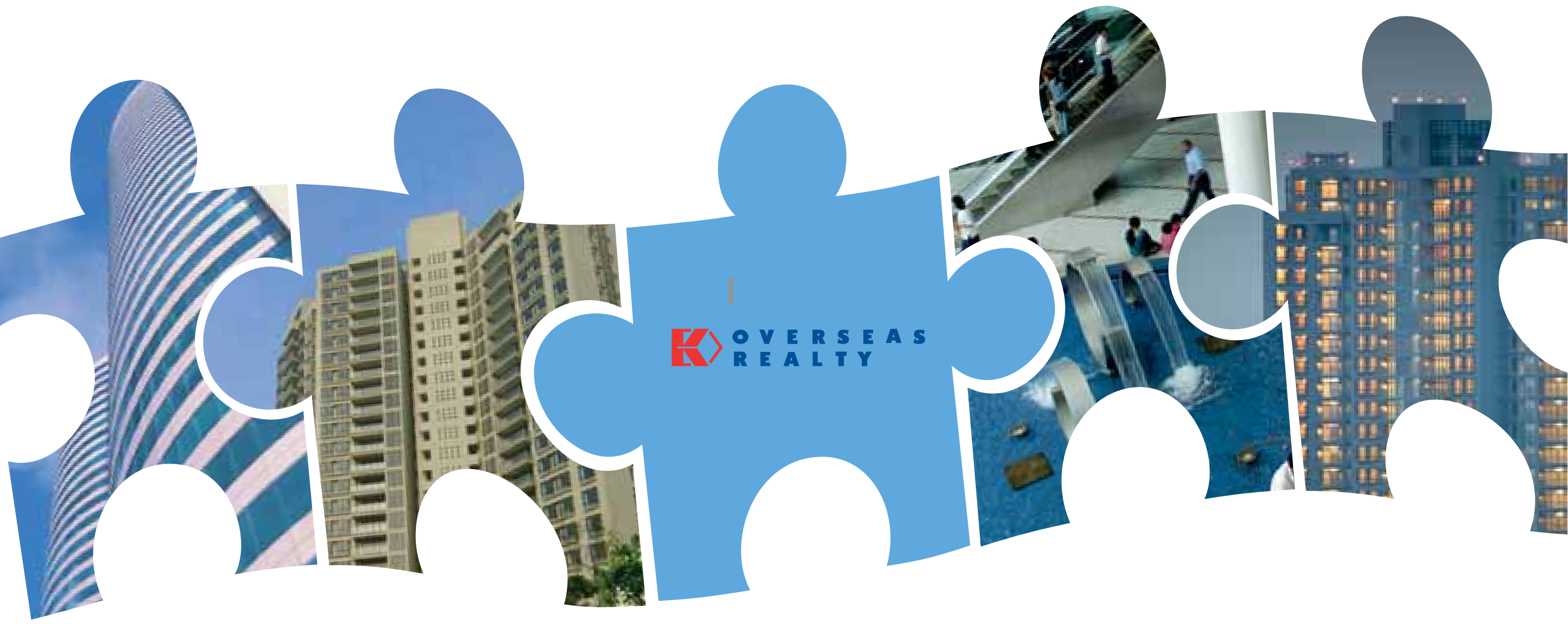
OVERSEAS REALTY

Looking beyond the Horizon

Annual Report 2013



Looking beyond the horizon

At OVERSEAS REALTY we look beyond the horizon to meet your needs for the future. In a fast changing world, where lifestyles and living conditions are changing before our eyes, we ensure your future is secure by looking ahead, on your behalf. Our properties are geared to meet the emerging needs of a modern, urban lifestyle and are able to accommodate the comforts and facilities you deserve.

Who We Are

Overseas Realty (ceylon) PLC is a premier property development, management and investment holding company with the philosophy of developing prime quality properties that maximize long term investment value.

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

Contents

Group Financial Highlights

For the year ended 31st December	2013 Rs.Mn	2012 Rs. Mn
INCOME STATEMENT		
Revenue	4,848	1,947
Gross Profit	1,789	1,125
Fair Value Gain (FVG)	930	1,563
Profit Before Tax (PBT)	2,641	2,519
Profit After Tax (PAT)	2,641	2,468
PAT (excluding FVG)	1,711	904
STATEMENT OF FINANCIAL POSITION		
Total Assets	30,894	27,910
Total Liabilities	5,569	4,997
Total Borrowings	2,034	2,313
SHAREHOLDER'S EQUITY		
Stated Capital	10,186	10,186
Reserves	13,991	11,785
FINANCIAL RATIOS		
Gross Profit Margin	37%	58%
PAT (including FVG) Margin	54%	126%
PAT (excluding FVG) Margin	35%	46%
Earnings Per Share (including FVG)	2.89	2.93
Earnings Per Share (excluding FVG)	1.78	1.07
Return on Equity	12%	11%
Debt Equity Ratio	8%	11%

SUMMARY

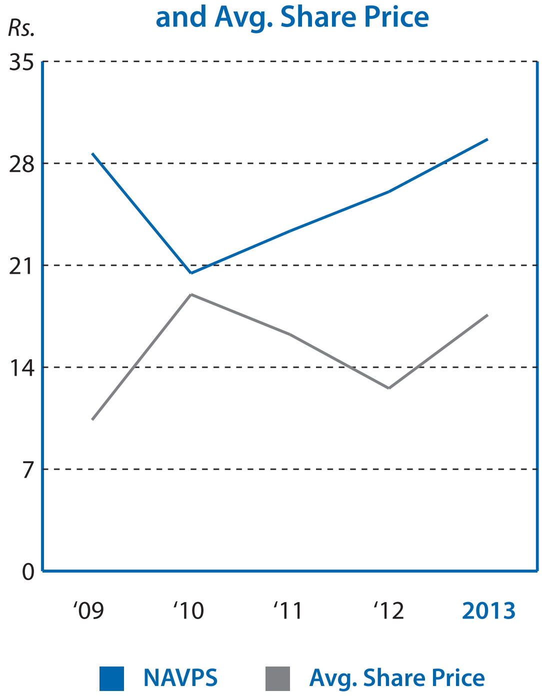
Operational

- WTC Colombo maintained an average occupancy of 98% throughout 2013, and achieved a 19% increase in the average rental rates.
- Construction of Havelock City Phase 2 progressing on schedule and sale of Phase 3 - launched

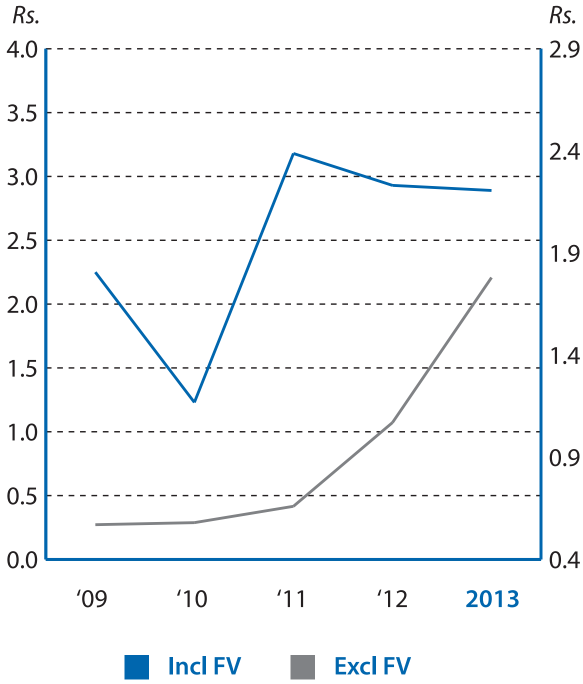
Financial

- Profit Before Tax excluding Fair Value Gains of Rs. 1,711 Mn is the highest in Group history
- Borrowings have reduced by Rs. 279Mn and Debt Equity Ratio also reduced from 11% to 8%

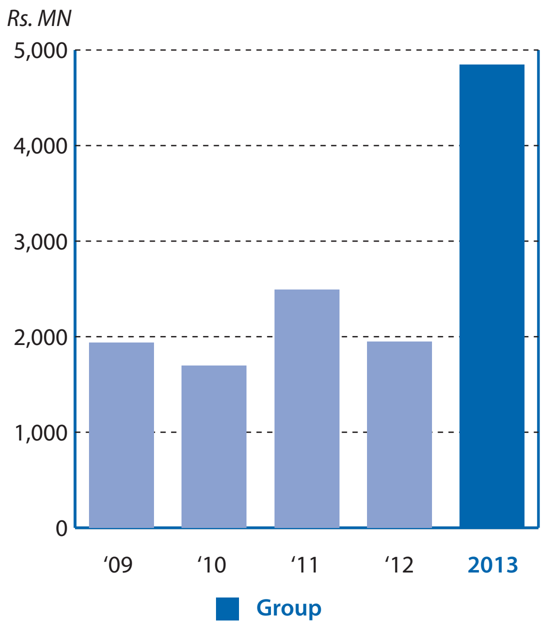
Net Asset Value Per Share and Avg. Share Price



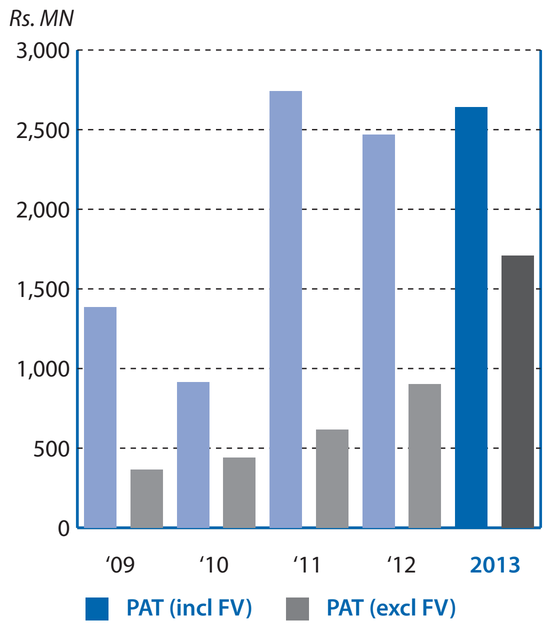
Earnings Per Share



Group Revenue



Profit After Tax



Chairman's Message

"During the year under review your Company has recorded its highest group profit before tax (excluding fair value gains) of Rs. 1.70Bn, an increase of 63% compared to the previous year."

To my fellow Shareholders, welcome to the 32nd Annual General Meeting of Overseas Realty (Ceylon) PLC. I have pleasure in presenting to you the Annual Report and Audited Financial Statements for the Financial Year Ended 31st December 2013. During the year under review your Company has recorded its highest group profit before tax (excluding fair value gains) of Rs. 1.70Bn, an increase of 63% compared to the previous year.

At this juncture I would like to re-iterate my personal story on the genesis of the World Trade Center. My first visit to Colombo was over 70 years ago in 1941 and I was as impressed then as I am now by the gentle and friendly people and natural beauty of your Country. In the late 50's I was involved in commodities and shipping activities in Sri Lanka and when National Ceylon Shipping Corporation was established in the late 60's, I sold the first steamship vessel "S.S. Lanka Rani" to Ceylon Shipping Corporation in exchange for a 20% share in Colombo Dockyard. In 1990 I re-visited Colombo, on Dockyard business. My old friends, knowing that I was active in property development in Singapore, Indonesia and China, urged me "to walk" on the site at Echelon Square. I had a positive feeling, but not for just another commercial development in an emerging market. After my return to Singapore, I was preoccupied with the development potential of the site. I went back to Colombo and through my close friends, I informed the Competent Authorities of my intention to commit a significant personal investment in an unprecedented development, which could well be ten years ahead of the market. The Echelon Square site was ideal for a landmark development such as a World Trade Center in South Asia. With the prevailing Government's incentives for a Flagship investment, even against the backdrop of ongoing conflict, I accepted the challenge. To achieve my vision, I needed three major pre-conditions: the most practical design concept, a world leading Construction Company and no bank borrowings. We had our setbacks during construction and also faced numerous challenges especially during the celebratory mood immediately after our official opening by President Chandrika Kumaratunge in 1997. However with the 3 conditions firmly in my grasp, we have today the World Trade Center, a major icon on the Colombo skyline and still the best address delivering the best services to our valued Tenants. Today, even though longer than being just ten years ahead of its time, I do believe we are finally able to begin, to reap the harvest of our considerable sacrifices in nurturing the World Trade Center buildings, to stand tall and proud with almost full occupancy by sterling tenants and most importantly, free from any debt. To reward shareholders for their patience and confidence during the past several years your Board of Directors are proposing a Special Dividend.

The Economy

The Sri Lankan economy recorded a growth of 6.9% in 2013. Interest rates declined with the monetary policies implemented by Central Bank and the Sri Lankan Rupee depreciated marginally against the US dollar. Property development, always a barometer of the economy of a country, is a rapidly growing sector with many major projects breaking ground and foreign investment continuing to flow into Sri Lanka, which is a testament of faith in the stability of a country.

Financial Performance

Group revenue of Rs 4.8Bn in 2013 was 149% higher than the last financial year; due mainly to the revenue recognition policy, whereby the Company recorded the relevant revenues of Havelock City, Phase 2 apartment sales. Thereby, the Group Profit Before Tax (excluding fair value gains) increased by 63% to reach an all-time high Rs 1.7Bn. However the Group Profit Before Tax (after fair value gains) increased only by 5%, due to the lower Fair Value Gain on Investment Property of Rs 930Mn. (Rs 1.56Bn in 2012).

World Trade Center Colombo (WTC)

The WTC is situated in a pre – eminent location in the business capital of Colombo. The Company continues to provide excellent facilities and services to the occupants of this business complex, which supported the increase in the average occupancy to 98% during the financial year under review. Together with the increase in the average rental rates by around 19% the Company was able to record significant earnings growth during 2013.

Havelock City

During 2013 the planned program was achieved in the construction of the Havelock City, Phase 2 residential development. This comprises two towers with 219 luxury apartments which is expected to be completed by mid-2014. The relevant revenue recognised from the sale of these apartments amounted to Rs. 3.2Bn.

Marketing of Phase 3 of the Havelock City residential development was launched along with the opening of the Club House in November 2013.

Dividend

The Board of Directors of your company is pleased to inform, the recommendation of a Final Dividend of Rs. 0.45 Per Share and a Special Dividend of Rs. 1.00 Per Share for the Year Ended 31 December 2013.

The Future

The future of the Sri Lankan economy is positive with the prevailing harmony and peace in the country. The property sector is a direct beneficiary of long term economic growth, stability and increased business confidence. The standard of living in Sri Lanka is expected to improve with economic progression. Hence, as property developers and property managers the future of your company is positive.

