,805,000
Bank Overdrafts (21)	-	-	-	15,292,951	-	15,292,951
	50,004,000	45,797,000	95,801,000	985,796,951	95,801,000	1,081,597,951

15.2.2 Company

	2015 Amounts Repayable within 1 Year Rs.	2015 Amounts Repayable after 1 Year Rs.	2015 Total Rs.	2014 Amounts Repayable within 1 Year Rs.	2014 Amounts Repayable after 1 Year Rs.	2014 Total Rs.
SR & CC & T Fund Loan (15.2.4)	50,004,000	45,797,000	95,801,000	50,004,000	95,801,000	145,805,000
	50,004,000	45,797,000	95,801,000	50,004,000	95,801,000	145,805,000

15.2.3 Loan - Bank of Ceylon

	As At 01.01.2015 Rs.	Loans Obtained during the Year Rs.	Repayments Rs.	Exchange Difference Rs.	As At 31.12.2015 Rs.
Shareholder Loan - BOC	920,500,000	-	(929,115,898)	8,615,898	-
	920,500,000	-	(929,115,898)	8,615,898	-

15.2.4 Unsecured Bank Loans

	As at 01.01.2015 Rs.	Loans Obtained during the Year Rs.	Repayments Rs.	As At 31.12.2015 Rs.
SR & CC & T Fund Loan - BOC (15.2.5)	145,805,000	-	(50,004,000)	95,801,000
	145,805,000	-	(50,004,000)	95,801,000

15.2.5 The Company signed an unsecured Term Loan Agreement on 30 March 1998 with Bank of Ceylon (BOC) to borrow Rs.500 million at a 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. The first capital repayment therefore commenced in December 2007.

Notes to the Financial Statements

Year ended 31 December 2015

16. POST EMPLOYMENT BENEFIT LIABILITY

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Balance as at 1 January	21,274,742	17,666,428	8,352,270	17,666,428
Transferred to related companies	-	(7,525,810)	-	(10,960,983)
	21,274,742	10,140,618	8,352,270	6,705,445
Charge for the Year (16.1)	6,477,655	4,421,922	2,784,621	1,959,666
Actuarial (Gain)/ Loss	(1,090,965)	8,112,102	513,224	634,969
Payments Made during the Year	(150,255)	(1,399,900)	-	(947,810)
Balance as at 31 December	26,511,177	21,274,742	11,650,115	8,352,270

16.1 Post Employee Benefit Expense for Year Ende 31 December

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Current Service Cost	4,775,675	3,205,048	2,116,439	1,155,013
Interest Cost	1,701,980	1,216,874	668,182	804,653
Post Employment Benefit Expense	6,477,655	4,421,922	2,784,621	1,959,666

16.2 Messrs. Piyal S Goonetilleke and Associates : Actuaries, carried out an actuarial valuation of the Group as at 31 December 2015. Appropriate and compatible assumptions were used in determining the cost of post employment benefits. The principal assumptions used are as follows:

a) Demographic Assumptions

	2015	2014
Retirement Age :	55 Years	55 Years

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

c) Financial Assumptions

	2015	2014
Discount Rate	9.61%	8%
Salary Increment Rate	8%	10%
Expected Average Future Working Life of Employee	5.7 years	8.2 years

16.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions used, with all other variables held constant in the post employment benefit liability measurement, in respect of the year 2015.

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

Increase/(Decrease)	Group		Company		
	2015		2015		
In Discount Rate	In Salary Increment Rate	Effect on Income Statement (reduction)/ increase in results for the Year 2015 Rs.	Performa Post Employment Benefit Liability 2015 Rs.	Effect on Income Statement (reduction)/ increase in results for the Year 2015 Rs.	Performa Post Employment Benefit Liability 2015 Rs.
-1%	-	(1,282,168)	27,793,345	(563,438)	12,213,553
1%	-	1,161,529	25,349,649	510,424	11,139,691
-	-1%	1,130,056	25,381,121	496,594	11,153,521
-	1%	(1,224,812)	27,735,990	(538,233)	12,188,348

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Trade Paybles - Related Parties (17.1)	-	1,902,101	-	-
- Payable to Contractor	153,353,884	2,000,000	-	-
- Other	143,885,716	395,817,235	-	-
	297,239,600	399,719,336	-	-
Other Payables	11,312,402	1,427,508	-	-
Rental Income Received in Advance	135,843,604	148,171,719	135,843,604	148,171,718
Sundry Creditors including Accrued Expenses	337,770,564	275,905,512	193,487,688	186,150,956
	782,166,170	825,224,075	329,331,292	334,322,674

17.1 Trade Payables - Related Parties

	Relationship				
Shing Kwan Management Ltd.	Fellow Subsidiary	-	712,305	-	-
Shing Kwan Investment (Singapore) Pte Ltd.	Ultimate Parent	-	1,189,796	-	-
		-	1,902,101	-	-

18. RENTAL AND CUSTOMER DEPOSITS

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Rental Deposits	875,469,328	840,698,153	875,469,328	840,698,153
Customer Deposits	322,786,412	63,538,117	-	-
	1,198,255,740	904,236,270	875,469,328	840,698,153
Classified Under:				
Current Liabilities	875,469,328	904,236,270	875,469,328	840,698,153
Non Current Liabilities	322,786,412	-	-	-

Notes to the Financial Statements

Year ended 31 December 2015

19. AMOUNTS DUE TO RELATED PARTIES

	Relationship	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Mireka Capital Land (Pvt) Ltd.	Subsidiary	-	-	3,265,480	4,566,519
Management Corporation Condominium Plan 1824	Other Related Party	21,171,041	-	21,171,041	-
Mireka Homes (Pvt) Ltd.	Sub-Subsidiary	-	-	-	91,112
		21,171,041	-	24,436,521	4,657,631

