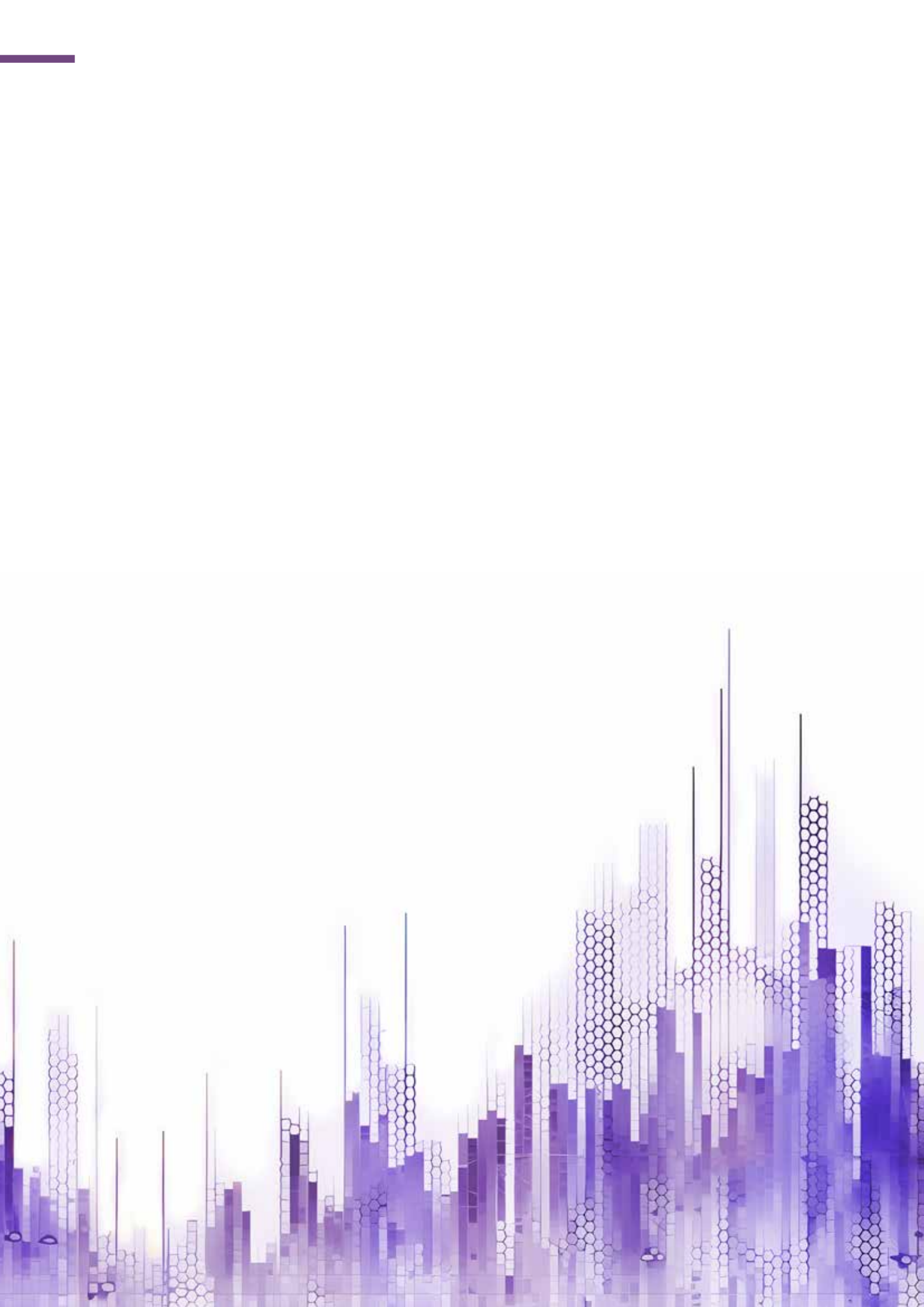


Geared for Greater Growth

Annual Report 2023







Geared for Greater Growth

As we move forward with our commitment to transform the city of Colombo, we have successfully added yet another iconic hub at Havelock City - Mireka Tower and Mall.

The Havelock City Mall, which redefines Sri Lanka's retail landscape delivers unparalleled shopping, food & beverage, and entertainment experiences to discerning shoppers.

Mireka Tower, a 50 storey Grade A office building equipped with world class infrastructure offers distinctive workspaces to a vibrant mix of local and international companies.

The World Trade Center, Colombo and Havelock City Commercial Complex now provides a strong asset base with recurring income streams to position the Group for greater growth.

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Corporate Information	Inner Back Cover

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


- Believe in Our People
- Make a Difference Together
- Honesty and Integrity
- Passionate about Our Customers
- Embrace Quality as Way of Life
- Hold ourselves Accountable


Our History




- 


1981
Incorporation of the Company




2012
Commencement of the Construction of Havelock City residential Phase 02
- 


1982
Listed on the Colombo Stock Exchange




2016
Acquisition of Bank of Ceylon stake of 40% in Mireka Capital Land (Pvt) Ltd
Entered in to a BOI agreement to develop the Havelock City Commercial Complex
Commencement of Construction of Havelock City residential Phase 3 & 4
- 


1992
Entered into a BOI agreement to develop the Iconic World Trade Center, Colombo
Commencement of the Construction of World Trade Center, Colombo




2017
Commencement of construction of the Havelock City Commercial Complex
- 


1997
Opening the World Trade Center, Colombo



2022
Opening of the Mireka Tower at Havelock City
The World Trade Center Colombo celebrates 25 years in operation
- 

2005
Entered into a BOI agreement to develop the Havelock City Residential Development



2023
Opening of Havelock City mall
- 

2006
Commencement of the Construction of Havelock City residential Phase 01

Financial Highlights

For the year ended 31st December	2023 Rs Mn	2022 Rs Mn
Income Statement		
Revenue	5,076	15,046
Gross Profit	3,319	6,843
Fair Value Gain (FVG)	499	317
Profit Before Tax (PBT)	4,311	7,025
Profit After Tax (PAT)	3,853	6,079
Statement of Financial Position		
Total Assets	78,234	78,392
Total Liabilities	24,115	26,603
Loans and Borrowings	992	2,686
Shareholders' Equity		
Stated Capital	18,443	18,443
Reserves	35,676	33,346
Financial Ratios		
Gross Profit Margin	65%	45%
PAT (Including FVG) Margin	76%	40%
Earnings Per Share (Including FVG)	3.10	4.89
Return on Equity	7%	12%
Return on Assets	5%	8%
Debt Equity Ratio	36%	43%
Net Assets Per Share	43.54	41.66
Dividend Payout Ratio	40%	26%
PE Ratio	5	4

Financial Highlights contd.

76%

Net Profit Margin

40%

Dividend Payout Ratio

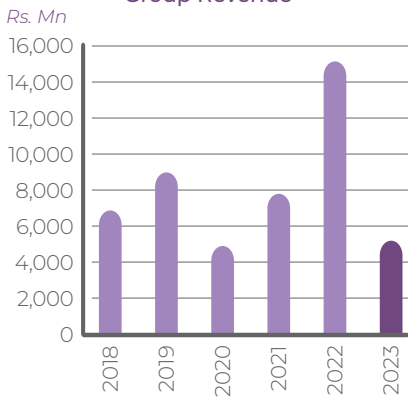
54,119

Shareholders' Equity LKR Mn

43.54

Net Assets Per Share LKR

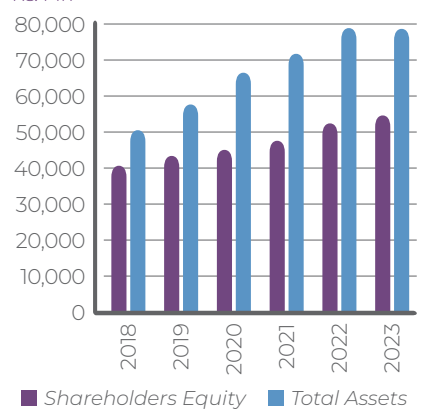
Group Revenue



5

PE Ratio - Times

Shareholders Equity and Total Assets



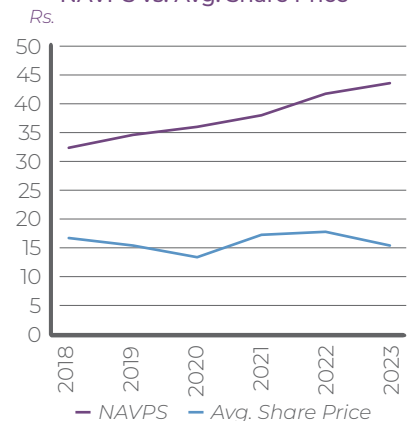
Earning Per Share



ROE and ROA



NAVPS vs. Avg. Share Price



Chairman's Review



“Commencement of operations at the Havelock City Mall along with improving occupancy levels at the Mireka Tower and World Trade Center, Colombo provides a strong asset base with recurring income streams to position the Company for future growth.”

On behalf of the Board of Directors, it gives me great pleasure to warmly welcome you to the 42nd Annual General Meeting of Overseas Realty (Ceylon) PLC. I am pleased to present the Annual Report and Audited Financial Statements of the Company for the year ended 31st December 2023.

The Group recorded a Revenue of Rs. 5,076 million and a Group Profit Before Tax of Rs. 4,311 million for the year ended 31 December 2023.

ECONOMIC OUTLOOK

The Sri Lankan economy contracted by 2.3% in 2023 and is expected to grow by 1.8% in 2024, supported by accommodative monetary conditions and relaxation of import restrictions.

Moreover, inflation edged up to 4.8% by end 2023 following an electricity tariff increase and is projected to further increase to

6.6% in 2024 with the increase in the Value Added Tax rate and removal of several exemptions.

With the relaxation of import restrictions, despite higher tourism earnings and inward remittances the LKR is expected to weaken towards the end of 2024. At the same time interest rates that gradually reduced in 2023, are expected inch upwards with Government deficit funding.

The performance of the Group within this challenging external environment has been satisfactory.

FINANCIAL PERFORMANCE

Overseas Realty (Ceylon) PLC recorded a Group Revenue of Rs 5,076 million which was 66% lower than prior year due mainly to lower revenue from Apartment Sales. The Group recorded a Profit Before Tax of Rs 4,311 million supported by a significant exchange gain of Rs 2,429 million

on foreign currency loans due to the appreciation of the LKR by 11.58% during the year.

The Company Revenue of Rs 2,400 million at the World Trade Center, Colombo, was 14% higher than the corresponding period of last year, due mainly to higher rental rates.

The Revenue of Rs 1,163 million recorded from Residential Sales of Havelock City was significantly lower than the corresponding period in 2022.

The Mireka Tower and Shopping Mall at Havelock City, which commenced operations during 2023 recorded a Revenue of Rs 982 million during the year.

WORLD TRADE CENTER, COLOMBO

Conveniently located in the Central Business District, the twin towers of the World Trade Center Colombo comprise 39 floors

Chairman's Review contd.

housing 592,425 sqft of state-of-the-art, modern Grade A leasable office space. Since inception, the World Trade Center, which hosts the country's largest business-to-business network, continues to be the most sought-after business address.

Despite the prevailing business climate Rental Revenue increased by 14% with higher rental rates and improved year-end occupancy.

HAVELOCK CITY

Havelock City – the premier integrated mixed-use real estate development in Sri Lanka comprises both Residential and Commercial components.

COMMERCIAL COMPONENT

The Havelock City Commercial Complex comprises a 50-storey Office Tower providing 600,000 sqft of Grade "A" premium office space and an international standard Shopping Mall of 190,000 sqft providing a range of fashion, food and beverage and entertainment experiences.

The Mireka Tower, which commenced operations in January 2023 has seen a gradual increase in occupancy levels during this year.

Despite many challenges faced by the Mall tenants, in their fit-out works, the Havelock City Mall was ceremonially opened to the public in October 2023.

RESIDENTIAL COMPONENT

The Havelock City Residential component which was built in 4 phases with 8 towers housing 1087 condominium units was completed in 2021.

Depressed economic conditions, along with high interest rates, the newly introduced sales taxes of 17.5%, and resultant higher prices drastically slowed down market demand and sales off-take. The unsold stock was 65 units as at year end.

FUTURE OUTLOOK

The Government's concerted efforts over the past two years have stabilized the country's economy, which faced significant challenges. We believe continued commitment to reforms and sustainable fiscal management will steer the economy towards recovery by end 2024.

Commencement of operations at the Havelock City Mall along with improving occupancy levels at the Mireka Tower and World Trade Center, Colombo provides a strong asset base with recurring income streams to position the Company for future growth.

Under these circumstances, the Company will now explore other potential property development opportunities primarily for trading purposes, to sustain future growth and enhance Shareholder value.

DIVIDEND PAYMENT

The Board of Directors of your Company recommend a first and final dividend of Rs 1.25 per Share amounting to Rs 1,554Mn (2022 – Rs 1,554Mn).

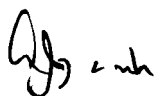
DIRECTORATE

I am pleased to announce the appointment of Mr. Brian Tao, Dr. Arittha Wikramanayake and Mr Shamil Mendis to the Board of Directors of the Company and wish to extend a warm welcome to them.

In compliance with the Colombo Stock Exchange new listing rules on Independent Directors, Ms. Rohini Nanayakkara, the veteran banker who had distinguishably served on the Board of Directors for over 20 years retired in February 2024 and I acknowledge the valuable contribution made by her during her tenure.

ACKNOWLEDGEMENT

In Conclusion, on behalf of the Board of Directors, of the Company, I wish to take this opportunity to convey my appreciation to all our Stakeholders for their continuous confidence and support during the year. I must also acknowledge the commitment and hard work of the entire Management and Staff. Finally, I extend my appreciation to my fellow Directors for their expert guidance and professional advice offered during the year.



Ajit M. de S. Jayaratne
Chairman

21st February 2024

Profiles of Directors

Mr. Ajit Mahendra De Silva Jayaratne

Mr. Ajit M. De S. Jayaratne was re-appointed to the Board of ORC PLC in 2005 as an independent non-executive Director. Mr. Jayaratne was the former 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. He continues to serve on the Boards of several public companies.

Mrs. Mildred Tao Ong (Dr.)

Mrs. Mildred Tao 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. Yap Boh Pin

Mr. Yap Boh Pin was appointed as a non-executive Director of the Company on April 1991 and was a member of the Executive Committee of the Board until 18th January 2010. Mr. Yap serves as a member of the Company's Audit Committee from November 1996.

Mr. Yap qualified as a chartered accountant from the Institute of Chartered Accountants in England and Wales in 1966. He is a fellow member of both the Institute of Singapore Chartered Accountants 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 Director of Asia Mobile Holdings Pte Ltd (a private subsidiary of Singapore Technologies Telemedia Pte Ltd), which is part of the Singapore Technology Group. He is also an independent Director of public listed company, KT MG Ltd (formerly known as Lereno Bio-Chem Ltd), serving as Chairman of its Audit Committee and member of its Nomination and Remuneration Committees.

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. He had served as independent Director of TeleChoice International Limited, a public listed company, as Chairman of its Audit Committee and member of the Nomination Committee from May 2004 to June 2020.

Beyond the corporate sector, Mr. Yap is actively involved in various non-profit welfare and educational organizations. He is an Honorary Council Member of the Singapore Hokkien Huay Kuan and also a Director of Anglo-Chinese School (International) and chairman of its Finance Sub Committee. Mr Yap

Profiles of Directors contd.

had served on the Board of the Chinese Development Assistance Council as well as member of its Audit Committee from June 2008 to June 2018.

Mrs. Rohini Letitia Nanayakkara

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

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

She was also Chairman/ Director of several financial institutions such as the National Development Bank, DFCC Bank, Merchant Bank of Sri Lanka and the First Capital Group of Companies. She has served as Director/General Manager/CEO of one of the largest private banks namely, Seylan Bank PLC.

She was the Chairperson of the LOLC Group of Companies and the Browns Group of Companies. She is presently the Chairperson/ Director of few Subsidiaries of Browns Group of Companies and the Chairperson of Asian Institute of Business and Science. She is also a trustee of the National Trust of Sri Lanka.

Mr. En Ping Ong

Mr. En Ping Ong was appointed to the Board of Directors of the Company on 18th January 2010. Mr. Ong graduated from Harvard University in 2001 with a BA (Hons) in Applied Mathematics and later attended the Graduate School of Business at Stanford University for his MBA. Mr Ong has a background in investment banking and in 2012, co-founded Barghest Building Performance, a leading Energy Efficiency solutions company based in Singapore.

Mr. Leslie Ralph de Lanerolle

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

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

Institute of the World Bank, Washington and a Honorary Life Member of the Institute of Engineering Sri Lanka.

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

Mr. de Lanerolle is currently, a Director of ORC PLC and its group companies. He has also served on the Board of Directors of several private and public listed companies.

Mr. Tissa Kumara Bandaranayake

Mr. Tissa K. 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 former Chairman of the Quality Assurance Board established by the Institute of Chartered Accountants of Sri Lanka.

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

Dr. Raneer Jayamaha

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

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

Dr Jayamaha currently holds Director Posts at the Regional Centre for Strategic Studies and the Transnational Lanka (Pvt) Limited. She served as an appointed member of the Monetary Board of the Central Bank of Sri Lanka (CBSL) during July 2020-Sep 2023 and was also 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 CBSL from 2004 up to her retirement in 2009. She has over 50 years of extensive experience in the field of economics, banking, finance, regulation and administration, having held a number of positions in the CBSL and outside.

On release from the CBSL, 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.

Dr Jayamaha has been a member of the Securities & 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. Internationally, 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 Commonwealth countries.

Mr. Pravir Dhanoush Samarasinghe

Mr. Pravir D. Samarasinghe is the Director/ Chief Executive Officer, Overseas Realty (Ceylon) PLC.

Mr. Samarasinghe has over 30 years of professional and commercial experience and serves on the Board of Directors of several publicly listed and unlisted corporates.

Mr. Samarasinghe was the Past Chairman of the Sri Lanka

Institute of Directors, Employers' Federation of Ceylon, Industrial Association of Sri Lanka, Condominium Developers Association of Sri Lanka and EFC Affiliated Group of Companies. He was the Past President of the Chartered Institute of Management Accountants Sri Lanka Division and former Council Member, CIMA (UK). He served as a Board member of the Ceylon Chamber of Commerce and Sri Lanka Accounting and Auditing Standards Monitoring Board.

Mr. Samarasinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants UK and holds a Master's Degree in Business Administration.

Mr. Ben Nien Benny Tao

Mr. Ben N.B. Tao received his BFA from Tisch School of the Arts, New York University in 1982. He was an Engineer and Producer at Sierra Alegre Inc, a Music Production Company in Los Angeles from 1995 to 2000. In 2000, he founded Chalice Recording Studio, a premier music recording studio in Los Angeles, which he still owns. He has been a Director of the Shing Kwan Group of Companies since late 1970s.

In 2017, Mr. Tao returned to Asia. During 2018 he became a Director of the Central Hotel, Nanjing and the Jinling Hotel Corporation and the Chairman of Nanjing Peeli Real Estate Management Corporation. All 3 Companies have operations in

Profiles of Directors contd.

the City of Nanjing, China. He became Sole Director of Peeli Ltd in 2019. The Peeli Companies are the Personal Commercial Legacies of late Mr. S.P. Tao.

Mr. Tao also represents the donor at the Jiangsu Tao Shing Pee Education Foundation, an Education Foundation set up by Mr. and Mrs. S.P. Tao with a donation of over RMB 1 Billion to sponsor University Education for students from rural and underprivileged backgrounds throughout China. Annually the Foundation serves 4,500 students studying in 22 Universities in Jiangsu Province.

Mr. Brian Tao

Mr. Brian Tao graduated from Harvard University in 2022 with a BA (Hons) in Economics. He has experience in private equity real estate investment, and now works on primary market equity investment at Loyal Valley Capital, a Shanghai based asset management firm. He has been a director at Shing Kwan Investment (Singapore) Pte Ltd since 2018, and at Peeli Ltd since 2023.

Dr. Arittha Rahula Wikramanayake

Dr. Wikramanayake is an Attorney at Law and the Precedent Partner of Heritage Partners. He is a veteran Corporate and M&A lawyer and heads the Firm's corporate and acquisitions practice.

Dr. Wikramanayake received his professional education at the Sri Lanka Law College and was

admitted to the Bar in 1981. He has received LL.M degrees from the Vrije Universiteit (Brussels, Belgium), the University of Georgia (Athens, USA) as well as a Master's in Law and Diplomacy (MALD) from the Fletcher School of Law and Diplomacy, Tufts University (USA). In 2013 he was awarded a Doctorate from the University of Colombo, Sri Lanka.

Dr. Wikramanayake was the founder and precedent partner of Nithya Partners, which became one of the leading corporate law firms in Sri Lanka. He has been consistently ranked as a leading individual in the fields of Corporate and M&A by Chambers & Partners and the Legal 500 Asia Pacific.

Dr. Wikramanayake has served in various key regulatory and policy formulating bodies including the Sri Lanka Accounting and Auditing Standards Monitoring Board, the Public Enterprises Reform Commission and Committees for the formulation of Codes of Corporate Governance. He also served as the Director General of the Securities and Exchange Commission of Sri Lanka, Chairman of the Company Law Advisory Commission, a Member of the Advisory Commission on Intellectual Property Law and the Law Commission of Sri Lanka. He is presently a Member of the National Trade Negotiation Committee and the State Owned Enterprises Reform Unit of the Ministry of Finance.

Mr. Carl Noel Shamil Mendis

Mr Shamil Mendis is the Chairman/Managing Director of Spear Global Holdings (Pvt) Ltd which is engaged in the export of coir substrates, value added coir/coconut fiber products, food ingredients and spices. These products are exported to over 33 countries worldwide.

Prior to which, Mr. Mendis was the Deputy Chairman and Group Director of the Delmege Forsyth Group from 1982 – 2011 and was responsible for the growth of diverse businesses ranging from a variety of businesses in Imports, Exports, Shipping, Airlines, Logistics and Insurance.

Mr. Mendis was a Past President of the Sri Lanka Singapore Business Council from 2006 – 2017 and was actively involved in the promotion and facilitation of International trade and investment. He was also a Past President of the Sri Lanka China Business Council and a Past Vice President of the Sri Lanka Japan Business Council. He is also a Vice President of both the Sri Lanka Korea Business Council and the Sri Lanka Italy Business Council which are affiliated to the Ceylon Chamber of Commerce. He has also served as a Council Member of the National Chamber of Commerce of Sri Lanka and a member of the Board of the Export Development Board of Sri Lanka.

Mr. Mendis is a Member of the Chartered Institute of Marketing UK.

Segmental Review of Operations

Property Leasing



With its prime location in the heart of the Central Business District, The WTC Colombo enjoys the premier position as the best Business Address in the Country, with unmatched design, built quality, facilities, and services.

Despite the prevailing economic climate, the average occupancy of the WTC, Colombo increased by 8% to 78% by December 2023, whilst the average rental rates increased to Rs.474 per sqft. Consequently, the Company recorded a Revenue of Rs 2,400Mn which was 14% higher than the corresponding period of last year.

The Mireka Tower and Mall at Havelock City commenced commercial operations in January 2023 and October 2023 and achieved an average leased occupancy of 30% and 59% respectively by December 2023. Consequently, a Revenue of Rs. 982Mn was recorded for the year ended 31st December 2023. Unfortunately, due to fit-out related challenges 3 key anchor tenants of the Mall could not open during the year and are scheduled to open in 2024.

The Property Leasing Segment recorded a Revenue of Rs 3,463Mn and a Gross Profit of Rs 2,370Mn for the year ended 2023.

Segmental Review of Operations contd.

Property Trading



The Havelock City Residential Component was built in four phases and comprised 1087 luxury apartments.

Apartment sales drastically slowed down during the year due to depressed economic conditions, high interest rates, new sales taxes and resultant higher sales prices.

Consequently, the Property Trading Segment recorded a Revenue and Gross Profit of Rs 1,163Mn and Rs 777Mn respectively, which was 91% and 84% lower than the corresponding period of last year.

Havelock City currently has an unsold stock of 65 move-in ready luxury apartments for sale.

The gradual recovery of the economy along with lower interest rates are expected to improve market demand and sales off-take during 2024.

Property Services



FACILITY MANAGEMENT DIVISION

Facility Management Division provides a range of services ranging from property management, development management, asset management, energy management to advisory services to a number of residential, commercial and retail properties.

Improving market conditions and prudent management resulted in the Division recording a Revenue of Rs 310Mn which was 31% higher than the corresponding period last year.

REAL ESTATE AGENCY DIVISION

The Real Estate Agency is involved in renting and selling properties.

Although market conditions were depressed, increased secondary market transactions resulted in Revenue improving by 17% to Rs 35 Mn in year 2023.

TRADING DIVISION

The Trading business has exclusive distributorships for a range of products catering to the projects market in the industrial, commercial, retail, hospitality, and residential sectors.

Construction industry challenges, import restrictions and project implementation delays significantly affected the business during 2023.

Consequently, the Division recorded a Revenue of Rs 105Mn for year 2023 which was a 47% decrease from the corresponding period of last year.

To take advantage of the expected recovery in the economy in general and the construction industry in particular, the Division expanded its range of products to Lighting & Controls, LV Systems and Bathware and Tiles and is expected to improve performance in 2024.

Financial Review

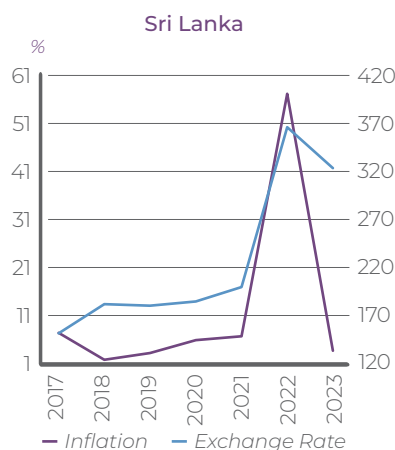
THE ECONOMY

A contraction of 2.3% in GDP for Sri Lanka in 2023, was estimated by the Department of Census and Statistics. Inflation in Sri Lanka has decreased significantly in 2023, reaching 4% in December. The decline in inflation is attributed to lower prices for both food and non-food products. Inflation is expected to stabilize around the targeted level of 5% over the medium term, supported by appropriate policy measures and well-anchored inflation expectations, according to the Central Bank.



In December 2023, the Average Weighted Prime Lending Rate (AWPLR) decreased to 12.9% compared to 28.19% in the previous year and Average Weighted Fixed Deposit Rate (AWFDR) decreased to 14.88% compared to 18.49% in the previous year.

Following the depreciation by 82.7% against the US dollar in 2022, the Sri Lankan rupee appreciated by 11.58% during the year 2023.



As the economy continues to stabilize, the Group recorded a worthy performance for the year under review.

REVENUE

During the year under review, Group revenue stood at Rs 5,076 Mn (2022 - Rs. 15,046 Mn). The main sources of income were derived from Overseas Realty (Ceylon) PLC; through leasing of office space at the World Trade Center (WTC) Colombo, Havelock City (Pvt) Ltd.; through leasing of office space at the Mireka Tower and retail space of Shopping Mall at Havelock City (HC), Mireka Homes (Pvt) Ltd. (MHL); and Mireka Capital Lands (Pvt) Ltd., (MCL); through sale of condominium units at Havelock City (HC), Realty Management Services (Pvt) Ltd., (RMS); through Property Management and Real Estate Agency services and Overseas Realty Trading (Pvt) Ltd., (ORTL); through Trading of imported lighting solutions.

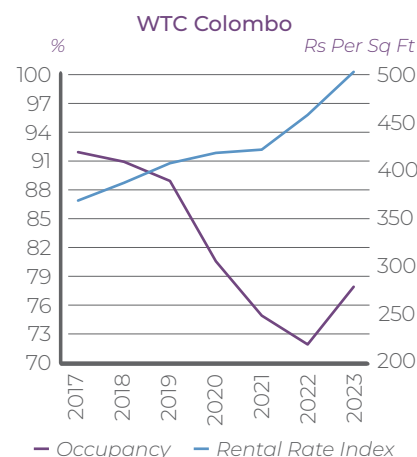
The revenue from leasing spaces at WTC increased by 14% to Rs 2,400 Mn (2022 - 2,112 Mn), due mainly to the service charge revisions.