Appreciation

Overall, 2013 has been a progressive year for Overseas Realty (Ceylon) PLC and I am confident that the Company will continue to perform well in the years to come. I take this opportunity to thank the Board of Directors for their strong commitment, valuable contribution and dedication during 2013. On behalf of the Board of Directors, I thank all our Employees for their dedication, passion and hard work during the year under consideration. I have no doubt that they would continue to work diligently facing challenges in the years ahead with determination and enthusiasm. Finally I wish to thank all of you, our Shareholders for the support extended during the past years and look forward to your participation in the years to come.

S.P. Tao
Chairman

24th February 2014
Colombo

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 ORC PLC. 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. Melvin Yap Boh Pin

Mr. Melvin 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, Lereno 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 Hokkien Huay 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. He has also been appointed member of the Board of Directors and Chairman of the Finance Committee of Singapore Heart Foundation.

Mrs. Rohini Lettitia Nanayakkara

Mrs. Rohini Nanayakkara was appointed to the Board of Directors of the Company as an independent non-executive Director in 2005. She holds a second Class BA Honours Degree from the University of Peradeniya, Sri Lanka. She also holds a Diploma in French from the Chamber of Commerce, Brussels. She is a Fellow of the Institute of Management& the Institute of Bankers, Sri Lanka. She has also been 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 is presently the Chairperson of the Lanka ORIX Leasing Company PLC, Subsidiaries of Browns Group of Companies and Taprobane Holdings PLC. She is also a Director of Mireka Homes (Pvt) Ltd, and Eastern Merchants PLC. She is 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. Ong was appointed to the Board of Directors of the Company on 18th January 2010 and has served as Executive Director since 1st August 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 currently 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 45 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 Honarary 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 Shaw Wallace PLC, Renuka Holdings PLC, Micro Holdings Ltd, Harischandra Mills PLC and Waters Edge Ltd. He also serves as an independent Advisor to the Board Audit Committee of DFCC Vardhana Bank and as a Consultant to the Board of Noritake Lanka Porcelain (Pvt.) Ltd.

Dr. Ranee Jayamaha

B.A. (Hons) (University of Ceylon, Peradeniya, Sri Lanka), M.Sc (University of Stirling, U.K.), Ph.D (University of Bradford, U.K.), Duniv (University of Stirling, U.K.)

Dr. Ranee Jayamaha is 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. She is currently an advisor to His Excellency the President.

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.

Management Review

Property Leasing

Property Leasing (Rs. Mn)	2013	2012
Revenue	1,590	1,339
Profit Before Tax	2,117	2,543
Assets	25,386	20.547
Liabilities	1,730	1,254

“WTC Colombo will endeavour to maintain high occupancies, thus enabling a sustainable growth in revenue and profits. In order to ensure this and provide a best in class building and service the Company is a firm believer in proper maintenance and continuous development of its people.”

World Trade Center Colombo – A driving force of Business Convenience in Colombo

The steady Economic growth and development has improved demand for quality office and commercial space, in Colombo.

The WTC, Colombo is located in the heart of the business district and enjoys the pre-eminent position as the premier business address in Sri Lanka. The quality facilities and services provided combined with the positive economic outlook enabled WTC to record an occupancy of 98% and consequently the Company profit before tax (excluding fair value gains) increased from Rs 979Mn to Rs 1,262Mn in 2013.

The revenue from leasing was Rs 1,590Mn in 2013, an increase of 19% compared to 2012. This was possible due to higher average rentals and occupancy. As a result the Company was able to increase its rental yield to 7. 8% in 2013 from the previous year’s 6.4% and operating profit margin to 63% from 53%.

WTC Colombo will endeavour to maintain high occupancies, thus enabling a sustainable growth in revenue and profits. In order to ensure this and provide a best in class building and service the Company is a firm believer in proper maintenance and continuous development of its people.

WTC Colombo successfully undertook a series of facility improvement and energy management initiatives in 2013, including the replacement of chillers, upgrade of common facilities and improving of building systems. These important initiatives will be continued through next year to serve the tenants better.

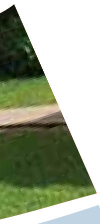
WTC won two coveted Awards (i.e. Most Energy Efficient Building Silver Award for Large Scale Commercial Building Sector and Outstanding Energy Manager of the Year) at the National Energy Efficiency Award organized by the Sustainable Energy Authority. WTC was also conferred Gold Certification by the Green Building Council of Sri Lanka. WTC has become the first commercial building to be certified under the existing building category.

The economic growth and business confidence argues well for the Company to retain its position as the leading property developer and property manager.

Management Review

Property Trading (Rs. Mn)	2013	2012
Revenue	3,190	554
Profit Before Tax	504	13
Assets	7,094	5,911
Liabilities	4,226	3,504

"The Clubhouse was also opened in November 2013, spanning an area of nearly 60,000 Sq. Ft., with luxury facilities including Swimming Pools, Jacuzzi, Banquet Halls, Gymnasium, Restaurants, Squash Courts, Audio Visual Centers, and other recreational facilities, which will be a boost to the anticipated demand for Havelock City condominiums with the reputation of being a "City within the City."



Havelock City – Redefines Colombo Skyline with unforeseen comforts in the heart of Colombo City.

The Havelock City being built on a land area of nearly 18 acres, is the single largest integrated mixed use property development project in the city of Colombo. Once completed it will comprise 10 residential towers and a commercial complex. The whole project is carried out by Mireka Capital Land (Pvt) Ltd (MCL), a subsidiary of Overseas Realty (Ceylon) PLC, and a joint venture with Bank of Ceylon. Mireka Homes (Pvt) Ltd, the fully owned subsidiary of MCL has sold most of the condominiums units in Phase 2, Davidson and Layards residential towers, comprising 219 luxury apartments.

Changing lifestyles and escalating land prices in Colombo, have contributed towards the steady demand for condominium properties in Colombo and the gradual repositioning of detached houses to the peripheral areas of the city. At the same time new entrants both local and international are entering the market.

Havelock City Phase 3 was ceremonially launched during November 2013, comprising 304 apartments, in two new towers, Stratford and Melford with each having 28 stories. These condominiums have breathtaking views of the Indian Ocean and landscaped gardens and are designed with distinct features.

The Clubhouse was also opened in November 2013, spanning an area of nearly 60,000 Sq. Ft., with luxury facilities including Swimming Pools, Jacuzzi, Banquet Halls, Gymnasium, Restaurants, Squash Courts, Audio Visual Centers, and other recreational facilities, which will be a boost to the anticipated demand for Havelock City condominiums with the reputation of being a "City within the City."

The recent developments on restricting foreign ownership of property have had negative sentiments on the property sector.

As a part of the Corporate Social Responsibility, the company completed the construction of the "Sama Vihara" temple in December 2013 adjacent to the Havelock City complex, with the personal endowment of Mr. S.P. Tao. This was ceremonially opened in January 2014 by the President of Sri Lanka H.E. Mahinda Rajapaksa and Mr. S.P.Tao. The "Sama Vihara" comprise halls to conduct sermons, dormitories for monks and space for worshiping and living, in a floor area of 4,500 Sq. Ft.

Havelock City has now consolidated its position as the premier residential enclave providing an unmatchable living experience thus a true "City within a City".

Management Review

Property Services (Rs. Mn)	2013	2012
Revenue	137	77
Profit Before Tax	113	74
Assets	19	25
Liabilities	14	56

“The Company is the market leader in providing property services in the Country with more than 4 Mn sq. ft. of prime commercial and residential properties under its stewardship. During the last two years the group broadened its range of services offered which range from property management, development management agency to advisory services.”

A Credential for managing Commercial and Residential Properties in Sri Lanka

The property sector is a direct beneficiary of economic growth, stability and business trust in a country. The development and maturity of the property market will create demand for 3rd party professional real estate service providers.

The Company is the market leader in providing property services in the Country with more than 4 Mn sq. ft. of prime commercial and residential properties under its stewardship. During the last two years the group broadened its range of services offered which range from property management, development management agency to advisory services. The Company was awarded the facilities management contracts for Empire, Crescat and Iconic apartment developments.

The Company continues to manage the common facilities at its flagship property, WTC Colombo. A series of new initiatives were undertaken to improve the facilities and services provided at the WTC including upgrading all washrooms, common corridors, elevator and building management systems.

Energy cost is the single largest expense at the WTC Colombo accounting for nearly 80% of total operating outgoings. Electricity tariff rates for large commercial buildings in Sri Lanka are amongst the highest in the World with frequent tariff hikes. Given this environment, energy management is always a high priority area for the facilities management team.

During the year a number of improvements to systems, processes and equipment aimed at reducing energy consumption were undertaken, ranging from replacing old Chillers and pumps, introduction of energy efficient lighting, installation of electricity measuring and monitoring devices and adoption of best practices to conserve energy. These initiatives are expected to significantly reduce electricity costs in future.

The Company also continues to manage the two Havelock City residential towers providing condominium and facilities management services whilst overlooking the residential assets of nearly 25 absentee landlords. Further the business of broking and renting properties gradually grew during 2013.

Development management services were provided to Havelock City Phase 2 Residential development and the Club House.

The Company records a long experience of 17 years in property management and development. The Company arguably has the best property management team in the country and is confident to grow its real estate services arm and retain the leadership position in spite of increasing competition from foreign service providers. Further the organization will focus on expanding its agency services and trading in lighting solutions.

Sustainability Report

Today, sustainability has become imperative to all organizations. At Overseas Realty (Ceylon) PLC we have taken noteworthy steps and devoted a fair share of resources to integrate sustainability into our business activities.

Risk Management

Risk management is ingrained in the operational procedures, processes and policies of the Group companies. The Audit Committee constantly evaluates risk, its impact and measures taken to manage risk. Services of auditors and external consultants are obtained to assess risks and obtain recommendations.

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

Risk Type	Rank	Factor	Strategies / Action Plan
Foreign Currency	High	Foreign currency borrowing for the Havelock City development	Construction contracts are entered into in Sri Lankan Rupees(SLR) 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	Interest Income and Cost of Borrowings	Monitoring and management of cash flows daily Negotiating favorable rates and terms on borrowings and deposits
Regulatory Framework	Medium	Changes to tax and other regulations	Constant dialogue and lobbying with Regulatory authorities Monthly scanning of Government bills
Competition	Medium	New Commercial and Residential Developments	Monitoring of existing and new supply of Commercial and Residential Development. Quarterly competitor Analysis reports
Construction Costs	Low	Increase in construction material and other costs	Fixed price SLR contracts are entered into with construction contractors

Risk Type	Rank	Factor	Strategies / Action Plan
Brand & Reputation	Low	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	The World Trade Center Colombo and Havelock City Residential	Periodic review and maintenance of building fire systems, training of staff on fire protection procedures and adequate insurance cover
Building-Health and Safety	Low	The World Trade Center Colombo and Havelock City Residential	Preventive maintenance programs, potable water quality testing and air quality testing etc. is carried out Specialized equipment and life support systems maintained by qualified professionals Periodic structural health checks conducted by professional consultants
Receivable Recovery	Low	Non recovery of receivables	Adequate deposits for apartment reservations and office leases Regular trade receivable review and follow-up Contractual obligation which allows the company to repudiate a unit whilst retaining 10% of purchase price Contractual obligation to release asset only upon full payment for relevant property

Governance

Overseas Realty (Ceylon) PLC focuses on a sound corporate government policy throughout all aspects of the company's business activities. A brief review of the governance policies implemented by the company is incorporated in the Annual report under corporate governance.

Environment

The WTC facility is now 18 years old. Maintenance is being given priority with focus on upgrading older systems, energy and water efficiency which have a positive impact on the environment. The WTC Colombo Building Management System and Elevator Management System were upgraded during the year.

A number of initiatives were taken to conserve energy and water consumption which were recognized by two awards being conferred at the National Energy Efficiency Awards organized by the Sustainable Energy Authority (i.e. Most Energy Efficient Building Silver Award for Large Scale Commercial Building Sector and Outstanding Energy Manager of the Year).

WTC was also conferred Gold Certification Level by the Green Building Council of Sri Lanka. WTC has become the first commercial building to be certified under the existing building category.

Customers

The Company believes it owes much of its success to its valued customers.

Customer satisfaction surveys are conducted annually at the WTC Colombo and Havelock City Residential to evaluate own performance and improve the quality of product and service offered to customers.

Continuous improvements are made to the Facilities and service offering, processes and systems to achieve a high level of tenants and residents satisfaction, whilst delivering on the promise of best in built quality and service quality.

Sustainability Report

Brands

The Company is mindful of the importance and value of its brands. Stringent brand guidelines and standards are followed in all internal and external communications and in maintaining consistency in delivery of brand promise.

Both the World Trade Center Colombo and Havelock City have become synonymous with quality.

Communities

The Company places high emphasis on contributing to the communities we operate in. To this extent the Company has undertaken a series of initiatives aimed at improving the living environment of the communities around its Havelock City Developments such as;

- Funding and developing a two storied community housing project for nine families who were residing in extremely dilapidated conditions in close proximity to the Havelock City site.
- The construction of a booster pumping station through the National Water Supply & Drainage Board (NWSDB) to uplift the water supply pressure and discharge to the area.
- The construction of a sewer pumping station through the NWSDB to discharge the sewerage and waste water of the Havelock City Development, as well as an additional 400 houses in the community
- The Company undertook to newly redevelop and up lift the facilities and appearance of the Sama Viharaya Temple located at the front of Havelock City Development.

Our People

Our Human resources department is dynamic in recruiting and maintaining a well-motivated and talented work force. The inter – departmental relationship and staff/ management relationship make the organization "The best place to work."

Internal promotions, salary increments and bonuses are granted to staff in accordance with their individual level of performance.

The company focuses on maintaining a control relationship with staff through exchange of aspirations. These initiate our staff to give their best level of performance to the company since, they trust that they will grow with the growth of the company.

Performance Management System (PMS)

The main focus of the PMS is to internalize corporate goals with personnel expectations and thereby inspire our staff and build ownership to our Vision and Value systems and improve business performance. The PMS is activated annually with bi-annual appraisals being done for key positions.

Training and Competency Building Programs

The Training and Development supports the organization's philosophy of investing in its people and providing them the opportunity to develop their full potential in order to progress in their chosen career path. A number of in house training programs using our own internal resources to develop IT, communication and technical skills for our staff level associates were held in 2013. In addition, executives and managerial level associates were also exposed to a series of professional and leadership development programs during the year.