20. DIVIDENDS PAID AND PAYABLE

Group / Company		2015 Rs.	2014 Rs.
20.1 Declared and Paid during the Year			
Equity Dividends on Ordinary Shares			
- Final dividend for 2014 Rs.1.50 : (2013- Rs. Rs. 1.45)		1,265,226,539	1,223,052,321
		1,265,226,539	1,223,052,321
20.2 Dividends Payable as at the end of the Year			
Dividends on Ordinary Shares Unclaimed		6,713,174	5,315,525
		6,713,174	5,315,525

21. CASH AND SHORT TERM DEPOSITS

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Cash and Bank Balances	163,246,359	397,503,577	132,007,681	208,589,637
Call Deposits and Fixed Deposits	1,502,852,758	772,502,999	1,268,277,041	584,246,530
	1,666,099,117	1,170,006,576	1,400,284,722	792,836,167
Bank Overdraft (15)	-	(15,292,951)	-	-
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	1,666,099,117	1,154,713,625	1,400,284,722	792,836,167

22. FINANCE COST AND INCOME

22.1 Finance Cost

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Interest Expense on Interest Bearing Loans and Borrowings	9,579,170	5,997,750	2,379,929	3,301,385
Fair Value Adjustment on Rental Deposits	2,760,101	26,573,264	2,760,101	26,573,264
	12,339,271	32,571,014	5,140,030	29,874,649

22.2 Finance Income

Income from Investments				
- Interest on Fixed Deposits	76,774,967	79,070,040	74,176,040	70,851,236
- Interest on Government Securities (REPO)	5,675,954	1,482,838	-	-
- Income from Investment in Fair Value through Profit & Loss	97,367,140	78,821,858	97,367,140	78,821,858
Amortization of Deferred Lease Interest Income on Rental Deposits	1,754,897	28,026,112	1,754,897	28,026,112
	181,572,958	187,400,848	173,298,077	177,699,206

22.3 Other Income

Dividend Income	59,609,044	45,170,452	115,959,244	74,295,453
Club House Income	24,680,137	19,176,471	-	-
	84,289,181	64,346,923	115,959,244	74,295,453

23. PROFIT BEFORE TAX

Stated after Charging /(Crediting)

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Directors Fee	6,050,000	6,275,000	5,125,000	6,275,000
Auditors Remuneration	3,450,546	3,394,173	1,631,750	1,525,000
Depreciation Charge for the Year	30,518,480	12,268,739	10,637,753	7,790,129
Exchange (Gain)/Loss	9,664,790	10,212,200	5,887,498	825,997
(Profit)/Loss on Disposal/Discontinuation of Property, Plant and Equipment	(5,952,721)	-	(5,952,721)	-
Employee Benefit Expenses Including the following;				
-Defined Benefit Plan Cost - Gratuity	6,477,655	4,421,922	2,784,621	1,959,666
-Defined Contribution Plan Cost - EPF & ETF	11,545,385	9,740,434	8,922,461	7,698,124
Amortization of Intangible Assets	1,470,252	5,268,799	1,470,252	1,470,252

Notes to the Financial Statements

Year ended 31 December 2015

24. TAX EXPENSES

The major components of income tax expense for the years ended 31 December 2015 and 31 December 2014 are as follows :

24.1 Statement of Profit or Loss

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Current Income Tax:				
Current Tax Expense on Other Income	24,032,558	21,431,395	14,644,734	16,635,009
Under/(Over) Provision of Current Taxes in respect of Prior Year	557,731	12,958,107	441,168	12,820,864
Deferred Tax:				
Deferred Taxation Charge/(Credit) (Note 9)	17,467,354	16,097,788	8,123,124	15,860,854
Income Tax Expense /(Credit) Reported in the Statement of Profit or Loss	42,057,643	50,487,289	23,209,026	45,316,727

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

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Accounting Profit Before Tax	3,072,911,070	3,386,423,366	2,890,021,275	2,480,204,821
Income Exempted from Tax	(2,977,652,271)	(3,276,470,455)	(2,809,555,894)	(2,388,803,674)
Less : Other Income	(76,799,357)	-	(69,401,889)	-
Aggregate Disallowed Items	26,804,706	2,992,401	-	-
Aggregate Allowabal Items	(78,952,877)	(36,404,617)	-	(31,990,401)
Net Profit/ (Loss) from Trade	(33,688,728)	76,540,695	11,063,492	59,410,746
Other Income	76,799,357	-	69,401,889	-
Total Statutory Income	114,166,671	76,540,695	52,302,622	59,410,746
Less Tax Losses Claimed	(28,336,106)	-	(28,162,759)	-
Assessable Liabale Income/ Taxable Income	85,830,565	76,540,695	52,302,622	59,410,746
Income Tax at the Statutory Rate 15% - 28%	24,032,558	21,431,395	14,644,734	16,635,009
Current Tax Expense on Other Income	24,032,558	21,431,395	14,644,734	16,635,009

24.3 The above current 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 2.3.3.

24.4 The carried forward unitized tax losses of the Company and Group respectively as at 31 December 2015 amounted to Rs. 55,322,149/- and 126,583,547/- (2014-Rs.84,333,308/- and 84,465,117/-) respectively

25. EARNINGS PER SHARE

25.1 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 earnings per share computation.

	Group	
	2015	2014
	Rs.	Rs.
Amounts Used as the Numerator		
Net Profit Attributable to Shareholders for Earnings Per Share	2,990,698,564	2,957,045,507
Number of Ordinary Shares Used as the Denominator		
Weighted Average Number of Ordinary Shares in Issue Applicable to Earnings Per Share (25.3)	869,887,034	849,021,455

25.3 Weighted Average Number of Ordinary Shares in Issue Applicable to Earnings Per Share

	Group	
	2015	2014
	Rs.	Rs.
Ordinary Shares at the beginning of the year	843,484,359	843,484,359
Bonus Element on Right Issue	5,537,096	5,537,096
Effect of Right Issue	20,865,579	-
Weighted Average Number of Ordinary Shares in Issue	869,887,034	849,021,455