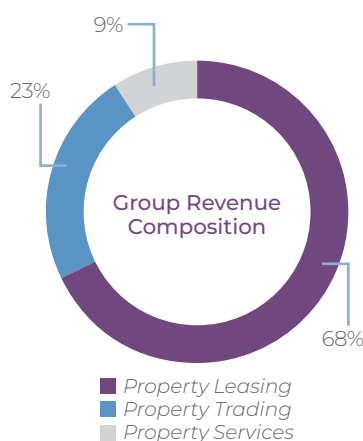
The Mireka Tower and Shopping Mall at Havelock City, which commenced operations in January 2023 and October 2023 respectively, generated a revenue of Rs 982 Mn during the year.

Revenue from the sale of condominium units amounted to Rs. 1,163 Mn (2022 - Rs. 12,688 Mn), a decrease of 91% over the previous year due mainly to the lower number of apartment sales at Havelock City.

RMS contributed Rs 345 Mn (2022 - Rs 267 Mn) to the group revenue which included Rs 311 Mn (2022 Rs 237 Mn) from Property Management and Rs 34 Mn (2022 - Rs 30 Mn) from Agency Services.

ORTL contributed Rs.105 Mn (2022 Rs. 196 Mn) to the group revenue from Trading of imported lighting solutions during the current financial period.





OPERATING EXPENSES

The Company's operating expenses for the year of Rs. 612 Mn (2022 - Rs. 495 Mn), were included the expenditure on Members Contribution and Property Rates.

Group operating expenses including administration and marketing expenses were Rs 2,914 Mn (2022 - Rs 9,152 Mn), which was a decrease of 68%, due mainly to lower cost of sale on Apartments.

GROSS PROFIT

The Group Gross Profit of Rs. 3,319 Mn (2022 - Rs. 6,843 Mn) was 52% lower than prior year. Gross Profit from property leasing of the WTC Colombo was Rs. 1,788 Mn (2022 - 1,617 Mn), an increase of 11% over the previous year due mainly to an increase in Service Charges. Through the property leasing of Mireka Tower and shopping mall at Havelock City, earned a Gross Profit of Rs. 522 Mn during the year under review. Gross Profit from the sales of apartments at Havelock City was Rs.777 Mn (2022 - Rs. 5,238 Mn), which was a decrease of 85% over the previous year, due mainly to the lower

revenue recognition from Phase 3 & Phase 4 Apartment Sales of Havelock City.

FAIR VALUE GAIN

The Company accounted for a fair value gain of Rs. 269 Mn from the Investment Property of World Trade Center. The land in Dodanduwa was also considered as an Investment Property and was accounted for a fair value gain of Rs. 14.3 Mn. Further, a fair value gain of Rs. 38.2 Mn was recorded from 2 floors of Overseas Realty Investments (Pvt) Ltd. The fair value of HCL Investment Property as at 31st December 2023 was Rs. 39,977 Mn based on the valuation surveyor's valuation compared to the total development cost of Rs. 39,800 Mn resulting fair value gain of Rs. 176 Mn was accounted for the year ended 31st December 2023. Accordingly, the total fair value gain for the Company and Group were Rs. 284 Mn and Rs. 499 Mn respectively.

OPERATING PROFIT

The company's operating profit (excluding fair value gain) of Rs. 1,503 Mn (2022 - Rs. 1,385 Mn) was 9% higher than last year due mainly to increase in service charges. Consequently, the operating profit margin of 63% (excluding fair value gain) was 5% lower than last year. Havelock City (Pvt) Ltd recorded an operating profit (excluding fair value gain) of Rs. 59 Mn during the year.

FINANCE INCOME AND FINANCE EXPENSES

The Group recorded a Finance income of Rs. 934 Mn (2022 - Rs.648 Mn) during the year which was an increase of 44% over the previous year due mainly to the higher cash surplus retained during the year.

The Group recorded a finance cost of Rs. 1,790 Mn (2022 - Rs. 62 Mn) during the year as the interest expenses incurred on the Havelock City project borrowings were recognized to P & L in 2023.

EXCHANGE GAIN/LOSS

The Company recorded an exchange Loss of Rs. 63 Mn from USD denominated Fixed Deposit and Trade Debtors. The Group recorded an Exchange gain of Rs. 2,429 Mn from USD loans obtained for Mireka Homes (Pvt) Ltd and Havelock City (Pvt) Ltd.

PROFIT BEFORE TAX (PBT)

The Group Profit Before Tax (Excluding Fair Value Gain) for the year of Rs. 3,813 Mn (2022- Rs. 6,708 Mn) was 43% lower than last year due mainly to the lower profit from Havelock City apartment sales. The Company and Havelock City (Pvt) Ltd earned a Profit Before Tax (Excluding Fair Value Gain) of Rs. 1,945 Mn and Rs.893 Mn respectively.

TAXATION

The income tax expense of the Group and the Company for the year were Rs. 458 Mn (2022 - Rs. 945 Mn) and Rs. 183 Mn (2022 - 154 Mn) respectively. The Group Income tax expense for the year was 52% lower than the previous year due mainly to the decrease in profit.

Financial Review contd.

CASH AND BORROWINGS

The Group's cash and short-term investment as at 31st December 2023 were Rs. 4,319 Mn (2022 - Rs. 4,300 Mn) which was an increase of 0.44% over the previous year.

The Group's total borrowing was Rs. 992 Mn (2022 - Rs. 2,686 Mn), which includes loans obtained to finance the Havelock City Residential Development Project undertaken by Mireka Homes (Pvt) Ltd.

NET ASSETS

The Group Net Asset value per share as at 31st December 2023 stood at Rs 43.54 (2022 - Rs 41.66).

EARNINGS PER SHARE

The Group earnings per share for the year 2023 was Rs. 3.10 per ordinary share (2022 - Rs. 4.89).

PRICE EARNINGS RATIO

The Price Earnings ratio of the Company as at 31st December 2023 was 5 times (2022 - 3 times).

RETURN ON EQUITY (ROE)

The Group Return on Equity (ROE) was 7% for the year 2023 (2022 - 12%).

ASSETS

The total Group asset base slightly decreased from Rs. 78,392 Mn to Rs. 78,234 Mn in 2023. The decrease was mainly derived from the sale of appartements under inventories and decrease in Receivables.

LIABILITY

Total Liabilities as at 31st December 2023 decreased to Rs. 24,115 Mn compared to Rs. 26,603 Mn in the previous year, due mainly to the loans settlements during the year and settlement of contractors' payable for Havelock City Commercial Development project.

TOTAL EQUITY

Total Equity of the Group Increased by Rs. 2,339 Mn to Rs. 54,119 Mn (2022 - Rs. 51,790 Mn) mainly due to the profit after tax of Rs. 3,853 Mn.

ACCOUNTING POLICIES

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

Sustainability Report

GROUP SUSTAINABILITY STRATEGY

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

MANAGEMENT APPROACH DRIVEN BY INTEGRATED SUSTAINABILITY POLICY

The Group continues to strategically integrate sustainable practices across all aspects of operations. The Group adopts best practices in economic, environmental and social governance in order to provide a better life to all the stakeholders and society.

THE MANAGEMENT APPROACH OUTLINED

Core Area	Management Approach
Risk and Governance	<p>Risk Management Framework allows the Board of Directors, the Committee of Management, the Audit Committee and the Senior Management of the Group to play an integral role in the process of risk management.</p> <p>Corporate governance structure, policies and principles are in accordance with Colombo Stock Exchange listing Rule number 9 and code of best practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities Exchange Commission of Sri Lanka.</p>
Market Presence and Economic Value creation	<p>We Operates in three key operational areas, Property Leasing, Property Trading and Property Services.</p>
Environmental & Social Sustainability	<p>Environmental and social sustainability policies govern the sustainability efforts and parameters of each of the Company's operational departments.</p> <p>Monitor different key areas such as energy, water usage, recycling water, waste water, solid waste, and quality of air, air pollution, sound pollution, transport, and eco system management, social and cultural development involving internal and external stakeholders.</p>
Employee Development, Equal Opportunity & Anti-corruption	<p>Adopts a human development approach that has yielded positive results especially in terms of career development and inculcation of corporate values and ownership that extends beyond the conventional approach.</p> <p>Adopts a policy of innovative training and continuous learning that overcomes the customary barriers to effective learning.</p> <p>Gender equality and equal opportunity governed by Human Resource policy. Anti-corruption training extended to all employees with honesty being a key corporate value.</p>
Sustainable Purchase and Produce	<p>Sustainable supplier policy dictates that suppliers be evaluated and preference given based on their own commitments to sustainable practice.</p> <p>Bulk purchasing is given priority and supplies in returnable containers of packaging are encouraged.</p>

Sustainability Report contd.

BRANDS

At Overseas Realty Ceylon PLC, we take pride in owning two of the largest and most iconic brand names in the Real Estate Domain in Sri Lanka; The World Trade Center (WTC) Colombo, Havelock City and Mireka Tower.

To date, WTC is the tallest Grade A office building in Sri Lanka which has marked its presence among the local and international community through its iconic location, superior facilities ahead of its time. This international brand is one of the 322 World Trade Centers located in 91 countries worldwide which makes the brand unique and unparalleled.



Mireka Tower at Havelock City is the latest addition to the Overseas Realty's portfolio of brands. It is a striking 50 storey office tower with 600,000 sqft Grade A premium office space strategically located at the doorstep of Havelock city .



Havelock City is one of the premier integrated mixed-use developments currently altering the skyline of Sri Lanka, with an iconic shopping mall, Office Tower, 8 Residential Towers and a fully functional Clubhouse the largest of its kind in Sri Lanka with over 7 acres of garden space.



In addition to our three main brands, we also house a local brand named, Realty Management Service (RMS) and two international brands, NVC & FARO.

RMS offers Facilities Management Services to over 20 selected large scale commercial and Residential projects in Sri Lanka and NVC & FARO provides Lighting Solutions for Industrial and Residential projects in the country.



WATER MANAGEMENT

Recognizing the global water challenge, Overseas Realty (Ceylon) PLC is working continuously to improve operations in order to minimize water consumption, while reducing water waste in day-to-day operations. Further we have upgraded the Cooling Towers of the Air-conditioning system to improve the efficiency and to minimize the water evaporation when running the Cooling

Towers. A rainwater harvesting system has been implemented to collect the rainwater from the rooftop and façade and thus has reduced the water consumed from the city main supply. In order to reduce the water footprint of WTC Colombo, all commodes were replaced with dual flushing cistern tanks, Urinals were replaced with sensor operated flush valves and all taps for the washbasins were replaced with sensor operated taps.

BIODIVERSITY

Havelock City Project has been designed with 7 acres landscaped roof garden, which ensures the protection of biodiversity through the flora and fauna within the project.

ENERGY MANAGEMENT

Energy Management System - ISO 50001: 2018

The organization has been implementing several energy efficient Initiatives over the last few years significantly reducing the single largest cost component in the operating budget "Electricity cost". It is Important to sustain the benefits of the Initiatives via efficient and consistent plant operations. ISO 50001: 2018 was implemented to standardize the management practices of plant & equipment. WTC Colombo became the 1st commercial building in Sri Lanka to be certified in ISO 50001: 2018 – Energy Management System and successfully completed the re-certification audit in 2023.

ENERGY CONSERVATION

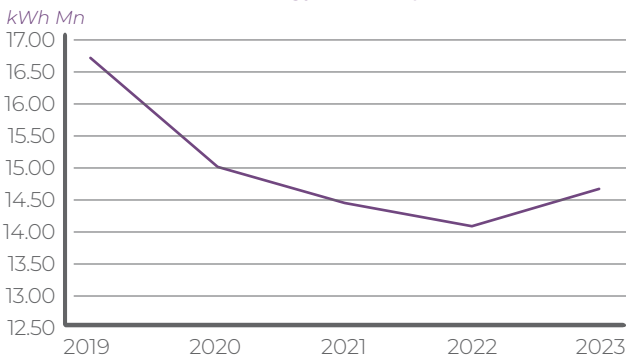
The Company is continuously focused in minimizing the energy consumption through implementation of various energy saving methods.

Optimizing AHU VAV operation has led to a saving of approx. 73,500 kWh per year. Replacement of tenant area tube lights with LED lamps has led to a saving of approx. 54,500 kWh per year. Optimization of Chilled Water Pump operation led to a saving of approx. 24,000 kWh per year.

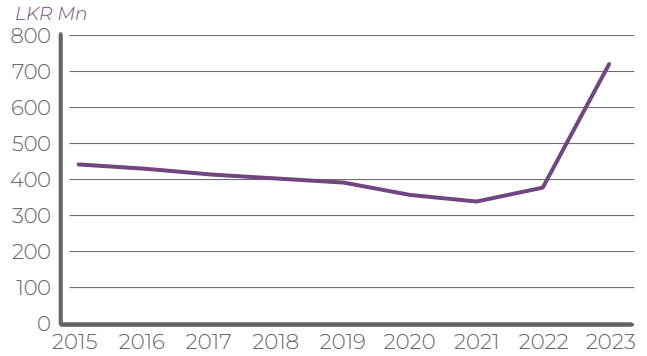
It is important to quantify the energy consumption of various plant & equipment in order to benchmark performance and to compare with standard KPIs. A state-of-the-art Energy Accounting System, comprising modern Energy Analyzers, Energy Dashboard and a Report Generating Software has been introduced to provide necessary assistance for the Management / Plant operators to monitor and manage in a more consistent and efficient manner.

It is eminent that the energy efficient initiatives taken over the past several years have significantly reduced the overall energy consumption of the World Trade Center, making the WTC to be a true high performance Green Building, with a Gold Certification of Green rating system from Green Building Council of Sri Lanka.

Annual Energy Consumption



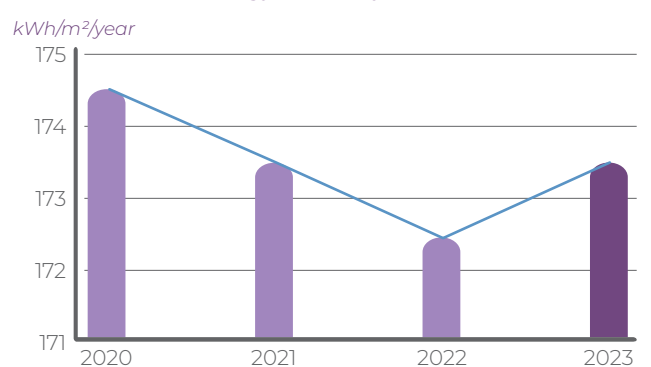
Annual Electricity cost of WTC



Maximum Demand



Energy Efficiency Index



Sustainability Report contd.

COMMUNITY

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

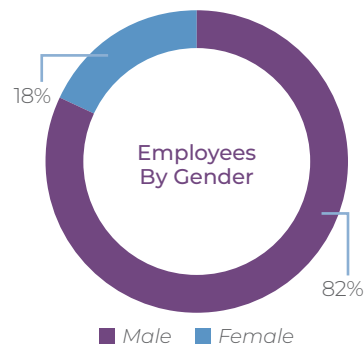
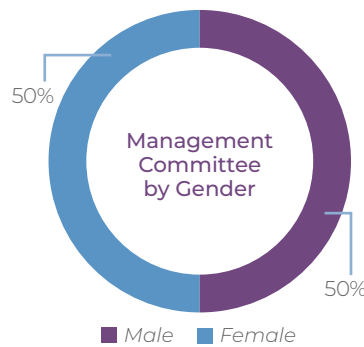
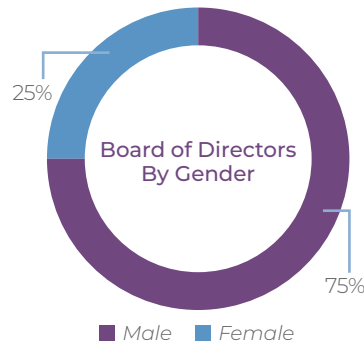
We annually conduct four evacuation and fire drills at the WTC building in order to safeguard the tenants, visitors, staff and the neighboring buildings & properties.

We manage Havelock City development minimizing disturbances to neighboring residence complying with regulations.

OUR PEOPLE

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

The Group's HR policy is aligned with legal framework and covers all aspects of people management including recruitment, motivation, rewards and recognition, performance management, industrial relations and grievance mechanisms. The policies ensure compliance with regulatory requirements including the prohibition of child labour and forced/compulsory labour. We are an equal opportunity employer and do not discriminate on gender, age, ethnicity, or sexual orientation.



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

The company provides medical and surgical insurance policy to cover in house medical treatment to employees and their family.

Further, employees are provided a personal accident cover in order to claim for any accidental injuries or partial disabilities covering 24 hours of the day. In addition, employees on duty are covered by a workman compensation policy.

The Group places high importance on ensuring a safe working environment for all employees, taking steps to ensure that health and safety concerns are prioritized and addressed across the Group. All business units within the Group have been empowered to undertake any measure it may deem necessary to ensure that it is a safe place to work, as part of its Human Capital. Accordingly, steps have been taken to improve the cleanliness of the workplace. Moreover, signposts are displayed at all necessary locations to guide the employees and visitors towards desired destinations.

In terms of staff welfare, a key role is played by the Staff Welfare Society and ORCL Sports Club which organizes numerous events throughout the year. Few such events are Annual Outing for the employees and their families, Sports day, Annual Pirith chanting and Annual Get together.

TRAINING AND DEVELOPMENT

The Group's training and development programs is a key policy component of talent retention and ensuring a sustainable competitive advantage. Each year training programs for employees are determined on a need basis, aligning the business specific requirements with gaps

identified in employee skills and the competencies. Through the performance appraisal system, employees can request for training when conducting self-appraisals while supervisors also nominate employees for training based on needs. As part of group career development strategy, the Group carries out Leadership Development, Customer Relationship management, Enhancement of English language proficiency in collaboration with reputed International and local bodies.

LABOR PRACTICES

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

GRIEVANCE MECHANISM

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

NON-DISCRIMINATION, CHILD LABOR AND COMPULSORY LABOR

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

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

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

RESIGNATION, TERMINATION AND TRANSFERS

Our policy and procedure on cessation of services is clearly laid out in our HR Manual. Employees may resign from the company subject to the terms and conditions set in their appointment letters while retirement age of employees would be at the age of 60.

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

COMPLIANCE WITH LAW AND ANTI-CORRUPTION

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

Risk Management Report

ENTERPRISE RISK MANAGEMENT PROCESS

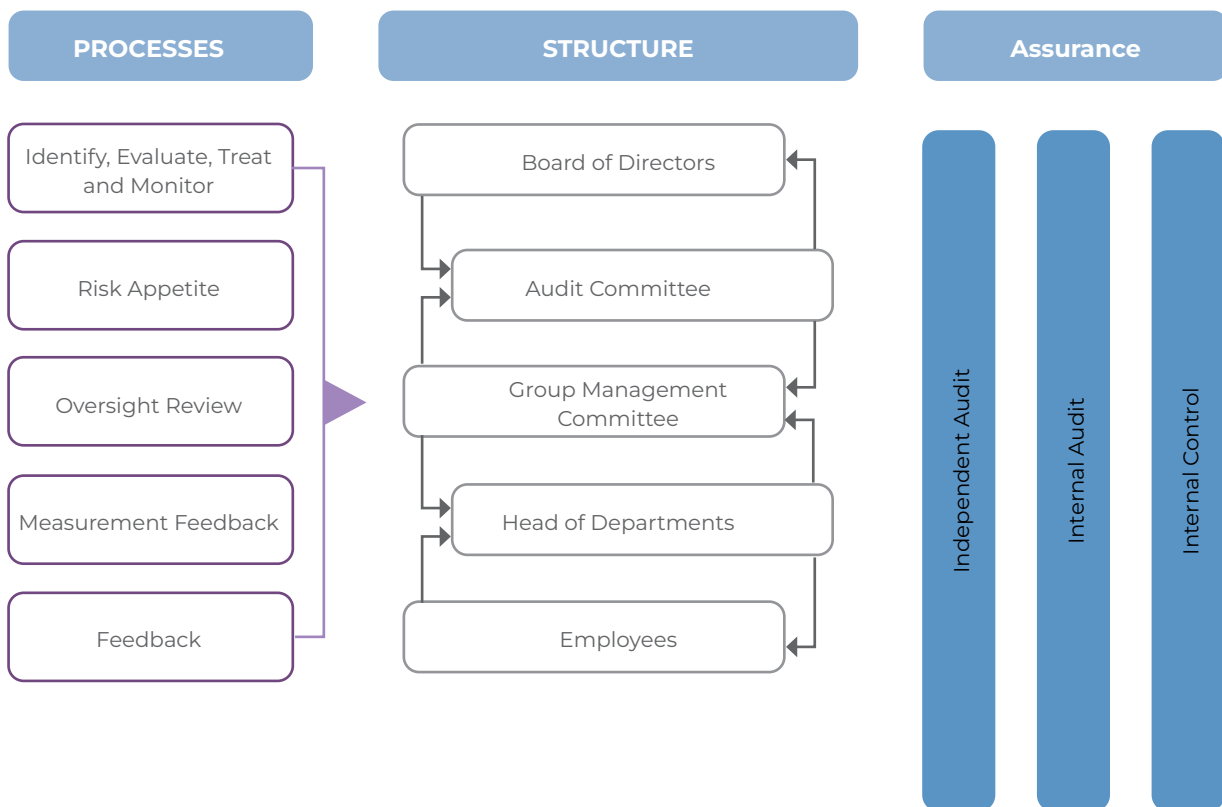
Overview

Risk arises in all our business activities. Risk, in our context, is the component, which has the potential to negatively affect business or an organization. Its' significance is measured in terms of the probability of occurrence.

Therefore, an integrated risk management framework has become a mandatory existence, which provides the guide line for managing risks.

Managing risk is a key aspect of the Board's stewardship obligations and a component of the 'performance' dimension of Enterprise Governance.

The risk management framework illustrates our approach to risk management, reflecting the risk management process, the structure in place to administer the process and sources of comfort with regard to its effectiveness.



RISK MANAGEMENT FRAMEWORK

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

The Board is responsible for ensuring effective risk management and recognizes that the proper management of risk is a core leadership function that must be practiced throughout the Organization.

Internal Audit process coordinates the identification and documentation of control

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

The principal aim of the Group's risk management governance structure and system of Internal Control is to manage business

and operational risks, with a view to enhancing the value of shareholders' investments and safeguarding assets.

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

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

Risk Type	Rank	Factor	Strategies/ Action Plan
Strategic Risk	Low	Risks of not achieving strategic goals and objectives of the Company, and variations etc.	Company operates with a clear Business Plan. Company also operates within an approved Annual Budget & variances are reviewed periodically by the Board of Directors.
Fraud Risk	Low	Risks due to inadequate internal controls, processes and systems. Also due to employee abusing entrusted power for private gains leading to misappropriation of assets.	The Board has approved a structured internal control framework with different levels of delegated authorization. The company applies an independent internal audit mechanism. Comprehensive policy manual covering all major departments, operations and processes are in place.
Legal and Regulatory Framework	Medium	Risks due to changes to tax and other legal regulations including changes in Government policies.	Constant dialogue and lobbying with Regulatory authorities. Monthly scanning of Government bills. The company has retained the services of Tax Consultants, Legal Consultants & a professional Company Secretary and a Compliance officer for the respective regulatory requirements.
Competition	Medium	Risks arising from new Commercial and Residential Developments.	Monitoring of existing and new supply of Commercial and Residential Developments. Regular competitor Analysis reports.
Construction Costs	Medium	Risks from increase in construction material and other costs.	Fixed price SLRS/USD contracts are entered into with contractors.

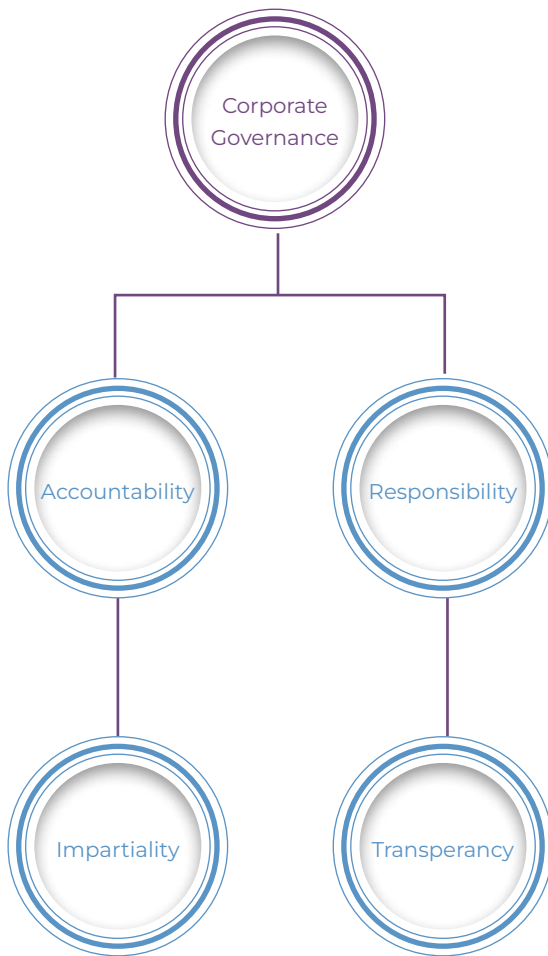
Risk Management Report contd.

Risk Type	Rank	Factor	Strategies/ Action Plan
Brand & Reputation	Low	Risks relating to product quality, timely delivery and service standards.	Maintaining high product and service quality standards and quality assurance/control systems in project and facilities management. Regular reviews of customer comments and feedback.
Fire	Low	Risks of a fire at the World Trade Center Colombo and Havelock City Commercial Complex.	Periodic review and maintenance of building fire systems, training of staff on fire protection procedures, conducting regular fire drills, obtaining services of a Professional fire consultant and having adequate insurance cover.
Building-Health and Safety	Low	Risk occurring from threats to personal, staff, tenants and general public at World Trade Center Colombo and Havelock City Commercial Complex.	The company complies with all Industrial Safety Requirements. Preventive maintenance programs, potable water quality testing and air quality testing etc. are regularly carried out. Specialized equipment and life support systems maintained by qualified professionals.
Technology Risk	Low	Risks occurring from failure to absorb Technological advancements.	The company has its own engineering maintenance teams abreast with latest technology. Continuous updating & implementation of Energy Efficiency Projects. Participation at Overseas trainings on technical enhancement and changes.
Foreign Currency	High	Risks from foreign currency borrowing for the Havelock City Project.	Some apartment sales are contracted in USD. Estimated Currency fluctuation was factored into cost of development. Exchange rate movements are constantly monitored, and foreign currency borrowings minimized through Cash Flow Management.
Interest Rate	Medium	Risks relating to Interest Income and Cost of Borrowing.	Monitoring and management of cash flows daily. Negotiating favorable rates and terms on borrowings and deposits. Maintain an appropriate combination of fixed and floating rate borrowings.
Credit Recovery	Low	Non-Recovery of Receivables.	Regular review of Trade Receivables and follow-up. Contractual obligation which allows the Company to obtain adequate refundable deposits from lessees of leased property. Contractual obligation to repudiate an Apartment Unit whilst retaining 10% of purchase price. Contractual obligation to release assets only upon full payment is made for relevant property.
Human Capital	Medium	Failure to achieve growth plans as a result of failure to attract and retain sufficient numbers of qualified and experienced employees and/ or inability to ensure their ongoing engagement and commitment.	Senior management involvement in talent retention led by the Human Resources (HR) Department. Significant level of investment in training and development. Adoption of best practices in Human Resources Management.

Corporate Governance Report

CORPORATE GOVERNANCE

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



COMPANY'S BRIEF AND COMMITMENT TOWARDS CORPORATE GOVERNANCE

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

Overseas Realty (Ceylon) PLC's practices are consistent with the requirements given in the Code of Best Practice on Corporate Governance issued jointly by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC) as well as Rule Number 9 of Listing Rules issued on Corporate Governance by the Colombo Stock Exchange (CSE). The principles set out in these codes have been adopted by us to shape our corporate governance stance.

STATEMENT OF COMPLIANCE

We aim to ensure that good corporate governance provides a solid basis for our business, in promoting transparent and ethical business conduct at all levels and add value for our stakeholders. Thus, we continue to be committed to highest standards of corporate governance across all dimensions of our operations and these standards are encapsulated in our governance policies and documents.

Our status of compliance with each section of the Code of Best Practices on Corporate Governance issued jointly by CA Sri Lanka and Securities and Exchange Commission of Sri Lanka (SEC) appears on pages 44 to 59 We have also included a table which summarizes the status of compliance with Rule No 9 of the Listing Rules of the CSE, on pages 32 to 44.