Welfare Society

The welfare society which constitutes of all staff of the Group is managed centrally with contributions from the Company as well as employees. The Society helps employees by providing monetary support for distress, educational and medical needs as well as organizing recreational activities. During the year a number of activities from pirith ceremony, cricket matches, staff trips, get-togethers, service awards to recognize long service and Employee of the year were conducted to boost employee morale and team spirit and invoke blessings on the staff and Company properties.

Statement of Corporate Governance

Overseas Realty (Ceylon) PLC places a strong emphasis on adopting and implementing sound practices of good governance and ensures that and exemplary governance policy is adopted across all aspects of the business of the Company and its subsidiaries.

The disclosures below demonstrate the Company's adherence to the Corporate Governance Rules as set out under Section 7.10 and 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; (i) Two Non-Executive Directors; or (ii) At least one third of the total number of Directors should be Non-executive Directors.	Complied with	As at the conclusion of the immediately preceding AGM and as at 31st December 2013, nine (09) out of 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	Composition of the Board remained unchanged throughout the year.
(c)	Any change occurring to this ratio shall be rectified within ninety (90) days from the date of change	Not Applicable	No change during the year.
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, should be independent.	Complied with	As at the conclusion of the immediately preceding AGM, and as at 31st December 2013 five (5) out of ten (10) 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.

Rule No.	Corporate Governance Rule	Compliance status	Details
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 25 of this Report.
(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 25 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 page 6 to 9 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	N/A	No new appointments to the Board during the period under review.
7.10.5 Remuneration Committee			
	A listed company shall have a Remuneration Committee.	Complied with	Please refer page 26 of this Report.
(a)	The Remuneration Committee Shall comprise of (1) A minimum of two Independent Non-executive Directors (in instances where an entity as only two directors) or' (2) Non-Executive directors a majority of who shall be independent. Whichever shall be higher.	Complied with	The Committee consists of Five Members, all of whom are Non-executive Directors, out of whom a majority are independent.
	In a situation where both the parent company and the subsidiary are "listed entities", the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary. However if the parent company is not a listed entity, then the Remuneration Committee is not permitted to act as the Remuneration Committee of the subsidiary. The Subsidiary shall have a separate Remuneration Committee	N/A	ORCL being the parent company is the only listed entity of the group.
	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.

Rule No.	Corporate Governance Rule	Compliance status	Details
(b)	The Remuneration Committee shall recommend the remuneration of the Group Chief Executive Officer and Executive Directors. In a situation where both the parent company and the subsidiary are 'listed entities', the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary.	Complied with	Please refer Remuneration Committee report on page 26 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 26 of this Report.
7.10.6 Audit Committee			
	The Company shall have an Audit Committee.	Complied with	Names of the members of the Audit Committee are stated in the Audit Committee Report on page 27 and 28.
(a)	The Audit Committee Shall comprise of a. A minimum of two Non-Executive Directors (in instances where an entity has only two directors) b. Non-executive Directors a majority of who will be independent; Whichever shall be higher.	Complied with	Audit Committee consists of five Non-executive Directors of whom Four are independent.
	A non-executive Director shall be appointed as the Chairman of the Committee Meetings.	Complied with	Chairman of the Audit Committee is a Non-executive Independent 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 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.

Rule No.	Corporate Governance Rule	Compliance status	Details
(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 Sri Lanka Accounting Standards.	Complied with	Please refer Audit Committee Report on page27 and 28 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 Sri Lanka Auditing Standards.	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	
(c)	a. Names of Directors comprising the Audit Committee should be disclosed in the Annual Report.	Complied with	Please refer the Audit Committee Report on page 27 and 28 of this Report
	b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination.	Complied with	
	c. The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions.	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.

Rule No.	Corporate Governance Rule	Compliance status	Details
	b. Principal activities of the entity and its subsidiaries during the year and any changes therein	Complied with	Please refer page 30 to 33 of the Board of Directors Report.
	c. Names and the numbers of shares held by the 20 largest voting shareholders and percentages.	Complied with	Please refer page 87 of this Report
	d. Public Holding percentage	Complied with	Please refer page 87 of this Report
	e. A statement of each directors holding and Chief Executive Officer's holdings in shares in the entity at the beginning and end of each year.	Complied with	Please refer page 87 of this Report.
	f. Information relating to material foreseeable risk factors of the entity.	Complied with	Please refer page 16 and 17 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 Note 58 of this Report.
	i. Number of shares representing the entity' stated capital	Complied with	Please refer page 66 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 86 of this Report.
	k. Following ratios and market price information.		
	1. Dividend per share	Complied with	Please refer page 86 of this Report.
	2. Dividend pay out		Please refer page 86 of this Report.
	3. Net asset value per share		Please refer page 85 of this Report.
	4. Market value per share		Please refer page 86 of this Report.
	5. Highest and the lowest value recorded.		Please refer page 86 of this Report.
	6. Value as at the end of the year.		Please refer page 86 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 58 to the Financial Statement on page of this Report

Rule No.	Corporate Governance Rule	Compliance status	Details
	m. If during the year the entity has raised funds either through a Public Issue, Rights Issue and Private Placement; 1. a statement as to the manner in which the proceeds of such issue has been utilized. 2. If any shares or debentures have been issues, the number, class and consideration received and the reasons for the issue. 3. Any material change in the use of securities.	N/A	
	Employee Share Option Schemes n. All Following information shall be disclosed in the Annual Report of the listed entity in respect of each ESOS; - number of options granted to each category of employees. - 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 therefrom during the financial year. - options cancelled during the financial year and the reasons for such cancellation. - the exercise price. - a declaration by the directors of the entity confirming that the entity or any of its subsidiaries has not directly or indirectly provided funds for the ESOS.	Complied With Complied With Complied With Complied With	Please refer page 31 of the Board of Directors Report.

Rule No.	Corporate Governance Rule	Compliance status	Details
	Employee Share Purchase Schemes Following information shall be disclosed in the Annual Report of the listed entity in respect of each ESPS. - the total number of shares issued under the ESPS during the financial year - the number of shares issued to each category of employees during the financial year. - The price at which the shares were issued to the employees. - a declaration by the directors of the entity confirming that the entity or any of its subsidiary has not directly provided fund for the ESPS.	N/A	

*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 and Mr. Ajit M. De S. Jayaratne on 10.10.2005. Mr. Tissa K. Bandaranayake was appointed as a Non-Executive Independent Director to the Board on 19th May 2011.

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 and 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.

Remuneration Committee Report

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

Scope

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 2014
Colombo

Audit Committee Report

The Audit Committee of the Overseas Realty (Ceylon) PLC Group constitutes of the following members:

Mr. Ajit M de S. Jayaratne – Chairman

Mr. Hussein Zubire Cassim

Mr. Melvin Yap Boh Pin

Mrs. Rohini Nanayakkara

Mr. Tissa K Bandaranayake

The appointment of Mr. Ajit M de S. Jayaratne also fulfills the guidelines issued by the Securities and Exchange Commission of Sri Lanka for the Chairman of the Audit Committee to be a Chartered Accountant.

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 6 to 9 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 2013 and the attendance was as follows:

Mr. Ajit M de S. Jayaratne – Chairman	4/4
Mr. Hussein Zubire Cassim	4/4
Mr. Melvin Yap Boh Pin	4/4
Mrs. Rohini L Nanayakkara	3/4
Mr. Tissa K Bandaranayake	4/4

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

Internal Audit

The internal audit function is outsourced to PricewaterhouseCoopers (PWC) for all companies in the Group as recommended by the Audit Committee. The observations of the internal auditors are tabled at the Audit Committee and the Committee invites representatives of PWC to discuss observations and recommendations made in their reports. Follow up and implementation of previous internal audit recommendations are also discussed and reviewed by

Audit Committee Report

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 safeguarged 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 Valuer Messrs P B Kalugalagedara and Associates 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 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 2014, at a fee to be recommended by management, subject to the approval of the shareholders at the Annual General Meeting.

Ajit M de S. jayaratne

Chairman - Audit Committee

24th February 2014
Colombo

Financial Reports

Annual Report of the Board of Directors

The Board of Directors have pleasure in presenting their report to the members, together with the audited Financial Statements of Overseas Realty (Ceylon) PLC and the audited Consolidated Financial Statements of the Group for the year ended 31st December 2013.

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 investment in properties, property development, trading, management 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. The development of residential apartments project is undertaken by Mireka Homes (Pvt) Ltd, a wholly 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.

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 Chairman's Statement (pages 4 and 5), and Management Review of Operations (pages 10 to 15) sections of this Annual Report. The Audited Financial Statements are given on pages 35 to 83 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 Group are given on pages 35 to 83.

Auditors Report

The Auditors' Report on the Financial Statements is given on page 35.

Accounting Policies

Significant accounting policies adopted in the preparation of the Financial Statements are given on pages 41 to 55.

Group Turnover

The turnover of the Group during the year was Rs. 4,848,345,049/-. 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. 2,641,307,415/- (2012 – Rs. 2,467,636,234/-) for the year. The Consolidated Income Statement along with the Company's Income Statement for the year is given on page 37.

The Directors recommended the payment of a first and final dividend of Rs. 0.30 per share for the year ended 31st December 2012 which was approved by the shareholders at the Annual General Meeting of the Company held on 16th May 2013.

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 23rd January 2014, the Directors recommended the payment of a first and Final Dividend of Rs. 0.45 per share and a speacial dividend of Rs. 1.00 per share for the financial year ended 31st December 2013 to be approved by the Shareholder at the Annual General Meeting of the Company to be held on 24th April 2014.

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. 47,091,796/- and Rs. 606,791/- respectively. Information relating to details and movements in property, plant & equipment is given in Note 6 to the Financial Statements on page 60.

Fair Value of Investment Properties

The fair value of Investment properties owned by the Group as at 31st December 2013 is included in the accounts at Rs. 20,389,314,845/- (31st December 2012 –Rs.19,459,462,708/-) based on the valuations undertaken by a Chartered Valuer in December 2013. 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 64 of the Financial Statements.

Stated Capital and Reserves

The stated capital of the Company amounts to Rs. 10,186,085,405/- . There were no shares issued during the year under review.

Total Group Reserves as at 31st December 2013 was Rs. 13,991,158,468/- (2012 -Rs.11, 784,896,692/-). The movement of these reserves is shown in the Statement of Changes in Equity in the Financial Statements on page 39.

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

Board of Directors

The Board of Directors of the Company consists of ten (10) Directors as at the end of the financial year and their profiles are on pages 6 to 9.

Board Sub Committees

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

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 Lettitia 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.

Annual Report of the Board of Directors

Directors' Interest in Shares

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

Name of Director	31st December 2012		31st December 2013	
	Direct Interest	Deemed Interest	Direct Interest	Deemed interest
Mr S P Tao	Nil	702,746,518*	Nil	702,746,518*
Mrs Mildred Tao Ong	Nil	474,940,030*	Nil	474,940,030*
Mr Melvin Yap Boh Pin	Nil	474,940,030*	Nil	474,940,030*
Mr En Ping Ong	380,000	Nil	380,000	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	N/A	N/A	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.

CEO of the Company, Mr. Pravir Samarasinghe has declared that he has no direct or indirect interest in shares of the Company.

Related Party Transactions

The disclosures made by the directors of the 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 page 74 to 76 of the Annual Report.

Directors' Remuneration

Directors' remuneration, in respect of the Company and the Group for the financial year ended 31st December 2013 is given in the Note 26.2 to the Financial Statements, on page 76.

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 2013.

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. Board place 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.

Convergence with SLFRS/LKAS

The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards that are effective from financial period beginning on or after 1st January 2013. The new Standards have become applicable to the Company from 1st January 2013 and accordingly the reporting framework for the year ending 31st January 2013 will be in accordance with SLFRS.

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 19 to 25 in this Report.

Shareholdings

There were 3,319 registered shareholders of ordinary shares as at 31st December 2013. The distribution of shareholdings is given on page 86 of this Report.

Shareholder Information

Information relating to earnings, dividends, net assets, market value per share and share trading is given on pages 37, 71, 85 and 86 in the Financial Review section of this Report.

Major Shareholders

The twenty largest shareholders of the Company as at 31st December 2013 together with an analysis of the shareholdings are given on page 87 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, Companies Act No 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, Inland Revenue Act No. 30 of 2000 and amendments thereto, and the Listing Rules of the Colombo Stock Exchange.

Compliance with Laws and Regulations

The Company has not engaged in any activities contravening the Laws and Regulations of the country.

Statutory Payments

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

Events after 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 has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared on the going concern concept.

Auditors

The Audit Committee reviews the appointment of the Auditors, their effectiveness, independence and relationship with the Company and its Group. In accordance with the Companies Act No. 7 of 2007, a resolution proposing the re-appointment of Messrs Ernst & Young, Chartered Accountants, as Auditors to the Company will be submitted at the Annual General Meeting.

The Auditors, Messrs. Ernst & Young, Chartered Accountants were paid Rs.1,265,000/- (2012 – Rs 1,100,000/-) and Rs. 2,688,400/- (2012 -Rs. 2,390,000/- Mn) as audit fees by the Company and the Group respectively. In addition, they were paid Rs. 384,670/- (2012-Rs. 789,298/-) and Rs. 1,173,663/- (2012-Rs. 1,395,856/-), 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 24th April 2014 at 5.00 p.m. at the Havelock City, Club House, No 324, Havelock Road, Colombo 06. The Notice of the Annual General Meeting appears on page 88.

For and on behalf of the Board

H.Z. Cassim
Director

Ajit M de S. Jayaratne
Director

Minoka Samaranayake
Company Secretary

24th February 2014
Colombo

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 2013, 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 2013 incorporated in this report have been prepared in accordance with the Companies Act No. 07 of 2007, Sri Lanka Accounting Standards, Listing Rules of the Colombo Stock Exchange and generally accepted accounting policies. The Directors consider that, in preparing the Financial Statements exhibited on pages 36 to 81 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 35 of the Annual Report.

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

Further, as required by Section 56(2) of the Companies Act No. 07 of 2007, the Board of Directors have confirmed that the Company based on the information available, satisfies the solvency test immediately after the distribution, in accordance with Section 57 of the Companies Act No. 07 of 2007 and has obtained a certificate from the auditors, prior to Recommending a Final Dividend of Rs. 0.45 per share and a speacial dividend of Rs. 1.00 per share for this year which is to be approved by the shareholders at the Annual General Meeting to be held on 24th April 2014.