Notes to the Financial Statements

Year ended 31 December 2015

26. RELATED PARTY DISCLOSURES

26.1 Transactions with Related Entities

26.1.1 Ultimate Parent Entity

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Amounts Receivable as at 1 January	-	-	-	-
Amounts Payable as at 1 January (Reimbursements) / Settlements	-	(1,189,802)	-	-
	-	1,189,802	-	-
Amounts Receivable as at 31 December	-	-	-	-
Amounts Payable as at 31 December	-	-	-	-

26.1.2 Subsidiaries

Amounts Receivable as at 1 January	-	-	3,233,523	27,550,222
Amounts Payable as at 1 January	-	-	(4,657,632)	(962,945)
Rendering of Services	-	-	7,420,517	22,782,835
Reimbursements / (Settlements)	-	-	(414,636)	(50,635,996)
Amounts Receivable as at 31 December	-	-	5,581,772	3,233,523
Amounts Payable as at 31 December	-	-	-	(4,657,632)

26.1.3 Fellow Subsidiaries

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Amounts Receivable as at 1 January	82,372	-	82,372	-
Amounts Payable as at 1 January	-	(11,205,265)	-	(11,150,306)
Management Fee	-	-	-	-
Receipt of Services	1,200,000	1,200,000	1,200,000	1,200,000
(Reimbursements) / Settlements	(285,884)	10,087,637	(285,884)	10,032,678
Amounts Receivable as at 31 December	996,488	82,372	996,488	82,372
Amounts Payable as at 31 December	-	-	-	-

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

Terms and Conditions

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. The intention of the Group is to settle such related party dues within a short term (less than one year).

26.1.4 Other Related Parties

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

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Financial Accommodation :				
As at 1 January	1,081,597,951	2,034,288,145	145,805,000	195,809,000
Loans Granted	-	532,913,806	-	-
Loan Repayments	(985,796,951)	(1,485,604,000)	(50,004,000)	(50,004,000)
As at 31 December	95,801,000	1,081,597,951	95,801,000	145,805,000

The above transactions are included in interest bearing loans. Further, the Group and Company has current accounts with BOC respectively amounted to Rs.93,022,713/- and Rs. 53,121,247/- (2014- Rs. 298,565,350/- and Rs. 114,903,564/-), while investment in REPO/Call & Fixed deposits amounting to Rs. 288,480,889/- and Rs. 108,480,889/- (2014- Rs. 503,833,410/- and Rs. 330,925,441/-) . During the year interest expense on account of financial accommodation obtained from BOC amounted to Rs.9,241,934 and Rs.2,379,929/- (2014- Rs. 3,301,385/- and 3,301,385/-), while interest earned amounted to Rs.10,715,130/- and Rs. 2,990,077/- (2014 - Rs. 12,551,554/- and Rs. 3,301,385/-).

Other matters related to this financial accommodation are given in Note 15.2.

b) Management Corporation Condominium Plan 1824

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Amounts Receivable as at 1 January	8,583,920	24,286,667	8,583,920	24,286,667
Amounts Payable as at 1 January	-	(891,190)	-	-
Property Facility Fee	22,440,000	22,440,000	22,440,000	22,440,000
Membership Fee Collected on behalf	(384,453,600)	(430,588,032)	(384,453,600)	(430,588,032)
Due on account of Supply of Electricity	246,474,726	326,828,569	246,474,726	326,828,569
Other Expense Borne on behalf	85,783,913	66,507,906	85,783,913	65,616,716
Amounts Receivable as at 31 December	-	8,583,920	-	8,583,920
Amounts Payable as at 31 December	(21,171,041)	-	(21,171,041)	-

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

Notes to the Financial Statements

Year ended 31 December 2015

26. RELATED PARTY DISCLOSURES (Contd.)

26.2 Transactions with Key Management Personnel of the Company or its Subsidiaries

- a) The Key Management Personnel are the members of the Board of Directors, of the company and of its parent, and the Chief Executive Officer and members of the Management Committee of the Group.

Payments made to Key Management Personnel during the year were as follows:

	2015 Rs.	2014 Rs.
Fees for Directors	6,050,000	6,275,000
Emoluments	66,198,102	61,688,731
Short Term Employment Benefits	8,640,000	7,905,020
Post Employment Benefits	8,221,471	7,400,358
	89,109,573	83,269,109

27. COMMITMENTS

As at the reporting date the following amounts have been agreed and consequently committed to future capital and operating expenditure in respect of project under development.

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Contracted but not Provided for				
Enterprise Resources Planning	1,162,157	1,162,157	1,162,157	1,162,157
Havelock City Project	93,000,000	187,000,000	-	-
	94,162,157	188,162,157	1,162,157	1,162,157

Letters of Credit opened with Banks Favours Suppliers by the Group and the Company amounted to Rs. 72,624,800/- (2014 - 20,651,856/-) and Rs. 72,624,800/- (2014- 2,466,682/-) respectively.

28. CONTINGENCIES

Legal Claim:

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

The Company's Subsidiary Mireka Capital Land (Pvt) Ltd was assessed for Value Added Tax (VAT) for periods between January 2006 and January 2009 amounting to Rs 190 Mn plus penalties. The Company appealed against same and filed a Writ Application in the Court of Appeal to prevent recovery action being taken by Authorities. The Company appealed at the Tax Appeal Commission (TAC) on the same matter and the TAC Determination has been issued dismissing the said appeal of the Company. The Company appealed against the TAC Determination in the Court of Appeal. Although there can be no assurance, the Directors believe, based on the expert advise received and the information currently available, that the ultimate resolution of the said legal proceedings would be favorable to the Company and therefore would not have an adverse effect on the results of operations or financial position. Accordingly, no provision for any liability has been made in these Financial Statements.

The Company's Subsidiary Mireka Homes (Pvt) Ltd (MHL) has been assessed for ESC amounting to Rs 2.9 Mn plus penalties and the Company has appealed against same. Further the Department of Inland Revenue has raised assessments disallowing Input VAT of Rs 324Mn and the Company has appealed against same. Although there can be no assurance, the Directors believe, based on the expert advise received and the information currently available, that the ultimate resolution of appeal / legal proceedings would be favorable to the Company and therefore would not have an adverse effect on the results of operations or financial position.