The Board of Directors also wishes to confirm that, to the best of their knowledge and belief, the

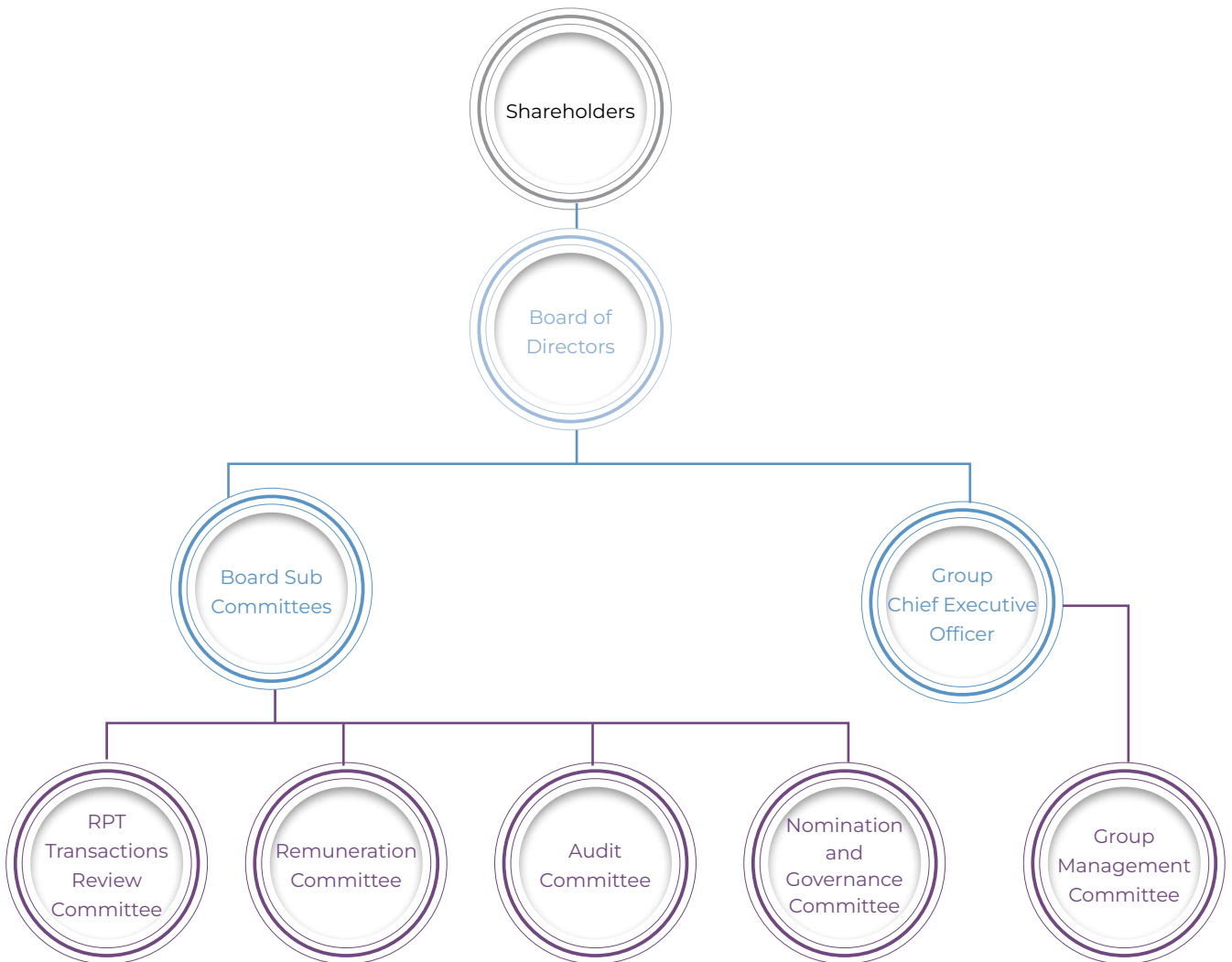
Corporate Governance Report contd.

Company has complied with all requirements under the Companies Act No 07 of 2007 and satisfied all its statutory payment obligations to the Government and other statutory/ regulatory bodies.

GOVERNANCE STRUCTURE

The Governance Structure of Overseas Realty (Ceylon) PLC allows effective and efficient decision making while interconnecting elements in governance. It is enabled by having the right balance of authority and power throughout the organization. It comprises process and structures which affect the way an organization is directed, managed, and monitored and its activities are reported.

OUR INTERNAL GOVERNANCE STRUCTURE



Shareholders participate in supervision and control of the Company and exercise their right to speak and vote at Annual General Meetings. Shareholders' right to influence the company Centre on certain fundamental corporate decision making, such as the election/ removal of Board members, suggesting amendments to the Company's Articles of Associations, approving of major transactions, approval or election of Auditors distribution of profits and other basic issues as specified in the companies Act.

One of the main objectives of the Board of Directors of the Company is to represent, formulate and realize the interests and expectations of its shareholders.

COMMUNICATIONS WITH SHAREHOLDERS

All our stakeholders are encouraged to have continued dialog with the management and the Board.

The Company facilitates institutional investors, Brokers and Financial Analysts to collect required information and maintain constant dialogue in order to decide their perceived value of the Company. However, the Board and the management strictly adhere to statutory and ethical guidelines regarding their responsibility of maintaining confidentiality of price sensitive information.

ANNUAL GENERAL MEETINGS

An AGM is held each year as required by the provisions of companies Act. The Shareholders are allowed to directly communicate with the Board of Directors, it is regarded as the most effective mode of communication with all Shareholders. The 41st Annual General Meeting of the Company was held on the 26th April 2023 at the Havelock City Clubhouse, having given them fifteen working days' notice in advance of the meeting as required by the Companies Act.

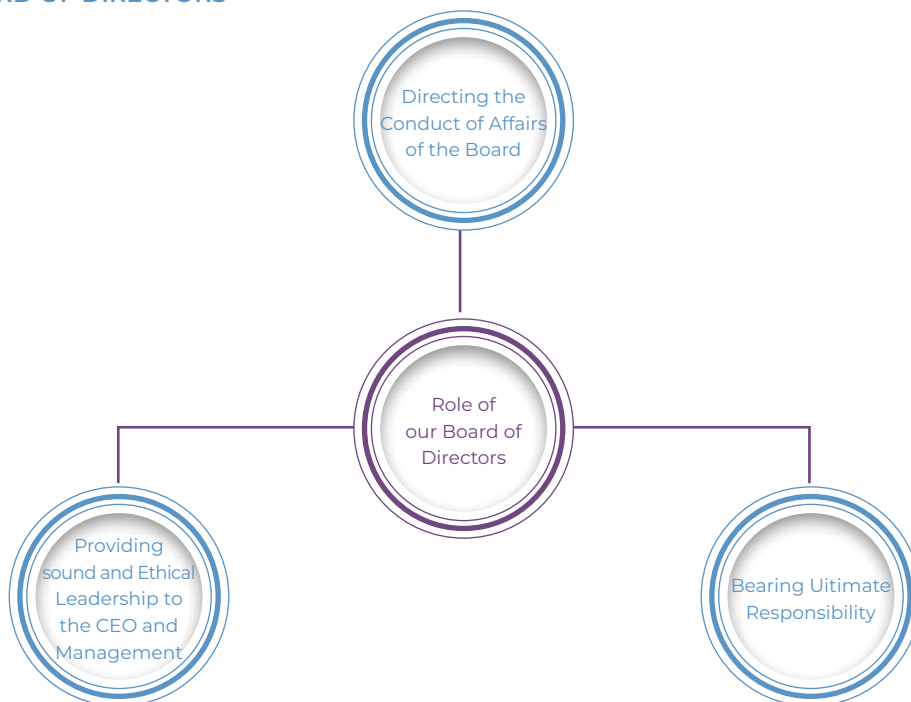
ANNUAL REPORT

The Company's Annual Report is the main document that is used to disclose corporate information to the Shareholders. The Company discloses financial and non-financial information. Further quarterly financial statements, dividend declarations and other required information is published in the CSE website for the reference of all shareholders statements.

BOARD OF DIRECTORS

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

ROLE OF BOARD OF DIRECTORS



Corporate Governance Report contd.

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

BOARD COMPOSITION

The Board portrays a balance between Executive and Non-executive Directors, each of whom bring a strong and in-depth mix of knowledge, business skills and experience to the Board's deliberation. By the end of the year there were twelve directors on the Board. Out of them ten directors are non-executive and five of them are considered independent. The Board is collectively responsible for the long-term success of the Company and is accountable to shareholders for financial and operational performance.

Please refer pages 9 to 12 for profile of the members of the Board of Directors.

BOARD'S INTERACTION WITH THE MANAGEMENT

The Board is regularly updated by the Management on the performance and prospects of the Group, by providing detailed reports at Board Meetings. Directors also have direct access to Management to obtain any information to take timely decisions.

ATTENDANCE OF THE BOARD MEETING

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

Name	Directorship Status	Meeting Attended/ Eligible to Attend
Mr. A.M. De S. Jayaratne	Chairman and Independent Non-Executive Director	4/4
Mrs. Mildred Tao Ong	Non-Executive Director	4/4
Mr. Yap Boh Pin	Non-Executive Director	4/4
Mrs. R.L. Nanayakkara	Independent Non-Executive Director	3/4
Mr. En Ping Ong	Non-Executive Director	4/4
Mr. L.R. De Lanerolle	Executive Director	4/4
Mr. T.K. Bandaranayake	Independent Non-Executive Director	4/4
Dr. Ranee Jayamaha	Independent Non-Executive Director	4/4
Mr. Pravir Samarasinghe	Executive Director	4/4
Mr. Ben Nien Tao	Non-Executive Director	4/4
Mr. Brian Tao*	Non-Executive Director	1/4
Dr. Arittha Wikramanayake**	Independent Non-Executive Director	0/4

* Note - Mr. Brian Tao was appointed to the Board as a Non-Executive Director on 18.10.2023.

** Note - Dr. Arittha Wikramanayake was appointed to the Board as an Independent Non-Executive Director on 02.11.2023.

BOARD MEETINGS

Meetings of the Board and its Committees are held in an atmosphere of robust, direct and constructive debate among the Board and Committee members. These meetings are held at least quarterly to discuss key areas of operations, including strategy and governance.

BOARD COMMITTEES

The board has delegated certain of its functions to Board Committees established in line with the corporate governance framework of the Company. This enables the Board to allocate adequate time to all matters within its sphere.

Board committees comprised Non- Executive Directors and experienced Chairmen. In determining the composition of the Committees, the Board takes into account applicable regulations, skills and experience of its members.

The Committee Chairmen report to the Board on the activities of the respective committee at Board meetings and are accountable for the effective functioning of the committees.

Board Nomination and Governance Committee, Remuneration Committee, Audit Committee and Related party Transactions review Committee function as Board Sub Committees with Directors who possess requisite qualifications and experience.

	Nomination and Governance Committee	Remuneration Committee	Audit Committee	Related Party Transaction Review Committee
Composition	Please refer Page 60 in the Nomination and Governance Committee Report.	Please refer Page 62 in the Remuneration Committee Report.	Please refer Page 63 in the Audit Committee Report.	Please refer Page 66 in the Related Party Transaction Review Committee Report.

INTERNAL AUDIT

Our internal audit function is responsible for providing an independent risk-based oversight to the Audit committee over financial, operational, IT functions and regulatory compliances. Independent firm of Chartered Accountants carries out the Group internal audit function with the supervision and guidance of Group Audit Committee.

RE-ELECTION

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

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

DIRECTORS' REMUNERATION

Please refer to pages 51 to 53 under Section B for information relation to the remuneration procedure and page 125 for the details on Directors' remuneration.

Corporate Governance Report contd.

ROLE OF THE CHIEF EXECUTIVE OFFICER (CEO)

The CEO is the top executive of the Company and is responsible for the management of day-to-day functions/operations with the support of the Management. The CEO is accountable to the Board to recommend the Group's strategy and its subsequent implementation, to ensure that appropriate internal controls are in place to manage and assess risks and that they are fully complied with, and he represents the management at meetings of the Board.

The disclosures below demonstrate the Company's adherence to Corporate Governance Rules as set out under Section 9 of the Listing Rules of the Colombo Stock Exchange.

Rule No.	Corporate Governance Rule	Compliance Status	Details
9.2.1	<p>Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website;</p> <p>(a) Policy on the matters relating to the Board of Directors</p> <p>(b) Policy on Board Committees</p> <p>(c) Policy on Corporate Governance, Nominations and Re-election</p> <p>(d) Policy on Remuneration</p> <p>(e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities</p> <p>(f) Policy on Risk management and Internal controls</p> <p>(g) Policy on Relations with Shareholders and Investors</p> <p>(h) Policy on Environmental, Social and Governance Sustainability</p> <p>(i) Policy on Control and Management of Company Assets and Shareholder Investments</p> <p>(j) Policy on Corporate Disclosures</p> <p>(k) Policy on Whistleblowing</p> <p>(l) Policy on Anti-Bribery and Corruption</p>	Policies are being drafted	The Company will take steps to establish the listed policies on or before 1st October 2024 and disclose the fact of existence of such policies on the website.
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report.	Not Applicable	The management will be alerted to identify such matters and disclose them when necessary.
9.2.3	<p>Listed entities must disclose in their Annual Report:</p> <p>(i) the list of policies that are in place in conformity Rule 9.2.1 above, with reference to its website.</p> <p>(ii) details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above.</p>	Policies will be available on or before 1st October 2024	The list of policies referred in section 9.2 shall be included in the Annual Reports with effect from 01st October 2024.

Rule No.	Corporate Governance Rule	Compliance Status	Details
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.		The Company Secretary will be assigned to provide policies to shareholders upon a written request being made for any such policy.
9.3.1	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include;		
(a)	Nominations and Governance Committee	Complied with	Please refer page 60 of this Report.
(b)	Remuneration Committee	Complied with	Please refer page 62 of this Report.
(c)	Audit Committee	Complied with	Please refer page 63 of this Report.
(d)	Related Party Transactions Review Committee	Complied with	Please refer page 66 of this Report.
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in these Rules.	Complied with	Please refer to sections 9.11, 9.12, 9.13 & 9.14 below.
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Complied with	The Chairman of the Company Mr. Ajit Jayaratne has not chaired any Committees currently.
9.4.1	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC.	Complied with	The secretaries of the company maintain the records of the said information along with the meeting minutes of the shareholders.
(a)	The number of shares in respect of which proxy appointments have been validly made;		
(b)	The number of votes in favor of the resolution		
(c)	The number of votes against the resolution; and		
(d)	The number of shares in respect of which the vote was directed to be abstained		

Corporate Governance Report contd.

Rule No.	Corporate Governance Rule	Compliance Status	Details
9.4.2	Communication and relations with shareholders and investors:		The management will take steps to establish the company policy on effective communication and relations with Shareholders on or before 1st October 2024 and disclose the existence of the same in the Annual Report and the website.
(a)	Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity.		
(b)	Listed Entities shall disclose the contact person for such communication.		
(c)	The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Entity in the Annual Report and the website of the Entity		
(d)	Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange.	Complied with	
9.5.1	Listed entities must establish and maintain a formal policy for their Board of Directors, which includes:	Complied with	The entity to be established a formal policy for the Board of Directors which shall address the criterias stipulated in section 9.5.1
(a)	Recognize the need for a balance of representation between Executive and Non-Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred to as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO.		The positions of the Chairperson's and Chief Executive Officer's are separated.
(b)	Where a Listed Entity decides to combine the role of the Chairperson and CEO.	Not Applicable	
(i)	set out the rational for combining such positions; and,		
(ii)	require the Board Charter of the Listed Entity to contain terms of reference/functions of the Senior Independent Director (SID) and the powers of the SID, which should be equivalent to that of the Chairperson in the instance of a conflict of interest.		
(iii)	set out the measures implemented to safeguard the interests of the SID.		
(c)	Require diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors.	Complied with	
(d)	Stipulate the maximum number of Directors with the rationale for the same.		
(e)	Specify the frequency of Board meetings, having regard to the requirements under the Listing Rules.		

Rule No.	Corporate Governance Rule	Compliance Status	Details
(f)	Provide mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance by the Listed Entity with obligations arising under such Rules.	Complied with	
(g)	Specify the minimum number of meetings, in numbers and percentage, that a Director must attend, in order to ensure consistent attendance at Board Meetings and to avoid being deemed to vacate such position.		
(h)	Provide requirements relating to trading in securities of the Listed Entity and its listed group companies and disclosure of such requirements.		
(i)	Specify the maximum number of directorships in Listed Entities that may be held by Directors.		
(j)	Recognize the right to participate at meetings of the Board and Board Committees by audio visual means and for such participation to be taken into account when deciding on the quorum.		
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.		
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below.	Complied with	The Chairperson of the Entity is a Non-Executive Director. The functions of Chairperson and CEO are clearly separated to ensure balance of power and authority.
9.6.2	A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance (if such date falls subsequent to the implementation of these Rules).	Not Applicable	
9.6.3	The Requirement for a SID	Not Applicable	The functions of chairperson and CEO are clearly separated.

Corporate Governance Report contd.

Rule No.	Corporate Governance Rule	Compliance Status	Details
9.7.1	The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, Listed Entities shall utilize the 'Fit and Proper Assessment Criteria'.	Complied with	The company will conduct a Fit and Proper Assessment for all directors, as stipulated in section 9.7.3.
9.7.2	Listed Entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.		Nomination and Governance Committee will conduct the Fit and Proper Assessment of the directors at least once a year for existing directors and keeps records of the same.
9.7.3	Fit and Proper Assessment Criteria		The Company will take steps to establish Fit and Proper Assessment Criteria with effect from 1st April 2024.
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them has continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.		All the directors of the company and CEO will provide a declaration confirming that they have continuously satisfied with the FIT and Proper Assessment Criteria.
9.7.5	Disclosures in the Annual Report of Listed Entities In their Annual Report, listed entities must include the following:		Relevant disclosures will be made on the annual report of the company.
(a)	A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.		
(b)	Any non-compliance/s by a director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such non-compliance/s		
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied with	The total number of directors was twelve (12) as at 31st December 2023.

Rule No.	Corporate Governance Rule	Compliance Status	Details
9.8.2	Minimum Number of Independent Directors:	Complied with	The total number of Independent directors was five (5) as at 31st December 2023.
(a)	The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.		
(b)	Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.		
9.8.3	Criteria for determining independence	Complied with	The entity ensured that all the independent directors criterias are satisfied by the independent directors.
9.8.4	For the purposes of Rule 9.8.3; - Definitions	Complied with	
9.8.5	The Board of Directors of Listed Entities shall require:	Complied with	All the independent directors submitted the signed declaration of their independence to the board.
(a)	Require each Independent Director to annually submit a signed and dated declaration of their "independence" or "nonindependence" using the specified criteria and format in Appendix 9A.		
(b)	Annually assess the "independence" or "non-independence" of each Independent Director based on their declaration and other available information, listing the names of "independent" Directors in the Annual Report.	Complied with	Required disclosures are mentioned in the annual report. Please refer page 44 of this report.
(c)	If the Board finds that the independence of an Independent Director is compromised according to the criteria in Rule 9.8.3, it should immediately issue a Market Announcement regarding this determination.	Not Applicable	The entity will take necessary actions to issue a Market Announcement, if the Board finds that the independence of an Independent Director is compromised.
	If a Listed Entity provides for the appointment of Alternate Directors, it shall be required to comply with the following requirements and such requirements shall also be incorporated into the Articles of Association of the Entity:	Not Applicable	Currently there are no alternative directors appointed.
(a)	Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.		
(b)	If an Alternate Director is appointed for a Non-Executive Director such an alternate should not be an executive of the Listed Entity.		

Corporate Governance Report contd.

Rule No.	Corporate Governance Rule	Compliance Status	Details
(c)	If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence specified in these Rules and the Listed Entity shall satisfy the requirements relating to the minimum number of Independent Directors specified in these Rules. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such an appointment is made.	Not Applicable	Currently there are no alternative directors appointed.
(d)	The Listed Entity shall make an immediate Market Announcement regarding the appointment of an Alternate Director. Such Market Announcement shall include the following: <ul style="list-style-type: none"> i) The exceptional circumstances leading to such appointment. ii) The information on the capacity in which such Alternate Director is appointed, i.e., whether as an Executive, Nonexecutive or Independent Director; iii) The time period for which he/she is appointed, which shall not exceed one (1) year from the date of appointment; and, iv) A Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity. 		
(e)	The attendance of any Alternate Director at any meeting, including a Board Committee Meeting shall be counted for the purpose of quorum.		
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	Complied with	The Company's maximum number of directors is 12.
9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following: <ul style="list-style-type: none"> i) a brief resume of such Director; ii) his/her capacity of directorship; and iii) Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity. 	Complied with	At the time of appointment of a new director to the board, the relevant market announcements are made in accordance with section 9.10.2 also such appointments are reviewed by the Nominations and Governance Committee.

Rule No.	Corporate Governance Rule	Compliance Status	Details
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	Complied with	Relevant disclosures will be made if any changes in the composition of the board or any changes in the capacity of directorship arise.
9.10.4	Listed Entities shall also disclose the following in relation to the Directors in the Annual Report: (a) name, qualifications and brief profile; (b) the nature of his/her expertise in relevant functional areas; (c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity; (d) whether Executive, Non-Executive and/or independent Director; (e) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Listed Entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies; (f) number of Board meetings of the Listed Entity attended during the year; (g) names of Board Committees in which the Director serves as Chairperson or a member; (h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.; and, (i) The terms of reference and powers of the SID (where applicable).	Complied with	Please refer page 9 to 12 of this report for the profiles of the Board of Directors. Please refer to the page 30 for the number of Board meetings attended by the Board of Directors during the year. Please refer to the pages below for the details of attendance of Committee Meetings. i) Pages 63 to 65 of this report for Audit Committee report. ii) Pages 66 to 67 of this report for Related Party Transactions Review Committee report. iii) Pages 60 to 61 of this report for Nominations and Governance Committee report. iv) Page 62 of this report for Remuneration Committee report.
9.11.1	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	Complied with	The company made necessary arrangements to establish a "Nominations and Governance" Committee. Please refer pages 60 to 61 of this report.
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.		

Corporate Governance Report contd.

Rule No.	Corporate Governance Rule	Compliance Status	Details
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied with	The company made necessary arrangements to establish a "Nominations and Governance" Committee. Please refer pages 60 to 61 of this report.
9.11.4	Composition	Complied with	As per section 9.11.4 the committee comprised of a three (03) Directors, out of which two (02) members are Independent Directors of the Entity. Chairperson of the Nominations and Governance Committee is an Independent Non-Executive Director. Please refer from page 60 to 61 of this report.
1	The members of the Nominations and Governance Committee shall;		
(a)	comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.		
(b)	It should not comprise of Executive Directors of the Listed Entity.		
2	An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors.		
3	The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.		
9.11.5	Functions of the Nomination and Governance Committee	Complied with	Please refer to pages from 60 to 61 of this report.
9.11.6	Disclosures in Annual Report	Complied with	
9.12.1	For the purposes of Rule 9.12, the term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received.	Complied with	The Remuneration Committee established and maintained a formal and transparent procedure for developing policy on remuneration of Executive Directors and Non-Executive Directors as stipulated in section 9.12.
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.		
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.		
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.		
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties, and matters pertaining to the quorum of meetings.	Complied with	Please refer to page 62 of this report.

Rule No.	Corporate Governance Rule	Compliance Status	Details
9.12.6	Composition	Complied with	The Remuneration Committee consists of four members, all of whom are Non-Executive Directors, out of whom a majority are independent.
1	The members of the Remuneration Committee shall;		
(a)	comprise a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.		
	(b)	not comprise of Executive Directors of the Listed Entity.	
2	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.	Not applicable	Not Applicable as only the parent entity is listed.
3	An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Complied with	The company appointed an Independent director as the chairperson of the committee. Please refer to page 62 of this report.
9.12.7	Functions	Complied with	Please refer to the Remuneration Committee Report in Page in 62 of this report.
1	The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations.		
2	The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	Not applicable	
9.12.8	Disclosure in Annual Report	Complied with	Please refer to the Remuneration Committee Report in Page 62 of this report.
	The Annual Report should set out the following:		
(a)	Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company);		
(b)	A statement regarding the remuneration policy; and,		
(c)	The aggregate remuneration of the Executive and Non-Executive Directors.		

Corporate Governance Report contd.

Rule No.	Corporate Governance Rule	Compliance Status	Details
9.13	Audit Committee		
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	Complied with	The entity assigned the audit committee the task of performing the audit and risk functions as set out in Section 9.13.4.
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	Complied with	Please refer to the Audit Committee Report from Page 63 to 65 of this report.
9.13.3	Composition		
1	The members of the Audit Committee shall;	Complied with	Audit Committee consists of four Non-Executive Directors three of whom are Independent.
(a)	comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.		
(b)	not comprise of Executive Directors of the Listed Entity.		
2	The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.	Complied with	
3	The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	Complied with	Please refer to the Audit Committee Report from Page 63 to 65 of this report.
4	If both, the Parent Company and the subsidiary are 'Listed Entities', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary	Not Applicable	Not Applicable as only the holding company is listed.
5	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Complied with	Please refer to the Audit Committee Report from Page 63 to 65 of this report.
6	Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.	Complied with	The Group Chief Executive Officer and Group Financial Controller attends the meetings by invitation.
7	The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	Complied with	Chairperson 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
9.13.4	Functions of the Audit Committee	Complied with	Please refer to the Audit Committee Report from Page 63 to 65 of this report.
9.13.5	Disclosures in Annual Report	Complied with	Please refer to the Audit Committee Report from Page 63 to 65 of this report.
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee (RPT) that conforms to the requirements set out in Rule 9.14 of these Rules.	Complied with	Please refer to the Related Party Transaction Review Committee Report from Page 66 to 67 of this report.
9.14.2	Composition		
1	The Related Party Transactions Review Committee (RPT) shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	Complied with	Related Party Transactions Review Committee consists of four Non-Executive Directors three of whom are Independent.
2	If a parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary.	Not Applicable	Not Applicable as only the parent entity is listed.
9.14.3	Functions of the Related Party Transaction Review Committee	Complied with	The RPT committee function as specified in this section.
9.14.4	General Requirements	Complied with	Please refer to the Related Party Transaction Review Committee Report from Page 66 to 67 of this report.
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Complied with	The committee will comply with section 9.14.5 when reviewing the RPT.
9.14.6	Shareholder Approval		The committee will comply with section 9.14.6 when reviewing the RPT.
9.14.7	Disclosures		The committee will make relevant disclosures as per section 9.14.7.
9.14.8	Disclosures in the Annual Report		Please refer to the Note 26 in Page 125 of this report.

Corporate Governance Report contd.

***Note.**

Mr. Ajit M. De S. Jayaratne was appointed as a Non-Executive Director on 19.10.2005, continues to be a Non-Executive Independent Director of the Company amidst his tenor in office exceeding ten years.

Mr. Tissa K. Bandaranayake was appointed as a Non-Executive Independent Director to the Board on 19.05.2011, continues to be a Non-Executive Independent Director of the Company amidst his tenor in office exceeding ten years and Dr. Raneer Jayamaha was appointed as a Non-Executive Independent Director to the Board on 15.03.2013, continues to be a Non-Executive Independent Director of the Company amidst her tenor in office exceeding ten years.

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

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

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

The Board is of the collective opinion that the majority of Non-Executive Directors are Independent of the management of the company and free from any business or other relationship that could materially interfere in the exercise of their free and fair judgment.