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

24th February 2014
Colombo

Independent Auditor's Report

Building a better working world

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

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TO THE SHAREHOLDERS OF OVERSEAS REALTY (CEYLON) PLC

Report on the Financial Statements

We have audited the accompanying Financial Statements of Overseas Realty (Ceylon) PLC ("Company"), the consolidated financial statements of the Company and its subsidiaries (together "Group") which comprise the statements of financial position as at 31 December 2013, and the Income Statements, Statements of Comprehensive Income, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 36 to 81.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

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

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

Opinion

Company

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 December 2013 and the financial statements give a true and fair view of the Company's state of affairs as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Group

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31 December 2013 and the financial performance and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Sections 151(2) and 153(2) to 153(7) of the Companies Act No. 07 of 2007.

Ernst & Young

24th February 2014
Colombo

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva ACA Ms. Y A De Silva FCA W R H Fernando FCA FCMA W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayesinghe FCA FCMA Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga ACA N M Sulaiman ACA ACMA B E Wijesuriya ACA ACMA

A member firm of Ernst & Young Global Limited

Statement of Financial Position

As At 31 December 2013

ASSETS	Note	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Non-Current Assets					
Investment Property	5	20,389,314,845	19,459,462,708	20,389,314,845	19,459,462,708
Property, Plant and Equipment	6	703,209,511	644,130,314	310,909,887	295,357,409
Intangible Assets	7	17,733,869	18,405,004	8,938,985	9,610,120
Investments in Subsidiaries	8	-	-	1,125,010,060	1,125,010,060
Deferred Tax Assets	9	42,475,495	-	39,474,180	-
		21,152,733,720	20,121,998,026	21,873,647,957	20,889,440,297
Current Assets					
Inventories	10	5,350,421,909	4,129,473,990	20,172,103	18,072,284
Trade and Other Receivables	11	1,448,311,077	1,836,435,187	339,987,739	276,535,215
Amounts due from Related Parties	12	24,868,022	12,260,904	51,836,889	277,245,412
Income Tax Recoverable		2,059,914	-	-	-
Other Current Financial Assets	15.1	1,235,742,747	-	1,235,742,747	-
Cash and Short Term Deposits	21	1,679,843,233	1,810,826,244	1,492,280,729	1,391,742,809
		9,741,246,902	7,788,996,325	3,140,020,207	1,963,595,720
Total Assets		30,893,980,622	27,910,994,351	25,013,668,164	22,853,036,017
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	13	10,186,085,405	10,186,085,405	10,186,085,405	10,186,085,405
Revaluation Reserve	14	238,875,211	216,070,713	238,875,211	216,070,713
Retained Earnings		13,752,283,256	11,568,825,978	13,230,443,943	11,289,045,086
		24,177,243,872	21,970,982,096	23,655,404,559	21,691,201,204
Non-controlling Interest		1,147,341,548	942,941,998	-	-
Total Equity		25,324,585,420	22,913,924,094	23,655,404,559	21,691,201,204
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	15.2	145,805,000	195,813,000	145,805,000	195,813,000
Post Employment Benefit Liability	16	17,666,428	17,053,930	17,666,428	17,053,930
Total Non-Current Liabilities		163,471,428	212,866,930	163,471,428	212,866,930
Current Liabilities					
Trade and Other Payables	17	1,594,313,490	542,579,716	386,870,711	253,123,700
Rental and Customer Deposits	18	1,888,487,744	2,082,487,935	723,206,316	605,225,989
Amounts due to Related Parties	19	12,041,496	19,652,017	12,113,251	19,652,017
Interest Bearing Loans and Borrowings	15.2	1,888,483,145	2,117,057,048	50,004,000	50,000,000
Income Tax Payable		19,701,736	19,850,916	19,701,736	18,390,482
Dividends Payable	20	2,896,163	2,575,695	2,896,163	2,575,695
Total Current Liabilities		5,405,923,774	4,784,203,327	1,194,792,177	948,967,883
Total Liabilities		5,569,395,202	4,997,070,257	1,358,263,605	1,161,834,813
Total Equity and Liabilities		30,893,980,622	27,910,994,351	25,013,668,164	22,853,036,017

I certify 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 41 through 81 form an integral part of the Financial Statements.

24th February 2014
Colombo

Income Statement

Year Ended 31 December 2013

	Note	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Rental Revenue	3	1,589,572,884	1,339,256,886	1,589,572,884	1,339,256,886
Sale of Apartments	3	3,190,046,959	554,441,292	-	-
Other Services	4	68,725,206	54,243,268	99,818,268	62,330,088
Total Revenue		4,848,345,049	1,947,941,446	1,689,391,152	1,401,586,974
Direct Operating Expenses		(423,852,597)	(425,936,448)	(423,852,597)	(425,936,448)
Cost of Sales of Apartments		(2,635,184,672)	(396,546,023)	-	-
Gross Profit		1,789,307,780	1,125,458,975	1,265,538,555	975,650,526
Fair Value Gain on Investment Property	5	929,852,137	1,563,310,270	929,852,137	1,563,310,270
Administration Expenses		(207,562,010)	(200,256,167)	(161,980,097)	(176,952,159)
Marketing & Promotional Expenses		(59,993,883)	(60,412,587)	-	-
Operating Profit		2,451,604,024	2,428,100,491	2,033,410,595	2,362,008,637
Finance Cost	22.1	(57,112,693)	(88,165,379)	(57,008,172)	(42,490,034)
Finance Income	22.2	231,854,866	263,931,239	213,093,077	192,395,533
Other Income	22.3	-	-	900,000	25,312,500
Exchange Gain/ (Loss)		14,555,394	(84,954,651)	1,058,395	4,636,122
Profit Before Tax	23	2,640,901,591	2,518,911,700	2,191,453,895	2,541,862,758
Income Tax Reversal/ (Expense)	24.1	405,824	(51,275,466)	3,395,549	(28,432,968)
Profit After Tax for the Year		2,641,307,415	2,467,636,234	2,194,849,444	2,513,429,790
Attributable to:					
Equity Holders of the Parent		2,436,907,865	2,469,073,070		
Non-controlling Interest		204,399,550	(1,436,836)		
		2,641,307,415	2,467,636,234		
Earnings Per Share	25	2.89	2.93		
Dividend Per Share	20	0.30	0.30		

The accounting policies and notes on pages 41 through 81 form an integral part of the Financial Statements.

Statement of Comprehensive Income

Year Ended 31 December 2013

	Note	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Profit For the Year		2,641,307,415	2,467,636,234	2,194,849,444	2,513,429,790
Other Comprehensive Income					
Revaluation of Land and Buildings	14.1	22,804,498	51,406,922	22,804,498	51,406,922
Accurial (Gain)/Loss		(405,279)	8,337,810	(405,279)	8,337,810
Other Comprehensive Income for the Year, Net of Tax		22,399,219	59,744,732	22,399,219	59,744,732
Total Comprehensive Income for the Year, Net of Tax		2,663,706,634	2,527,380,966	2,217,248,663	2,573,174,522
Attributable to:					
Equity Holders of the Parent		2,459,307,084	2,528,817,802		
Non-controlling Interest		204,399,550	(1,436,836)		
		2,663,706,634	2,527,380,966		

The accounting policies and notes on pages 41 through 81 form an integral part of the Financial Statements.

Statement of Changes in Equity

Year Ended 31 December 2013

Group	Notes	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.	Non-controlling Interest Rs.	Total Equity Rs.
Balance as at 01 January 2012		10,186,085,405	164,663,791	9,343,292,715	19,694,041,911	963,128,834	20,657,170,745
Changes in Accounting Policies	31	-	-	1,167,691	1,167,691	-	1,167,691
Balance as at 01 January 2012 (restated)		10,186,085,405	164,663,791	9,344,460,406	19,695,209,602	963,128,834	20,658,338,436
Other Comprehensive Income for the Year		-	51,406,922	8,337,810	59,744,732	-	59,744,732
Profit for the Year		-	-	2,469,073,070	2,469,073,070	(1,436,836)	2,467,636,234
Dividends Paid for Ordinary Shares for Y/E 31/12/2011		-	-	(253,045,308)	(253,045,308)	(18,750,000)	(271,795,308)
Balance as at 31 December 2012		10,186,085,405	216,070,713	11,568,825,978	21,970,982,096	942,941,998	22,913,924,094
Other Comprehensive Income for the Year		-	22,804,498	(405,279)	22,399,219	-	22,399,219
Profit for the Year		-	-	2,436,907,865	2,436,907,865	204,399,550	2,641,307,414
Dividends Paid for Ordinary Shares for Y/E 31/12/2012		-	-	(253,045,308)	(253,045,308)	-	(253,045,308)
Balance as at 31 December 2013		**10,186,085,405**	**238,875,211**	**13,752,283,256**	**24,177,243,873**	**1,147,341,548**	**25,324,585,420**

Company	Notes	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 January 2012		10,186,085,405	164,663,791	9,019,155,103	19,369,904,299
Changes in Accounting Policies	31	-	-	1,167,691	1,167,691
Balance as at 01 January 2012 (restated)		10,186,085,405	164,663,791	9,020,322,794	19,371,071,990
Other Comprehensive Income for the Year		-	51,406,922	8,337,810	59,744,732
Profit for the Year		-	-	2,513,429,790	2,513,429,790
Dividends Paid on Ordinary Shares for Y/E 31/12/2011		-	-	(253,045,308)	(253,045,308)
Balance as at 31 December 2012		10,186,085,405	216,070,713	11,289,045,086	21,691,201,204
Other Comprehensive Income for the Year		-	22,804,498	(405,279)	22,399,219
Profit for the Year		-	-	2,194,849,444	2,194,849,444
Dividends Paid on Ordinary Shares for Y/E 31/12/2012		-	-	(253,045,308)	(253,045,308)
Balance as at 31 December 2013		**10,186,085,405**	**238,875,211**	**13,230,443,943**	**23,655,404,559**

The accounting policies and notes on pages 41 through 81 form an integral part of the financial statements.

Cash Flow Statement

Year Ended 31 December 2013

		Group		Company	
		2013	2012	2013	2012
Cash Flows from Operating Activities:	**Note**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Profit Before Tax Expense		2,640,901,591	2,518,911,700	2,191,453,895	2,541,862,758
Adjustments for:					
Depreciation Charge for the Year	6	9,583,209	10,119,475	7,858,811	8,699,682
Depreciation Capitalized with the Inventories	6.6	1,233,889	1,036,458	-	-
Amortization of Intangible Assets	7	5,076,536	7,568,592	5,076,536	7,568,592
Post Employment Benefit Expense	16	5,379,402	6,162,803	5,379,402	6,162,803
Exchange (Gain)/Loss		(14,555,394)	84,954,651	(1,058,395)	(4,636,122)
Finance Cost	22.1	57,112,693	88,165,379	57,008,172	42,490,034
Finance Income Received	22.2	(231,854,866)	(263,931,239)	(213,093,077)	(192,395,533)
(Profit)/Loss on Sale of Property, Plant and Equipment	23	-	559,017	-	-
Bad Debts Write Off		-	1,974,769	-	-
Fair Value (Gain)/Loss on Investment Property	5	(929,852,137)	(1,563,310,270)	(929,852,137)	(1,563,310,270)
Operating Profit /(Loss) before Working Capital Changes		1,543,024,923	892,211,335	1,122,773,207	846,441,944
(Increase)/ Decrease in Amounts due from Related Parties		(12,607,118)	11,396,697	225,408,523	(151,892,932)
(Increase) / Decrease in Trade and Other Receivables		402,679,504	(214,617,592)	(62,394,129)	(62,074,024)
Increase / (Decrease) in Rental and Customer Deposits		(194,000,191)	1,069,549,696	117,980,327	85,854,116
(Increase) / Decrease in Inventories		(1,220,947,919)	(960,961,666)	(2,099,819)	(1,550,782)
Increase / (Decrease) in Trade and Other Payables		1,052,131,842	(113,722,024)	133,747,011	(16,959,207)
Increase/ (Decrease) in Amounts due to Related Parties		(7,610,521)	10,209,937	(7,538,766)	10,209,937
Cash Generated From/ (Used in) Operations		1,562,670,520	694,066,383	1,527,876,354	710,029,052
Income Tax Paid		(44,676,834)	(37,572,887)	(34,767,377)	(19,511,098)
Finance Cost Paid	22.1	(57,112,693)	(51,161,284)	(57,008,172)	(5,485,939)
Defined Benefit Plan Costs Paid	16	(5,172,183)	(2,731,158)	(5,172,183)	(2,731,158)
Net Cash Generated from/(Used in) Operating Activities		1,455,708,810	602,601,054	1,430,928,622	682,300,857
Cash Flows from Investing Activities :					
Acquisition of Intangible Assets	7.4	(4,405,401)	(265,091)	(4,405,401)	(265,091)
Acquisition of Property Plant and Equipment	6	(47,091,796)	(209,526,306)	(606,791)	(1,648,465)
Improvements to Investment Property	5	-	(12,119,009)	-	(12,119,009)
Acquisition of Investment	15.1	(1,215,000,000)	-	(1,215,000,000)	-
Upliftment of Short Term Investments		-	315,260,712	-	315,260,712
Finance Income Received		211,112,119	200,750,791	192,350,330	129,215,085
Net Cash from/(Used) in Investing Activities		(1,055,385,078)	294,101,097	(1,027,661,862)	430,443,232
Cash Flows from Financing Activities :					
Repayment of Interest Bearing Loans and Borrowings	15.2	(825,154,000)	(4,893,032,547)	(50,004,000)	50,004,000
Loans Obtained	15.2	571,750,000	4,166,940,000	-	-
Repayment of Non Interest Bearing Loans and Borrowings		-	(843,750)	-	-
Dividends Paid		(252,724,840)	(271,599,323)	(252,724,840)	(252,849,324)
Net Cash Flow from Financing Activities		(506,128,840)	(998,535,620)	(302,728,840)	(252,849,324)
Net Increase/ (Decrease) in Cash and Cash Equivalents		(105,805,108)	(101,833,469)	100,537,920	859,894,766
Cash and Cash Equivalents at the Beginning of the Year	21	1,779,769,196	1,881,602,665	1,441,746,809	581,852,043
Cash and Cash Equivalents at the End of the Year	21	1,673,964,088	1,779,769,196	1,492,280,729	1,391,742,809

The accounting policies and notes on pages 41 through 81 form an integral part of the Financial Statements.

Notes to the Financial Statements

Year Ended 31 December 2013

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 and property trading.

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 renting and providing absentee landlord management of Havelock City condominiums on behalf of its owners and also providing facility management services to related companies in the Group.

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 2013 were authorised for issue in accordance with a resolution of the Board of Directors on 13 February 2014.

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).

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, except for the treatment of actuarial gains and losses arising as a result of the revised LKAS 19: Employment Benefits as described in Note 31.