29. ASSETS PLEDGED

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

30. EVENTS OCCURRING AFTER THE REPORTING DATE

The Board of Directors of the Company has declared a Final dividend of Rs. 1.50 per share for the financial year ended 31 December 2015. As required by section 56 (2) of the Companies Act No 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No 07 of 2007. Dividend is to be approved by Shareholders at the Annual General Meeting of the Company.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company's Board of Directors oversees the management of these risks. The Board of Directors is supported by an Audit Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Audit Committee provides guidance to the Board of Directors that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with policies.

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

31.1 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and unit prices will affect the Group's income or the value of its holdings of financial instruments.

An analysis of the carrying amount of financial instruments based on the currency they are denominated are as follows:

Group	Denominated in LKR	Denominated in USD
Cash at Bank and in Hand	83,556,767	360,017
Short Term Deposits	1,367,433,942	1,039,650
Short Term Investments	2,861,711,243	-
Interest Bearing Loans & Borrowings	45,797,000	-
Company		
Cash at Bank and in Hand	53,882,862	351,214
Short Term Deposits	1,187,433,942	754,650
Other Financial Assets (Unit Trust Investments)	2,861,711,243	-
Interest Bearing Loans & Borrowings	45,797,000	-

Notes to the Financial Statements

Year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations. The Group manages its interest rate risk by monitoring and managing of cash flow, by keeping borrowings to a minimum and negotiating favorable rates on borrowings and deposits and by borrowing at fixed rates.

b) Foreign Currency Risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's USD denominated loans for the Havelock City Project.

The Group manages its foreign currency risk by entering into construction contracts in LKR and building in the foreign exchange loss into the cost of development.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, on the Group's profit before tax, due to possible changes in the USD exchange rate, on the Group's USD denominated interest bearing loan.

	Average Loan Value	Year End Exchange Rate	Change In USD Rate	Effect on Profit Before Tax
2015	USD 0.57 Mn	143.75	+/-7.5%	6,165,845

31.2 Credit Risk

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

Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management.

The following practices are implemented within the Group in order to manage credit risk related to receivables:

- Adequate customer deposits are collected from lessees of leased property.
- Outstanding customer receivables are regularly monitored with regular trade debtor review meetings.
- Contractual obligation to release assets only upon full payment of receivable, for related contracts and assets.

Credit quality information is provided in Note 11.

31.3 Liquidity risk

The Group monitors its risk to a shortage of funds by forecasting its operational cash requirements on an annual basis and forecasts cash flow requirements as per the project implementation period. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, and bank loans. Access to sources of funding is sufficiently available and financing for current operations is already secured.

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

Group	On Demand Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	More than 5 Years Rs.	Total Rs.
Trade and Other Payables	-	-	782,166,170	-	-	782,166,170
Interest Bearing Loans and Borrowings	-	-	50,004,000	45,797,000	-	95,801,000
Rental and Customer Deposit	-	20,750,046	119,556,896	1,079,626,858	-	1,198,255,740
	-	20,750,046	930,049,006	1,125,432,858	-	2,076,222,910

Company	On Demand Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	More than 5 Years Rs.	Total Rs.
Trade and Other Payables	-	-	329,331,292	-	-	329,331,292
Interest Bearing Loans and Borrowings	-	-	50,004,000	45,797,000	-	95,801,000
Rental and Customer Deposit	-	20,750,046	97,878,836	756,840,446	-	875,469,328
	-	20,750,046	477,214,128	802,637,446	-	1,300,601,620

32. CAPITAL MANAGEMENT

The stated capital of the Company, and Group reserves are given in Note 13 and 14.

33. FAIR VALUES

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments by classes, that are not carried at fair value in the financial statements.

This table does not include the fair values of non-financial assets and non-financial liabilities.

Notes to the Financial Statements

Year ended 31 December 2015

33. FAIR VALUES (Contd.)

Group	Note	Carrying Amount		Fair Value	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Financial Assets					
Trade and Other Receivables	B	590,845,345	1,068,811,198	590,845,345	1,068,811,198
Amounts Due from Related Parties	B	996,488	8,666,291	996,488	8,666,291
Short Term Investments	B	2,861,711,243	2,154,735,058	2,861,711,243	2,154,735,058
Cash and Short Term Deposits	B	1,666,099,117	1,170,006,576	1,666,099,117	1,170,006,576
Total		5,119,652,193	4,402,219,123	5,119,652,193	4,402,219,123
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	A	45,797,000	95,801,000	45,797,000	95,801,000
Trade and Other Payables	B	782,166,170	825,224,075	782,166,170	825,224,075
Amounts Due to Related Parties	B	21,171,041	-	21,171,041	-
Interest Bearing Loans and Borrowings (Current)	B	50,004,000	985,796,951	50,004,000	985,796,951
Rental and Customer Deposits (Current)	C	877,224,225	932,326,755	875,469,328	904,236,270
Total		1,776,362,435	2,839,148,781	1,774,607,539	2,811,058,296
Company					
Company	Note	Carrying Amount		Fair Value	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Financial Assets					
Trade and Other Receivables	B	403,674,215	342,023,979	403,674,215	342,023,979
Amounts Due from Related Parties	B	9,843,740	12,058,039	9,843,740	12,058,039
Short Term Investments	B	2,861,711,243	2,154,735,058	2,861,711,243	2,154,735,058
Cash and Short Term Deposits	B	1,400,284,722	792,836,167	1,400,284,722	792,836,167
Total		4,675,513,920	3,301,653,243	4,675,513,920	3,301,653,243
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	A	45,797,000	95,801,000	45,797,000	95,801,000
Trade and Other Payables	B	329,331,292	334,322,674	329,331,292	334,322,674
Amounts Due to Related Parties	B	24,436,521	4,657,631	24,436,521	4,657,631
Interest Bearing Loans and Borrowings (Current)	B	50,004,000	50,004,000	50,004,000	50,004,000
Rental Deposits (Current)	C	877,224,225	812,607,668	875,469,328	840,698,153
Total		1,326,793,038	1,297,392,974	1,325,038,141	1,325,483,459