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

Section Number		Compliance Status	Company' Commitment
1. The Company			
A Directors			
A.1 The Board	Every public company should be headed by an effective Board, which should direct, lead and control the Company.	Compliant	The Company is headed by an effective Board. The role of the Board and its members, Board functions, Board procedures and governance activities are discussed in detail from pages 70 to 74
A.1.1 Regular Board Meetings	Frequency of Board meetings. (at least once every quarter)	Compliant	Board meets once every quarter, mainly to review the Company's performance and to determine whether its strategies and business practices are in line with the expectation of the Board. Individual attendance is given on page 30

Section Number		Compliance Status	Company' Commitment
A.1.2 Board Responsibilities	Ensure formulation and implementation of a sound business strategy.	Compliant	The Board assumes the primary responsibility for the overall success of the company. The Board is involved in formulating the overall strategy and measuring, that it is implemented by the CEO. The MD/CEO, together with the management team develops corporate strategies, annual budgets and action plans to implement corporate strategies on annual basis. The corporate plan and annual budget are approved by the Board every year and achievement of the objectives set in the plan is monitored closely by the Board.
	Ensure that the MD/CEO and the management team possess the necessary skills, experience and knowledge for effective implementation of the strategy.	Compliant	The Board actively works to ensure that the CEO and the management team continue to have the right balance of skills, experience and knowledge necessary to discharge their responsibilities in accordance with the highest standards of governance.
	Adapt effective CEO and senior management succession strategy.	Compliant	Succession plans are in place for the CEO and for other key managerial positions and are monitored continuously.
	Ensure that effective systems are in place to secure integrity of information, internal controls, business continuity and risk management.	Compliant	Effective systems and procedures are in place to ensure the integrity of information, internal controls and information security. Such systems are continuously monitored by the management, internal and external auditors and at times by independent experts.
	Ensure that the company's activities are conducted in compliance with laws, regulations and ethical standards.	Compliant	The Board has adopted a compliance policy to give direction to the management with regard to compliance activities. The company has also issued a group policy that employees should comply with.
	Ensure that all stakeholder interests are considered in corporate decisions.	Compliant	The board ensures that the interest of all stakeholders is considered and safeguarded in making corporate decision.
	Recognized sustainable business development in corporate strategy, decisions and activities.	Compliant	The Board recognizes the necessity of sustainable business development in the corporate strategy, decisions and activities. Please refer sustainability report on pages 19 to 23.

Corporate Governance Report contd.

Section Number		Compliance Status	Company' Commitment
A.1.2 Board Responsibilities contd.	Ensure that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.	Compliant	The company's accounting policies are fully in line with Sri Lanka Financial Reporting Standards (SLFRS/LKAS) which was adopted from the financial year 2013. Further the accounting policies are reviewed annually to be in line with the changing business requirements and best practices in the industry. Please refer independent auditor's report given on page 78.
	Fulfill other Board functions that are vital, given the scale, nature and complexity of the business concerned.	Compliant	The Board takes all its decisions paying due attention to the interest of all stakeholders. The Board also intervenes when necessary, in any other function that is vital given the scale, nature and the complexity of the company's business.
A.1.3 Compliance with Laws and Access to Independent Professional Advice	Act in accordance with the laws of the country and seek professional advice whenever required.	Compliant	The board act in accordance with the laws in the country. The Board has permitted all Directors to seek independent professional advice.
A.1.4 Access to Advice and the Services of a Company Secretary	Advice and Services of the Company Secretary.	Compliant	The company secretary, who is an attorney-at-law by profession, is accessible by any Director for the services of the company. The company secretary advises the board and ensures that matters concerning the Companies Act, board procedures and other applicable rules and regulations are followed. She also serves as the secretary to the audit committee and the Related Party Transaction Review Committee.
	The company should obtain appropriate insurance cover as recommended by the nominations committee for board, directors, and key management personnel.	Compliant	Insurance cover obtained for directors and key management personnel as recommended by the board.
A.1.5 Independent Judgment of Directors	Bring Independent judgment on various business issues and standards of business conduct.	Compliant	All directors exercise independent judgment on decisions made by the board on issues of strategy, performance, resource allocation and the conduct of business.

Section Number		Compliance Status	Company' Commitment
A 1.6 Dedication of adequate time and effort to matters of the Board and the Company	Every Director should dedicate adequate time and effort to matters of the Board and the Company, to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.	Compliant	To ensure that the duties and responsibilities owned to the Company are satisfactorily discharged, the Directors attend quarterly Board meetings and discuss the matters. As far as possible the company endeavors to circulate the board papers amongst its members at least one week prior to each Board meeting in order to enable the Directors to analyse and call for additional information and clarifications. The number of meetings attended by each Director is given on page 30.
A 1.7	One third of the directors can call for a resolution to be presented to the board where they feel it is in best interest to the company to do so.	Not Applicable	
A 1.8 Training and continuous Development of Directors	Every Director should receive appropriate training when first appointed to the Board and subsequently as necessary.	Compliant	All Directors in the Company are highly qualified and well experienced personalities. The Directors are also kept abreast of applicable legislation and regulations, changes to rules, latest trends, standards and codes as well as relevant regulatory changes and development.
A.2 Chairman and Chief Executive Officer	Chairman and CEO are two different positions and need to be divided responsibilities.	Compliant	The functions of the Chairman and CEO are clearly separated to ensure balance of power and authority.
A.2.1	Disclosure required if the positions of the Chairman and the CEO are combined.	Not Applicable	The positions of the Chairman and CEO are separated.
A.3 Chairman's Role	The Chairman's role in preserving good Corporate Governance.	Compliant	The Chairman is responsible for leading the Board and ensuring that it operates under the highest standards of governance.

Corporate Governance Report contd.

Section Number		Compliance Status	Company' Commitment
A.4 Financial Acumen	Availability of sufficient financial acumen and knowledge to offer guidance on matters of finance.	Compliant	The following members of the Board are knowledgeable and experienced individuals who can provide guidance on matters of finance. All Directors possess qualifications and/or experience in accounting and finance. Mr Yap Boh Pin, Mr Ajith Mahendra De Silva Jayaratne, Mr Tissa Kumara Bandaranayake are qualified Chartered Accountants. Please refer profiles of Directors on pages 9 to 12.
A.5 Board Balance	The Board should have a balance of executive and non- Executive Directors.	Compliant	At the end of the year, the Board comprised twelve Directors and ten of the board directors are non-executive, thereby promoting critical review and control. Please refer page 9 to 12 of the Profile of Directors.
A.5.1	Presence of non- Executive Directors.	Compliant	ten of the twelve Board members are non-Executive including the chairman, which is in excess of one third of the total number of Directors.
A.5.2	Independent Directors.	Compliant	Five Non-Executive Directors are independent, which is in excess of one third of the Non-Executive Directors.
A.5.3	Criteria to evaluate "Independence" of Non- Executive Directors.	Compliant	All five independent non-executive directors meet the criteria for independence as per the code of best practices, corporate governance (code) and listing rules and free of business or other relationships that could moderately influence the exercise of their unfettered and independence judgment.
A.5.4	Annual Declaration of Non- Executive Directors.	Compliant	All Non-Executive directors have submitted the declaration of independence or non- independence as per the code.
A.5.5	Annual determination of 'Independence' of Non- Executive Directors by the Board.	Compliant	The Note on page 44 of this annual report has determined the independence or non- independence of each director.
A.5.6	Appointment of an Alternate Directors by a Non-executive/ independent Directors.	Not Applicable	Currently there are no alternative directors appointed.
A.5.7	Appointment of Senior Independent Director.	Not Applicable	Since the role of the Chairman and the CEO of the Company are separated, this requirement does not arise.

Section Number		Compliance Status	Company' Commitment
A.5.8	Availability of the senior independent director for confidential discussions with other directors.	Not Applicable	
A.5.9	Responsibility of Chairman to hold meetings only with Non-executive Directors.	compliant	The Chief Executive officer functions as the apex executive in charge of the day-to-day management of the Company. The chairman hold meetings with non-executive Directors whenever necessary.
A.5.10	Recording of concerns which cannot be unanimously resolved in Board minutes.	Compliant	All decisions of the Board were taken unanimously and there are no concerns raised by the directors during the year which needed to be recorded in the board minutes. However, if such concerns do arise the company's policy is to record them accordingly.
A.6 Supply of Information	The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.	Compliant	Financial and non-financial information are analyzed and presented to the board to make accurate decisions.
A.6.1	Managements responsibility to provide the Board with appropriate and timely information.	Compliant	The management ensures that a set of timely accurate relevant and comprehensive information is provided to the Directors before the Board Meeting every quarter, with adequate time for them to review the same and prepare for discussions. All significant financial and non-financial information for the period is included in this analysis.
A.6.2	Preparation of minutes, agenda and Board papers prior to the Board meetings.	Compliant	The Company Secretary ensures that the agenda and Board papers to be tabled at Board meetings are prepared and circulated at least one week prior to the Board Meeting together with the minutes of the previous meeting.
A.7 Appointments to the Board; Nomination Committee	There should be a formal and transparent procedure for the appointment of new Directors to the Board.	Compliant	All new appointments of the Board are made following a formal and transparent procedure.
A.7.1	Composition of the Nomination and Governance Committee	Compliant	Please refer to the Page 60 of the Annual Report.
A.7.2	Annual assessment of the board composition against pre-defined criteria of skill and knowledge requirements.	Compliant	Please refer to the Page 60 of the Annual Report for Nomination and Governance Committee Report.

Corporate Governance Report contd.

Section Number		Compliance Status	Company' Commitment
A.7.3	Succession plan for the Chief Executive Officer and for Key Management Personnel and determine the training and development for those identified for succession.	Compliant	The Board ensures the establishment of a succession plan for Chief Executive Officer and for Key Management Personnel and proper training and development for those identified for succession.
A.7.4	Disclosure of details of new directors to shareholders.	Compliant	All appointments of new directors are informed to the shareholders with sufficient details via immediate notification to the CSE.
A.7.5	The chairman and members of the nomination and governance committee should be identified in the annual report.	Compliant	Please refer to the Page 60 of the Annual Report.
A.7.6	Terms and reference for nomination and governance committees	Compliant	Please refer to the Page 60 of the Annual Report.
A.8 Re Election	All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.	Compliant	Please refer page 140 of the annual report for details of re-election of Directors.
A.8.1	Appointment and re-election of non-Executive Directors.	Compliant	Please refer page 140 of the Annual Report.
A.8.2	Election of Directors by the shareholders.	Compliant	Please refer page 140 of the Annual Report.
A.8.3	In the event of a resignation of a director prior to completion of his appointed term, the director should provide a written communication to the board of his reasons for resignations.	Not applicable	No any resignations of board of directors occurred during the financial year.
A.9 Appraisal of Board Performance	Board should periodically appraise their own performance.	Compliant	The Board recognizes that it is necessary to periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.

Section Number		Compliance Status	Company' Commitment
A.10 Disclosure of Information of Directors.	Shareholders should be kept advised of relevant details in respect of Directors.		
A.10.1	Disclosures on Directors in the annual report.	Compliant	<p>Required information with respect to Directors are disclosed in this annual report, where relevant. Names, qualifications and profiles, including expertise in relevant functional areas of all Board Members are provided on pages 9 to 12.</p> <p>Details of Directors interest in contracts are given on page 72.</p> <p>Details of related party transactions are provided on page 125.</p> <p>Details on Directors attendance and other sub committees are provided on page 30.</p>
A.11 Appraisal of CEO	The Board should require, at least annually, to assess the performance of the CEO.	Compliant	Annually the Remuneration Committee and the Board assess the CEO's performance.
A.11.1	Setting annual target for MD/ CEO.	Compliant	Based on long term strategy annual objectives are fixed by the Board.
A.11.2	Evaluation of the performance of the CEO.	Compliant	Evaluations of achievement the set targets are reviewed annually by the Board.
B.1 Directors Remuneration	Companies should establish a formal and transparent procedure for developing policies on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.		
B.2 Level and Makeup of Remuneration	The Levels of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully.		
B.2.1	Presence of a Remuneration Committee.	Compliant	<p>A Remuneration Committee has been appointed and functions within agreed terms of reference.</p> <p>Please refer page 62 for the Remuneration Committee Report.</p>
B.2.2	Composition of Remuneration Committee.	Compliant	Please refer page 62 for details of the composition of Remuneration Committee.
B.2.3	Ability to consult the Chairman and/ or CEO and to seek professional advice by the committee.	Compliant	The committee consults the Chairman and the CEO, where necessary, has access to the professional advice within and outside the company.

Corporate Governance Report contd.

Section Number		Compliance Status	Company' Commitment
B.2.4	Determination of remuneration of Non-Executive Directors.	Compliant	Non-Executive Directors who are nominees of the parent company are paid a nominal fee for their attendance at the Board and subcommittee meetings.
B.2.5	Remuneration packages of Executive Directors.	Compliant	The Remuneration Committee and the Board ensure that the two Executive Directors are provided with an appropriate remuneration package.
B.2.6	Comparison of remuneration with other Companies.	Compliant	The Remuneration Committee compares the remuneration levels of the company with such packages of comparable companies in the industry and is sensitive to changes in the remuneration levels.
B.2.7	The remuneration committee should be sensitive to remuneration and employment conditions elsewhere in the company or group of which it is a part, especially when determining annual salary increase.	Compliant	Remuneration committee is ensuring their sensitivity to the conditions of the remuneration and employment when conducting reviews in the annual salary increases.
B.2.8	Designing performance – based remuneration of Executive Directors.	Compliant	Objectives for the Executive Directors on the Board are set at the beginning of the year to align their interests with those of the company. Accordingly, their remuneration including the performance bonus is decided based upon the degree of achievement of such pre-set targets.
B.2.9	Executive share options should not be offered at a discount, save as permitted by the listing rules of the Stock Exchange. Shares granted under share option schemes should not be exercisable in less than three years and the remuneration committee should consider requiring directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise.	Not applicable	No any share options were offered to the directors by the company.

Section Number		Compliance Status	Company' Commitment
B.2.10	In designing schemes of performance-related remuneration, remuneration committee should follow the provisions that would enable the company to recover sums paid or withhold a portion of such performance related remuneration and specify the circumstances in which a company may not entitled to do so.	Compliant	
B.2.11	The remuneration committee should consider what compensation commitments their chief executive's and executive directors 'contracts of services, if any, entail in the event of early termination.	Compliant	Commitments and Termination of the Executive Director (CEO) is governed by his contract of service/ employment.
B.2.12	Where the initial contract does not explicitly provide for compensation commitments, remuneration committee should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances.		
B.2.13 B.2.14	Remuneration of Non-Executive Directors.	Compliant	Non-Executive Directors are paid only on their attendance at meetings.
B.2.15	The chairman and members of the remuneration committee should be listed in the annual report each year.	Compliant	Please refer page 62 for the Remuneration Committee Report.
B.2.16	The terms and reference for remuneration committee.	Compliant	Please refer page 62 for the Remuneration Committee Report.
B.3 Disclosure of Remuneration	The Company's Annual Report should contain a statement of Remuneration policy and details of Remuneration of the Board as whole.		
B.3.1 B.3.2	Disclosure of Remuneration.	Compliant	The aggregate remuneration paid to the CEO and non-Executive Directors is disclosed on page 125 of this report. The Remuneration Committee's Report which highlights the remuneration policy at the Company is give on page 62.

Corporate Governance Report contd.

Section Number		Compliance Status	Company' Commitment
C. Relations with Share Holders			
C.1 Constructive use of the Annual General Meeting (AGM) and Conduct of General Meeting	Boards should use the AGM to communicate with shareholders and should encourage their participation.	Compliant	Please refer page 140 for details of the Annual General Meeting.
C.1.1	Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.	Compliant	The Annual Report together with notice of meeting and related documents and other resolutions if any is circulated to the shareholders at least 15 working days prior to the date of the AGM. The Annual Report 2022 was submitted to the CSE on 28th March 2023 and was posted to all shareholders by 28th March 2023. The AGM was held on 26th April 2023.
C.1.2	Separate Resolution to be proposed for each item.	Compliant	The Company proposes separate resolutions on each substantially separate issue. So, shareholders are given the opportunity to vote separately on each substantial issue.
C.1.3	Use of Proxy Votes.	Compliant	The Company has a mechanism to count all proxy votes to indicate to the chairman the level of proxies lodged on each resolution and the number of votes for and against such resolution.
C.1.4	Availability of Chairmen of Board Committees at the AGM.	Compliant	The Chairman of the Board ensures that the Chairmen of Board Sub- committees are present at AGM to answer any query by shareholders.
C.1.5	Summary of procedures Governing voting at the General Meeting.	Compliant	The proxy form, which includes a summary of the procedures governing voting at the General Meetings, is circulated to all shareholders.
C.2	The Board should implement effective communication with shareholders.	Compliant	The AGM and the Annual Report are the primary means of communication with shareholders. Additionally, the Company makes disclosures on material and price sensitive matters from time to time to the CSE for dissemination among the public.

Section Number		Compliance Status	Company' Commitment
C.2.1 C 2.2 C 2.3	Communication channel to reach shareholders. Company's Communication policy and methodology.	Compliant	All financial information is released to the shareholders through the Annual Report, Annual General Meeting, financial and other notices when required through the Colombo Stock Exchange and the Corporate website.
C 2.4	The Company should disclose the contact person for such communications.	Compliant	The Company Secretary will be the main contact person with regard to any public disclosures. Further the Group Financial Controller can also be contacted with regard to any clarifications on financial information published.
C 2.5	Process to make directors aware of major issues and concerns of shareholders.	Compliant	The company Secretary maintain record of all correspondence received from shareholders and direct the same to the appropriate channel. if there are any major issues/or concerns raised by shareholders they are referred to the Board.
C 2.6	Person to be contacted on shareholders matters.	Compliant	The company Secretary to be contacted for shareholder matters. The Company Secretary's detail is given on inner back cover.
C 2.7	Formulation of a process for responding to shareholders and disclosure on them.	Compliant	Upon receipt of instructions from the Board or other relevant channel, the company Secretary responds as directed.
C.3 Major and Material Transaction	Disclosure of all material transactions including related party transactions.	Not applicable	There were no major Transactions that required to disclose separately.
<i>D. Accountability and Audit</i>			
D.1 Financial and Business Reporting	The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.		
D.1.1	Board responsibility for statutory and regulatory reporting.	Compliant	The Company presents its financial statements in line with Sri Lanka Financial Reporting Standards (SLFRS) and other applicable laws and regulations.
D.1.2	Declarations by Directors in the Directors' report.	Compliant	The Directors have made all required declarations in the Annual Report of the Board of Directors on the affairs of the company which is given on pages 70 to 74.

Corporate Governance Report contd.

Section Number		Compliance Status	Company' Commitment
D.1.3	Declarations by the Chief Executive Officer and the Group Financial Controller on the financial statements before the approval of the board of directors.	Compliant	Chief Executive Officer and the Group Financial Controller make their declarations on the financial statements before the approval of the board of directors.
D.1.4	Declaration by the Board on going concern of the business.	Compliant	The Board after conducting necessary reviews and enquires decided to apply the 'going concern' assumption in preparing the company's Financial Statements for the year 2023. The declaration of the company as a 'going concern' is given in the Directors Report on page 74.
D.1.5	Statements by Directors and Auditors on responsibility for financial reporting.	Compliant	Page 76 Contains the statement setting out the responsibility of the Board for the preparation and presentation of Financial Statements.
D.1.6	Management Discussion Analysis.	Compliant	The Management discussion and analysis are appearing in pages 13 to 15.
D.1.7	Requirement to summon an Extraordinary General Meeting (EGM) to notify serious loss of capital.	Not applicable	
D.1.8	Adequate and accurate disclosure of related party transactions.	Compliant	The company has a related party transactions policy in place. This policy provides detailed procedures on identification of related parties and related party transactions. A Related Party Transaction Review committee was established in 2016 and details of the committee are presented in the Related Party Transactions Review Committee report on page 66 and 67. Related party transactions are disclosed on page 125.
D.2 Risk Management and Internal Control	Risk Internal Controls.	Compliant	The Board maintains a sound system of risk Management and internal controls to safeguard shareholders' investments and the Company assets.
D.2.1	Directors to conduct an annual review of Risk Management and internal controls.	Compliant	The Board has overall responsibility for the system of risk management and internal controls and has delegated some of these responsibilities to the Audit Committee.

Section Number		Compliance Status	Company' Commitment
D.2.1.1	Robust assessment of the principal risks facing the company.	Compliant	Please refer risk management report on page 24 to 26.
D.2.1.2	The board should describe the risk management framework, processes, responsibilities and explain in the annual report how they are being managed or mitigated.		
D.2.1.3 to D.2.1.8	Establishment of a risk committee to oversee risk management, and its composition, duties, authority and the disclosure in the annual report.	Not applicable	The entity assigned the audit committee the task of performing the audit and risk functions.
D.2.2	Establishment of a risk management framework.	Compliant	Please refer page 24 for the report on risk management.
D.2.2.1	The board should ensure that effective system of internal controls is establish in respect of financial, operational and compliance system, processes, and practices and are monitored regularly.	Compliant	Please refer page 63 for the Audit committee report.
D.2.2.2	The need for an internal audit function.	Compliant	The Company has appointed Messrs. Deloitte as the Internal Auditors of the Company. All reports by the Internal Auditors are tabled at the Audit Committee meetings.
D.2.2.3	Audit Committee to ensure carrying out the reviews of the process and effectiveness of risk management and Internal Control.	Compliant	Audit committee review quarterly the effectiveness of risk management and internal control with Internal Auditors and the Management.
D.2.2.4	Responsibilities of directors in maintaining a sound system of internal control and the contents of the statement of internal control.	Compliant	Please refer page 75 for the directors' statement on internal controls.
D.3	Audit Committee.	Compliant	The Board has established formal and transparent arrangement for considering how they should select and apply accounting policies, financial reporting, risk management and internal control principles and maintain an appropriate relationship with the company auditors.

Corporate Governance Report contd.

Section Number		Compliance Status	Company' Commitment
D.3.1	The Board Should establish an Audit Committee.	Compliant	Please refer Audit committee Report on pages 63 to 65.
D.3.2	Duties of the Audit Committee. Terms of reference of the Audit Committee.	Compliant	The Audit Committee monitors and reviews the External Auditors independence, objectivity and the effectiveness of the audit process, taking into account the relevant professional and regulatory requirements. The Audit Committee operates with clearly defined terms of reference which are reviewed annually.
D.3.3	Disclosure of names of the members of the Audit Committee. The number of meetings held attendance of each director. The scope of work and how its roles and responsibilities were discharged.	Compliant	Names of Directors comprising the Audit Committee are set out on page 63 of the Annual Report.
D.4 Risk Committee	The board should establish a procedure for risk management including how they determine, risk culture, risk appetite, risk identification and classification, rating and management of risk.	Not applicable	Audit Committee reviews the effectiveness of risk management of the group.
D.5 Related Party Transactions Review Committee	The Board Should establish a procedure to ensure that the Company does not engage in transactions with 'related parties" in a manner that would grant such parties "more favorable treatment" than that accorded to third parties in the normal course of business.	Compliant	The Board has appointed a committee to review Related Party Transactions and the committee has laid down procedures and policies to identify related party and track the transactions. The Committee meet every quarter to review the Related Party Transactions. Pages 66 to 67 includes the Related Party Transaction Review Committee Report.
D. 6	Code of Business Conduct & Ethics.	Compliant	Companies must adopt a Code of Business Conduct and Ethics for Directors and Members of the Senior Management team and must promptly disclose any waivers of the code by Directors or others.
D.7	Corporate Governance Disclosure.	Compliant	Directors should disclose the extent to which the Company addresses to establish principles and practices of good corporate governance.

Section Number		Compliance Status	Company' Commitment
D.7.1	Disclosure of compliance with the Corporate Governance Code.	Compliant	Pages 44 to 59 set out the manner and extent to which the company has complied with the principles and provisions of the Code of Best Practice on Corporate Governance issued jointly by the SEC and the CA Sri Lanka.
2. Shareholders			
E. Institutional Investors			
E.1	A listed company should conduct a regular and structured dialogue with shareholders.		
E.2 Evaluation on Governance Disclosures	Institutional investors should be encouraged to give due weight to the relevant governance arrangements.		
F. Other Investors			
F.1 Investing/ Divesting Decisions	Individual Shareholders are encouraged to seek independent advice on investing or divesting decisions.		
F.2 Shareholder Voting	All Shareholders are encouraged to participate at Annual General Meeting and cast their votes.		
3. Other matters			
G. Interest of Things and Cybersecurity	The Board review the IT environment through its audit committee.		
H. Environment, Society and Governance (ESG)			
H.1.1 - H.1.5	Disclose the policies and procedures adopted to develop environment, society and Governance (ESG).	Compliant	Refer Sustainability Report on pages 19 to 23.
I. Special Considerations for Listed Entities			
I.1	Establishment and maintenance of policies	Policies will be established on or before 1st October 2024	The board will do the necessary steps for the establishment of policies mentioned under principle I.1.1.
I.2	Policy on matters relating to the board of directors		

Nomination and Governance Committee Report

ROLE AND RESPONSIBILITIES

The Committee establishes and maintains a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee. The Committee is also responsible for having written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.

COMPOSITION OF THE COMMITTEE

The present Nomination and Governance Committee consists of three members out of whom two are Independent Non-Executive Directors. The Committee's composition fulfils the requirements of rule 9.11.4 of the Listing Rules of the Colombo Stock Exchange. The Nomination and Governance Committee consists of the following members;

Dr. Ranees Jayamaha	Independent Non-Executive Director (Chairperson of the Committee)
Mrs. Mildred Tao Ong	Non-Executive Director
Mr. Ajit M. de S. Jayaratne	Independent Non-Executive Director

The brief profiles of the directors are given on pages 9 to 12 of the Annual Report.

The Inaugural meeting of the Nomination and Governance Committee held on 30th October 2023.

MEETINGS AND ATTENDANCE

The Committee met on one occasion during the financial year ended 31st December 2023 and the attendance record is given below.

Dr. Ranees Jayamaha	1/1
Mrs. Mildred Tao Ong	1/1
Mr. Ajit M. de S. Jayaratne	1/1

In addition to the Committee members, the meeting was attended by the Group Chief Executive Officer.

NOMINATION AND GOVERNANCE POLICY

The Company's Nomination and Governance Policy aims to;

- Evaluate the appointment of Directors to the Board of Directors and its Committees, ensuring the required expertise and succession.
- Consider and recommend (or not recommend) the re-appointment/re-election of current Directors based on the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.

- Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Company.
- Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience, and key attributes required for eligibility, taking into consideration the nature of the business of the Company and industry specific requirements.
- Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO of the Company to ensure that their responsibilities are satisfactorily discharged.
- Develop succession plan for Board of Directors and Key Management Personnel of the Company.
- Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.
- Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.
- Periodically review and update the corporate Governance Policies / Framework of the Company in line with the regulatory and legal developments relating to same, as a best practice.

- Receive reports from the Management on compliance with the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.

CONCLUSION

The Committee is satisfied that the policies and procedures relate to the Nomination and Governance of the Company are effectively implemented as required.



Dr. Ranees Jayamaha
Chairperson - Nomination and Governance Committee

21st February 2024

Remuneration Committee Report

ROLE AND RESPONSIBILITIES

The Committee deliberates and recommends to the Board of Directors on the remuneration package, 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.

COMPOSITION OF THE COMMITTEE

The present Remuneration Committee consists of four members out of whom three are Independent Non-Executive Directors. The Committee's composition fulfils the requirements of rule 9.12.6 of the Listing Rules of the Colombo Stock Exchange. The Remuneration Committee consisted of the following members.

Mrs. Rohini L. Nanayakkara	Independent Non-Executive Director (Chairperson of the Committee)
Mr. En Ping Ong	Non-Executive Director
Mr. Ajit M.de S. Jayaratne	Independent Non-Executive Director
Mr. Tissa K. Bandaranayake	Independent Non-Executive Director

The brief profiles of the directors are given on pages 9 to 12 of the Annual Report.

MEETINGS AND ATTENDANCE

The Committee met on one occasion during the financial year ended 31st December 2023 and the attendance record is given below.

Mrs. Rohini L. Nanayakkara - Chairperson	1/1
Mr. En Ping Ong	1/1
Mr. Ajit M.de S. Jayaratne	1/1
Mr. Tissa K. Bandaranayake	1/1

In addition to the Committee members, the meeting was attended by the Group Chief Executive Officer.

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 increment and bonus schemes is based on the performance management system and evaluation systems being practised 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.

All Non-Executive Directors receive a fee for serving on the Board and serving on sub-committees. They do not receive any performance related incentive payments.

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

The Directors' emoluments are disclosed in Note 26 on page 125



Rohini L. Nanayakkara
Chairperson - Remuneration Committee

21st February 2024



Audit Committee Report

COMPOSITION

The Audit Committee appointed by the Board of Directors of Overseas Realty (Ceylon) PLC, comprises of four Non-Executive Directors and three of them being Independent Non-Executive Directors. As of the financial year ended 31st December 2023, the Board Audit Committee comprised the following Directors:

Mr. Tissa K Bandaranayake (w.e.f. 18th October 2023)	Independent Non-Executive Director (Chairman of the Committee)
Mr. Yap Boh Pin	Non-Executive Director
Mrs. Rohini Nanayakkara	Independent Non-Executive Director
Mr. Ajit M de S. Jayaratne	Independent Non-Executive Director

The Chairman of the Committee Mr. Tissa K Bandaranayake, an independent non-executive Director. He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka.