2.1.2 Consolidation Policies

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at the reporting date.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. 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.

Notes to the Financial Statements Contd...

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 interest
- 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.

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 (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 business segments.

2.1.4 Going Concern

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

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.

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 us-ing a rebuttable presumption that the carrying amount will be recovered though sale.

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

As described in Note 2.3.3, 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 2013.

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 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 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. 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 will end by 2014.

Mireka Homes (Private) Limited

Pursuant to the agreement with Board of Investment of Sri Lanka (BOI) dated 26th August 2005, Mireka Homes (Private) Limited is exempted from Income Tax for a period of 12 years. Such exemption period is reckoned from the year in which the

Company commences to make profits or any year of assessment not later than 2 years from the date of commencement of commercial operations, 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 outsides 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 reporting 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.

(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 in 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 in Sri Lanka for entities engaged in the industry of construction of real estate to defer the application of IFRIC 15 until five step model comes into effect which will bring more clarity on revenue recognition.

Where a contract 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*

Project under Development 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.

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 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, other current financial assets 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 Group 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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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 Group 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.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(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.

(c) Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, 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. The Company did not have any held-to-maturity investments during the years ended 31 December.

(d) Available-for-Sale Financial Investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognised in profit or loss.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

De-recognition

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

- 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (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, 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

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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:

(a) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

(b) 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.

2.3.11 Investments

(a) Investment in Subsidiaries

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

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.

Changes in fair value are recorded in the Income Statement.

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

2.3.13 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.

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.

2.4 Effet of Sri Lanka Accounting Standards (Slfrs) Issued But Not Yet Effective:

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these Financial Statements. Those SLFRS will have an effect on the accounting policies currently adopted by the Group and may have an impact on the future financial statements.

(a) SLFRS 9-Financial Instruments: Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities. The Group will quantify the effect in due course.

This standard was originally effective for annual periods commencing on or after 01 January 2015. However effective date has been deferred subsequently.

(b) SLFRS 13 - Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements and provides guidance on all fair value measurements under SLFRS.

This standard will be effective for the annual period beginning on or after 01 January 2014. However use of fair value measurement principles contained in this standards are currently recommended.

In addition to the above, following standards will also be effective for the annual periods commencing on or after 01 January 2014.

SLFRS 10 -Consolidated Financial Statements

SLFRS 11 – Joint Arrangements

SLFRS 12 -Disclosure of Interests in Other Entities

The above parcel of three standards will impact the recognition, measurement and disclosures aspects currently contained in LKAS 27-Consolidated and separate financial statements, LKAS 28- Investments in associates ,LKAS 31-Interest in joint ventures and SIC-12 and SIC 13 which are on consolidation of special purpose entities(SPEs) and jointly controlled entities respectively.

Establishing a single control model that applies to all entities including SPEs and removal of option to proportionate consolidation of jointly controlled entities are the significant changes introduced under SLFRS 10 and SLFRS 11 respectively.

SLFRS 12, establishes a single standard on disclosures related to interests in other entities. This incorporates new disclosures as well as the ones previously captured in earlier versions of LKAS 27, LKAS 28 and LKAS 31.

The Group will adopt these standards when they become effective. Pending the completion of detailed review, the financial impact is not reasonably estimable as at the date of publication of these financial statements.

3. SEGMENTAL INFORMATION

The Group mainly comprises three business segments viz, 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 renting, broking, providing absentee landlord management and providing facility management and related services. MCL recognises revenue through the sale of land & 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 :

	2013					2012				
	Property Leasing Rs.	Property Services	Property Trading Rs.	Inter/Intra Segment Eliminations Rs.	Consolidated 2013 Rs.	Property Leasing Rs.	Property Services Rs.	Property Trading Rs.	Inter/Intra Segment Eliminations Rs.	Consolidated 2012 Rs.
Revenue	1,589,572,884	-	3,190,046,959	-	4,779,619,843	1,339,256,886	-	554,441,292	-	1,893,698,178
Other Services	-	136,918,990	-	(68,193,784)	68,725,206	-	76,840,122	-	(22,596,854)	54,243,268
Direct Operating Expenses	(423,852,597)	-	-	-	(423,852,597)	(425,936,448)	-	-	-	(425,936,448)
Cost of Sales	-	-	(2,635,184,672)	-	(2,635,184,672)	-	-	(396,546,023)	-	(396,546,023)
Gross Profit/ (Loss)	1,165,720,287	136,918,990	554,862,287	(68,193,784)	1,789,307,780	913,320,438	76,840,122	157,895,269	(22,596,854)	1,125,458,975
Fair Value Gain on Investment Property	929,852,137	-	-	-	929,852,137	1,563,310,270	-	-	-	1,563,310,270
Administration Expenses	(161,980,097)	(23,052,295)	(23,135,618)	606,000	(207,562,010)	(176,952,159)	(2,707,520)	(21,208,488)	612,000	(200,256,167)
Marketing and Promotional Expenses	-	-	(59,993,883)	-	(59,993,883)	-	-	(60,412,587)	-	(60,412,587)
Exchange Gain/(Loss)	1,058,395	-	13,496,999	-	14,555,394	4,636,122	-	(89,590,773)	-	(84,954,651)
Finance Cost	(57,008,172)	-	(104,521)	-	(57,112,693)	(42,490,034)	-	(45,675,345)	-	(88,165,379)
Finance Income	213,093,077	-	18,761,789	-	231,854,866	192,395,533	-	71,535,706	-	263,931,239
Other Income	900,000	-	-	(900,000)	-	25,312,500	-	-	(25,312,500)	-
Net Profit Before Tax	2,116,948,127	113,866,695	503,887,053	(93,800,284)	2,640,901,591	2,504,620,234	74,132,602	12,543,782	(47,297,354)	2,518,911,700

3.2 Segment Assets and Liabilities :

	Property Leasing Rs.	Property Services Rs.	Property Trading Rs.	Inter/Intra Segment Eliminations Rs.	Consolidated Rs.
2013					
Total Assets	25,385,555,685	19,397,181	7,093,993,189	(1,604,965,433)	30,893,980,622
Total Liabilities	1,730,151,127	14,234,030	4,225,639,677	(400,629,631)	5,569,395,203
2012					
Total Assets	20,547,085,077	25,613,374	5,911,403,661	1,426,892,239	27,910,994,351
Total Liabilities	1,254,412,648	56,479,114	3,503,581,580	182,596,916	4,997,070,257

3.3 Other Segment Information :

	2013				2012			
	Property Leasing Rs.	Property Services Rs.	Property Trading Rs.	Consolidated Rs.	Property Leasing Rs.	Property Services Rs.	Property Trading Rs.	Consolidated Rs.
Total Cost Incurred during the Year to Acquire - Property, Plant and Equipment	35,679,180	463,600	10,949,016	47,091,796	202,639,734	217,358	6,669,214	209,526,306
Depreciation - Charge for the Year	7,858,811	83,638	1,640,760	9,583,209	8,699,682	-	1,419,793	10,119,475
- Capitalized with the Inventories	-	-	1,233,889	1,233,889	-	-	1,036,458	1,036,458
Amortization	5,076,536	-	-	5,076,536	7,568,592	-	-	7,568,592
Employee Benefit Costs	108,446,340	-	15,865,396	124,311,736	11,193,172	-	-	11,193,172

4. OTHER SERVICES

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Property Facility Fee	28,137,500	25,871,751	22,440,000	22,571,751
Net Income from Rented Car Park	(1,232,672)	3,314,488	(1,232,672)	3,314,488
Default Interest	34,500	172,827	34,500	172,827
Management Fees	14,972,785	3,436,712	68,787,783	23,796,854
Facility Management Income	16,828,402	12,848,911	4,519,478	6,133,284
Legal Income	5,524,442	4,211,705	5,269,179	4,211,705
Agency Fees	4,460,249	2,257,695	-	-
Income from Events	-	2,129,179	-	2,129,179
	68,725,206	54,243,268	99,818,268	62,330,088

5. INVESTMENT PROPERTY

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
As at 1 January	19,459,462,708	17,884,033,429	19,459,462,708	17,884,033,429
Transfers from Capital Work in Progress	-	12,119,009	-	12,119,009
Net Gain from Fair Value Adjustment	929,852,137	1,563,310,270	929,852,137	1,563,310,270
As at 31 December	20,389,314,845	19,459,462,708	20,389,314,845	19,459,462,708

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 Messrs. P.B. Kalugalagedera and Associates, 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 2013 and 2012 are as follows:

	2013	2012
Estimated Market Rent per sq:ft	: Rs. 185 - 275	: Rs.180 - 250
Rate of Growth in Future Rentals	: 1 to 10 years 5% p.a.	: 1 to 10 years 5% p.a.
Anticipated Maintenance Cost	: 45% of rentals	: 45% of rentals
Capitalization Rate	: 6.0% p.a.	: 6.0% p.a.

5.3 Sensitivity Analysis of Assumptions Employed in Investment Property Valuation

Group/Company

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of Investment Property, in respect of the year 2013.

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)				
Capitalisation Rate	Growth in Future Rentals	Anticipated Maintenance Cost	Proforma Investment Property Valuation Rs.	Proforma Fair Value Gain/(Loss) on Investment Property Rs.
1%			16,931,783,357	(3,457,531,488)
-1%			24,615,993,418	4,226,678,573
	1%		21,682,148,573	1,292,833,728
	-1%		18,675,055,882	(1,714,258,963)
		5%	18,290,996,067	(2,098,318,778)
		-5%	21,948,147,011	1,558,832,166

6. PROPERTY PLANT & EQUIPMENT

6.1 Group

6.1.1 Gross Carrying Amounts

At Cost or Valuation	At Cost							At valuation			
	Temporary Building Rs.	Other Office Equipment Rs.	Computer and Electronic Equipment Rs.	Furniture and Fittings Rs.	Motor Vehicles Rs.	Gymnasium Equipment Rs.	Engineering Equipment and Tools Rs.	Buildings Rs.	Total Value of Depreciable Assets Rs.	In the Course of Construction Rs.	Total Gross Carrying Amount Rs.
Balance as at 01 January 2013	6,488,324	8,569,261	33,913,109	24,166,628	25,515,255	4,515,525	112,689	289,453,798	392,734,589	338,326,804	735,317,229
Additions during the Year	-	167,110	3,299,928	6,581,240	-	2,071,424	809,404	-	12,929,106	35,072,389	48,001,495
Transfers	-	-	-	-	-	-	-	(5,190,504)	(5,190,504)	(909,699)	(6,100,203)
Increase in Valuation	-	-	-	-	-	-	-	22,804,498	22,804,498	-	22,804,498
Balance as at 31 December 2013	6,488,324	8,736,371	37,213,037	30,747,868	25,515,255	6,586,949	922,093	307,067,792	423,277,690	372,489,494	800,023,020

6.1.2 Depreciation

	Temporary Building Rs.	Other Office Equipment Rs.	Computer and Electronic Equipment Rs.	Furniture and Fittings Rs.	Motor Vehicles Rs.	Gymnasium Equipment Rs.	Engineering Equipments and Tools Rs.	Buildings Rs.	Total Depreciation Rs.
Balance as at 01 January 2013	955,582	7,519,648	29,372,591	19,690,636	24,438,662	951,793	26,195	3,975,972	86,931,079
Depreciation for the Year	1,296,959	235,383	2,310,306	1,001,437	269,575	468,270	44,664	5,190,504	10,817,098
Disposals during the Year	-	-	-	-	-	-	-	(5,190,504)	(5,190,504)
Balance as at 31 December 2013	2,252,541	7,755,031	31,682,897	20,692,073	24,708,237	1,420,063	70,859	3,975,972	92,557,673

6.1.3 Net Book Value

	2013 Rs.	2012 Rs.
At Cost		
Temporary Building	4,235,783	5,532,742
Other Office Equipment	981,340	1,049,613
Computers and Electronic Equipment	5,530,140	4,540,518
Furniture and Fittings	10,055,795	4,475,992
Motor Vehicles	807,018	1,076,593
Gymnasium Equipment	5,166,886	3,563,732
Engineering Equipment & Tools	851,234	86,494
At Valuation		
Buildings	303,091,820	285,477,826
In the Course of Construction		
Capital Work In Progress	372,489,494	338,326,804
	703,209,511	644,130,314

6. PROPERTY PLANT AND EQUIPMENT Cont…

6.2 Company

6.2.1 *Gross Carrying Amounts*

	At Cost					At valuation			
	Other Office Equipment Rs.	Computer and Electronic Equipment Rs.	Furniture and Fittings Rs.	Motor Vehicles Rs.	Engineering Equipment and Tools Rs.	Buildings Rs.	Total Value of Depreciable Assets Rs.	In the Course of Construction Rs.	Total Gross Carrying Amount Rs.
Balance as at 01 January 2013	6,499,545	28,364,315	20,371,718	25,273,256	112,689	285,477,826	366,099,350	1,511,751	367,611,101
Additions during the Year	78,650	1,286,250	76,191	-	75,399	-	1,516,490	-	1,516,490
Transfers	-	-	-	-	-	(5,190,504)	(5,190,504)	(909,699)	(6,100,203)
Increase in Valuation	-	-	-	-	-	22,804,498	22,804,498	-	22,804,498
Balance as at 31 December 2013	6,578,195	29,650,565	20,447,909	25,273,256	188,088	303,091,820	385,229,834	602,052	385,831,886

6.2.2 *Depreciation*

	Other Office Equipment Rs.	Computer and Electronic Equipment Rs.	Furniture and Fittings Rs.	Motor Vehicles Rs.	Engineering Equipments and Tools Rs.	Buildings Rs.	Total Depreciation Rs.
Balance as at 01 January 2013	5,791,520	24,895,149	17,344,165	24,196,662	26,195	-	70,387,158
Depreciation for the Year	142,115	1,687,410	536,602	269,575	32,605	5,190,504	7,858,811
Transfers	-	-	-	-	-	(5,190,504)	(5,190,504)
Balance as at 31 December 2013	5,933,635	26,582,559	17,880,767	24,466,237	58,800	-	73,055,465

6.2.3 *Net Book Value*

	2013 Rs.	2012 Rs.
At Cost		
Motor Vehicles	807,019	1,076,594
Computers and Electronic Equipment	3,068,006	3,469,166
Other Office Equipment	644,560	708,025
Furniture and Fittings	2,567,142	3,027,553
Engineering Equipment and Tools	129,288	86,494
At Valuation		
Buildings	303,091,820	285,477,826
In the Course of Construction		
Capital Work In Progress	602,052	1,511,751
	310,909,887	295,357,409

6. PROPERTY PLANT AND EQUIPMENT Cont...

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 2013 by Messrs. P.B. Kalugalagedera and Associates, an independent valuer in reference to market based evidence. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31 December 2013. The surplus arising from the revaluation was transferred to a revaluation reserve.