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- A Long-term fixed-rate receivables/borrowings are evaluated based on parameters such as interest rates, risk characteristics of the financed project etc. As at 31 December 2015, the carrying amounts of such borrowings are not materially different from their calculated fair values.
- B Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- C The fair value of rental deposits (other than liabilities with maturities within 12 months) carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. Rental deposits fall into the category Level 2 of Fair value hierarchy.

a) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 31 December 2015, the Group held the following financial instruments carried at fair value on the statement of financial position:

b) Financial Assets measured at fair value

	2015	Level 1	Level 2	Level 3
	Rs.	Rs.	Rs.	Rs.
Short Term Investments (Note 15.1)	2,861,711,243	-	2,861,711,243	-

During the reporting period ending 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

34. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortised cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyse the carrying amount of financial assets and liabilities by category as defined in LKAS 39 - Financial Instruments : Recognition and measurement and by Statement of Financial Position heading:

Notes to the Financial Statements

Year ended 31 December 2015

34. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS (Contd.)

Group/ Company

As at 31 December 2015

	Financial Assets Held for Trading at Fair Value		Financial Assets and Liabilities at Amortised Cost		Total	
	Group	Company	Group	Company	Group	Company
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets						
Trade and Other Receivables	-	-	590,845,345	403,674,215	590,845,345	403,674,215
Amounts Due from Related Parties	-	-	996,488	9,843,740	996,488	9,843,740
Short Term Investments	2,861,711,243	2,861,711,243	-	-	2,861,711,243	2,861,711,243
Cash and Short Term Deposits	-	-	1,666,099,117	1,400,284,722	1,666,099,117	1,400,284,722
Total Financial Assets	2,861,711,243	2,861,711,243	2,257,940,950	1,813,802,677	5,119,652,193	4,675,513,920
Financial Liabilities						
Interest Bearing Loans and Borrowings (Non-Current)	-	-	45,797,000	45,797,000	45,797,000	45,797,000
Trade and Other Payables	-	-	782,166,170	329,331,292	782,166,170	329,331,292
Amounts Due to Related Parties	-	-	21,171,041	24,436,521	21,171,041	24,436,521
Interest Bearing Loans and Borrowings (Current)	-	-	50,004,000	50,004,000	50,004,000	50,004,000
Rental and Customer Deposits (Current)	-	-	875,469,328	875,469,328	875,469,328	875,469,328
Total Financial Liabilities	-	-	1,774,607,539	1,325,038,141	1,774,607,539	1,325,038,141

Group/ Company

As at 31 December 2014

	Financial Assets Held for Trading at Fair Value		Financial Assets and Liabilities at Amortised Cost		Total	
	Group	Company	Group	Company	Group	Company
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets						
Trade and Other Receivables	-	-	1,068,811,198	342,023,979	1,068,811,198	342,023,979
Amounts Due from Related Parties	-	-	8,666,291	12,058,039	8,666,291	12,058,039
Short Term Investments	2,154,735,058	2,154,735,058	-	-	2,861,711,243	2,154,735,058
Cash and Short Term Deposits	-	-	1,170,006,576	792,836,167	1,170,006,576	792,836,167
Total Financial Assets	2,154,735,058	2,154,735,058	2,247,484,065	1,146,918,185	4,402,219,123	3,301,653,243
Financial Liabilities						
Interest Bearing Loans and Borrowings (Non-Current)	-	-	95,801,000	95,801,000	95,801,000	95,801,000
Trade and Other Payables	-	-	825,224,075	334,322,674	825,224,075	334,322,674
Amounts Due to Related Parties	-	-	-	4,657,631	-	4,657,631
Interest Bearing Loans and Borrowings (Current)	-	-	985,796,951	50,004,000	985,796,951	50,004,000
Rental and Customer Deposits (Current)	-	-	904,236,270	840,698,153	904,236,270	840,698,153
Total Financial Liabilities	-	-	2,811,058,296	1,325,483,459	2,811,058,296	1,325,483,459