The members have a well-balanced blend of experience in commercial, financial and audit, 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 9 to 12 of this Report.

CHARTER OF THE COMMITTEE

The Terms of Reference of the Committee is clearly defined in the Charter of the Audit Committee. The 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.

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 the integrity and transparency of the financial reporting of the Company, compliance with financial reporting requirements, information requirements of the Companies Act, No. 07 of 2007 and other related financial reporting regulations, 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 of the Company's Auditors and ensuring compliance with laws and regulations which effective 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 AND ATTENDANCE

The Audit Committee has met four (04) times during the financial year ended 31st December 2023 and the attendance was as follows:

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

The Company Secretary functions as the Secretary to the Audit Committee. Meetings were attended by the Group Chief Executive Officer and Group Financial Controller, other senior management members, Internal Auditors and External Auditors by invitation. The proceedings of the Audit Committee are recorded with adequate details and regularly reported to the Board of Directors.

Audit Committee Report contd.

FINANCIAL REPORTING

The Committee reviews the interim financial statements of the Company before Director's Approval and submission to Colombo Stock Exchange and year end Financial Statements before certification by External Auditors in order to monitor integrity of the Financial Statements of the Company, prepared for disclosure and significant financial reporting assumptions and judgments contained therein.

The Committee assesses the Company's compliance with financial reporting requirements, information requirements of the Companies Act No. 07 of 2007, and other relevant financial reporting related regulations and requirements.

INTERNAL CONTROLS, RISK MANAGEMENT FUNCTION AND GOING CONCERN

The Committee keeps under review the Company's internal controls and risk management systems ensuring the procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards. The Committee also assesses the Company's ability to continue as a going concern in the foreseeable future.

The Committee reviewed and approved the Directors' Statement on Internal Controls over financial reporting to be included in the Annual Report.

INTERNAL AUDIT

The internal audit function is outsourced to Messrs. Deloitte 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 Deloitte to discuss observations and recommendations made in their reports. Follow up and implementation of previous internal audit recommendations are also discussed and reviewed by the Committee with Deloitte representatives. The Committee appraises the Board on the status and adequacy of internal controls and the effectiveness there of.

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

EXTERNAL AUDIT

The Company has appointed Messrs. Ernst & Young as its external auditor and the services provided by them are segregated between audit/assurance services and other advisory services such as tax consultancy. The Audit Committee reviews these audit and non-audit functions of the external Auditors before such services are assigned in order to ensure that the provisions of such services do not impair independence and that work is assigned in such a manner as to prevent any conflict of interest.

The Audit Committee has reviewed and discussed the key observations and recommendations on the Management Letter issued by Messrs. Ernst & Young in the presence of their representatives.

Messrs. 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 31st December 2024, at a fee to be determined by the Board of Directors, subject to the approval by the shareholders at the Annual General Meeting.

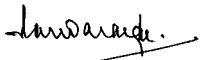
PROPERTY VALUATION

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

CONCLUSION

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

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



Tissa K Bandaranayake
Chairman - Audit Committee

21st February 2024

Related Party Transactions Review Committee Report

INTRODUCTION

The Related Party Transactions Review Committee was formed as a Board Sub Committee. The role of the Committee is to provide independent review, and oversight of all related party transactions on behalf of the Board in compliance with the provisions contained in the Listing Rules of Colombo Stock Exchange.

COMPOSITION OF THE COMMITTEE

The present Committee comprises three (3) Independent Non-Executive Directors and one (1) Non-Executive Director of the Board. The composition of the Committee fulfilled the requirements of the Listing Rule No. 9.14.2 of the Colombo Stock Exchange, throughout the financial year.

Members of the Related Party Transaction Review Committee are as follows:

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

MEETINGS AND ATTENDANCE

The Committee met on four occasions during the financial year ended 31st December 2023 and the attendance record is given below.

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

In addition to the Committee members, the meetings were attended by the Group Chief Executive Officer and Group Financial Controller on invitation. The Company Secretary was also present at the meeting.

POLICIES AND PROCEDURES

The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction Policy, declarations are obtained from all Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the data base of the Company.

TERMS OF REFERENCE

The terms of reference of the Related Party Transactions Review Committee deals with its authority and duties and covers aspects relating to matters prescribed in the Listing Rules of the Colombo Stock Exchange.

Terms of reference of the Committee include the following:

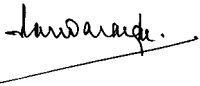
- Review in advance all proposed Related Party Transactions of the Company except those explicitly exempted by the Code.
- Determine whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company.
- Update the Board of Directors on the Related Party Transactions of the Company on a quarterly basis.
- Review all Related Party Transactions in line with the regulatory requirements.
- Adopt policies and procedures to review Related Party Transactions of the Company and oversee existing policies and procedures.
- Make immediate market disclosure on any applicable Related Party Transactions as required under Section 9 of the Listing Requirements of the Colombo Stock Exchange.
- Make appropriate disclosures in the Annual Report on Related Party Transactions as per the regulatory guidelines in a timely and detailed manner.

RELATED PARTY TRANSACTIONS DURING THE YEAR

During the year, the Committee reviewed the related party transactions and their compliances in the Company and its Group Companies and communicated the same to the Board. Details of Related Party Transactions entered into by the Company and its Group Companies during the year are disclosed in Note 26 to the Financial Statements.

DECLARATION

A declaration by the Board of Directors in the Annual Report as a negative statement to the effect that no related party transaction falling within the ambit of the Listing Rules was entered into by the Company during the year, is given in the Annual Report of the Board of Directors on page 73.



Tissa K. Bandaranayake
Chairman – Related Party Transaction Review Committee

21st February 2024



Financial Report

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FINANCIAL CALENDER

Interim Financial Statements	Targeted date	Submitted date
1st Quarter ended 31st March	15th May 2023	26th April 2023
2nd Quarter ended 30th June	15th August 2023	26th July 2023
3rd Quarter ended 30th September	15th November 2023	18th October 2023
4th Quarter ended 31st December	28th February 2024	21st February 2024
Annual Report and Financial Statements to Shareholders		
2022		28th March 2023
2023	28th March 2024	
Annual General Meeting		
41st Annual General Meeting		26th April 2023
42nd Annual General Meeting	24th April 2024	

Annual Report of the Board of Directors

GENERAL

The Board of Directors has pleasure in presenting their report on the affairs of the Company together with the audited Financial Statements of Overseas Realty (Ceylon) PLC and the audited Consolidated Financial Statements of the Group and the Auditor's Report on these Financial Statements for the Financial year ended 31st December 2023. The details set out herein provide the pertinent information required under Section 168 of the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules and the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and The Institute of Chartered Accountants of Sri Lanka.

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. The Company was listed on the main board of the Colombo Stock Exchange of Sri Lanka on 1st January 1982 and subsequently transferred to Dirisavi Board from 9th August 2023.

PRINCIPAL ACTIVITIES

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

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

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

An overall assessment of financial and operational performance of the Company and its subsidiaries during the year and the future developments of the Group is contained in the Management Review of Operations (pages 13 to 15) and Financial Review (Pages 16 to 18) of this Annual Report. Segment wise contribution to Group revenue, results, assets and liabilities is disclosed in Notes to the Financial Statements on pages 87 to 130 of this 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 Group and the Company which have been prepared in accordance with the Sri Lanka Accounting Standards laid down by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of Companies Act No. 07 of 2007, are appearing on pages 87 to 100 of this Annual Report.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements of the Group and the Company is given on page 78.

ACCOUNTING POLICIES

The Board of Directors wishes to confirm that there were no changes to the Accounting Policies used by the Group and the Company during the year under review. Significant Accounting policies, together with the notes adopted in preparation of the Financial Statements of the Group and the Company are given on pages 87 to 100.

GROUP TURNOVER

The turnover of the Group during the year under review was Rs. 5,076,475,899 (2022 - Rs. 15,045,636,508/-). A detailed analysis of the Group's turnover, profits and asset allocation relating to the different segments of the business is given in Note 4 to the Financial Statements on pages from 102 to 104.

FINANCIAL RESULTS AND DIVIDEND

The Group recorded a consolidated net profit after tax of Rs. 3,853,112,805 (2022 - Rs. 6,079,337,485/-) for the year. The Consolidated Statement of Profit or Loss along with the Company's Income Statement for the year is given on pages 82 to 83.

The Directors recommended the payment of a first and final dividend of Rs 1.25 per share for the financial year ended 31st December 2022 which was approved by the shareholders at the Annual General Meeting of the Company held on 26th April 2023.

The dividend was paid out of profits after tax under BOI concessions granted to the Company.

Further, at meeting of the Board of Directors held on 21st February 2024, the Directors recommended the payment of a first and final dividend of Rs. 1.25/- per ordinary share for the financial year ended 31st December 2023 to be approved by the Shareholders at the Annual General Meeting of the Company to be held on 24th April 2024.

Directors have confirmed that the Company would satisfy the Solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 and the Listing Rules of the CSE. As required by Section 56 (2), the Board of Directors have obtained a certificate from the Auditor on the Statement of Solvency in respect of each dividend payment conforming to the above statutory provision.

PROPERTY, PLANT & EQUIPMENT

Capital expenditure during the year, on property plant & equipment by the Group and by the Company incurred amounted to Rs. 61,423,955 (2022 - Rs. 74,776,985/-) and Rs. 1,582,900 (2022 - 1,067,758/-) respectively. The carrying value of the Property, Plant and Equipment of the Group and the Company as at the reporting date amounted to Rs. 1,448,610,213 (2022 - Rs. 1,407,452,561/-) and Rs. 465,406,774 (2022 - Rs. 475,275,917/-) respectively.

An analysis of the property plant & equipment of the Group and the Company, additions and disposals made, together with the depreciation charge for the year, is set out in Note 6 to the Financial Statements on pages 108 to 111.

MARKET VALUE OF THE BUILDINGS

All the buildings owned by the Group were subjected to a revaluation by an independent qualified valuer. The carrying value of the buildings of the Group is Rs. 1,232,316,856 (2022 - Rs. 1,225,867,636/-). The details are provided in Note 6 to the Financial Statements.

FAIR VALUE OF INVESTMENT PROPERTIES

The fair value of Investment properties owned by the Group as at 31st December 2023 is included in the Financial Statements at Rs. 67,706,040,418 (2022 - Rs. 27,763,638,947/-) based on the independent valuations undertaken by a Chartered Valuation Surveyor in December 2023. The Directors are of the opinion that the value is not more than 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 21 on page 122 of the Financial Statements.

STATED CAPITAL

The total stated capital of the Company amounts to Rs. 18,443,353,347/- (2022 - Rs. 18,443,353,347/-) comprising No. of Shares 1,243,029,582/- (2022 - 1,243,029,582/-), as given in Note 13 to the Financial Statements.

RESERVES

Total Group Reserves as at 31st December 2023 was Rs. 35,675,973,221 (2022 - Rs. 33,346,163,576/-). The movement of these reserves is shown in the Statement of Changes in Equity in the Financial Statements on page 85.

SHARE INFORMATION

Information relating to earnings, dividends, net assets, market value per share and share trading is given on pages 134 and 135 in the Financial Reports section of this Report.

SUBSTANTIAL SHAREHOLDINGS

Significant shareholder information along with substantial shareholder details such as Major Share Holdings, Public Holding and other share related information is presented in detail under the title 'Shareholder Information' on pages 136 to 137 of this Annual Report.

BOARD OF DIRECTORS

Names of the Board of Directors together with their profiles including skills and experiences are set out on pages 9 to 12 of this Report.

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

The proposed resolutions proposes that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Ajit Mahendra De Silva Jayaratne, who attained the age of 70 years on 30th April 2010, Mr. Yap Boh Pin, who attained the age of 70 years on 2nd February 2011, Mr. Tissa Kumara Bandaranayake, who attained the age of 70 years on 3rd January 2013, Mr. Leslie Ralph de Lanerolle, who attained the age of 70 years on 5th January 2013, Mrs. Mildred Tao Ong, who attained the age of 70 years on 28th February 2019, Dr. Raneey Jayamaha who attained the age of 70 years on 27th May 2019 and that they be re-elected as Directors of the Company.

MEETINGS

The Details of Board meetings and Board Subcommittee meetings which comprise Remuneration Committee, Audit Committee, Related Party Transactions Review Committee and Nomination and Governance Committee are presented in the Corporate Governance Report on page 27 and other committee Reports on pages 60 to 67.

Annual Report of the Board of Directors contd.

DIRECTORS' INTEREST IN SHARES

The Directors' individual shareholdings along with the Chief Executive Officer's individual shareholding in the Company at the beginning and at the end of the year was as follows:

Name	Position	31st December 2022		31st December 2023	
		Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
Mr. A. M. De S. Jayaratne	Chairman and Independent Non-Executive Director	Nil	Nil	Nil	Nil
Mrs. Mildred Tao Ong	Non-Executive Director	Nil	906,707,904*	Nil	906,707,904*
Mr. Yap Boh Pin	Non-Executive Director	Nil	906,707,904*	Nil	906,707,904*
Mrs. R.L. Nanayakkara	Independent Non-Executive Director	Nil	Nil	Nil	Nil
Mr. En Ping Ong	Non-Executive Director	20,914,890	Nil	20,914,890	Nil
Mr. L. R. de Lanerolle	Non-Executive Director	Nil	Nil	Nil	Nil
Mr. T. K. Bandaranayake	Independent Non-Executive Director	Nil	Nil	Nil	Nil
Dr. Ranee Jayamaha	Independent Non-Executive Director	Nil	Nil	Nil	Nil
Mr. Pravir Samarasinghe	Executive Director / CEO	15,892,093	Nil	15,892,093	Nil
Mr. Ben Nien Tao	Non-Executive Director	Nil	1,063,543,897*	Nil	1,063,543,897*
Mr. Brian Tao	Non-Executive Director	N/A**	N/A**	Nil	Nil
Dr. Arittha Wikramanayake	Independent Non-Executive Director	N/A**	N/A**	Nil	Nil

* Mrs. Mildred Tao Ong is declared as a Director/Shareholder of the Shing Kwan Group and a Director of Unity Builders Limited. Mr. Yap Boh Pin's interest is declared as a Director / Shareholder of the said Shing Kwan Group including Unity Builders Limited. Mr. Ben Nien Tao, interest is declared as a Director / Shareholder of the said Shing Kwan Group, Unity Builders Ltd, Able Trend Ventures Limited and Peeli Limited.

** Mr. Brian Tao was appointed to the Board as a Non-Executive Director on 18.10.2023. Dr. Arittha Wikramanayake was appointed to the Board as an Independent Non-Executive Director on 02.11.2023.

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 then 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.

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 for inspection.

DIRECTORS' INTEREST IN TRANSACTIONS

The Directors of the Company have made general declarations of their interests in transactions of the Company as per Section 192(2) of the Companies Act No. 07 of 2007. The particulars of those transactions are set out on page 125 under related party transactions of the Annual Report.

DIRECTORS' REMUNERATION

Directors' remuneration, in respect of the Group and the Company for the financial year ended 31st December 2023 is given in the Note 26 to the Financial Statements, on page 125.

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.

RELATED PARTY TRANSACTIONS

The Board of Directors has given the following statement in respect of the related party transactions. The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 9 of the CSE Listing Rules.

The Directors have disclosed transactions, if any, that could be classified as Related Party Transactions in terms of LKAS 24 - 'Related Party Disclosures' and are given in Note 26 to the Financial Statements.

Name of the Related Party	Relationship	Nature of Transactions	Value of the Related Party Transactions entered in to during the financial year (Rs)	Value of the Related Party Transactions as a % of Equity	Value of the Related Party Transactions as a % of Total Assets	Terms and Conditions of the Related Party Transactions	The rationale for entering into the transactions
Mireka Capital Land (Pvt) Ltd	Fully owned subsidiary of the Company	Havelock City (Pvt) Ltd issued 17,000,000 shares @ Rs.10/= to Mireka Capital Land (Pvt) Ltd	170,000,000	0.39%	0.37%	All the transactions are on normal commercial terms	Investment of part of required funds to finance the construction of the Commercial Development
Mireka Homes (Pvt) Ltd	Sub-subsidiary of the Company	Havelock City (Pvt) Ltd issued 37,300,000 shares @ Rs.10/= to Mireka Homes (Pvt) Ltd	373,000,000	0.85%	0.81%	All the transactions are on normal commercial terms	Investment of part of required funds to finance the construction of the Commercial Development
Total			543,000,000	1.24%	1.18%		

ENVIRONMENTAL PROTECTION

The Directors confirm that to the best of their knowledge the Company and its subsidiaries have not engaged in any activity, which causes detriment to the environment.

INSURANCE AND INDEMNITY

The Company has obtained an indemnity and insurance policy from Allianz Insurance Lanka Limited for its Directors and Officers amounting to LKR 200 Mn for the period covering 1st January to 31st December 2023.

INTERNAL CONTROLS

The Board ensures that there is an effective and comprehensive process for identifying, evaluating and managing any significant risks faced by the Company and its subsidiaries, compliance controls and risk management to safeguard the assets. The Board places emphasis in assuring proper accounting records are maintained and the reliability of financial information. The Audit Committee of the Company receives the reports of the internal audit reviews, monitors the effectiveness of internal control systems of the Company and makes periodical recommendations to the Board.

The Risk Management report and the Directors' Statement on Internal Controls on pages 24 and 75 give further details.

Annual Report of the Board of Directors contd.

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 27 to 59 in this Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Group and the Company to reflect a true and fair view of the state of affairs of the Group and the Company. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS), Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, Companies Act No. 07 of 2007, Inland Revenue Act No. 24 of 2017 and amendments thereto, and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is given on page 76 and forms an integral part of this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Directors, to the best of their knowledge and belief, confirm that the Company and its subsidiaries 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, other regulatory institutions and in relation to the employees have been made in full and on time.

EVENTS AFTER REPORTING DATE

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

GOING CONCERN

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

AUDITORS REMUNERATION AND REAPPOINTMENT

Messrs. Ernst & Young, Chartered Accountants served as the Company's Auditor during the year under review. The Auditors have confirmed that they do not have any relationship or interest in the Company or its subsidiaries other than those disclosed below.

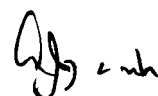
The Auditors, Messrs. Ernst & Young, Chartered Accountants were paid Rs. 5,314,250 (2022 - Rs. 5,258,296/-) and Rs. 2,128,000 (2022 - Rs. 1,900,000/-) as audit fees by the Group and the Company respectively. In addition, they were paid Rs. 2,532,337 (2022 - Rs. 2,821,365/-) and Rs. 804,297 (2022 - Rs. 556,604/-), by the Group and the Company, for permitted non-audit related services.

The Audit Committee reviews the appointment of the Auditors, their effectiveness, independence and relationship with the Company and its subsidiaries. In accordance with the Companies Act No. 07 of 2007, a resolution proposing the re-appointment of Messrs. Ernst & Young, Chartered Accountants, as Auditors to the Company will be submitted at the forthcoming Annual General Meeting.

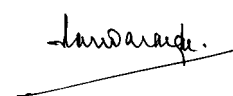
ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 24th April 2024 at 10 a.m. at the Havelock City Club House, No. 324, Havelock Road, Colombo 06. The Notice of the Annual General Meeting appears on page 140 of the Annual Report.

For and on behalf of the Board,



Ajith M. de S. Jayaratne
Director



Tissa K Bandaranayake
Director



Laknathi Perera
Company Secretary
21st February 2024

Directors' Statement on Internal Controls

REQUIREMENT

The Section D.1.5 of the 'Code of Best Practice on Corporate Governance 2023' (The Code) issued jointly by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka recommends that the Board of Directors present a Statement on Internal Controls in the Annual Report.

RESPONSIBILITY

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

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

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

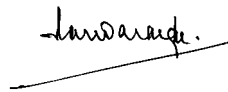
- The Board Committees and Management Committee are established to assist the Board in ensuring the effectiveness of Company's operations and that the operations are in accordance with the corporate strategies and annual budget.
- The Company's internal audit function has been outsourced to Messrs. Deloitte (Chartered Accountants). The Internal Auditors check for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlight significant findings in respect of any non-compliance. Audits are carried out on all subsidiaries in accordance with the annual audit plan approved by the Audit Committee. Findings are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee reviews internal control issues identified by the Internal Auditors and the Independent External Auditors and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit function with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee

meetings are tabled at the Board meetings for the information of the Board on a quarterly basis.

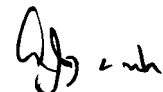
- In assessing the internal control system on financial reporting, relevant senior officers of the company collate relevant procedures and controls that are connected with significant accounts and disclosures of the Financial Statement of the Company. These in turn are observed and checked by the Internal Auditors for suitability and effectiveness on an ongoing basis.
- The adoption of new Sri Lanka Accounting Standards comprising SLFRS and LKAS in 2012 and processes required to comply with the new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress and steps are being taken for improvements where required.
- The comments made by External Auditors in connection with the internal control system during the financial year ended 31st December 2023 were taken into consideration and appropriate steps have been taken to rectify them.

CONCLUSION

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



Tissa K Bandaranayake
Chairman, Audit Committee



Ajit M. de S. Jayaratne
Director

21st February 2024

Directors' Responsibility for Financial Reporting

The responsibility of the Directors, in relation to the Financial Statements of the Group and the Company 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 is set out in this statement.

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

- Statement of Financial position as at 31st December 2023, 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 present a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year then ended.

Accordingly, the Directors confirm that the Financial Statements of the Company and its subsidiaries for the year ended 31st December 2023 incorporated in this report have been prepared in accordance with the Sections 150 (1), 151, 152 and 153 (1) & (2) of the Companies Act No. 07 of 2007, Sri Lanka Accounting Standards (SLFRS/LKAS), Listing Rules of the Colombo Stock Exchange, the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka (SEC) and The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and generally accepted accounting policies. The Directors consider that, in preparing the Financial Statements exhibited on pages 82 to 86 they have adopted appropriate accounting policies on a consistent basis, supported by reasonable and prudent judgments and estimates.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and its subsidiaries 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 internal checks, internal audit, financial and other controls required to carry on the Group's businesses in an orderly manner and to safeguard its assets and secure as far as practicable the accuracy and reliability of the records.

In compliance with Section 148 (1) of the Companies Act No. 07 of 2007, the Directors are also responsible for ensuring that proper accounting records which explain the transactions of the Company and its subsidiaries and assist in determining the financial position of the Group and the Company with reasonable accuracy at any time are maintained by the Company and its subsidiaries enabling the preparation of Financial Statements.

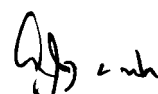
The Directors also ensured that the Group has adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements. Further, the Directors have a responsibility to ensure that the Group and the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Group and the Company.

Messrs. Ernst & Young, Chartered Accountants, have carried out an audit in accordance with Sri Lanka Auditing Standards and their report is given on page 78 of the Annual Report.

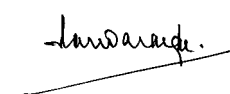
The Directors are required to prepare the Financial Statements and to provide the Auditor with every opportunity to take whatever steps and undertake whatever inspections they may consider appropriate to enable them to give their audit opinion. The Directors are of the view that they have discharged their responsibilities as set out in this Statement.

The Directors confirm to the best of their knowledge that all taxes, duties, levies and financial obligations of the Company and its subsidiaries 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,



Ajith M.de.S Jayaratne
Director



Tissa K Bandaranayake
Director

21st February 2024

Group Chief Executive Officer's and Group Financial Controller's Responsibility Statement

The Consolidated Financial Statements of Overseas Realty Ceylon PLC are prepared in compliance with Sri Lanka Financial Reporting Standards/SLFRS issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and the Listing Rules of the Colombo Stock Exchange. The Accounting Policies used in the preparation of the Consolidated Financial Statements are appropriate and are consistently applied by the Company (material departures, if any, have been disclosed and explained in the notes to the Consolidated Financial Statements). There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation.

The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with our External Auditors and the Audit Committee. The Board of Directors, the Audit Committee and the Group Financial Controller of the Company accept responsibility for the integrity and objectivity of these Consolidated Financial Statements. The estimates and judgments relating to the consolidated Financial Statements were made on a prudent and reasonable basis, in order that the Consolidated Financial Statements reflect in a true and fair manner, the forms and substance of transactions and that the Company's state of affairs is reasonably presented. To ensure this, the Company has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Subsidiaries' Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

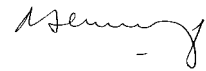
The Consolidated Financial Statements of the Company were audited by Messrs. Ernst & Young, Chartered Accountants and their report is given on page 78 of this Annual Report. The Audit Committee of the Company meets periodically with the internal audit team and the External Auditors to review

their audit plans, assess the manner in which these Auditors are performing their responsibilities and to discuss their reports on internal controls and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matters of substance.

The Audit Committee pre-approves the audit and non-audit services provided by our External Auditors Ernst & Young in order to ensure that the provision of such services does not impair the External Auditor's independence. We confirm that the Company has complied with all applicable laws and regulations and guidelines and that there are no material litigations that is pending against the Company other than those disclosed in the Financial Statements in this Annual Report.



Emil Ranasinghe
Group Financial Controller



Pravir Samarasinghe
Group Chief Executive Officer

21st February 2024

Independent Auditors' Report



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

SPF/DT/IK/AD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OVERSEAS REALTY (CEYLON) PLC

Report on the audit of the financial statements Opinion

We have audited the financial statements of Overseas Realty (Ceylon) PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, statement of comprehensive income, statements of changes in equity and statement cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2023 and of their financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards ("SLASs").

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards ("SLAuSs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Key audit matter	How our audit addressed the key audit matter
<p>Fair Value of Investment Property Completed</p> <p>As at 31 December 2023, Group's Completed Investment Property amounted to LKR 67.7 Billion which represent 87% of the Group's total assets.</p> <p>As described in note 5 and 2.3.12 to the financial statements, the Group measures Completed Investment Property at fair value.</p> <p>Fair value of the Completed Investment Property is a key audit matter due to:</p> <ul style="list-style-type: none"> • the materiality of the reported amounts. • use of unobservable inputs in the determination of fair value of Investment Property Completed, such as estimated market rent per square foot, rate of growth in future rentals, capitalization rate, and anticipated maintenance cost that are subject to significant estimation uncertainty. • the continuing economic conditions that has increased the level of judgement and the uncertainty in the assumptions used in determining the fair value. 	<p>our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> • We considered the competence, capability and objectivity of the external valuer engaged by management and obtained an understanding of the methodology adopted in estimating the fair value of the Completed Investment Property. • We had discussions with the external valuer to obtain an understanding of the key unobservable inputs used, and the impact of increased market uncertainty due to continuing economic impact on the fair value estimation. • We tested the reasonableness of estimated market rent per square foot, rate of growth in future rentals used in the valuation by comparing the existing rentals of tenant's sample and referring to Group's contractual rights for future variations. • We corroborated the capitalization rate and anticipated maintenance cost by cross-checking them with available industry data having taken into consideration relevant market factors. • We engaged our internal specialized resources to assess the appropriateness of the methodology used; tested the reasonableness of estimated market rent per square feet, rate of growth in future rentals used in the valuation by comparing the existing rentals of tenant's sample and referring to Group's contractual rights for future variations. In addition, corroborated the capitalization rate and anticipated maintenance cost by cross-checking them with available industry data having taken into consideration relevant market factors. • We also evaluated the Group's disclosures on key assumptions to which the outcome of the valuation is most sensitive as stated in Note 5 to the financial statements.
<p>Measurement of the Carrying Value of Completed Apartments for Sale</p> <p>As at 31 December 2023, Group's Inventories included Completed Apartments for sale amounting to LKR 1.7 Billion as disclosed in note 10 to the financial statements.</p> <p>Completed Apartments are stated at the lower of cost and Net Realizable Value (NRV) as described in notes 2.3.7 and 2.2.2 (b).</p> <p>Measurement of the carrying value of Completed Apartments for Sale is a key audit matter due to:</p> <ul style="list-style-type: none"> • determination of the Net Realizable Value of these Inventories are dependent upon the management's estimates of future demand and selling prices; and • the significant judgment required in estimating the selling prices as such are impacted by prevailing market and economic conditions. 	<p>our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> • We assessed the reasonableness of the management's estimated future demand and selling prices with available recent market sales data of comparable properties based on our knowledge of the Group's business. • We obtained an understanding of prevailing market and economic conditions relevant to the property market. • We assessed the management's estimated selling prices with our own estimate range that included applied stress factors for current market and economic conditions. • We evaluated the adequacy of Group's disclosures including those relating to estimation uncertainty as stated in note 10 to the financial statements.