6.4 Cash payments amounting to Rs. 47,091,796/- (2012 : Rs. 209,526,306/-) were made during the year by the Group and Rs. 606,791/- (2012 : Rs. 1,648,467/-) were made by the company for purchase of Property, Plant and Equipment.

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

Building	Over 60 Years
Temporary Building	Over 5 Years
Furniture & Fittings	Over 10 Years
Office Equipment	
- Computer & Electronic Equipment	Over 4 Years
- Other Office Equipment	Over 5 Years
Motor Vehicles	Over 5 Years
Gymnasium Equipment	Over 10 Years
Engineering Equipment and Tools	Over 5 Years

6.6 Out of the total depreciation for the year of Rs.10,817,098/- (2012 -Rs.11,155,933/-) an amount of Rs. 1,233,889/- (2012 - Rs.1,036,458 /-) has been capitalized under Project Under Development during the year by the Group.

6.7 Property, Plant and Equipment of the Company includes fully depreciated assets having a gross carrying amount of Rs. 48,877,023 /- (2012 : Rs.57,114,187 /-).

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

Class of Asset	Cost Rs.	Cumulative Depreciation If assets were carried at cost Rs.	Net Carrying Amount 2013 Rs.	Net Carrying Amount 2012 Rs.
Building - Level 18	87,431,566	10,200,350	77,231,216	78,688,409

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 01 January 2013	7,297,734	23,179,979	8,794,884	39,272,597
Acquired / Incurred during the Year	-	4,405,401	-	4,405,401
As at 31 December 2013	7,297,734	27,585,380	8,794,884	43,677,998
Amortization				
As at 01 January 2013	7,297,734	13,569,859	-	20,867,593
Amortization during the Year	-	5,076,536	-	5,076,536
As at 31 December 2013	7,297,734	18,646,395	-	25,944,129
Net book value				
As at 01 January 2013	-	9,610,120	8,794,884	18,405,004
As at 31 December 2013	-	8,938,985	8,794,884	17,733,869

7.2 Company

	WTC Membership Rs.	Computer Software Rs.	Total Rs.
Summary	**(Note 7.3)**	**(Note 7.4)**	
Cost			
As at 01 January 2013	7,297,734	23,179,979	30,477,713
Acquired / Incurred during the Year	-	4,405,401	4,405,401
As at 31 December 2013	7,297,734	27,585,380	34,883,114
Amortization			
As at 01 January 2013	7,297,734	13,569,859	20,867,593
Amortization for the Year	-	5,076,536	5,076,536
As at 31 December 2013	7,297,734	18,646,395	25,944,129
Net book value			
As at 01 January 2013	-	9,610,120	9,610,120
As at 31 December 2013	-	8,938,985	8,938,985

7.3 WTC membership fee represent the original amount paid that made the company eligible to use the trade name "World Trade Centre". The recurring annual subscription fee amounting to US$ 10,000 is charged in the income statement.

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. 4,405,401/- (2012 Rs. 265,091/-) was invested in the ERP system.

7.5 Goodwill is related to the acquisition of Mireka Capital Land (Pvt) Ltd.

Notes to the Financial Statements Contd...

8. INVESTMENTS IN SUBSIDIARIES

Non-Quoted Investment at cost	% Holding	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Mireka Capital Land (Pvt) Ltd.	60%	-	-	1,125,000,000	1,125,000,000
Hospitality International (Pvt) Ltd. (HIL)	100%	-	-	112,159,107	112,159,107
Impairment is HIL Investment		-	-	(112,159,107)	(112,159,107)
Realty Management Services (Pvt) Ltd.	100%	-	-	10,020	10,020
Property Mart (Pvt) Ltd	100%	-	-	20	20
Havelock City (Pvt) Ltd	100%	-	-	20	20
		-	-	1,125,010,060	1,125,010,060

8.1 All subsidiaries are incorporated in Sri Lanka.

9. DEFERRED TAX

Deferred Tax Relates to the Following:

9.1 Group

	Statement of Financial Position 2013 Rs.	Statement of Financial Position 2012 Rs.	Income Statement 2013 Rs.	Income Statement 2012 Rs.
Deferred Tax Assets Arising on:				
Tax Loss carried forword	42,098,494	-	(42,098,494)	-
Property Plant & Equipment	381,489	-	(381,489)	-
Deferred Tax Liability Arising on:				
Property Plant & Equipment	(4,488)		4,488	
Deferred Tax Expense/(Income)			(42,475,495)	-
Net Deferred Tax Asset/Liability	42,475,495	-		

9.2 Company

	Statement of Financial Position 2013 Rs.	Statement of Financial Position 2012 Rs.	Income Statement 2013 Rs.	Income Statement 2012 Rs.
Deferred Tax Assets Arising on:				
Tax Loss carried forword	39,474,180	-	(39,474,180)	-
Deferred Tax Expense/(Income)			(39,474,180)	-
Net Deferred Tax Asset/Liability	39,474,180	-		

10. INVENTORIES

	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Project Under Development	5,724,765,931	2,872,562,467	-	-
Completed Apartments for Sale	460,561,122	1,238,839,239	-	-
Consumables and Spares	21,353,766	18,072,284	20,172,103	18,072,284
	5,350,421,909	4,129,473,990	20,172,103	18,072,284

10.1 The amount of borrowing costs capitalised with inventory during the year ended 31 December 2013 was Rs.125,597,461/- (2012: Rs. 43,045,999).

11. TRADE AND OTHER RECEIVABLES

	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Rent and Service Charge Receivables	49,190,608	66,285,562	49,190,608	66,285,562
Trade Receivables - Apartment Sales	161,498,214	149,798,862	-	-
Less: Allowance for Impairment	(11,710,809)	(5,789,399)	(11,710,809)	(5,789,399)
	198,978,013	210,295,025	37,479,799	60,496,163
Other Receivables	371,450,995	450,938,496	54,388,088	59,818,836
Less: Allowance for Impairment	(3,853,876)	(3,853,876)	-	-
	566,575,132	657,379,645	91,867,887	120,314,999
VAT Receivables	417,838,805	537,904,184	-	-
Accrued Rental Income	232,322,677	140,593,322	232,322,677	140,593,322
Advances and Prepayments	231,574,463	500,558,036	15,797,175	15,626,894
	1,448,311,077	1,836,435,187	339,987,739	276,535,215

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

		Total	Before 30days	Past Due but not Impaired 31-60 days	61-90 days	91-120 days	121-150 days	> 150 days
Group								
	2013	198,978,013	20,156,016	13,602,118	6,056,419	5,814,949	147,320,750	6,027,761
	2012	210,295,025	115,549,813	25,225,968	47,157,016	16,590,733	195,435	5,576,060
Company								
	2013	37,479,799	10,115,050	13,602,118	3,716,911	5,814,949	4,580	4,226,191
	2012	60,496,163	34,220,795	2,795,031	1,825,366	15,883,476	195,435	5,576,060

11.2 Rent and Service Charge Receivable are not interest bearing and usually due within 30days. 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 Receivables of Rs. 15,564,685/- (2012 Rs. 9,643,275) were impaired and fully provided for, due to defaults. Movement in the allowance for impairment is as follows.

11.3.1 Group

	As at 1 January Rs.	Charge for the Year Rs.	Utilised Rs.	As at 31 December Rs.
2013	9,643,275	5,921,410	-	15,564,685
2012	9,643,275	-	-	9,643,275

12. AMOUNTS DUE FROM RELATED PARTIES

		Group		Company	
		2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
	Relationship				
Mireka Capital Land (Pvt) Ltd	Subsidiary	-	-	-	3,613,291
Realty Management Services (Pvt) Ltd	Subsidiary	-	-	11,476,367	12,122,587
Mireka Homes (Pvt) Ltd	Sub-Subsidiary	-	-	15,915,631	9,576,893
Havelock City (Pvt) Ltd	Subsidiary	-	3,018,306	158,224	246,699,672
SK Investments Lanka (Pvt) Ltd	Fellow Subsidiary	581,355	4,009,629	-	-
Management Corporation Condominium Plan 1824	Other Related Party	24,286,667	5,232,969	24,286,667	5,232,969
		24,868,022	12,260,904	51,836,889	277,245,412

13. STATED CAPITAL

	2013 Rs.	2012 Rs.
13.1 Stated Capital as at 31 December	10,186,085,405	10,186,085,405

13.2 Number of Ordinary Shares

	2013 Number	2012 Number
Balance as at 1 January	843,484,359	843,484,359
Issues during the Year	-	-
Balance as at 31 December	843,484,359	843,484,359

14. RESERVES

14.1 Revaluation Reserve

Group/Company	2013 Rs.	2012 Rs.
Balance as at 1 January	216,070,713	164,663,791
Surplus during the Year	22,804,498	51,406,922
Balance as at 31 December	238,875,211	216,070,713

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

15. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

15.1 Other Financial Assets

Group/ Company	As At 01.01.2013 Rs.	Additions Rs.	Fair Value (Gain) / Loss Rs.	As At 31.12.2013 Rs.
Financial Instruments at Fair Value through Profit and Loss	-	1,215,000,000	20,742,747	1,235,742,747
	-	1,215,000,000	20,742,747	1,235,742,747

15.2 Interest Bearing Loans And Borrowings

15.2.1 Group

	2013 Amounts Repayable within 1 Year Rs.	2013 Amounts Repayable after 1 Year Rs.	2013 Total Rs.	2012 Amounts Repayable within 1 Year Rs.	2012 Amounts Repayable after 1 Year Rs.	2012 Total Rs.
Loan from						
Bank of Ceylon (BOC) (15.2.3)	1,832,600,000	-	1,832,600,000	2,036,000,000	-	2,036,000,000
SR & CC & T Fund Loan - BOC (15.2.2)	50,004,000	145,805,000	195,809,000	50,000,000	195,813,000	245,813,000
Bank Overdrafts	5,879,145	-	5,879,145	31,057,048	-	31,057,048
	1,888,483,145	145,805,000	2,034,288,145	2,117,057,048	195,813,000	2,312,870,048

15.2.2 Company

	2013 Amounts Repayable within 1 Year Rs.	2013 Amounts Repayable after 1 Year Rs.	2013 Total Rs.	2012 Amounts Repayable within 1 Year Rs.	2012 Amounts Repayable after 1 Year Rs.	2012 Total Rs.
SR & CC & T Fund Loan (15.2.4)	50,004,000	145,805,000	195,809,000	50,000,000	195,813,000	245,813,000
Total Loans	50,004,000	145,805,000	195,809,000	50,000,000	195,813,000	245,813,000

15. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Contd…)

15.2.3 Loan - BOC

	As At 01.01.2013 Rs.	Loans Obtained during the Year Rs.	Repayments Rs.	Exchange Difference Rs.	As At 31.12.2013 Rs.
Shareholder Loan - BOC	2,036,000,000	571,750,000	(794,600,000)	19,450,000	1,832,600,000
	2,036,000,000	571,750,000	(794,600,000)	19,450,000	1,832,600,000

As a further continuation of shareholders loan agreement a loan facility of US$ 40MN has been approved to Mireka Homes (Pvt) Ltd(MHL) in 2012. However, as at 31.12.2013 MHL has utilized only US$ 14MN of the said facility. Interest has been paid monthly at a fixed rate of 6.5% per annum during the year. The loan proceeds has been utilized for Phase II of Havelock City Housing Project.

15.2.4 Unsecured Bank Loans

	As at 01.01.2013 Rs.	Repayments Rs.	As at 31.12.2013 Rs.
SR & CC & T Fund Loan - BOC (15.2.5)	245,813,000	(50,004,000)	195,809,000
	245,813,000	(50,004,000)	195,809,000

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, as per the letter from the Ministry of Finance dated 11 September 2003. The first capital repayment therefore commenced in December 2007.

16. POST EMPLOYMENT BENEFIT LIABILITY

	Group		Company	
		Restated		Restated
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Balance as at 1 January	17,053,930	21,960,095	17,053,930	21,960,095
Charge for the Year (16.1)	5,379,402	6,162,803	5,379,402	6,162,803
Actuarial (Gain)/ Loss	405,279	(8,337,810)	405,279	(8,337,810)
Payments Made during the Year	(5,172,183)	(2,731,158)	(5,172,183)	(2,731,158)
Balance as at 31 December	17,666,428	17,053,930	17,666,428	17,053,930

16.1 Post Employee Benefit Expense for

	Group		Company	
		Restated		Restated
Year Ended 31 December	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Current Service Cost	3,332,931	3,840,729	3,332,931	3,840,729
Interest Cost	2,046,471	2,322,074	2,046,471	2,322,074
Post Employment Benefit Expense	5,379,402	6,162,803	5,379,402	6,162,803

16.2 Messrs. Piyal S Goonetilleke and Associates : Actuaries, carried out an actuarial valuation of the Group as at 31 December 2013. Appropriate and compatible assumptions were used in determining the cost of post employment benefits. The principal assumptions used are as follows:

		2013	2012
(a)	Demographic Assumptions		
	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 from 5% to 3% in respect of ages 35 to 40, from which point onwards up to retirement it is estimated at 1% p.a.

(c) Financial Assumptions

	2013	2012
Discount Rate	12%	12%
Salary Increment Rate	10%	10%

16. POST EMPLOYMENT BENEFIT LIABILITY(Contd…)

16.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2013.

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 employment benefit obligation for the year.