Group Performance - Ten Year Summary

Rs. Mn	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
STATEMENT OF PROFIT OR LOSS										
Rental Revenue	1,962	1,764	1,590	1,339	850	697	666	805	716	874
Revenue from Other Services	205	104	69	54	57	51	41	42	35	48
Apartment Revenue	974	4,329	3,190	554	1,588	950	1,234	598	379	-
Total Revenue	3,141	6,198	4,848	1,948	2,495	1,698	1,941	1,445	1,130	922
Direct Operating Expenses	(548)	(482)	(424)	(426)	(338)	(329)	(334)	(350)	(271)	(313)
Cost of Sales of Apartment	(653)	(3,308)	(2,635)	(397)	(1,231)	(633)	(1,051)	(403)	(328)	-
Gross Profit	1,940	2,408	1,789	1,125	926	736	556	692	531	609
Fair Value Gain on Investment Property	1,175	1,016	930	1,563	2,123	473	1,019	1,388	1,834	1,683
Other Operating Expenses	(305)	(266)	(268)	(260)	(270)	(274)	(187)	(202)	(178)	(159)
Net Finance Income / (Expense)	169	155	175	176	27	(94)	3	43	43	(109)
Profit from Operating Activities	2,979	3,312	2,626	2,604	2,806	841	1,391	1,921	2,230	2,024
Other Income	84	64	-	-	-	-	-	-	-	-
Exchange Gain / (Loss)	10	10	15	(85)	(40)	84	-	(88)	-	-
Net Profit Before Tax	3,073	3,386	2,641	2,519	2,766	925	1,391	1,833	2,230	2,024
Income Taxes	(42)	(50)	(2)	(51)	(25)	(11)	(7)	(16)	(17)	(6)
Net Profit After Tax	3,031	3,336	2,639	2,468	2,741	914	1,384	1,817	2,213	2,018
Profit Attributable to Equity Holders of the Parent	2,991	2,957	2,435	2,469	2,681	844	1,342	1,783	2,197	2,021
Non-controlling Interest	40	379	204	(1)	60	70	43	33	16	(3)
	3,031	3,336	2,639	2,468	2,741	914	1,384	1,817	2,213	2,018
STATEMENT OF FINANCIAL POSITION										
Assets										
Non-Current Assets										
Investment Property	22,579	21,405	20,389	19,459	17,884	15,751	15,278	14,259	12,870	11,203
Property Plant & Equipment	1,598	1,559	703	644	395	254	246	236	215	51
Intangible Assets	12	14	18	18	26	30	35	15	16	16
Inventory	2,362	2,125	1,785	-	-	-	-	-	-	-
Deferred Tax Assets	29	27	41	-	-	-	-	-	-	-
	26,581	25,130	22,937	20,122	18,305	16,035	15,560	14,510	13,101	11,270
Current Assets										
Inventory	272	424	3,565	4,129	3,167	3,981	4,093	4,226	3,108	2,210
Trade & Other Receivables	892	1,379	1,448	1,839	1,563	1,275	1,635	971	579	468
Amounts due From Related Parties	1	9	25	14	25	53	4	22	3	17
Income Tax Recoverable	-	10	2	-	-	1	1	-	-	-
Short Term Investments	2,862	2,155	1,236	-	-	-	-	-	-	-
Cash & Short Term Deposits	1,666	1,170	1,680	1,811	2,197	1,008	177	244	902	462
	5,693	5,146	7,956	7,793	6,952	6,318	5,910	5,462	4,592	3,156
TOTAL ASSETS	32,274	30,276	30,893	27,915	25,257	22,353	21,470	19,972	17,693	14,426
Equity & Liabilities										
Stated Capital	11,163	10,186	10,186	10,186	10,186	10,186	9,713	9,713	9,713	9,713
Revaluation Reserve	291	265	239	216	165	149	135	112	80	-
Retained Earnings	17,151	15,478	13,750	11,559	9,343	6,915	6,283	5,241	3,813	1,939
Equity Attributable to Equity Holders	28,605	25,929	24,175	21,961	19,694	17,250	16,131	15,066	13,606	11,652
Minority Interest	1,512	1,507	1,147	943	963	903	833	791	758	741
Total Equity	30,117	27,436	25,322	22,904	20,657	18,153	16,964	15,857	14,364	12,394

Rs. Mn	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Non-Current Liabilities										
Interest Bearing Loans & Borrowings	46	96	146	196	246	2,194	1,549	567	1,135	1,106
Non Interest Bearing Loans & Borrowings	-	-	-	-	-	1	2	3	4	-
Post Employment Benefit Liability	27	21	18	27	23	21	20	18	15	12
Customer Deposit	323	-	-	-	-	-	-	-	-	-
Deferred Tax Liability	23	-	-	-	-	-	-	-	-	-
Total Non Current Liabilities	413	117	163	223	269	2,216	1,571	588	1,154	1,118
Current Liabilities										
Trade & Other Payables	782	825	1,594	543	697	871	831	996	2,056	845
Rental & Customer Deposits	875	904	1,888	2,082	976	418	440	925	-	-
Amounts Due to Related Parties	21	-	12	20	9	9	26	13	19	10
Interest Bearing Loans & Borrowings	50	986	1,888	2,117	2,636	683	1,596	1,587	50	-
Non Interest Bearing Loans & Borrowings	-	-	-	-	1	1	1	1	1	18
Income Tax Payable	4	2	21	24	10	-	-	4	11	3
Dividend Payable	7	5	3	3	2	2	39	1	38	38
Total Current Liabilities	1,739	2,723	5,407	4,788	4,331	1,984	2,935	3,527	2,175	914
Total Equity & Liabilities	32,274	30,276	30,893	27,915	25,257	22,353	21,470	19,972	17,694	14,426
Earnings Per Share	3.44	3.48	2.89	2.93	3.18	1.23	2.25	3.04	3.74	3.67
Earnings Per Share (Excluding Fair Value Gains)	2.09	2.29	1.78	1.07	0.66	0.58	0.57	0.70	0.61	0.60
Dividend Per Share	1.50	1.45	0.30	0.30	0.30	0.26	0.40	0.50	0.30	-
Net Asset Value Per Share	32.22	30.74	28.66	26.04	23.35	20.45	28.69	26.79	24.20	20.72
Share Value (High)	24.10	29.30	21.30	15.60	19.40	24.00	15.00	15.00	15.50	23.25
Share Value (Low)	20.50	18.50	13.90	9.50	13.10	14.00	5.75	5.75	9.00	9.50
Current Ratio	3.27	1.89	1.47	1.63	1.61	3.18	2.01	1.55	2.11	3.45
Return on equity (%)	11%	13%	11%	11%	14%	5%	8%	12%	17%	23%
Total Debt to Total Assets (%)	7%	9%	18%	18%	18%	19%	21%	21%	19%	14%
Debt/Equity Ratio (%)	0.3%	4%	8%	11%	15%	17%	19%	14%	9%	9%
Return on Assets (%)	10%	11%	9%	9%	11%	4%	6%	9%	13%	14%
Asset Turnover (%)	10%	20%	16%	7%	10%	8%	9%	7%	6%	6%
Dividend Payout Ratio (%)	44%	42%	10%	10%	9%	21%	18%	16%	8%	0%

DEFINITION OF FINANCIAL TERMS

Net Asset Value Per Share

Equity Attributable to Equity Holders of the Parent divided by the weighted average number of ordinary shares in issue.

Current Ratio

Total Current Assets divided by Total Current Liabilities.

Asset Turnover

Total Revenue divided by Total Average Assets.

Return on Equity

Profit Attributable to Equity Holders divided by Average Equity Attributable to Equity Holders of the Parent.