Independent Auditors' Report contd.

Other Information included in the 2023 Annual Report of Overseas Realty (Ceylon) PLC

Other information consists of the information included in Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Other Information is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

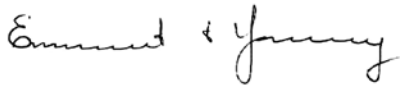
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats of safeguard applied.

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

Report on other legal and regulatory requirements

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

The Institute of Chartered Accountant of Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2199.



28 March 2024
Colombo

Statement of Profit and Loss

Year ended 31 December 2023		Group		Company	
	Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue	3	5,076,475,899	15,045,636,508	2,400,056,391	2,112,228,234
Direct Operating Expenses	3.2	(1,421,281,381)	(838,660,243)	(612,458,569)	(494,801,322)
Cost of Sales of Apartments	3.2	(336,419,226)	(7,363,634,749)	-	-
Gross Profit		3,318,775,292	6,843,341,516	1,787,597,822	1,617,426,912
Fair Value Gain/(Loss) on Investment Property	5.1	498,593,066	317,025,234	284,108,324	306,545,234
Administration Expenses		(937,170,572)	(649,060,102)	(284,304,939)	(232,261,867)
Marketing and Promotional Expenses		(219,611,629)	(300,617,383)	-	-
Operating Profit		2,660,586,157	6,210,689,265	1,787,401,207	1,691,710,279
Finance Cost	22.1	(1,790,454,128)	(61,899,471)	-	(59,439,263)
Finance Income	22.2	934,119,704	648,266,367	504,480,310	533,126,700
Other Income	22.3	77,620,244	38,957,027	-	55,000,000
Exchange Gain		2,429,361,262	188,637,991	(62,667,025)	162,362,479
Profit Before Tax	23	4,311,233,239	7,024,651,179	2,229,214,492	2,382,760,195
Income Tax	24.1	(458,120,434)	(945,313,694)	(183,101,879)	(154,104,687)
Profit after Tax for the Year		3,853,112,805	6,079,337,485	2,046,112,613	2,228,655,508
Attributable to:					
Equity Holders of the Parent		3,853,112,805	6,079,337,485		
Non-controlling Interest		-	-		
		3,853,112,805	6,079,337,485		
Earnings Per Share - Basic and Diluted (Rs.)	25	3.10	4.89	1.65	1.79
Dividend Per Share (Rs.)	20	1.25	1.25	1.25	1.25

The accounting policies and notes on pages 87 through 130 form an integral part of the Financial Statements.

Statement of Comprehensive Income

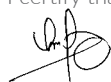
Year ended 31 December 2023		Group		Company	
	Note	2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Profit For the Year		3,853,112,805	6,079,337,485	2,046,112,613	2,228,655,508
Other Comprehensive Income:					
Items that will not be reclassified to profit or loss:					
Revaluation of Buildings	14.1	34,354,230	151,162,533	3,818,490	67,776,422
Deferred Tax Effect		(4,656,731)	(13,863,445)	(76,370)	(1,355,528)
		29,697,499	137,299,088	3,742,120	66,420,894
Actuarial Gains on Defined Benefit Plans	16	963,217	5,650,877	(309,603)	4,321,850
Deferred Tax Effect		(176,898)	(46,116)	6,192	(86,437)
		786,319	5,604,761	(303,411)	4,235,413
		30,483,818	142,903,849	3,438,709	70,656,307
Other Comprehensive Income for the Year, Net of Tax		30,483,818	142,903,849	3,438,709	70,656,307
Total Comprehensive Income for the Year, Net of Tax		3,883,596,623	6,222,241,334	2,049,551,322	2,299,311,815
Attributable to:					
Equity Holders of the Parent		3,883,596,623	6,222,241,334		
Non-controlling Interest		-	-		
		3,883,596,623	6,222,241,334		

The accounting policies and notes on pages 87 through 130 form an integral part of the Financial Statements.

Statement of Financial Position

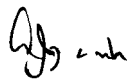
As at 31 December 2023		Group		Company	
Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	
ASSETS					
Non-Current Assets					
Investment Property Completed	5.1	67,706,040,418	27,763,638,947	27,139,111,271	26,855,002,947
Investment Property Under Development	5.2	-	38,262,037,589	-	-
Property, Plant and Equipment	6	1,448,610,213	1,407,452,561	465,406,774	475,275,917
Intangible Assets	7	7,317,942	6,840,141	2,450,566	6,840,141
Investments in Subsidiaries	8	-	-	13,708,884,591	13,708,884,591
Inventories	10.2	89,480,683	89,480,683	-	-
Deferred Tax Assets	9	22,416,526	137,904,418	-	-
Other Assets	12	-	-	451,600,000	466,600,000
		69,273,865,782	67,667,354,339	41,767,453,202	41,512,603,596
Current Assets					
Inventories	10.3	1,779,972,963	2,102,239,262	11,037,971	16,195,290
Trade and Other Receivables	11	2,859,486,963	4,320,985,007	1,387,649,926	1,154,768,452
Other Assets	12.1	-	-	5,000,000	18,252,426
Income Tax Recoverable		1,548,671	1,548,671	-	-
Cash and Short Term Deposits	21	4,318,981,769	4,300,156,840	3,101,077,213	2,822,141,821
		8,959,990,366	10,724,929,780	4,504,765,110	4,011,357,989
Total Assets		78,233,856,148	78,392,284,119	46,272,218,312	45,523,961,585
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	13	18,443,353,347	18,443,353,347	18,443,353,347	18,443,353,347
Revaluation Reserve	14.1	604,700,027	575,002,528	467,761,973	464,019,853
Retained Earnings		35,071,273,194	32,771,161,048	24,822,792,267	24,330,770,043
Total Equity		54,119,326,568	51,789,516,923	43,733,907,587	43,238,143,243
Non-Current Liabilities					
Post Employment Benefit Liability	16	56,707,453	57,689,819	30,193,980	31,705,512
Amounts due to Related Parties	19	18,660,608,810	19,566,086,530	-	-
Deferred Tax Liabilities	9	955,514,896	922,677,547	551,486,481	545,971,467
Total Non-Current Liabilities		19,672,831,159	20,546,453,896	581,680,461	577,676,979
Current Liabilities					
Trade and Other Payables	17	1,075,091,672	1,398,425,932	98,396,091	15,355,088
Rental and Customer Deposits	18	2,060,352,336	1,247,286,910	1,407,911,912	1,218,437,310
Amounts due to Related Parties	19	-	36,307,272	242,766,065	278,143,726
Interest Bearing Loans and Borrowings	15	991,845,920	2,685,978,540	-	60,508,925
Income Tax Payable		279,116,829	657,372,890	172,264,532	104,754,558
Dividends Payable	20	35,291,664	30,941,756	35,291,664	30,941,756
		4,441,698,421	6,056,313,300	1,956,630,264	1,708,141,363
Total Liabilities		24,114,529,580	26,602,767,196	2,538,310,725	2,285,818,342
Total Equity and Liabilities		78,233,856,148	78,392,284,119	46,272,218,312	45,523,961,585
Net Assets Value Per Ordinary Share (Rs.)		43.54	41.66	35.18	34.78

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

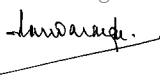


Group Financial Controller

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



Director



Director

The accounting policies and notes on pages 87 through 130 form an integral part of the Financial Statements.

28 March 2024
Colombo

Statement of Changes in Equity

Group	Note	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 January 2022		18,443,353,347	437,703,440	28,240,005,780	47,121,062,567
Profit for the Year		-	-	6,079,337,485	6,079,337,485
Other Comprehensive Income for the Year		-	137,299,088	5,604,761	142,903,849
Dividends Paid for Ordinary Shares for Y/E 31/12/2021		-	-	(1,553,786,978)	(1,553,786,978)
Balance as at 31 December 2022		18,443,353,347	575,002,528	32,771,161,048	51,789,516,923
Profit for the Year		-	-	3,853,112,805	3,853,112,805
Other Comprehensive Income for the Year		-	29,697,499	786,319	30,483,818
Dividends Paid for Ordinary Shares for Y/E 31/12/2022	20	-	-	(1,553,786,978)	(1,553,786,978)
Balance as at 31 December 2023		18,443,353,347	604,700,027	35,071,273,194	54,119,326,568

Company	Note	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 January 2022		18,443,353,347	397,598,959	23,651,666,100	42,492,618,406
Profit for the Year		-	-	2,228,655,508	2,228,655,508
Other Comprehensive Income for the Year		-	66,420,894	4,235,413	70,656,307
Dividends Paid on Ordinary Shares for Y/E 31/12/2021		-	-	(1,553,786,978)	(1,553,786,978)
Balance as at 31 December 2022		18,443,353,347	464,019,853	24,330,770,043	43,238,143,243
Profit for the Year		-	-	2,046,112,613	2,046,112,613
Other Comprehensive Income for the Year		-	3,742,120	(303,411)	3,438,709
Dividends Paid on Ordinary Shares for Y/E 31/12/2022	20	-	-	(1,553,786,978)	(1,553,786,978)
Balance as at 31 December 2023		18,443,353,347	467,761,973	24,822,792,267	43,733,907,587

Statement of Cash Flows

Year ended 31 December 2023		Group		Company	
Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	
Cash Flows from Operating Activities:					
	4,311,233,239	7,024,651,179	2,229,214,492		2,382,760,195
Adjustments for -					
Depreciation Charge for the Year	6: 54,620,533	36,836,455	15,270,533		11,182,383
Amortization / write-off of Intangible Assets	7.1: 4,611,200	4,586,520	4,389,575		4,586,520
Post Employment Benefit Expense	16: 20,365,504	17,107,582	11,930,313		7,757,860
Finance Cost	22.1: 1,790,454,128	61,899,471	-		59,439,263
Finance Income	22.2: (934,119,704)	(648,266,367)	(504,480,310)		(533,126,700)
Exchange (Gain)/ Loss	(2,604,076,678)	1,916,239,607	(35,206,947)		11,334,379
Fair Value (gain)/ loss on Investment Property	5: (498,593,066)	(317,025,234)	(284,108,324)		(306,545,234)
Operating profit before working capital changes	2,144,495,156	8,096,029,213	1,437,009,332		1,637,388,666
Decrease / (increase) in Trade and Other Receivables, Other Assets and Contract Assets	1,716,847,261	1,734,275,131	(210,113,311)		(383,194,828)
Increase / (decrease) in Rental and Customer Deposits	853,618,126	(760,376,833)	230,027,301		64,327,453
Decrease / (increase) in Inventories	322,266,299	5,375,859,999	5,157,319		(6,566,753)
(Decrease) / increase in Trade and Other Payables	(567,321,541)	(1,420,250,096)	83,041,003		(75,814,041)
Increase / (decrease) in Amounts due to Related Parties	1,308,496,977	9,548,604,319	(35,377,661)		276,277,356
Cash generated from operations	5,778,402,278	22,574,141,733	1,509,743,983		1,512,417,853
Income Tax Paid	(692,884,884)	(545,755,147)	(110,147,068)		(117,796,199)
Finance Cost Paid	(1,546,466,847)	(2,460,208)	-		-
Defined Benefit Plan Costs Paid	16: (20,384,653)	(10,474,807)	(13,751,448)		(2,629,652)
Net cash generated from operating activities	3,518,665,894	22,015,451,571	1,385,845,467		1,391,992,001
Cash Flows from Investing Activities :					
Additions or expenses incurred on Property Plant and Equipment	6: (61,423,955)	(74,776,985)	(1,582,900)		(1,067,758)
Additions or expenses incurred on Intangible Assets	7.1: (5,089,001)	-	-		-
Additions or expenses incurred on Investment properties	5.2: (1,181,770,816)	(12,624,880,761)	-		-
Receipt from Related Party Loan	-	-	15,000,000		40,000,000
Proceeds from withdrawal of Short term investments	-	1,820,118,274	-		1,820,118,274
Finance Income Received	673,424,737	336,064,271	489,618,820		220,924,604
Net cash (used in) / generated from investing activities	(574,859,035)	(10,543,475,201)	503,035,920		2,079,975,120
Cash flows from financing activities :					
Repayment of Interest Bearing Loans and Borrowings	15.1.3: (1,303,087,528)	(7,392,015,327)	-		-
Dividends Paid	1,549,437,070	(1,547,251,274)	(1,549,437,070)		(1,547,251,274)
Proceed from Interest Bearing Loans and Borrowings	15.1.4: 55,000,000	5,000,000	-		-
Net cash flow (used in) / generated from financing activities	(2,797,524,598)	(8,934,266,601)	(1,549,437,070)		(1,547,251,274)
Net increase in Cash and Cash Equivalents	146,282,259	2,537,709,769	339,444,317		1,924,715,847
Cash and Cash Equivalents at the Beginning of the Year	21: 4,141,203,311	1,603,493,542	2,761,632,896		836,917,049
Cash and Cash Equivalents at the End of the Year	21: 4,287,485,570	4,141,203,311	3,101,077,213		2,761,632,896

The accounting policies and notes on pages 87 through 130 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

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

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were property Leasing, property trading and property services.

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

Overseas Realty Investments (Private) Limited, a subsidiary, is engaged in leasing office space of Level 36 & 37 of West Tower, World Trade Center, Colombo 01.

Realty Management Services (Private) Limited, a subsidiary, is engaged in Property Management, Development Management, Energy Management, Advisory Management and Real Estate Agency Services.

Havelock City (Pvt) Ltd, a sub-subsidiary is engaged in Property Leasing at Havelock City Mireka Tower and Shopping Mall.

Overseas Realty Trading (Pvt) Ltd, a subsidiary is engaged in trading of lighting solution and other construction industry related products.

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.

1.4 Date of Authorization for Issue

The Financial Statements of Overseas Realty (Ceylon) PLC for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 28th March 2024.

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 “SLAS”) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

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

The preparation and presentation of these consolidated financial statements are in compliance with the Companies Act No. 07 of 2007.

2.1.1 Going Concern

The Company’s Management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Group. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.1.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

Notes to the Financial Statements contd.

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

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The following companies have been consolidated.

- Mireka Capital Land (Private) Limited (Subsidiary)
- Mireka Homes (Private) Limited (Sub-subsidiary)
- Realty Management Services (Private) Limited (Subsidiary)
- Overseas Realty Investments (Private) Limited (Subsidiary)
- Overseas Realty Trading (Private) Limited (Subsidiary)
- Havelock City (Private) Limited (Sub-Subsidiary)
- Hospitality International (Private) Limited (Subsidiary)- Non Operational
- Property Mart (Private) Limited (Subsidiary)- Non Operational
- Mireka Residencies (Private) Limited (Sub-subsidiary)-Non Operational
- Mireka Property (Private) Limited (Sub-subsidiary)-Non Operational

2.1.3 Current versus Non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- It does not have a right at reporting date to defer the settlement of the liability by transfer of cash or other assets for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.1.4 Segmental 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 segmental reporting format is determined to be a business segment.

2.2 Significant Accounting Judgments, Estimates and Assumptions

2.2.1 Critical Judgments in Applying the Accounting Policies

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of Property

The Group determines whether a property is classified as Investment Property, owner occupied property or inventories, using significant judgment as disclosed in Note 5 and Note 6.

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

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

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

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

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the

commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

2.2.2 Critical Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimation of fair value of Investment Properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used, as there is a lack of comparable market data because of the nature of the properties. In addition, it measures the office properties at revalued amounts, with changes in fair value being recognised in OCI. The office properties were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2023 of the investment properties.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 5.

Estimation of net realisable value for inventories.

At year end, the Group holds inventories is stated at the lower of cost and net realisable value (NRV).

NRV for completed inventories work in progress is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for property in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs

Notes to the Financial Statements contd.

to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

2.2.3 Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 32
- Financial risk management and policies Note 31
- Sensitivity analyses disclosures Notes 5, 16 and 31.

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.

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 Statement of Profit or Loss.

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

The 15 year tax exemption period commenced in 2005 and ended in 2020 where business income is exempted and other income is taxable at normal rate. Thereafter Company is taxed at 2% on turnover for another 15 years until 2035. Other income shall be liable to income tax at the rate of 30% as per the Inland Revenue Act No. 24 of 2017 and subsequent amendments there to.

Havelock City (Private) Limited

Pursuant to the agreement with the Board of Investment of Sri Lanka (BOI) dated 10 June 2016, Havelock City (Private) Limited is exempted from income tax for a period of 15 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 the BOI agreement. The Company commence its commercial operations in 2023.

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 was 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 the BOI agreement.

The 12 years tax exemption period commenced in 2007 and ended in 2019 and income tax rate at 10% for 2020 and 2021, thereafter sources falling under the BOI agreement is liable to income tax at 15%. Income from sources falling outside the BOI approved business, is liable to income tax at 30%, as per the Inland Revenue Act No. 24 of 2017 and subsequent amendments there to.

All other operating subsidiaries are liable to pay income tax at 30%.

Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

Deferred taxation on Investment Property and owner occupied property

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 at 2% based on its turnover.

During the year, the Income tax provisions for the year ended 31st December 2021 have been made as per the provisions of the Inland Revenue Act No. 24 of 2017 (as amended subsequently). Based on the new law, the gain arising from sale of Investment property and owner occupied property is treated as part of business income, provided that management will execute the option given in the BOI agreement to be taxed at 2% on turnover. As a result, the Company has recognized a deferred tax liability on Company's Investment Property and owner occupied property considering possible tax liability that could arise at the time of sale as per the provisions of the Inland Revenue Act No. 24 of 2017 by applying the applicable tax rate of 2% based on the BOI agreement.

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, 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

Notes to the Financial Statements contd.

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 from contracts with customers

The Group is in the business of providing real estate and related services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.2.1.

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

The Group has identified the following revenue streams that are in the scope of SLFRS 15:

- a) Sale of property
- b) Rental and Service charge

a) Sale of property

The Group enters into contracts with customers to sell properties that are either completed or under development.

Revenue recognised at a point in time

The sale of completed property is generally expected to be the single performance obligation and the Group has determined that it will be satisfied at the point in time when control transfers. For unconditional exchange of contracts, this is generally expected to be when legal title transfers to the customer. For conditional exchanges, this is expected to be when all significant conditions are satisfied. The determination of transfer of control for both unconditional and conditional exchanges are not expected to change upon the adoption of SLFRS 15.

For sales of properties under development currently recognised upon completion, the Group generally expects that control will transfer at a point in time. However, the Group has determined that, for its typical contracts, its

performance does not create an asset with alternative use to the Group and it has concluded that it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts.

During the year group has not recognised revenue under this method.

Revenue recognised over time

For contracts relating to the sale of properties under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures (e.g., windows, doors, cabinetry, etc.) and finishing work. In such contracts, the Group has determined that the goods and services are not distinct and will generally account for them as a single performance obligation. Depending on the terms of each contract, the Group will determine whether control is transferred at a point in time or over time:

- For sales of properties under development currently recognised on a percentage-of-completion basis, the Group expects to continue recognising revenue over time because it expects that control will transfer over time. Generally, its performance does not create an asset with alternative use to the Group and the Group has concluded that it has an enforceable right to payment for performance completed to date.

For contracts that meet the over time recognition criteria, the Group's performance is expected to be measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the properties. The Group will exclude the effect of any costs incurred that do not contribute to the Group's performance in transferring control of goods or services to the customer (such as unexpected amounts of wasted materials, labour or other resources) and will adjust the input method for any costs incurred that are not proportionate to the Group's progress in satisfying the performance obligation (such as uninstalled materials). This will be consistent with current practice. As a result, no adjustment is expected on transition to SLFRS 15 for those contracts currently recognised over time.

Contracts involving the sale of properties under development recognised over time and the sale of properties under development recognised at a point in time,

the Group is entitled to receive an advance payment. This is not considered a significant financing component because it is for reasons other than the provision of financing to the Group. This is because payments are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payment.

b) Rental and Service charges

For investment properties held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of SLFRS 16. These agreements include certain services offered to tenants comprising the overall property management, including common area maintenance services (such as cleaning, security). These services are specified in the lease agreements and separately invoiced.

Consistent with current accounting, the Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of SLFRS 16. The Group will allocate the consideration in the contract to the separate lease and revenue (non-lease) components on a relative basis, consistent with current accounting.

For the revenue component, the Group has concluded that these services represent a series of daily services that are individually satisfied over time and will apply a time-elapsed measure of progress. The consideration charged to tenants for these services includes fees charged based on a rate per square feet occupied and reimbursement of certain expenses incurred. The Group has determined that this variable consideration only relates to this non-lease component and that allocating it to each distinct period of service (i.e., each day) meets the variable consideration allocation exception criteria. The Group does not expect SLFRS 15 to have an impact on the accounting for service charges, as this accounting is aligned with the current accounting.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section p) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group executed performance obligations under the contract. The Customer deposits disclosed under Note 18 is considered as contract liabilities.

c) 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 Statement of Profit or Loss when they arise.

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.

Notes to the Financial Statements contd.

(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.

2.3.7 Inventories

Work-in-Progress

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 properties 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 incurred up to the point of commencing revenue recognition under SLFRS 15 (revenue recognized over the period), planning and design costs, costs of site preparation, property transfer taxes, construction overheads and other related costs.

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

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

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

Consumables and Spares

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

2.3.8 Cash and Short-Term Deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

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 Statement of Profit or Loss.

2.3.10 Financial Instruments - Initial Recognition and Subsequent Measurement

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

2.3.10.1 Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and short-term deposits, trade and other receivables and other financial assets.

Financial assets at fair value through profit or loss

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

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

This category includes short term investments which the Group had not irrevocably elected to classify at fair value through OCI. Income from these investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- 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

Notes to the Financial Statements contd.

When the Group has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. 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

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade receivables, including contract assets Note 11

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial

asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.3.10.2 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

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

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the statement of profit or loss.

This category applies to interest-bearing loans and borrowings. For more information, refer to Note 15.2.

Derecognition

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.3.10.3 Fair Value Measurement

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

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

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

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

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

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

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

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the

lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

External valuer, Mr. P.B Kalugalgedara is involved in valuation of significant assets, such as Investment properties and Buildings. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuer, which valuation techniques and inputs to use for each case.

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

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

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

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Note 5
- Quantitative disclosures of fair value measurement hierarchy Note 5
- Property, plant and equipment under revaluation model Note 6
- Investment properties Note 5
- Financial instruments (including those carried at amortised cost) Note 15

Notes to the Financial Statements contd.

2.3.11 Investments

a) Investment in Subsidiaries

Investments are stated at cost in the Company's financial Statements. Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions for other than temporary declines in carrying amounts are charged to the Statement of Profit or Loss.

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 completed or under development properties that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, both investment property completed and investment property under development are stated at fair value, which reflects market conditions at the reporting date

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 Statement of Profit or Loss during the financial period in which they are incurred.

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited

external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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), 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.

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 Statement of Profit or Loss:

- 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. These costs are included in statement of Profit or Loss.

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 indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU 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 Statement of Profit or Loss 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 Statement of Profit or Loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.16 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that asset is not explicitly specified in an arrangement.

Group as Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Financial Statements contd.

2.4 Comparative Information

Presentation and classification of the financial statements of the previous year have been amended, where relevant for better presentation and to be comparable with those of current year. These have not resulted any change in results of the Company and Group.

2.5 Effect of Sri Lanka Accounting Standards (SLFRS) Issued but not Yet Effective:

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

3. REVENUE

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue from contracts with customers	1,163,078,498	12,391,355,233	-	-
Rental & Service Charge	3,913,397,401	2,654,281,275	2,400,056,391	2,112,228,234
	5,076,475,899	15,045,636,508	2,400,056,391	2,112,228,234

The Group has entered into leases on its property portfolio. The commercial property leases typically have lease terms between 1 and 5 years and includes clauses to enable upward revision of the rental charge according to prevailing market conditions

Future rental receivables under operating leases as at 31st December 2023 are as follows.

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
No later than 1 year	4,246,077,177	1,934,310,545	2,245,849,602	1,877,332,827
Later than 1 year and no later than 2 years	3,434,148,393	1,509,668,389	1,436,930,704	1,465,312,198
Later than 2 years and no later than 3 years	2,533,120,400	686,707,762	751,784,226	640,772,541
Later than 3 years and no later than 4 years	1,252,810,585	354,818,282	174,007,507	304,224,149
Later than 4 years and no later than 5 years	656,864,634	80,800,357	115,988,437	50,664,512
Over 5 Years	1,666,924,783	-	-	-
Total	13,789,945,972	4,566,305,335	4,724,560,476	4,338,306,227

3.1 Rental Income and Revenue Contract with customers

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Rental income				
Revenue from contracts with customers	1,163,078,498	12,391,355,233	-	-
	1,163,078,498	12,391,355,233	-	-
Rental Income				
Rental income (Excluding Straight-Lining of Lease Incentives)	3,885,199,894	2,593,830,071	2,418,821,218	2,052,523,387
Straight-lining of lease incentives	28,197,507	60,451,204	(18,764,827)	59,704,847
	3,913,397,401	2,654,281,275	2,400,056,391	2,112,228,234
Total rental income and revenue from contracts with customers	5,076,475,899	15,045,636,508	2,400,056,391	2,112,228,234

Notes to the Financial Statements contd.

3.2 Operating Expenses

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Property Rates and Members Contribution	634,469,516	511,595,478	612,458,569	494,801,322
Cost of Sales of Property Services	786,811,865	327,064,765	-	-
Total Direct Operating Expenses	1,421,281,381	838,660,243	612,458,569	494,801,322
*Cost of Sales of Apartments	336,419,226	7,363,634,749	-	-
Total Direct Operating Expenses and Cost of Sales	1,757,700,607	8,202,294,992	612,458,569	494,801,322

4. SEGMENTAL INFORMATION

The Group has three business segments, Property Leasing, Property Trading and Property Services. Property Leasing is derived by Overseas Realty (Ceylon) PLC (ORC PLC), Havelock City (Pvt) Ltd (HCL) and Overseas Realty Investments (Pvt) Ltd (ORIL). Property Trading is derived by Mireka Capital Land (Pvt) Ltd (MCL) and Mireka Homes (Pvt) Ltd (MHL). Property Services are derived by Realty Management Services (Pvt) Ltd (RMS) and Overseas Realty Trading (Pvt) Ltd (ORTL). ORC PLC and ORIL earns rental income through renting out the space at World Trade Center located at Echelon Square, Colombo 1. HCL earns rental income through renting out space at the Mireka Tower and Shopping Mall at Havelock City. MCL earns revenue through the sale of land and infrastructure and MHL earns revenue through the sale of condominium units at Havelock City. RMS earns revenue through Property Management and Real Estate Agency Services, while ORTL earns revenue through the sale of lighting solutions and other building materials.

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

4.1 Segmental Results

	2023						2022									
	Property Leasing		Property Trading		Property Services		Inter/Intra Segment Eliminations		Consolidated 2023		Property Services		Inter/Intra Segment Eliminations		Consolidated 2022	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Revenue from contracts with customers	-	1,163,078,498	-	-	-	1,163,078,498	-	12,687,611,908	-	12,687,611,908	-	(296,256,675)	-	12,391,355,233		
Rental & Service Charge	3,463,387,653	-	450,009,748	-	3,913,397,401	2,190,806,555	-	463,474,719	-	463,474,719	-	-	-	2,654,281,274		
Total Revenue	3,463,387,653	1,163,078,498	450,009,748	-	5,076,475,899	2,190,806,555	12,687,611,908	463,474,719	-	15,045,636,507						
Direct Operating Expenses	(1,093,663,749)	-	(327,617,632)	-	(1,421,281,381)	(511,595,478)	-	(327,064,765)	-	(838,660,243)						
Cost of Sales	-	(385,601,508)	-	49,182,282	(336,419,226)	-	(7,449,216,883)	-	85,582,135	(7,363,634,748)						
Gross Profit/ (Loss)	2,369,723,904	777,476,990	122,392,116	49,182,282	3,318,775,292	1,679,211,077	5,238,395,025	136,409,954	85,582,135	6,843,341,516						
Fair Value Gain on Investment Property	498,593,066	-	-	-	498,593,066	317,025,234	-	-	-	317,025,234						
Administration Expenses	(665,342,607)	(146,012,088)	(125,815,877)	-	(937,170,572)	(232,831,113)	(307,435,190)	(108,793,799)	-	(649,060,102)						
Marketing and Promotional Expenses	(83,000,344)	(133,804,012)	(2,807,273)	-	(219,611,629)	-	(297,328,335)	(3,289,048)	-	(300,617,383)						
Exchange Gain/(Loss)	2,151,914,065	279,374,887	(1,927,690)	-	2,429,361,262	162,362,479	14,196,873	12,078,638	-	188,637,991						
Finance Cost	(1,659,822,393)	(153,641,500)	(6,161,281)	29,171,046	(1,790,454,128)	(90,896,028)	-	(2,460,208)	31,456,765	(61,899,471)						
Finance Income	762,775,721	226,744,510	9,798,835	(65,199,362)	934,119,704	534,980,876	139,952,674	4,789,582	(31,456,765)	648,266,367						
Other Income	-	77,620,244	-	-	77,620,244	55,000,000	38,957,027	-	(55,000,000)	38,957,027						
Net Profit Before Tax	3,374,841,412	927,759,031	(4,521,170)	13,153,966	4,311,233,239	2,424,852,525	4,826,738,074	38,735,119	30,582,135	7,024,651,179						

Notes to the Financial Statements contd.