In Discount Rate	Increase/ (Decrease) In Salary Increment Rate	Effect on Income Statement (reduction)/increase in results for the Year 2013 Rs.	Performa Post Employment Benefit Liability 2013 Rs.
-1%	-	1.38 Mn	1.38 Mn
1%	-	(1.24 Mn)	(1.24 Mn)
-	-1%	(1.22 Mn)	(1.22 Mn)
-	1%	1.34 Mn	1.34 Mn

17. TRADE AND OTHER PAYABLES

	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Trade Creditors - Related Party (17.1)	1,826,110	6,250,074	-	-
- Payble to contractor	837,920,951	-	-	-
- Other	269,167,374	103,931,911	-	-
Rental Income Received in Advance	157,971,746	108,455,552	157,971,746	108,455,552
Sundry Creditors including Accrued Expenses	298,716,884	323,942,179	228,898,965	144,668,148
Other Payables	28,710,425	-	-	-
	1,594,313,490	542,579,716	386,870,711	253,123,700

17.1 Trade Payables - Related Party

	Relationship	Group 2013	Group 2012	Company 2013	Company 2012
Shing Kwan Management Ltd	Fellow Subsidiary	636,314	1,380,313	-	-
Shing Kwan Investment (Singapore) Pte Ltd	Ultimate Parent	1,189,796	4,869,761	-	-
		1,826,110	6,250,074	-	-

18. RENTAL AND CUSTOMER DEPOSITS

	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Rental Deposits	723,206,316	605,225,989	723,206,316	605,225,989
Customer Deposits	1,165,281,428	1,477,261,946	-	-
	1,888,487,744	2,082,487,935	723,206,316	605,225,989

19. AMOUNTS DUE TO RELATED PARTIES

	Relationship	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Mireka Capital Land (Pvt) Ltd	Subsidiary	-	-	962,945	-
S K Investment Lanka (Pvt) Ltd	Fellow Subsidiary	11,150,306	19,652,017	11,150,306	19,652,017
Management Corporation Condominium Plan 1824	Other Related Party	891,190	-	-	-
		12,041,496	19,652,017	12,113,251	19,652,017

20. DIVIDENDS PAID AND PAYABLE

Group / Company

20.1 Declared and Paid during the Year

	2013 Rs.	2012 Rs.
Equity Dividends on Ordinary Shares		
- Final dividend for 2012 : Rs.0.30 (2011 - Rs. 0.30)	253,045,308	253,045,308
	253,045,308	253,045,308

20.2 Dividends Payable as at the end of the Year

	2013 Rs.	2012 Rs.
Dividends on Ordinary Shares Unclaimed	2,896,163	2,575,695
	2,896,163	2,575,695

21. CASH AND SHORT TERM DEPOSITS

	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Cash and Bank Balances	171,565,136	176,927,119	107,199,322	56,172,702
Call Deposits and Fixed Deposits	1,508,278,097	1,633,899,125	1,385,081,407	1,335,570,107
	1,679,843,233	1,810,826,244	1,492,280,729	1,391,742,809
Bank Overdraft	(5,879,145)	(31,057,048)	-	-
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	1,673,964,088	1,779,769,196	1,492,280,729	1,391,742,809

Notes to the Financial Statements Contd...

22. FINANCE COST AND INCOME

22.1 Finance Cost

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Interest Expense on Interest Bearing Loans and Borrowings	4,482,382	51,161,286	4,377,861	5,485,941
Fair Value Loss on Rental Deposits	52,630,311	37,004,093	52,630,311	37,004,093
	57,112,693	88,165,379	57,008,172	42,490,034

22.2 Finance Income

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Income from Investments				
- Interest on Fixed Deposits	211,112,119	188,389,703	192,350,330	128,928,924
- Interest on Government Securities (REPO)	-	12,361,088	-	286,161
- Income from Fair Value through Profit & Loss	20,742,747	-	20,742,747	-
Amortization of Deferred Lease Interest Income on Rental Deposits	-	63,180,448	-	63,180,448
	231,854,866	263,931,239	213,093,077	192,395,533

22.3 Other Income

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Dividend Income	-	-	900,000	25,312,500
	-	-	900,000	25,312,500

23. PROFIT BEFORE TAX

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Stated after Charging /(Crediting)				
Depreciation Charge for the Year	9,583,209	10,119,475	7,858,811	8,699,682
(Profit)/Loss on Disposal of Property, Plant and Equipment	-	(559,017)	-	-
Employee Benefit Expenses Including the following;	109,548,168	107,730,277	95,959,373	95,295,109
-Defined Benefit Plan Cost - Gratuity	5,379,402	6,162,803	5,379,402	6,162,803
-Defined Contribution Plan Cost - EPF & ETF	9,384,166	9,625,698	9,384,166	9,625,698
Amortization of Intangible Assets	5,076,536	7,568,592	5,076,536	7,568,592

24. TAX EXPENSES

The major components of income tax expense for the years ended 31 December 2013 and 31 December 2012 are:

24.1 Income Statement

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Current Income Tax:				
Current Tax Expense on Other Income	41,840,702	48,988,623	36,078,631	28,432,968
Under/(Over) Provision of Current Taxes in respect of Prior Year	128,969	(525,657)	-	-
Dividend Tax	100,000	2,812,500	-	-
Deferred tax:				
Deferred Taxation Charge/(Reversal)	(42,475,495)	-	(39,474,180)	-
Income Tax Expense Reported in the Income Statement	(405,824)	51,275,466	(3,395,549)	28,432,968

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

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Accounting Profit Before Tax	2,466,012,854	2,518,911,700	2,191,453,895	2,541,862,758
Income Exempted from Tax	(2,246,343,324)	(2,289,273,546)	(1,993,219,656)	(2,385,637,659)
Disallowed Items	121,932	-	-	-
Assessable Income	219,791,462	229,638,154	198,234,239	156,225,099
Deductions Allowed	(70,360,386)	(54,678,785)	(69,381,984)	(54,678,785)
Taxable Income	149,431,076	174,959,369	128,852,255	101,546,314
Income Tax at the Statutory Rate of 28%	41,840,702	48,988,623	36,078,631	28,432,968
Under/(Over) Provision in respect of Previous Year	128,969	(525,657)	-	-
Dividend Tax	100,000	2,812,500	-	-
	42,069,671	51,275,466	36,078,631	28,432,968

24.3 The above tax expense relates to the interest income and other miscellaneous income that are not covered by the tax exemption enjoyed by Overseas Realty (Ceylon) PLC and its subsidiaries as detailed in note 2.3.3.

24.4 The carried forward adjusted tax losses of the Company as at 31 December 2013 amounts to Rs. 140,979,213/- and Rs. 150,351,763/- (2012 - Rs. 210,361,197/- and Rs. 220,712,149/-).

Notes to the Financial Statements Contd...

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		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Amounts Used as the Numerator				
Net Profit /(Loss) Attributable to Shareholders for Earnings Per Share	2,436,907,865	2,469,073,070	2,194,849,443	2,513,429,790
Number of Ordinary Shares Used as the Denominator				
Weighted Average Number of Ordinary Shares in Issue Applicable to Earnings Per Share	843,484,359	843,484,359	843,484,359	843,484,359

26. RELATED PARTY DISCLOSURES

26.1 Transactions with Related Entities

26.1.1 Ultimate Parent Entity

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Amounts Receivable as at 01 January	-	-	-	-
Amounts Payable as at 01 January	(4,869,761)	(2,751,123)	-	-
(Reimbursements) / Settlements	3,679,965	(2,118,638)	-	-
Amounts Receivable as at 31 December	-	-	-	-
Amounts Payable as at 31 December	(1,189,796)	(4,869,761)	-	-

26.1.2 Subsidiaries

	Group		Company	
	2013	2012	2013	2012
Amounts Receivable as at 01 January	-	-	272,012,443	109,801,902
Amounts Payable as at 01 January	-	-	-	-
Rendering of Services	-	-	67,587,783	22,596,853
Reimbursements / (Settlements)	-	-	(313,012,948)	139,613,688
Amounts Receivable as at 31 December	-	-	27,550,222	272,012,443
Amounts Payable as at 31 December	-	-	(962,945)	-

26. RELATED PARTY DISCLOSURES (Contd...)

26.1.3 Fellow Subsidiaries

	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Amounts Receivable as at 01 January	-	-	-	-
Amounts Payable as at 01 January	(17,022,701)	(10,400,275)	(19,652,017)	(9,442,080)
Management Fee	1,370,880	1,370,880	1,370,880	1,370,880
Receipt of Services	-	-	-	-
(Reimbursements) / Settlements	4,446,556	(7,993,306)	7,130,831	(11,580,817)
Amounts Receivable as at 31 December	-	-	-	-
Amounts Payable as at 31 December	(11,205,265)	(17,022,701)	(11,150,306)	(19,652,017)

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

Services to related parties were rendered on the basis of the price agreed between related parties. The Outstanding balances with related parties as at the reporting date have arisen as a consequence of services rendered. 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

Financial Accommodation :	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
As at 01 January	2,312,870,048	2,881,347,000	245,813,000	295,817,000
Loans Granted	571,750,000	4,197,997,048	-	-
Loan Repayments	(850,331,903)	(4,766,474,000)	(50,004,000)	(50,004,000)
As at 31 December	2,034,288,145	2,312,870,048	195,809,000	245,813,000

The above transactions are included in interest bearing loans. Further, the Group and Company has current accounts with BOC respectively amounted to Rs. 101,847,507/- and Rs. 55,075,437/- (2012 - Rs. 89,147,881/- and Rs. 23,111.338/-), while investment in REPO/Call & Fixed deposits amounting to Rs. 1,111,006,906/- and Rs. 996,005,373/- (2012- Rs. 898,306,856/- and Rs. 549,977.838). During the year interest expense on account of financial accommodation obtained from BOC amounted to Rs. 4,377,860/- and 4,377,860/- (2012 - Rs. 51,161,286/- and Rs. 5,485,941/-), while interest earned amounted to Rs. 184,517,421/- and Rs. 165,755,632/-(2012 - Rs. 102,,291,090/- and Rs. 37,896,415/-).

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

26. RELATED PARTY DISCLOSURES (Contd...)

(b) Management Corporation Condominium Plan 1824

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Amount Receivable as at 01 January	5,232,969	24,069,066	5,232,969	16,649,068
Amount Payable as at 01 January	-	-	-	-
Property Facility Fee	25,635,456	25,635,456	25,635,456	25,635,456
Membership Fee Paid	(430,588,032)	(430,588,032)	(430,588,032)	(430,588,032)
Employment Benefits	-	35,947,602	-	-
Supply of Electricity	361,349,628	386,736,743	361,349,628	386,736,743
Other	61,765,456	(36,567,866)	62,656,646	6,799,734
Amount Receivable as at 31 December	24,286,667	5,232,969	24,286,667	5,232,969
Amount Payable as at 31 December	(891,190)	-	-	-

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

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:

	2013	2012
	Rs.	Rs.
Fees for Directors	5,575,000	4,177,500
Emoluments	44,055,360	43,216,988
Short Term Employment Benefits	8,685,020	12,772,079
Post Employment Benefits	8,443,944	6,426,673
	66,759,324	66,593,240

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	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Contracted but not Provided for				
Enterprise Resources Planning	2,496,545	6,901,946	2,496,545	6,901,946
Havelock City Project	2,233,000,000	4,028,000,000	-	-
	2,235,496,545	4,034,901,946	2,496,545	6,901,946

28. CONTINGENCIES

Legal Claim:

The entities in the Group are involved in legal actions as 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 favourable 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.

Company's Subsidiary Mireka Capital Land (Pvt) Ltd has been assessed for Value Added Tax (VAT) for periods between January 2006 and January 2009. Company has appealed against same and filed a writ application in the Court of Appeal to enable the Company to prevent recovery action being taken by authorities.

Company's Subsidiary Mireka Homes (Pvt) Ltd has been assessed for Economic Service Charge (ESC) and Company has appealed against same.

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 Special Dividend of Rs 1/= per share and final dividend of Rs. 0.45 cents per share for the financial year ended 31 December 2013. 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. ACCOUNTING POLICY CHANGE

The Group previously recognised only the net cumulative unrecognised actuarial gains and losses of the previous period, which exceeded 10% of the greater of the defined benefit obligation in accordance with LKAS19.

As a consequence, the Group's statement of financial position did not reflect a significant part of the unrecognised net actuarial gains and losses.

This method is no more allowed under revised LKAS19 and hence Group changed its accounting policy to recognise actuarial gains and losses in the period in which they occur in total, in Other Comprehensive Income.

Impact on restatement is explained in following note.

Impact on Other Comprehensive Income (increase/ (decrease) :

	2013 Rs.	2012 Rs.
Statement of Other Comprehensive Income		
Re-measurement Gain on Defined Benefit Plans	(405,279)	8,337,810
Income Tax Effect on above	-	-
Other Comprehensive Income for the Year, Net of Tax	(405,279)	8,337,810
Total Comprehensive Income for the Year	(405,279)	8,337,810
Attributable to		
Equity Holders of the Parent	(405,279)	8,337,810

The transition did not have impact on statement of cash flows. There is no significant impact on the Group's basic EPS.

31. ACCOUNTING POLICY CHANGE (Contd...)

Impact on Equity (Increase/(Decrease) in Net Equity):

	As at 31.12.2013	As at 31.12.2012 Rs.	As at 01.01.2012 Rs.
Recognition of Unrecognised Actuarial (Gain) / Loss	(405,279)	8,337,810	1,167,691
Consequential Deferred Tax Impact of the above	-	-	-
Net Decrease in Equity	(405,279)	8,337,810	1,167,691
Attributable to			
Equity Holders of the Parent	(405,279)	8,337,810	1,167,691

Impact on Statement of Financial Position (Increase/ (Decrease), other than on Equity:

	As at 31.12.2013	As at 31.12.2012 Rs.	As at 01.01.2012 Rs.
Post Employment Benefit Liability	405,279	(8,337,810)	(1,167,691)

32. 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.

32.1 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity 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:

	Denominated in LKR	Denominated in USD
Group		
Cash at bank and in hand	156,001,042	118,900
Short term deposits	1,333,384,982	1,336,081
Other Financial Assets (Unit Trust Investments)	1,235,742,747	-
Interest Bearing Loans & Borrowings	201,688,145	14,000,000
Company		
Cash at bank and in hand	96,287,164	83,362
Short term deposits	1,218,284,913	1,274,228
Other Financial Assets (Unit Trust Investments)	1,235,742,747	-
Interest Bearing Loans & Borrowings	195,809,000	-

32. 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 the way of 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
2013	USD 8.5Mn	130.90	+/- 7.5%	Rs. 83,448,750

32.2 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 practice 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.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd…)

32.3 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	-	1,826,110	1,592,487,380	-	-	1,594,313,490
Interest Bearing Loans and Borrowings	5,879,145	-	1,882,604,000	145,809,000	-	2,028,413,000
Rental and Customer Deposit	-	-	1,165,281,428	723,206,316	-	1,888,487,744
	5,879,145	1,826,110	4,640,372,808	869,015,316	-	5,511,214,234

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	-	-	386,870,711	-	-	386,870,711
Interest Bearing Loans and Borrowings	-	-	50,004,000	145,809,000	-	195,813,000
Rental Deposit	-	-	-	723,206,316	-	723,206,316
	-	-	436,874,711	869,015,316	-	1,305,890,027

33. Capital Management

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

34. 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.