Total Debt to Total Assets

Total Non-Current Liabilities and Total Current Liabilities divided by Total Assets

Debt/Equity Ratio

Total Interest Bearing Loans and Borrowing divided by Equity Attributable to Equity Holders of the Parent.

Shareholder Information

1. STATED CAPITAL

	31st December 2015	31st December 2014
Issue and Fully paid Capital (Rs.)	11,162,751,513	10,186,085,405
No of Shares	887,878,273	843,484,359
Class of Shares	Ordinary Shares	
Voting Rights	One Vote per Ordinary Share	

2. STOCK EXCHANGE LISTING

The issued ordinary shares of Overseas Realty Ceylon PLC, are listed with the Colombo Stock Exchange of Sri Lanka.

3. ORDINARY SHAREHOLDERS AS AT 31ST DECEMBER 2015

The number of Share Holders as at 31st December 2015 was 4,361 (As at 31st December 2014 - 3,635).

Shareholdings	Resident			Non Resident			Total		
	No. of Shareholders	No. of Shares	Percentage (%)	No. of Shareholders	No. of Shares	Percentage (%)	No. of Shareholders	No. of Shares	Percentage (%)
1 - 1,000	2,280	783,279	0.10%	19	9,175	0.00%	2,299	792,454	0.10%
1,001 - 10,000	1,404	5,540,965	0.62%	19	91,765	0.01%	1,423	5,632,730	0.63%
10,001 - 100,000	489	14,675,222	1.65%	22	815,994	0.09%	511	15,491,216	1.74%
100,001 - 1,000,000	93	26,319,638	2.96%	15	4,607,813	0.52%	108	30,927,451	3.48%
Over 1,000,000	13	63,117,500	7.11%	7	771,916,922	86.94%	20	835,034,422	94.05%
	4,279	110,436,604	12.44%	82	777,441,669	87.56%	4,361	887,878,273	100.00%

Categories of Shareholders

Category	As of 31 December 2015		As of 31 December 2014	
	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares
Individual	4,076	37,400,817	3,402	27,998,830
Institutional	285	850,477,456	233	815,485,529
	4,361	887,878,273	3,635	843,484,359

4. SHARE TRADING INFORMATION

Year Ended	31 December 2015		31 December 2014	
	Date	Price (Rs.)	Date	Price (Rs.)
Highest	12.01.2015	29.00	12.11.2014	29.30
Lowest	30.10.2015	20.50	02.01.2014	18.50
Last Traded Price	31.12.2015	23.20	31.12.2014	26.30

	31 December 2015	31 December 2014
Number of Transactions	10,761	11,646
Number of Shares Traded	47,088,195	59,804,709
Value of Shares Traded (Rs.)	1,118,750,285	1,418,778,653

5. DIVIDENDS

	31 December 2015	31 December 2014
Dividends Per Share (Rs.)	1.50	1.45
Dividend Payout (%)	43.6	41.7

6. DIRECTORS' SHAREHOLDINGS

The Shareholding of the Directors at the beginning and at the end of the year was as follows:

Name of Director	31st December 2015	31st December 2014
	No of Shares	No of Shares
Mr. Shing Pee Tao	Nil	Nil
Mr. Melvin Yap Boh Pin	Nil	Nil
Mrs. Mildred Tao Ong	Nil	Nil
Mr. Hussein Zubire Cassim	Nil	Nil
Mr. En Ping Ong	400,000	380,000
Mrs. Rohini Lettitia Nanayakkara	Nil	Nil
Mr. Ajith Mahendra De Silva Jayaratne	Nil	Nil
Mr. Leslie Ralph De Lanerolle	Nil	Nil
Mr. Tissa Kumara Bandaranayake	Nil	Nil
Dr. Ranee Jayamaha	Nil	Nil
Mr. Pravir Dhanoush Samarasinghe	Nil	Nil

Shareholder Information

7. TOP TWENTY SHAREHOLDERS AS AT 31ST DECEMBER

Name	As at 31st Dec 2015		As at 31st Dec 2014	
	Shareholding	Percentage (%)	Shareholding	Percentage (%)
1 Shing Kwan Investment Company Limited	477,655,116	53.80	453,366,580	53.75
2 Unity Builders Limited	231,951,090	26.12	220,156,488	26.10
3 Pershing LLC S/A Averbach Grauson & Co.	34,810,898	3.92	22,532,245	2.67
4 Shing Kwan Investment (Singapore) Pte Ltd.	22,729,218	2.56	21,573,450	2.56
5 Peoples Bank	21,813,003	2.46	20,722,353	2.46
6 Employees Provident Fund	14,859,073	1.67	32,600,473	3.86
7 Chipperfield Investments Limited	8,075,052	0.91	7,671,300	0.91
8 Sri Lanka Insurance Corporation Ltd-Life Fund	4,649,218	0.52	3,472,300	0.41
9 Bank of Ceylon-No2 A/C	3,971,842	0.45	3,773,250	0.45
10 J. B. Cocoshell (Private) Ltd	3,130,281	0.35	3,690,288	0.44
11 Deutsche Bank AG AS Trustee for JB.V.V.E Fund	3,099,550	0.35	-	-
12 Oriental Pearl International Inc	2,684,210	0.30	2,550,000	0.30
13 E.W. Balasuriya & Co. (Pvt) Ltd	2,260,992	0.25	1,869,701	0.22
14 Ceylon Investment PLC A/C # 01	2,090,859	0.24	1,200,000	0.14
15 Seylan Bank Plc/Symphony Capital Ltd.	1,942,158	0.22	1,750,051	0.21
16 Mr. Gautam Rahul	1,110,002	0.13	1,005,500	0.12
17 Mr. Subasinghe	1,071,059	0.12	-	-
18 Mr. Weerasinghe	1,054,834	0.12	892,093	0.11
19 Timex Garments (Pvt) Ltd.	1,052,631	0.12	1,000,000	0.12
20 Mr. Sellamuttu Nagendra	948,191	0.11	910,150	0.11
Total	840,959,277	94.72	800,736,222	94.94
Held by other Shareholders	46,918,996	5.28	42,748,137	5.07
Total number of Ordinary Shares	887,878,273	100.00	843,484,359	100.00
Public Holding	155,142,849	17.47	148,007,841	17.55
Others	732,735,424	82.53	695,476,518	82.45
Total	887,878,273	100.00	843,484,359	100.00