4.2 Segmental Assets and Liabilities

	Rental and Other Services (Property Leasing) Rs.	Sale of Apartments (Property Trading) Rs.	Realty Services (Property Services) Rs.	Inter/Intra Segment Eliminations Rs.	Consolidated Rs.
2023					
Total Assets	88,600,082,166	25,342,280,924	226,216,139	(35,934,723,081)	78,233,856,148
Total Liabilities	23,404,489,831	1,441,878,521	133,210,641	(865,049,413)	24,114,529,580

2022

Total Assets	46,455,181,295	46,489,687,487	211,173,879	(14,763,758,542)	78,392,284,119
Total Liabilities	2,595,740,414	24,162,830,437	99,288,617	(255,092,272)	26,602,767,196

4.3 Other Segmental Information

	2023				2022			
	Property leasing Rs.	Property Trading Rs.	Property Services Rs.	Consolidated Rs.	Property leasing Rs.	Property Trading Rs.	Property Services Rs.	Consolidated Rs.
Total Cost Incurred during the Year to Acquire								
- Property, Plant and Equipment	60,717,675	-	706,280	61,423,955	1,067,758	72,243,728	1,465,499	74,776,985
Depreciation								
- Charge for the Year	33,526,821	19,285,344	1,808,368	54,620,533	11,182,383	23,336,319	2,317,753	36,836,455
Amortization	4,611,200	-	-	4,611,200	4,586,520	-	-	4,586,520
Employee Benefit Costs	11,930,313	7,107,661	1,327,530	20,365,504	7,757,860	6,883,815	2,465,907	17,107,582

5. INVESTMENT PROPERTY

The Group's Investment Property consist of those that are completed as well as under development. These are measured at fair value.

5.1 Investment Property Completed

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 1 January	27,763,638,947	27,446,613,713	26,855,002,947	26,548,457,713
Additions/Transferred	39,443,808,405	-	-	-
Fair value Gain/(Loss) Completed Investment Property	498,593,066	317,025,234	284,108,324	306,545,234
As at 31 December, total Completed Investment Property	67,706,040,418	27,763,638,947	27,139,111,271	26,855,002,947

The detail of Fair Value of Investment Properties of the Group as follows;

	Type	Location	Valuation Technique	Area (Acres/Rood/ Perch)	Value in Rs.
Company					
Overseas Realty Ceylon PLC	Condominium Unit	Colombo 01	Discounted Cash Flow (DCC)	2A	26,744,111,271
Overseas Realty Ceylon PLC	Land	Galle	Open Market Value (OMV)	1A , 2R , 24.7P	395,000,000
					27,139,111,271
Group					
Overseas Realty Investment (Pvt) Ltd	Condominium Unit	Colombo 01	Discounted Cash Flow (DCC)	-	946,858,000
Havelock City (Pvt) Ltd	Commercial Building	Colombo 05	Discounted Cash Flow (DCC)	4A , 3R , 32P	39,620,071,147
					67,706,040,418

5.2 Investment Property Under Development

	2023 Rs.	2022 Rs.
At 1 January	38,262,037,589	25,637,156,828
Capital Expenditure	-	11,641,853,990
Borrowing Cost Capitalized	-	983,026,771
Transferred to Investment Property	(38,262,037,589)	-
At 31 December	-	38,262,037,589

The significant assumptions used by the valuer in the years 2023 and 2022 are as follows:

5.3 Significant Unobservable Inputs

	Valuation Technique	World Trade Center		Havelock City-Mall		Havelock City - Office Tower	
		2023	2022	2023	2022	2023	2022
Estimated Market Rent per sq:ft	Discounted cash flow (DCF method)	: Rs.360-530	: Rs.380-450	: Rs.750	-	: Rs.500	-
Rate of Growth in Future Rentals		: 1 to 2 years 0%	: 1 to 2 years 0%	: 1 years 0%	-	: 1 years 0%	-
		: 3-10 years 2% p.a.	: 3-10 years 2% p.a.	: 2-5 years 3% p.a.	-	: 2-3 years 10% p.a.	-
		: After 10 years 0% p.a.	: After 10 years 0% p.a.	: 6 - 10years 5% p.a.	-	: 4 - 10years 5% p.a.	-
Anticipated Maintenance Cost		: 48% of rentals	: 47% of rentals	: 42.5 % of rentals	-	: 42.5 % of rentals	-
Capitalization Rate	: 6.75% p.a.	: 6.75% p.a.	: 6.25% p.a.	-	: 6.25% p.a.	-	

Notes to the Financial Statements contd.

5.3.A The Group's Investment Properties were valued as at 31 December 2023 by Mr. P. B. Kalugalagedara independent professionally qualified, Chartered Valuation surveyer who has recent experience in the locations and types of investment properties valued.

Fair value of the Investment Property was appraised in accordance with Sri Lanka Accounting Standards and 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.

5.3.B Description of the valuation technique

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the asset.

5.4 Sensitivity Analysis of Assumptions Employed in Investment Property Valuation

Group

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 2023.

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in each aspect (taken individually, while other variables are held constant) on the profit or loss and carrying value of Investment Property for the year.

2023

Capitalisation Rate	Increase / (Decrease)		Completed Investment property	
	Growth in Future Rentals	Anticipated Maintenance Cost	Investment Property valuation Rs.	Fair Value Gain/(Loss) on Investment Property: Rs.
1%			57,236,187,085	(10,431,478,034)
-1%			79,973,134,060	12,305,468,941
	1%		71,262,822,099	3,595,156,980
	-1%		67,769,681,187	(132,881,430)
		5%	64,307,752,402	(3,359,912,717)
		-5%	69,346,128,857	1,984,990,355

2022

Increase / (Decrease)				Completed Investment property		Investment property under development	
Capitalisation Rate	Growth in Future Rentals	Anticipated Maintenance Cost	Project completion	Investment Property valuation Rs.	Fair Value Gain/(Loss) on Investment Property Rs.	Investment Property valuation Rs.	Fair Value Gain/(Loss) on Investment Property Rs.
1%				23,649,196,614	(3,733,786,333)	32,729,345,367	(5,600,712,047)
-1%				32,437,419,190	5,054,436,243	46,049,822,626	7,719,765,212
	1%			29,292,490,287	1,909,507,340	41,189,389,652	2,859,332,238
	-1%			25,841,495,884	(1,767,608,403)	35,672,272,435	(2,657,784,979)
		5%		26,210,605,071	(1,172,377,876)	36,985,502,638	(1,344,554,776)
		-5%		28,555,361,413	1,172,378,466	39,674,526,569	(53,250,949)
			1%	-	-	38,850,534,918	5,826,706
			-1%	-	-	38,838,881,506	(5,826,706)

Company

2023

Increase / (Decrease)				
Capitalisation Rate	Growth in Future Rentals	Anticipated Maintenance Cost	Investment Property valuation Rs.	Fair Value Gain/(Loss) on Investment Property Rs.
1%			23,031,534,376	(3,712,576,895)
-1%			31,780,365,051	5,036,253,780
	1%		28,360,713,994	1,616,602,723
	-1%		30,081,348,552	3,337,237,281
		5%	25,685,612,039	(1,058,499,232)
		-5%	27,802,544,903	1,058,433,632

2022

Capitalisation Rate	Growth in Future Rentals	Anticipated Maintenance Cost	Investment Property valuation Rs.	Fair Value Gain/(Loss) on Investment Property Rs.
1%			22,864,358,855	(3,609,988,092)
-1%			31,361,292,427	4,886,945,480
	1%		28,320,961,886	1,846,614,939
	-1%		24,765,369,122	(1,708,977,825)
		5%	25,387,091,186	(1,087,255,761)
		-5%	27,561,602,978	1,087,256,031

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

Notes to the Financial Statements contd.

5.4 Rental Income earned and Direct operating expenses relating to Investment Property is tabulated below:

	Group (Rs. Mn)		Company (Rs. Mn)	
	2023	2022	2023	2022
Rental income	3,463	2,527	2,400	2,448
Direct operating expenses	1,094	629	612	612

6. PROPERTY, PLANT AND EQUIPMENT

6.1 Group

6.1.1 Gross Carrying Amounts

At Cost or Valuation	At Cost				At Valuation			Total Gross Carrying Amount
	Land**	Temporary Building	Equipment	Computer and Electronic Equipment	Furniture and Fittings	Motor Vehicles	Buildings	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 January 2023	86,144,695	3,747,975	60,817,617	95,388,809	71,450,031	14,963,150	1,225,867,636	1,558,379,913
Additions during the Year	-	-	17,583,063	16,141,451	27,699,441	-	(27,905,010)	33,518,945
Revaluations	-	-	-	-	-	-	34,354,230	34,354,230
Balance as at 31 December 2023	86,144,695	3,747,975	78,400,680	111,530,260	99,149,472	14,963,150	1,232,316,856	1,626,253,088

6.1.2 Depreciation

	Temporary Building	Equipment	Computer and Electronic Equipment	Furniture and Fittings	Motor Vehicles	Buildings	Total Depreciation
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 January 2023	3,294,091	32,214,137	58,540,419	42,787,582	14,091,123	-	150,927,352
Charge for the Year	453,884	8,224,964	12,057,562	5,918,390	60,723	27,905,010	54,620,533
Transfers*	-	-	-	-	-	(27,905,010)	(27,905,010)
Balance as at 31 December 2023	3,747,975	40,439,101	70,597,981	48,705,972	14,151,846	-	177,642,875

6.1.3 Net Book Value

	2023 Rs.	2022 Rs.
At Cost		
Land	86,144,695	86,144,695
Temporary Building	-	453,884
Equipment	37,961,579	28,603,480
Computers and Electronic Equipment	40,932,279	36,848,390
Furniture and Fittings	50,443,500	28,662,449
Motor Vehicles	811,304	872,027
	216,293,357	181,584,925
At Valuation		
Buildings	1,232,316,856	1,225,867,636
	1,232,316,856	1,225,867,636
	1,448,610,213	1,407,452,561

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

6.2 Company

	At Cost			At Valuation		Total Gross Carrying Amount Rs.
	Equipment Rs.	Computers and Electronic Equipment Rs.	Furniture and Fittings Rs.	Motor Vehicles Rs.	Buildings Rs.	

6.2.1 Gross Carrying Amounts

Balance as at 1 January 2023	8,713,055	32,862,121	20,606,803	14,160,575	467,230,635	543,573,189
Additions during the Year	540,000	848,500	194,400	-	(12,732,270)	(11,149,370)
Revaluation	-	-	-	-	3,818,490	3,818,490
Balance as at 31 December 2023	9,253,055	33,710,621	20,801,203	14,160,575	458,316,855	536,242,309

6.2.2 Depreciation

Balance as at 1 January 2023	8,053,388	29,019,624	17,204,633	14,019,627	-	68,297,272
Charge for the Year	199,409	1,233,618	1,044,513	60,723	12,732,270	15,270,533
Transfers*	-	-	-	-	(12,732,270)	(12,732,270)
Balance as at 31 December 2023	8,252,797	30,253,242	18,249,146	14,080,350	-	70,835,535

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

Notes to the Financial Statements contd.

6.2.3 Net Carrying Amounts

	2023 Rs.	2022 Rs.
At Cost		
Equipment	1,000,258	659,667
Computers and Electronic Equipment	3,457,379	3,842,497
Furniture and Fittings	2,552,057	3,402,170
Motor Vehicles	80,225	140,948
	7,089,919	8,045,282
At Valuation		
Buildings	458,316,855	467,230,635
	458,316,855	467,230,635
	465,406,774	475,275,917

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 2023 by Mr. P.B. Kalugalagedera, an independent valuer. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31 December 2023. The surplus arising from the revaluation was transferred to a revaluation reserve. The valuation that was used to ascertain the value of investment property was used for the determination of the fair value of the Buildings-Level 18 carried at fair value. Further, similar assumptions have been used in determining the fair value of the property as given in Note 6.2.

6.4 The fair value of Building (Club House at Havelock City) was determined by means of a revaluation using the replacement cost approach during the financial year 2023 by Mr. P.B. Kalugalagedera, an independent valuer. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31 December 2023.

6.5 Cash payments amounting to Rs. 61,423,955/- (2022 : Rs. 74,776,985/-) were made during the year by the Group and Rs. 1,582,900/- (2022 : Rs. 1,067,758/-) were made by the Company for purchase of Property, Plant and Equipment.

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

	2023	2022
Buildings	Over 50 Years	Over 50 Years
Temporary Building	Over 5 Years	Over 5 Years
Computer and Electronic Equipment	Over 4 Years	Over 4 Years
Equipment	Over 5 - 10 Years	Over 5 - 10 Years
Furniture & Fittings	Over 10 Years	Over 10 Years
Motor Vehicles	Over 5 Years	Over 5 Years

6.7 Property, Plant and Equipment of the Group and the Company includes fully depreciated assets having a gross carrying amount of Rs.129,561,668/- and Rs. 68,448,490/- (2022 : Rs.128,302,098/- and Rs.68,448,490/-) respectively.

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	Cumulative Depreciation If assets were carried at cost	Net Carrying	Net Carrying
			Amount	Amount
Group	Rs.	Rs.	2023 Rs.	2022 Rs.
Building - Level 18	87,431,566	(35,513,124)	51,918,442	53,375,634
Building - Club House	728,785,769	131,053,325	597,732,444	612,308,160

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

7. INTANGIBLE ASSETS

7.1 Group/Company

	Group			Company		
	WTC Membership Rs. (Note 7.2)	Computer Software Rs. (Note 7.3)	Total Rs.	WTC Membership Rs. (Note 7.2)	Computer Software Rs. (Note 7.3)	Total Rs.
Summary						
Cost						
As at 1 January 2023	7,297,734	48,458,072	55,755,806	7,297,734	48,458,072	55,755,806
Additions	-	5,089,001	5,089,001	-	-	-
As at 31 December 2023	7,297,734	53,547,073	60,844,807	7,297,734	48,458,072	55,755,806
Amortization						
As at 1 January 2023	7,297,734	41,617,931	48,915,665	7,297,734	41,617,931	48,915,665
Amortization for the Year	-	4,611,200	4,611,200	-	4,389,575	4,389,575
As at 31 December 2023	7,297,734	46,229,131	53,526,865	7,297,734	46,007,506	53,305,240
Net book value						
As at 1 January 2023	-	6,840,141	6,840,141	-	6,840,141	6,840,141
As at 31 December 2023	-	7,317,942	7,317,942	-	2,450,566	2,450,566

7.2 WTC membership fee represent the original amount paid to be eligible to use the trade name "World Trade Centre".

7.3 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 Statement of Profit of Loss.

Notes to the Financial Statements contd.

8. INVESTMENTS IN SUBSIDIARIES

	% Holding	Company	
		2023 Rs.	2022 Rs.
Non-Quoted Investment at cost			
Mireka Capital Land (Pvt) Ltd.	100%	13,634,322,400	13,634,322,400
Hospitality International (Pvt) Ltd.	100%	112,159,107	112,159,107
Realty Management Services (Pvt) Ltd.	100%	10,020	10,020
Overseas Realty Trading (Pvt) Ltd	100%	10	10
Property Mart (Pvt) Ltd.	100%	20	20
Overseas Realty Investments (Pvt) Ltd	100%	74,552,141	74,552,141
		13,821,043,698	13,821,043,698
Provision for Impairment: Hospitality International (Pvt) Ltd.		(112,159,107)	(112,159,107)
		13,708,884,591	13,708,884,591

8.1 All subsidiaries are incorporated in Sri Lanka.

9. DEFERRED TAX

9.1 Group

	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive income	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred Tax Assets Arising on:						
Unused Carried Forward Tax Losses	18,440,425	131,642,808	(113,202,383)	19,511,707	-	-
Post Employment Benefit Liability	3,118,270	6,141,195	1,633,806	2,916,006	(4,656,731)	(46,117)
Property Plant and Equipment	857,831	120,415	737,415	(176,711)	-	-
	22,416,526	137,904,418	(110,831,162)	22,251,002	(4,656,731)	(46,117)
Deferred Tax Liability Arising on:						
Investment Property	(946,282,719)	(809,690,859)	(136,591,860)	(63,124,175)	-	-
Property Plant and Equipment	(9,232,177)	(112,986,688)	103,931,410	(8,848,969)	(176,898)	(13,863,445)
	(955,514,896)	(922,677,547)	(32,660,450)	(71,973,144)	(176,898)	(13,863,445)
Deferred Tax Expense/(Income)	(933,098,370)	(784,773,129)	(143,491,612)	(49,722,142)	(4,833,629)	(13,909,562)
Net Deferred Tax Asset/(Liability)						

Reflected in the Statement of Financial Position as follows:

	2023 Rs.	2022 Rs.
Balance brought forward	784,773,129	721,141,425
Deferred Income Tax (Credit)/Charge-Statement of Profit or Loss	143,491,612	49,722,142
Deferred Income Tax (Credit)/Charge- Statement of Comprehensive Income	4,833,629	13,909,562
Net Deferred Tax (Asset)/Liability	933,098,370	784,773,129

9.2 Company

	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2023: Rs.	2022 Rs.	2023: Rs.	2022 Rs.	2023: Rs.	2022 Rs.
Deferred Tax Assets Arising on:						
Post Employment Benefit Liability	603,880	634,110	(36,422)	102,564	6,192	(86,437)
	603,880	634,110	(36,422)	102,564	6,192	(86,437)
Deferred Tax Liability Arising on:						
Investment Property	(542,782,225)	(537,100,059)	(5,682,166)	(6,130,905)	-	-
Property Plant and Equipment	(9,308,136)	(9,505,518)	273,752	202,293	(76,370)	(1,355,528)
	(552,090,361)	(546,605,577)	(5,408,414)	(5,928,612)	(76,370)	(1,355,528)
Deferred Tax Expense/(Income)			(5,444,837)	(5,826,048)	(70,178)	(1,441,965)
Net Deferred Tax Asset/(Liability)	(551,486,481)	(545,971,467)				

9.3 Reflected in the Statement of Financial Position as follows:

	2023 Rs.	2022 Rs.
Balance brought forward	545,971,467	538,703,454
Deferred Income Tax (Credit)/Charge-Statement of Profit or Loss	5,444,837	5,826,048
Deferred Income Tax (Credit)/Charge- Statement of Comprehensive Income	70,178	1,441,965
Net Deferred Tax (Asset)/Liability	551,486,481	545,971,467

10. INVENTORIES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
10.1 Summary				
Land Stock	89,480,683	89,480,683	-	-
Completed Apartments for Sale	1,716,144,771	2,042,865,754	-	-
	1,805,625,454	2,132,346,437	-	-
Consumables and Spares	63,828,192	59,373,508	-	-
	1,869,453,646	2,191,719,945		
10.2 Non Current Inventories				
Land Stock	89,480,683	89,480,683	-	-
	89,480,683	89,480,683	-	-
10.3 Current Inventories				
Completed Apartments for Sale	1,716,144,771	2,042,865,754	-	-
Consumables and Spares	63,828,192	59,373,508	11,037,971	16,195,290
	1,779,972,963	2,102,239,262	11,037,971	16,195,290
	1,869,453,646	2,191,719,945	11,037,971	16,195,290

Notes to the Financial Statements contd.

10.4 A Summary of Movement in Inventories are Set out below:

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At 1 January	2,191,719,945	7,567,579,944	16,195,290	9,628,537
Incurred during the year	138,052,557	86,917,275	25,492,883	48,096,304
Recognised in Cost of Sales	(425,265,973)	(5,421,247,724)	-	-
Recognised in Administration Expense	(35,052,883)	(41,529,550)	(30,650,202)	(41,529,550)
At 31 December	1,869,453,646	2,191,719,945	11,037,971	16,195,290

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Rent and Service Charge Receivables	433,563,017	313,020,914	432,968,584	313,020,914
Trade Receivables	1,084,628,881	1,648,712,623	-	-
Other Receivables	1,518,191,898	1,961,733,537	432,968,584	313,020,914
Accrued Rental Income	694,403,275	1,878,605,936	357,528,182	216,403,148
Advances and Prepayments	248,359,277	278,146,592	248,359,277	267,124,104
	2,460,954,450	4,118,486,065	1,038,856,043	796,548,166
	398,532,513	202,498,942	348,793,883	358,220,286
	2,859,486,963	4,320,985,007	1,387,649,926	1,154,768,452

11.2 As at 31 December, the age Analysis of Trade Receivables, is as follows:

	Total	Past Due but not Impaired					
		Before 30 days	31-60 days	61-90 days	91-120 days	121-150 days	> 150 days
Group							
2023	1,518,191,898	563,026,345	264,258,457	190,019,621	42,923,496	357,091,904	100,872,075
2022	1,961,733,537	779,744,534	176,379,994	223,361,340	341,906,758	4,638,428	435,702,483
Company							
2023	432,968,584	62,148,991	162,161,779	99,702,340	37,758,471	2,191,716	69,005,287
2022	313,020,914	27,138,662	36,083,365	202,004,034	13,665,958	532,291	33,596,603

11.3 Rent and Service Charge Receivable are not interest bearing and usually due within 30 days. The Group holds no collateral in respect of these receivables. However the Group is in a position to recover long outstanding dues from rental deposits and customer deposits obtained from customers and tenants, which is over and above the dues on account of rent and service charge receivable. In the case of apartments the group delivers the unit once all payments dues are settled, and has the right to repudiate for non settlement.

12. OTHER ASSETS - NON CURRENT

Relationship	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Amounts Due From Related Party (Note 12.2)	-	-	100,000,000	115,000,000
Unquoted Preference Shares (Note 12.3)	-	-	351,600,000	351,600,000
	-	-	451,600,000	466,600,000

12.1 Other Assets - Current

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Amounts Due From Related Party (Note 12.4)	-	-	5,000,000	18,252,426
	-	-	5,000,000	18,252,426

12.2 Amounts Due From Related Party - Financial Asset- Non Current

Relationship	Company	
	2023 Rs.	2022 Rs.
Overseas Realty Investments (Pvt) Ltd.	100,000,000	115,000,000
	100,000,000	115,000,000

12.2.1 The terms of Interest bearing borrowings are as follows:

Unsecured

The Interest rate is Prime Lending Rate + 2% and calculated quarterly. Repayable by Subsidiary within 20 years by lump sum payment

12.3 Unquoted Preference Shares - Non Financial Asset - Non Current

	Carrying value	
	2023 Rs.	2022 Rs.
Overseas Realty Investments (Pvt) Ltd.	351,600,000	351,600,000
	351,600,000	351,600,000

12.3.1 The terms of Interest bearing borrowings are as follows:

Issuer shall give Thirty (30) days prior notice to Company for the redemption of all or part of the preference shares.

The preference shares shall not be entitled to any fixed rate of dividend unless the company at its sole discretion declares a dividend for preference shares.

The dividend on preference shares if any shall not be cumulative.

The preference shares shall not confer any voting rights to vote at a general meeting of the company.

Notes to the Financial Statements contd.

12.4 Amounts Due From Related Party - Current

	Relationship	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Realty Management Services (Pvt) Ltd.	Subsidiary	-	-	-	1,680,114
Mireka Capital Land (Pvt) Ltd	Subsidiary	-	-	-	-
Havelock City (Pvt) Ltd	Sub-Subsidiary	-	-	-	4,222,880
Mireka Homes (Pvt) Ltd.	Sub-Subsidiary	-	-	-	-
Overseas Realty Investment (Pvt) Ltd.	Subsidiary	-	-	5,000,000	12,103,118
Overseas Realty Trading (Pvt) Ltd.	Subsidiary	-	-	-	246,314
		-	-	5,000,000	18,252,426
Less : Allowance for Impairment		-	-	-	-
		-	-	5,000,000	18,252,426

13. STATED CAPITAL

	2023 Rs.	2022 Rs.
Balance as at 1 January	18,443,353,347	18,443,353,347
Issue of shares during the Year	-	-
Balance as at 31 December	18,443,353,347	18,443,353,347

13.1 Number of Ordinary Shares

	2023	2022
Balance as at 1 January	1,243,029,582	1,243,029,582
Issue of shares during the Year	-	-
Balance as at 31 December	1,243,029,582	1,243,029,582

14. RESERVES

14.1 Revaluation Reserve

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at 1 January	575,002,528	437,703,440	464,019,853	397,598,959
Surplus during the Year	34,354,230	151,162,533	3,818,490	67,776,422
Deferred Tax Effect	(4,656,731)	(13,863,445)	(76,370)	(1,355,528)
Balance as at 31 December	604,700,027	575,002,528	467,761,973	464,019,853

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 Interest Bearing Loans and Borrowings

	2023 Amounts Repayable within 1 Year Rs.	2023 Amounts Repayable after 1 Year Rs.	2023 Total Rs.	2022 Amounts Repayable within 1 Year Rs.	2022 Amounts Repayable after 1 Year Rs.	2022 Total Rs.
15.1.1 Group						
Loan from Bank of Ceylon (BOC) (Note 15.1.3)	900,349,721	-	900,349,721	2,522,025,011	-	2,522,025,011
Loan from Commercial Bank (Note 15.1.4)	60,000,000	-	60,000,000	5,000,000	-	5,000,000
Bank Overdrafts (Note 21)	31,496,199	-	31,496,199	158,953,529	-	158,953,529
	991,845,920	-	991,845,920	2,685,978,540	-	2,685,978,540
15.1.2 Company						
Bank Overdrafts	-	-	-	60,508,925	-	60,508,925
Total Loans and Overdraft	-	-	-	60,508,925	-	60,508,925

Movement in the Interest Bearing Loans and Borrowings

15.1.3 Loan - Bank of Ceylon

	As At 01.01.2023 Rs.	Obtained during the Year Rs.	Repayments Rs.	Exchange Difference Rs.	As At 31.12.2023 Rs.
Revolving Loan	2,522,025,011	-	(1,303,087,528)	(318,587,762)	900,349,721
	2,522,025,011	-	(1,303,087,528)	(318,587,762)	900,349,721

As per the loan agreement Interest payable at 06 months SOFR plus 6% per annum (Floor Rate 8.25% p.a). The loan proceeds has been utilized for Phase III & IV of Havelock City Housing Project.

15.1.4 Loan - Commercial Bank

	As At 01.01.2023 Rs.	Obtained during the Year Rs.	Repayments Rs.	Exchange Difference Rs.	As At 31.12.2023 Rs.
Loan - Commercial	5,000,000	55,000,000	-	-	60,000,000
	5,000,000	55,000,000	-	-	60,000,000

Interest is payable AWPLR+0.5%. The loan proceeds has been utilized for working capital requirements of the business.

Notes to the Financial Statements contd.

16. POST EMPLOYMENT BENEFIT LIABILITY

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at 1 January	57,689,819	56,707,920	31,705,512	30,899,154
Charge for the Year (Note 16.1)	20,365,504	17,107,582	11,930,313	7,757,860
Actuarial (Gain)/ Loss (Note 16.2)	(963,217)	(5,650,877)	309,603	(4,321,850)
Payments Made during the Year	(20,384,653)	(10,474,807)	(13,751,448)	(2,629,652)
Balance as at 31 December	56,707,453	57,689,819	30,193,980	31,705,512

16.1 Post Employee Benefit Expense for Year Ended 31 December

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current Service Cost	9,576,118	12,530,096	3,509,560	3,720,949
Interest Cost	10,384,165	5,043,994	5,706,992	3,463,794
Past service cost	405,221	(466,508)	2,713,761	573,117
Post Employment Benefit Expense	20,365,504	17,107,582	11,930,313	7,757,860

16.2 Actuarial Gain or Loss

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Actuarial changes arising from changes in financial assumptions	(963,217)	(5,650,877)	309,603	(4,321,850)
	(963,217)	(5,650,877)	309,603	(4,321,850)

16.3 Messrs. Piyal S Goonetilleke and Associates : Actuaries, carried out an actuarial valuation of the Group as at 31 December 2023. Appropriate and compatible assumptions were used in determining the cost of post employment benefits. The principal assumptions used are as follows:

	2023	2022
a) Demographic Assumptions		
Retirement Age :	60 Years	60 Years
b) Assumed rate of employee turnover is 19% from age 20 to age 30. Such is estimated to decrease between 13% to 17% in respect of ages 35 to 40 & 10% from age 45 to 50. From which point onwards up to retirement it is estimated at 1% p.a.		
c) Financial Assumptions		
Discount Rate	14.00%	18.00%
Salary Increment Rate	8%	12%
Expected Average Future Working Life of Employees	6.25 years	6.25 years

16.4 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions used, with all other variables held constant in the post employment benefit liability measurement, in respect of the year 2023.