		Carrying Amount		Fair Value	
		2013	2012	2013	2012
Group	**Notes**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Financial Assets					
Trade and Other Receivables Excluding Prepayments	B	1,445,257,217	1,832,883,070	1,445,257,217	1,832,883,070
Amounts Due from Related Parties	B	24,868,022	12,260,904	24,868,022	12,260,904
Other Current Financial Instruments	B	1,235,742,747	-	1,235,742,747	-
Cash and Short Term Deposits	B	1,679,843,233	1,810,826,244	1,679,843,233	1,810,826,244
Total		4,385,711,219	3,655,970,218	4,385,711,219	3,655,970,218
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	A	145,805,000	195,813,000	145,805,000	195,813,000
Trade and Other Payables	B	1,594,313,490	542,579,716	1,594,313,490	542,579,716
Amounts Due to Related Parties	B	12,041,496	19,652,017	12,041,496	19,652,017
Interest Bearing Loans and Borrowings (Current)	B	1,888,483,145	2,117,057,048	1,888,483,145	2,117,057,048
Rental and Customer Deposits		2,004,794,046	2,177,066,126	1,888,487,744	2,082,487,935
Total		5,645,437,177	5,052,167,907	5,529,130,875	4,957,589,716

		Carrying Amount		Fair Value	
		2013	2012	2013	2012
Company	**Notes**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Financial Assets					
Trade and Other Receivables Excluding Prepayments	B	336,933,879	272,983,098	336,933,879	272,983,098
Amounts Due from Related Parties	B	51,836,889	277,245,412	51,836,889	277,245,412
Other Current Financial Instruments	B	1,235,742,747	-	1,235,742,747	-
Cash and Short Term Deposits	B	1,492,280,729	1,391,742,809	1,492,280,729	1,391,742,809
Total		3,116,794,244	1,941,971,319	3,116,794,244	1,941,971,319
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	A	145,805,000	195,813,000	145,805,000	195,813,000
Trade and Other Payables	B	386,870,711	253,123,700	386,870,711	253,123,700
Amounts Due to Related Parties	B	12,113,251	19,652,017	12,113,251	19,652,017
Interest Bearing Loans and Borrowings (Current)	B	50,004,000	50,000,000	50,004,000	50,000,000
Rental and Customer Deposits		854,721,653	712,042,829	723,206,316	605,225,989
Total		1,449,514,615	1,230,631,546	1,317,999,278	1,123,814,706

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:

34. FAIR VALUES (Contd…)

A Long-term fixed-rate and variable-rate receivables/borrowings are evaluated based on parameters such as interest rates, risk characteristics of the financed project etc. As at 31 December 2013, 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.

(a) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments 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 2013, the Group held the following financial instruments carried at fair value on the statement of financial position:

b) Financial Assets measured at fair value

	31 December 2013 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Unit Trust Investments (Note 15.1)	1,235,742,747	-	1,235,742,747	-

During the reporting period ending 31 December 2013, there were no transfers between Level 1 and Level 2 fair value measurements.

Group Performance - Ten Year Summary

Rs. Mn Income Statement	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Rental Revenue	1,590	1,339	850	697	666	805	716	874	508	387
Revenue from Other Services	68	54	57	51	41	42	35	48	31	25
Apartment Revenue	3,190	554	1,588	950	1,234	598	379	-	333	1,251
Total Revenue	4,848	1,948	2,495	1,698	1,941	1,445	1,130	922	872	1,663
Direct Operating Expenses	(424)	(426)	(338)	(329)	(334)	(350)	(271)	(313)	(202)	(240)
Cost of Sales of Apartments	(2,635)	(397)	(1,231)	(633)	(1,051)	(403)	(328)	-	(420)	(1,335)
Gross Profit	1,789	1,125	926	736	556	692	531	609	250	88
Fair value adj	930	1,563	2,123	473	1,019	1,388	1,834	1,683	73	382
Other Operating Expenses	(268)	(260)	(270)	(274)	(187)	(202)	(178)	(159)	(50)	(70)
Net finance Income / (Expense)	175	176	27	(94)	3	43	43	(109)	(286)	(496)
Profit from Operating Activities	2,626	2,604	2,806	841	1,391	1,921	2,230	2,024	(5)	(97)
Exchange Gain / (Loss)	15	(85)	(40)	84	0	(88)	-	-	-	-
Net Profit Before Tax	2,641	2,519	2,766	925	1,391	1,833	2,230	2,024	(5)	(97)
Taxes	-	(51)	(25)	(11)	(7)	(16)	(17)	(6)	(2)	-
Net Profit After Tax	2,641	2,468	2,741	914	1,384	1,817	2,213	2,018	(7)	(97)
STATEMENT OF FINANCIAL POSITION										
Assets										
Investment property	20,389	19,459	17,884	15,751	15,279	14,259	12,870	11,203	6,789	6,510
Property Plant & Equipment	703	645	395	254	246	236	215	51	7	9
Intangible assets	18	18	26	30	35	15	16	16	7	7
Deferred Tax Assets	43	-	-	-	-	-	-	-	-	-
	21,153	20,122	18,305	16,035	15,560	14,510	13,101	11,270	6,803	6,526
Current Assets										
Inventory	5,350	4,129	3,167	3,981	4,093	4,225	3,108	2,210	2,730	3,080
Trade & Other Receivables	1,450	1,837	1,563	1,276	1,636	971	579	467	40	44
Amounts Due From Related Parties	25	12	25	53	4	22	3	17	2	1
Other Current Financial Assets	1,236	-	-	-	-	-	-	-	-	-
Cash & Cash Equivalents	1,680	1,811	2,197	1,008	177	244	902	462	293	188
	9,741	7,789	6,952	6,318	5,910	5,462	4,592	3,156	3,065	3,313
TOTAL ASSETS	30,894	27,911	25,257	22,353	21,470	19,972	17,693	14,426	9,868	9,839
Equity & Liabilities										
Stated capital	10,186	10,186	10,186	10,186	9,713	9,713	9,713	9,713	5,840	5,137
Revaluation Reserve	239	216	165	149	135	112	80	-	2,684	3,180
Retained Earnings	13,752	11,569	9,343	6,915	6,283	5,241	3,813	1,939	(3,591)	(3,584)
Equity Attributable to Equity Holders	24,177	21,971	19,694	17,250	16,131	15,066	13,606	11,652	4,933	4,733
Minority Interest	1,148	943	963	903	833	791	758	742	-	-
Total Equity	25,325	22,914	20,657	18,153	16,964	15,857	14,364	12,394	4,933	4,733

Rs. Mn	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Non-Current Liabilities										
Interest Bearing Loans & Borrowings	145	196	246	2,194	1,549	567	1,135	1,106	2,268	4,347
Non Interest Bearing Borrowings & Loans	-	-	-	1	2	3	4	-	-	-
Provisions & Other Liabilities	-	-	-	-	-	-	-	-	8	7
Retirement Benefit Liability	18	17	23	21	20	18	15	12	-	-
Total Non Current Liabilities	163	213	269	2,216	1,571	588	1,154	1,118	2,276	4,354
Current Liabilities										
Trade & Other Payables	1,594	542	697	871	832	996	2,056	845	653	400
Deposits	1,889	2,082	976	418	440	925	-	-	-	-
Interest Bearing Loans & Borrowings	1,888	2,117	2,636	683	1,597	1,587	50	-	2,004	5
Non Interest Bearing Borrowings & Loans	-	-	1	1	1	1	1	18	-	-
Amounts Due to Related Parties	12	20	9	9	26	13	19	10	2	347
Tax Payable	20	20	10	-	-	4	11	3	-	-
Dividend Payable	3	3	2	2	39	1	38	38	-	-
Total Current Liabilities	5,406	4,784	4,331	1,984	2,935	3,527	2,175	914	2,659	752
TOTAL EQUITY & LIABILITIES	30,894	27,911	25,257	22,353	21,470	19,972	17,693	14,426	9,868	9,839
	-	-	-							
Earnings Per Share	2.89	2.93	3.18	1.23	2.25	3.04	3.74	3.67	(0.01)	(0.42)
Earnings Per Share (Excluding Fair Value Gains)	1.78	1.07	0.66	0.58	0.57	0.70	0.61	0.60	(0.01)	(0.42)
Net Asset Value Per Share	28.66	26.05	23.35	20.45	28.69	26.79	24.19	20.72	11.27	20.33
Share Value (High)	21.30	15.60	19.40	24.00	15.00	15.00	15.50	23.25	12.50	14.25
Share Value (Low)	13.90	9.50	13.10	14.00	5.75	5.75	9.00	9.5	5.75	5.00
Current Ratio	1.80	1.63	1.61	3.18	2.01	1.55	2.11	3.45	1.15	4.41
Return on equity (%)	12%	11%	14%	5%	8%	12%	17%	23%	0%	-2%
Total Debt to Total Assets	18%	18%	18%	19%	21%	21%	19%	14%	50%	52%
Debt/Equity Ratio	8%	11%	15%	17%	19%	14%	8%	9%	86%	92%
Return on Assets	9%	9%	11%	4%	6%	9%	13%	14%	0%	0%
Asset Turnover	16%	7%	10%	8%	9%	7%	6%	6%	9%	17%

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 Borrowings divided by Equity Attributable to Equity Holders of the Parent

Shareholder Information

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	1,900	658,030	0.08%	18	9,141	0.00%	1,918	667,171	0.08%
1,001 - 10,000	995	3,692,000	0.44%	22	92,837	0.01%	1,017	3,784,837	0.45%
10,001 - 100,000	285	8,935,700	1.06%	19	768,394	0.09%	304	9,704,094	1.15%
100,001 - 1,000,000	54	17,904,123	2.12%	9	2,240,521	0.27%	63	20,144,644	2.39%
Over 1,000,000	8	84,713,490	10.04%	9	724,470,123	85.89%	17	809,183,613	95.93%
	3,242	**115,903,343**	**13.74%**	**77**	**727,581,016**	**86.26%**	**3,319**	**843,484,359**	**100.00%**

Categories of Shareholders

Category	As of 31 December 2013		As of 31 December 2012	
	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares
Individual	3,117	22,280,055	3,854	27,123,476
Institutional	202	821,204,304	232	816,360,883
	3,319	843,484,359	4,086	843,484,359

Performance at the CSE

Year Ended	31 December 2013		31 December 2012	
	Date	Price (Rs.)	Date	Price (Rs.)
Highest	29.05.2013	21.30	11.09.2012	15.60
Lowest	08.04.2013	13.90	14.02.2012	9.50
Last Traded Price	31.12.2013	18.30	31.12.2012	14.40

Year Ended	31 December 2013	31 December 2012
Ordinary Shares		
Closing Share Price (Rs.)	18.30	14.40
Number of Transactions	6,925	5,119
Number of Shares Traded	32,362,863	24,350,315
Value of Shares Traded (Rs.)	600,518,532	327,925,49
Dividends Per Share (Rs.)	0.30	0.30
Dividend Payout (%)	10.4	10.2

List of Major Shareholders (Based on their Shareholdings)

	Name	As at 31st Dec 2013		As at 31st Dec 2012	
		Shareholding	Percentage (%)	Shareholding	Percentage (%)
1	Shing Kwan Investment Company Limited.	453,366,580	53.75	453,366,580	53.75
2	Unity Builders Limited	220,156,488	26.10	220,156,488	26.10
3	Employees Provident Fund	42,446,107	5.03	42,431,891	5.03
4	Shing Kwan Investment (Singapore) Pte Ltd	21,573,450	2.56	21,573,450	2.56
5	Peoples Bank	20,722,353	2.46	20,722,353	2.46
6	Pershing Llc S/A Averbach Grauson & Co.	14,842,360	1.76	9,485,804	1.12
7	Chipperfield Investments Limited	7,650,000	0.91	7,650,000	0.91
8	National Savings Bank	5,279,241	0.63	5,591,100	0.66
9	Bank Of Ceylon-No2 A/C	3,773,250	0.45	3,773,250	0.45
10	J.B. Cocoshell (Private) Ltd	3,675,288	0.44	-	-
11	Mas Capital (Private) Limited	3,614,900	0.43	3,614,900	0.43
12	Sri Lanka Insurance Corporation Ltd-Life Fund	3,472,300	0.41	3,472,300	0.41
13	Oriental Pearl International Inc	2,550,000	0.30	2,550,000	0.30
14	Dr. Yaddehige	2,324,220	0.28	-	-
15	Seylan Bank Plc/Symphony Capital Ltd	1,730,051	0.21	1,831,400	0.22
16	Mr. Gautam Rahul	1,004,525	0.12	1,304,750	0.15
17	Deutsche Bank Ag Singapore Branch	1,002,500	0.12	1,002,500	0.12
18	Timex Garments (Pvt) Ltd	1,000,000	0.12	1,000,000	0.12
19	East West Properties Plc	954,548	0.11	4,337,750	0.51
20	Mr. Sellamuttu Dinesh Nagendra	853,950	0.10	853,950	0.1
	Total	**811,992,111**	**96.29**	**804,718,466**	**95.40**
	Balance held by other Shareholders	31,492,248	3.73	38,765,893	4.60
	Total number of Ordinary Shares	**843,484,359**	**100.00**	**843,484,359**	**100.00**
	Public Holding	140,357,841	16.64	140,357,841	16.64
	Others	703,126,518	83.36	703,126,518	83.36
	Total	**843,484,359**	**100.00**	**843,484,359**	**100.00**

Public Shareholding as at 31 December 2013

Parent/ Group/ Subsidiaries	No. Of Shares
Shing Kwan Investments Company Limited	453,366,580
Unity Builders Limited	220,156,488
Shing Kwan Investment (Singapore) Pte Ltd	21,573,450
Chipperfield Investment Limited	7,650,000
	702,746,518
Issued number of ordinary shares as at 31 December 2013	**843,484,359**
Less	
Parent/Group	453,366,580
Subsidiaries	249,379,938
Over 10% Holding	
Directors' Shareholding	380,000
Spouses of Directors and CEO	
Public Holding	**140,357,841**
Public Holding as a percentage of Issued Ordinary Shares	**16.64%**

Notice of Meeting

Notice is hereby given that the Thirty-Second (32nd) Annual General Meeting of OVERSEAS REALTY (CEYLON) PLC will be held on Thursday, 24th April 2014 at 5.00 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 2013 and the Report of the Auditors thereon.

2. To declare a Final Dividend of Rs. 0.45 and a Special Dividend of Rs. 1/- per Ordinary Share in respect of the financial year ending 31st December 2013 as recommended by the Directors.

3. To re-elect as a Director Mrs. Mildred Tao Ong 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 HUSSEIN 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 MELVIN 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 LESLIE 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, Charted 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

24th February 2014
Colombo

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

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
Nirupa Peiris
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
Level 18–East Tower
World Trade Center
Echelon Square
Colombo 01
Tel: 2502247/2505100

Havelock City (Private) Limited
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

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