8. PUBLIC SHAREHOLDING

Parent/Group/Subsidiary	31st December 2015	31st December 2014
Shing Kwan Investments Company Limited	477,655,116	453,366,580
Unity Builders Limited	231,951,090	220,156,488
Shing Kwan Investment (Singapore) Pte Ltd.	22,729,218	21,573,450
	732,335,424	695,096,518
Issued number of ordinary shares as at 31 December	887,878,273	843,484,359
Less		
Parent/Group	477,655,116	453,366,580
Subsidiaries	254,680,308	241,729,938
Over 10% Holding		
Directors' Shareholding	400,000	380,000
Spouses of Directors and CEO		
Public Holding	155,142,849	148,007,841
Public Holding as a percentage of Issued Ordinary Shares	17.47%	17.55%

Group Land Portfolio

Location	Land Extent			Market Value	Category
	A.	R.	P.	Rs. Mn	
Echelon Squire, Colombo 01.	2	0	0	4,000	Investment Property
WTC Building					
No 34, Havelock City, Colombo 06.	-	3	22	426	Property Plant & Equipment
Clubhouse Building					
No 34, Havelock City, Colombo 06.	13	2	19	5,829	Inventory -Long term Assets

Notice of Meeting

Notice is hereby given that the Thirty- Fourth (34th) Annual General Meeting of OVERSEAS REALTY (CEYLON) PLC will be held on Monday, 25th April 2016 at 4.00 p.m. at the Havelock City Club House, No. 324, Havelock Road, Colombo 06, for the transaction of the following business:

AGENDA

1. To receive and consider the Report of the Board of Directors and the Financial Statement as at 31st December 2015 and the Report of the Auditors thereon.
2. To declare a First and Final Dividend of Rs.1.50 per Ordinary Share in respect of the financial year ended 31st December 2015 as recommended by the Directors.
3. To re-elect as a Director Dr Ranee Jayamaha who retires by rotation in terms of Article 29 of the Articles of Association of the Company, and being eligible has offered herself for re-election.

4. i) Ordinary Resolution

That the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to SHING PEE TAO who attained the age of 70 years on 25th December 1986 and that he be re-elected as a Director of the Company.

ii) Ordinary Resolution

That the age limit of 70 years referred to in Section. 210 of the Companies Act No. 07 of 2007 shall not apply to HUSSAIN ZUBIRE CASSIM who attained the age of 70 years on 9th September 1995 and that he be re-elected as a Director of the Company.

iii) Ordinary Resolution

That the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to ROHINI LETTITIA NANAYAKKARA, who attained the age of 70 years on 12th April 2006 and that she be re-elected as a Director of the Company.

iv) Ordinary Resolution

That the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to AJIT MAHENDRA DE SILVA JAYARATNE, who attained the age of 70 years on 30th April 2010 and that he be re-elected as a Director of the Company.

v) Ordinary Resolution

That the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to YAP BOH PIN, who attained the age of 70 years on 2nd February 2011 and that he be re-elected as a Director of the Company.

vi) Ordinary Resolution

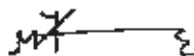
That the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to TISSA KUMARA BANDARANAYAKE, who attained the age of 70 years on 3rd January 2013 and that he be re-elected as a Director of the Company.

vii) Ordinary Resolution

That the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to LESLEI RALPH DE LANEROLLE, who attained the age of 70 years on 5th January 2013 and that he be re-elected as a Director of the Company.

5. To re-appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors to the Company and to authorize the Directors to determine their remuneration.

By Order of the Board
Overseas Realty (Ceylon) PLC.



Minoka S. Fernando
Company Secretary

Colombo on this 24th March 2016.

Corporate Information

Name of the Company

Overseas Realty (Ceylon) PLC

Company Registration No.

PQ39

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.PBS1084 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
Level18–East Tower
World Trade Center
Echelon Square
Colombo01
Tel: 2346333

Directors

Shing Pee Tao – Chairman
Hussein Zubire Cassim – Deputy Chairman
Tissa Kumara Bandaranayake
Ajit Mahendra De Silva Jayaratne
Leslie Ralph de Lanerolle
Rohini Lettitia Nanayakkara
Mildred Tao Ong
Melvin Yap Boh Pin
En Ping Ong
Ranee Jayamaha
Pravir Samarasinghe

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

Audit Committee

Ajit Mahendra De Silva Jayaratne – Chairman
Hussein Zubire Cassim
Melvin Yap Boh Pin
Rohini Lettitia Nanayakkara
Tissa Kumara Bandaranayake

Remuneration Committee

Hussein Zubire Cassim
Rohini Lettitia Nanayakkara
Ajit Mahendra De Silva Jayaratne
En Ping Ong
Tissa Kumara Bandaranayake

Group Management Committee

Pravir Samarasinghe
Elmo Fernando
Minoka Fernando
Remaz Ghouse
Indradeva Mendis
Roschen Perera

Company Secretary

Minoka Fernando
Attorney–at–Law

Auditors

Messrs. Ernst &Young
201, De Saram Place
Colombo10
Tel: 2463500

Registrars

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

Subsidiaries

Mireka Capital Land (Private) Limited
Mireka Homes (Private) Limited
Havelock City (Private) Limited
Mireka Rescidencies (Private) Limited
Mireka Property (Private) Limited
Level 18–East Tower
World Trade Center
Echelon Square
Colombo 01
Tel: 2502247/2505100

Realty Management Services (Private) Limited
Level18–East Tower
World Trade Center
Echelon Square
Colombo 01
Tel: 2346333

Websites

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





Overseas Realty (Ceylon) PLC

Level18–East Tower, World Trade Center, Echelon Square, Colombo 01, Sri Lanka.