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

Increase/(Decrease)		Group		Company	
		2023		2023	
In Discount Rate	In Salary Increment Rate	Effect on Income Statement (reduction)/increase in results for the Year 2023	Performa Post Employment Benefit Liability 2023	Effect on Income Statement (reduction)/ increase in results for the Year 2023	Performa Post Employment Benefit Liability 2023
		Rs.	Rs.	Rs.	Rs.
-1%	-	5,002,133	61,709,586	1,168,045	31,362,025
1%	-	14,418	56,721,871	(1,082,457)	29,111,523
-	-1%	37,812	56,745,265	(1,012,470)	29,181,510
-	1%	4,942,440	61,649,893	1,077,474	31,271,454

16.5 Maturity analysis of the payment

The following payments are expected on employee benefit plan - Gratuity in future years.

As at 31st December	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Within the next 12 Months	6,574,540	7,954,790	2,422,388	3,343,741
Between 1 and 2 years	42,489,459	15,412,412	31,115,146	5,087,465
Between 2 and 5 years	18,415,763	56,362,165	3,758,234	39,570,009
Between 5 and 10 years	81,355,236	96,421,735	24,898,661	41,823,090
Beyond 10 years	278,470,679	436,964,616	71,423,529	109,029,002
Total Expected payments	427,305,677	613,115,718	133,617,958	198,853,307

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Payables - Related Parties	-	-	-	-
- Payable to Contractor	108,688,972	658,527,102	50,000	50,000
- Others	40,909,088	24,884,032	-	-
	149,598,060	683,411,134	50,000	50,000
Other Payables	1,405,462	60,937,622	987,672	3,641,376
Sundry Creditors including Accrued Expenses	924,088,150	654,077,176	97,358,419	11,663,712
	1,075,091,672	1,398,425,932	98,396,091	15,355,088

Notes to the Financial Statements contd.

18. RENTAL AND CUSTOMER DEPOSITS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Rental Deposits	1,438,274,007	1,244,274,280	1,407,911,912	1,218,437,310
Customer Deposits	622,078,329	3,012,630	-	-
	2,060,352,336	1,247,286,910	1,407,911,912	1,218,437,310
Classified Under:				
Current Liabilities	2,060,352,336	1,247,286,910	1,407,911,912	1,218,437,310
Non Current Liabilities	-	-	-	-

19. AMOUNTS DUE TO RELATED PARTIES

	Relationship	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Mireka Capital Land (Pvt) Ltd.	Subsidiary	-	-	35,137,409	35,075,261
Realty Management Services (Pvt) Ltd.	Subsidiary	-	-	-	-
Havelock City (Pvt) Ltd.	Subsidiary	-	-	584,000	-
Mireka Homes (Pvt) Ltd.	Subsidiary	-	-	207,044,656	206,761,193
Management Corporation Condominium Plan 1824	Other Related Party	-	36,307,272	-	36,307,272
Shang Kwan Pte Ltd (Note 19.1 & 19.2)	Affiliate	3,136,383,937	3,288,572,207	-	-
Shing Kwan Investment (Singapore) Pte Ltd (Note 19.1 & 19.2)	Affiliate	15,524,224,873	16,277,514,323	-	-
		18,660,608,810	19,602,393,802	242,766,065	278,143,726
Classified Under:					
Current Liabilities		-	36,307,272	242,766,065	278,143,726
Non Current Liabilities		18,660,608,810	19,566,086,530	-	-
Total		18,660,608,810	19,602,393,802	242,766,065	278,143,726

19.1 Terms of the Loans

Interest rate	3 months LIBOR + 2% p.a
Repayment of loan and interest	7 years from commencement of commercial operations or 31.12.2021 whichever occurs latter

19.2	As At 31.12.2022 Rs.	Interest Cost Rs.	Exchange Difference Rs.	As At 31.12.2023 Rs.	As At 31.12.2023 USD	As At 31.12.2022 USD
Shang Kwan Pte Ltd	3,288,572,207	226,028,126	(378,216,396)	3,136,383,937	9,539,460	8,847,145
Shing Kwan Investment (Singapore) Pte Ltd	16,277,514,323	1,118,776,123	(1,872,065,573)	15,524,224,873	47,217,668	43,790,897
	19,566,086,530	1,344,804,249	(2,250,281,969)	18,660,608,810	56,757,128	52,638,042

The Interest and the Exchange difference was capitalized to the Development Cost of the Havelock City (Pvt) Ltd's Commercial Complex during the construction Period.

Interest and Exchange differences have been charged to the income statement from 01.01.2023.

20. DIVIDEND PER SHARE AND DIVIDEND PAYABLE

Dividend per share is calculated by dividing the dividend paid/proposed for the year attributable to ordinary share holders of the Company by the weighted average number of ordinary shares outstanding during the year. Dividends on ordinary shares are recognised as a liability and deducted from equity when they are recommended and declared by the Board of Directors and approved by the shareholders. Interim dividends are deducted from Equity when they are declared and no longer at the discretion of the Company

Dividends for the year, that are approved after the reporting date and not provided for, are disclosed as an event after the reporting period in accordance with the Sri Lanka Accounting Standard – LKAS 10 on “Events after the Reporting Period” as stated in Note 30.

	Note	2023	2022
For the year ended 31st December 2023			
Dividend paid/ proposed- during the year (20.1)	20.1	1,553,786,978	1,553,786,978
Weighted average number of ordinary shares		1,243,029,582	1,243,029,582
Dividend per share		1.25	1.25
		2023	2022
		Rs.	Rs.
20.1 Dividend Paid/ Proposed During the Year			
Final dividend of Rs. 1.25 per share proposed for 2023		1,553,786,978	1,553,786,978
		1,553,786,978	1,553,786,978
20.2 Dividends Payable as at the end of the Year			
Dividends on Ordinary Shares Unclaimed		35,291,664	30,941,756
		35,291,664	30,941,756

Notes to the Financial Statements contd.

21. CASH AND SHORT TERM DEPOSITS

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash and Bank Balances	813,817,542	448,073,646	118,422,004	19,097,626
Call Deposits and Fixed Deposits	3,505,164,227	3,852,083,194	2,982,655,209	2,803,044,195
	4,318,981,769	4,300,156,840	3,101,077,213	2,822,141,821
Bank Overdraft (Note 15.2.2)	(31,496,199)	(158,953,529)	-	(60,508,925)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	4,287,485,570	4,141,203,311	3,101,077,213	2,761,632,896

22. FINANCE COST AND INCOME

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
22.1 Finance Cost				
Interest Expense on Interest Bearing Loans and Borrowings	1,546,466,847	-	-	-
Fair Value Adjustment on Rental Deposits	243,987,281	61,899,471	-	59,439,263
	1,790,454,128	61,899,471	-	59,439,263
22.2 Finance Income				
Income from Investments	673,424,737	531,430,802	465,312,404	385,855,405
Amortization of Deferred Lease Interest Income on Rental Deposits	260,694,967	116,835,565	14,861,490	116,835,565
Interest Income - Related party loan	-	-	24,306,416	30,435,730
	934,119,704	648,266,367	504,480,310	533,126,700
22.3 Other Income				
Dividend Income	-	-	-	55,000,000
Club House Income & Other Income	77,620,244	38,957,027	-	-
	77,620,244	38,957,027	-	55,000,000

23. PROFIT BEFORE TAX

Stated after Charging /(Crediting)	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Directors Fee	3,175,000	4,885,113	3,175,000	4,885,113
Auditors Remuneration	5,314,250	5,258,296	2,128,000	2,304,115
Depreciation Charge for the Year	54,620,533	25,654,072	15,270,533	11,182,383
Exchange (Gain)/Loss	(2,429,361,262)	(188,637,991)	62,667,025	(162,362,479)
Employee Benefit Expenses Including the following:				
- Staff salaries	517,258,183	370,030,701	159,986,807	123,747,163
- Defined Benefit Plan Cost - Gratuity	20,365,504	17,107,582	11,930,313	7,757,860
- Defined Contribution Plan Cost - EPF & ETF	63,385,647	51,308,899	15,345,184	14,102,393
Amortization / write off of Intangible Assets	4,389,575	4,586,520	4,389,575	4,586,520

24. TAX EXPENSES

The major components of income tax expense for the years ended 31 December 2023 and 31 December 2022 are as follows :

24.1 Statement of Profit or Loss

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current Tax Expense (24.2)	326,336,034	907,734,661	189,364,254	160,079,145
Over Provision of Current Taxes in respect of Prior Year	(11,707,212)	(12,143,108)	(11,707,212)	(11,800,506)
Deferred tax:				
Recognition of Deferred Tax on Temporary Differences	143,491,612	21,532,543	5,444,837	5,826,048
Recognition of Deferred Tax on Income Tax Rate Change	-	28,189,598	-	-
Income Tax Expense Reported in the Statement of Profit or Loss	458,120,434	945,313,694	183,101,879	154,104,687

Notes to the Financial Statements contd.

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

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Accounting Profit Before Tax	4,311,233,239	7,024,651,179	2,229,214,492	2,382,760,195
Income Exempted from Tax	(43,932,927)	(57,710,466)	(43,932,927)	(57,710,466)
Less : Other Income	(480,220,211)	(306,032,689)	(478,054,726)	(303,580,669)
Aggregate Disallowed Items	2,853,294,622	275,277,616	590,164,968	4,162,730
Aggregate Allowed Item	(3,821,385,730)	(454,984,141)	-	-
Net Profit /(Loss) from Trade	2,818,988,993	6,481,201,499	2,297,391,807	2,025,631,790
Other Income	686,157,437	448,921,734	478,054,726	303,580,669
Total Statutory Income	3,505,146,430	6,930,123,233	2,775,446,533	2,329,212,459
Less Tax Losses Claimed	(39,011,917)	(47,486,772)	-	-
Assessable Liabile Income	3,466,134,513	6,882,636,461	2,775,446,533	2,329,212,459
Income Tax at the Concession Rate 2%	45,947,836	40,512,636	45,947,836	40,512,636
Income Tax at the Concession Rate 15%	67,897,219	696,469,595	-	-
Income Tax at the Statutory Rate 24%	-	56,489,854	143,416,418	-
Income Tax at the Statutory Rate 30%	212,490,979	114,262,576	-	119,566,509
Current Tax Expense on Total Assessable income	326,336,034	907,734,661	189,364,254	160,079,145

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

24.4 The carried forward unutilized tax losses of the Company and Group respectively as at 31 December 2023 amounting to Nil and Rs.399 Mn (2022- Nil and Rs 438 Mn) respectively.

25. EARNINGS PER SHARE

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

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

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Amounts Used as the Numerator				
Net Profit Attributable to Shareholders for Earnings Per Share	3,853,112,805	6,079,337,485	2,046,112,613	2,228,655,508
Number of Ordinary Shares Used as the Denominator				
Weighted Average Number of Ordinary Shares in Issue Applicable to Earnings Per Share (Note 25.3)	1,243,029,582	1,243,029,582	1,243,029,582	1,243,029,582
Earnings Per Share - Basic and Diluted (Rs.)	3.10	4.89	1.65	1.79

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

	Group	
	2023	2022
Ordinary Shares at the beginning of the year	1,243,029,582	1,243,029,582
Weighted Average Number of Ordinary Shares in Issue	1,243,029,582	1,243,029,582

26. RELATED PARTY DISCLOSURES

26.1 Transactions with Related Entities

26.1.1 Subsidiaries

	Group		Company	
	2023	2022	2023	2022
Amounts Receivable as at 1 January	-	-	18,252,426	44,710,863
Amounts Payable as at 1 January	-	-	(278,143,726)	(1,866,370)
Loan Interest	-	-	24,306,416	14,503,379
Reimbursements / (Settlements)	-	-	(2,181,181)	(317,239,172)
Amounts Receivable as at 31 December	-	-	5,000,000	18,252,426
Amounts Payable as at 31 December	-	-	(242,766,065)	(278,143,726)

26.1.2 Affiliates

	Group		Company	
	2023	2022	2023	2022
Amounts Receivable as at 1 January	-	-	-	-
Amounts Payable as at 1 January	(19,566,086,530)	(10,052,737,024)	-	-
(Funds received) / Settlements	-	-	-	-
Interest Accrued	(1,334,804,249)	(884,311,285)	-	-
Other	2,240,281,969	(8,629,038,221)	-	-
Amounts Receivable as at 31 December	-	-	-	-
Amounts Payable as at 31 December	(18,660,608,810)	(19,566,086,530)	-	-

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

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 of the Group and the Management Committee.

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

	2023	2022
	Rs.	Rs.
Fees for Directors	3,175,000	4,885,113
Emoluments	106,362,977	106,290,705
Short Term Employment Benefits	7,922,000	9,920,000
Post Employment Benefits	14,222,848	13,677,522
	131,682,825	134,773,340

Notes to the Financial Statements contd.

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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Contracted but not Provided for Enterprise Resources Planning	-	-	-	960,705
Havelock City Project	-	500,608,038	-	-
	-	500,608,038	-	960,705

28. CONTINGENCIES

Legal Claim:

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

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

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

29. ASSETS PLEDGED

Company	Nature of the Asset	Nature of Liability	Land Extent			Group Fair value of the Assets pledged	
						2023	2022
Havelock City (Pvt) Ltd	Land and Building	Primary mortgage over loans and borrowings to the extent of Rs.9 Bn	A	R	P	Rs.	Rs.
			4	3	31.75	39,620,071,147	38,262,037,589

30. EVENTS OCCURRING AFTER THE REPORTING DATE

Pursuant to the resolution adopted on 21 February 2024, the Board of directors of the company approved, a payment of a final dividend of Rs. 1,553,786,978 for the financial year ended 31 December 2023.

Except for the above, no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

31.1 Market Risk

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

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

	Denominated in LKR	Denominated in USD
Group		
Cash at bank and in hand	114,223,314	352,269
Short term deposits	797,655,000	2,460,000
Interest Bearing Loans & Borrowings	900,349,721	2,738,456
Company		
Cash at bank and in hand	7,810,382	24,088
Short term deposits	797,655,000	2,460,000

a) Interest Rate Risk

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

Financial Assets and Liabilities	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial Assets	3,505,164,227	3,852,083,194	2,982,655,209	2,803,044,195
Financial Liabilities	991,845,920	2,685,978,540	-	-

Notes to the Financial Statements contd.

31.1 Market Risk contd.

Cash flow sensitivity analysis for financial instruments	Increase/Decrease	Group		Company	
		Effect on profit before tax		Effect on profit before tax	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial Assets	+ - 1000 bp	35,051,642	38,520,832	29,826,552	28,030,442
Financial Liabilities	+ - 1000 bp	9,918,459	26,859,785	-	-

31.2 Credit Risk

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

Trade receivables

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

The following 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.

31.3 Liquidity Risk

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

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

2023 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	-	-	1,075,091,672	-	-	1,075,091,672
Amounts due to Related Parties	-	-	-	-	18,660,608,810	18,660,608,810
Interest Bearing Loans and Borrowings	-	-	991,845,920	-	-	991,845,920
Rental and Customer Deposit	3,699,950	193,146,509	329,905,011	1,411,297,165	122,303,701	2,060,352,336
	3,699,950	193,146,509	2,396,842,603	1,411,297,165	18,782,912,511	22,787,898,738

2023 Company	On Demand	Less than 3 Months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trade and Other Payables	-	-	98,396,091	-	-	98,396,091
Amounts due to Related Parties	-	-	242,766,065	-	-	242,766,065
Rental and Customer Deposit	-	147,639,216	329,905,016	930,367,680	-	1,407,911,912
	-	147,639,216	671,067,172	930,367,680	-	1,749,074,068

2022 Group	On Demand	Less than 3 Months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trade and Other Payables	-	-	1,398,425,932	-	-	1,398,425,932
Amounts due to Related Parties	-	-	36,307,272	-	19,566,086,530	19,602,393,802
Interest Bearing Loans and Borrowings	-	-	2,685,978,540	-	-	2,685,978,540
Rental and Customer Deposit	-	139,421,238	434,306,330	673,559,342	-	1,247,286,910
	-	139,421,238	4,555,018,074	673,559,342	19,566,086,530	24,934,085,184

2022 Company	On Demand	Less than 3 Months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trade and Other Payables	-	-	15,355,088	-	-	15,355,088
Interest Bearing Loans and Borrowings	-	-	278,143,726	-	-	278,143,726
Rental and Customer Deposit	-	139,421,238	222,614,537	856,401,535	-	1,218,437,310
	-	139,421,238	516,113,351	856,401,535	-	1,511,936,124

32. CAPITAL MANAGEMENT

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

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The primary objective of the Group's capital management is to ensure that it remains within its quantitative banking covenants and maintains a strong credit rating. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022.

Notes to the Financial Statements contd.

33. FAIR VALUES

The carrying amounts of the Group's and Company's financial instruments by classes, that are not carried at fair value in the financial statements are not materially different from their fair values.

33.1 Determination of Fair Value and Fair Value Hierarchy

As at 31st December 2023, the Group and Company held the following assets carried at fair value on the statement of financial position. The Company uses the following hierarchy for determining and disclosing the fair value of these assets by valuation technique:

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

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

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

	Level 1	Level 2	level 3	Total
Group				
As at 31.12.2022				
Investment Property - Land and Building	-	- 27,763,638,947	27,763,638,947	
As at 31.12.2023				
Investment Property - Land and Building	-	- 67,706,040,418	67,706,040,418	
Company				
As at 31.12.2022				
Investment Property - Land and Building	-	- 26,855,002,947	26,855,002,947	
As at 31.12.2023				
Investment Property - Land and Building	-	- 27,139,111,271	27,139,111,271	

33.2 Reconciliation of Fair Value Measurement of "Level 3" Assets

The reconciliation from the opening balance to the closing balance for level 3 fair values are shown below:

Investment Properties	Group	Company
Balance as at 01.01.2023	27,763,638,947	26,855,002,947
Additions during the year	39,443,808,405	-
Fair value gain during the year	498,593,066	317,025,234
Balance as at 31.12.2023	67,706,040,418	27,172,028,181

Group Performance - Ten Year Summery

Income Statement (Rs. Mn)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Rental Revenue	3,463	2,387	2,083	2,261	2,409	2,334	2,090	1,886	1,962	1,764
Revenue from Other Services	450	267	481	344	414	351	292	259	205	104
Apartment Revenue	1,163	12,391	5,144	2,192	6,098	4,100	1,935	285	974	4,329
Total Revenue	5,076	15,046	7,708	4,797	8,922	6,785	4,317	2,431	3,141	6,198
Direct Operating Expenses	(1,421)	(839)	(974)	(757)	(833)	(768)	(695)	(615)	(548)	(482)
Cost of Sales of Apartment	(336)	(7,364)	(3,000)	(1,610)	(3,838)	(2,272)	(1,307)	(160)	(653)	(3,308)
Gross Profit	3,319	6,843	3,734	2,429	4,251	3,744	2,316	1,656	1,940	2,408
Fair Value Gain on Investment Property	499	317	(432)	(281)	774	1,223	1,191	1,267	1,175	1,016
Other Operating Expenses	(1,157)	(950)	(623)	(541)	(588)	(523)	(417)	(323)	(305)	(266)
Net Finance Income / (Expense)	(856)	586	113	210	212	253	450	277	169	155
Profit from Operating Activities	1,804	6,797	2,792	1,817	4,648	4,697	3,540	2,878	2,979	3,312
Other Income	78	39	23	20	4	41	41	85	84	64
Exchange Gain / (Loss)	2,429	189	18	9	(10)	222	175	11	10	10
Net Profit Before Tax	4,311	7,025	2,833	1,847	4,642	4,960	3,756	2,974	3,073	3,386
Income Taxes	(458)	(945)	(334)	(113)	(307)	(142)	(582)	(44)	(42)	(50)
Net Profit After Tax	3,853	6,079	2,499	1,734	4,336	4,817	3,173	2,930	3,031	3,336
Profit Attributable to Equity Holders of the Parent	3,853	6,079	2,499	1,734	4,336	4,817	3,173	2,911	2,991	2,957
Non-controlling Interest	-	-	-	-	-	-	-	19	40	379
	3,853	6,079	2,499	1,734	4,336	4,817	3,173	2,930	3,031	3,336

Group Performance - Ten Year Summery contd.

Statement Of Financial Position (Rs. Mn)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statement Of Financial Position										
Assets										
Non-Current Assets										
Investment Property	67,706	27,764	27,447	27,570	27,851	27,077	25,854	24,652	22,579	21,405
Property Plant & Equipment	1,449	39,669	26,856	20,215	12,100	5,965	3,799	1,782	1,598	1,559
Intangible Assets	7	7	11	16	11	-	1	2	12	14
Inventory	89	89	89	89	89	266	1,841	3,193	2,362	2,125
Deferred Tax Assets	22	138	116	142	139	170	154	149	29	27
	69,274	67,667	54,519	48,033	40,190	33,478	31,649	29,779	26,581	25,130
Current Assets										
Inventory	1,780	2,102	7,478	9,695	9,071	6,967	1,983	94	272	424
Trade & Other Receivables	2,859	4,321	5,743	4,089	4,468	4,688	2,445	1,456	892	1,379
Other Assets	-	-	-	372	217	-	-	-	-	-
Amounts due										
From Related Parties	-	-	-	-	-	-	-	-	1	9
Income Tax Recoverable	2	2	2	11	-	23	14	17	-	10
Short Term Investments	-	-	1,820	2,399	2,275	2,018	2,615	1,473	2,862	2,155
Cash & Short Term Deposits	4,319	4,300	1,696	1,307	1,012	2,877	4,817	1,344	1,666	1,170
	8,960	10,725	16,739	17,873	17,043	16,573	11,874	4,383	5,693	5,146
Total Assets	78,234	78,392	71,258	65,906	57,233	50,050	43,522	34,161	32,274	30,276
Equity & Liabilities										
Stated Capital	18,443	18,443	18,443	18,443	18,443	18,443	18,443	11,163	11,163	10,186
Revaluation Reserve	605	575	438	412	393	373	335	464	291	265
Retained Earnings	35,071	32,771	28,240	25,727	23,998	21,219	17,956	16,207	17,151	15,478
Equity Attributable to Equity Holders	54,119	51,789	47,121	44,582	42,834	40,035	36,734	27,833	28,605	25,929
Minority Interest	-	-	-	-	-	-	-	-	1,512	1,507
Total Equity	54,119	51,789	47,121	44,582	42,834	40,035	36,734	27,833	30,117	27,436
Non-Current Liabilities										
Interest Bearing Loans & Borrowings	-	-	-	-	-	-	-	46	96	-
Non Interest Bearing Borrowings & Loans	-	-	-	-	-	-	-	-	-	-
Post Employment Benefit Liability	57	58	57	60	48	40	30	27	27	21
Customer Deposit	-	-	-	-	1	1,138	735	1,215	323	-
Amounts due to Related Parties	18,661	19,566	10,053	9,149	4,426	1,050	825	759	-	-
Deferred Tax Liability	956	923	837	860	859	831	775	226	23	-
Total Non Current Liabilities	19,674	20,546	10,946	10,068	5,333	3,059	2,365	2,226	418	117

Statement Of Financial Position (Rs. Mn)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Current Liabilities										
Trade & Other Payables	1,075	1,398	2,819	2,425	2,980	2,812	1,301	780	782	825
Rental Income Received in Advance	-	-	-	-	-	-	131	105	-	-
Rental & Customer Deposits	2,060	1,247	1,937	1,212	1,217	1,080	927	856	875	904
Amounts Due to Related Parties	-	36	1	-	-	51	22	35	21	-
Interest Bearing Loans & Borrowings	992	2,686	8,102	7,471	4,692	2,914	2,007	2,304	50	986
Non Interest Bearing Borrowings & Loans	-	-	-	-	-	-	-	-	-	-
Income Tax Payable	279	657	308	123	152	79	19	8	4	2
Dividend Payable	35	31	24	24	25	21	16	13	7	5
Total Current Liabilities	4,442	6,056	13,191	11,256	9,066	6,956	4,424	4,101	1,739	2,723
Total Equity & Liabilities	78,234	78,392	71,258	65,906	57,233	50,050	43,522	34,161	32,274	30,276
Earnings Per Share	3.10	4.89	2.01	1.40	3.49	3.88	2.55	3.28	3.44	3.48
Earnings Per Share (Excluding Fair Value Gain)	2.70	4.64	2.36	1.62	2.87	2.89	1.59	1.85	2.09	2.29
Dividend Per Share	1.25	1.25	1.25	-	-	1.25	1.25	1.50	1.50	1.45
Net Asset Value Per Share	43.54	41.66	37.91	35.87	34.46	32.21	29.55	31.35	32.22	30.74
Share Value (High)	16.90	25.40	21.50	15.00	17.20	18.80	21.80	26.10	24.10	29.30
Share Value (Low)	14.50	11.00	13.80	12.10	14.20	15.30	16.80	19.30	20.50	18.50
Current Ratio	2.02	1.77	1.27	1.59	1.88	2.38	2.68	1.07	3.27	1.89
Return on equity (%)	7%	12%	5%	4%	10%	13%	10%	10%	11%	13%
Total Debt to Total Assets (%)	31%	34%	34%	32%	25%	20%	16%	19%	7%	9%
Debt Equity Ratio (%)	36%	43%	17%	17%	11%	7.3%	5.5%	8.3%	0.3%	4%
Return on Assets (%)	5%	8%	4%	3%	8%	10%	8%	9%	10%	11%
Asset Turnover (%)	6%	20%	11%	8%	17%	15%	11%	7%	10%	20%
Dividend Payout Ratio (%)	40%	26%	62%	0%	0%	32%	49%	46%	44%	42%

Shareholder Information

1. STATED CAPITAL

	31st December 2023	31st December 2022
Issued and Fully paid Capital (Rs.)	18,443,353,347	18,443,353,347
No of Shares	1,243,029,582	1,243,029,582
Class of Shares	Ordinary Shares	
Voting Rights	One Vote per Ordinary Share	

2. STOCK EXCHANGE LISTING

The issued ordinary shares of Overseas Realty Ceylon PLC are listed with the Colombo Stock Exchange of Sri Lanka. The Audited Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st December 2023 and the Audited Statement of Financial Position at that date have been submitted to the Colombo Stock Exchange within three months of the reporting date.

3. ORDINARY SHAREHOLDERS AS AT 31ST DECEMBER 2023

The number of Share Holders as at 31st December 2023 was 4,696 (As at 31st December 2022 - 4,855).

Shareholdings	Resident			Non Resident			Total		
	No. of Shareholders	No. of Shares	Percentage (%)	No. of Shareholders	No. of Shares	Percentage (%)	No. of Shareholders	No. of Shares	Percentage (%)
1 - 1,000	2,644	778,566	0.05%	16	8,987	0.00%	2,660	787,553	0.06%
1,001 - 10,000	1,319	5,280,353	0.43%	12	47,887	0.01%	1,331	5,328,240	0.43%
10,001 - 100,000	548	17,007,636	1.36%	15	660,019	0.05%	563	17,667,655	1.42%
100,001 - 1,000,000	108	29,807,796	2.40%	12	4,404,008	0.35%	120	34,211,804	2.75%
Over 1,000,000	12	94,665,033	7.63%	10	1,090,369,297	87.72%	22	1,185,034,330	95.33%
	4,631	147,539,384	11.87%	65	1,095,490,198	88.13%	4,696	1,243,029,582	100.00%

Categories of Shareholders

Category	As of 31 December 2023		As of 31 December 2022	
	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares
Individual	4,437	85,189,182	4,579	86,059,396
Institutional	259	1,157,840,400	276	1,156,970,186
	4,696	1,243,029,582	4,855	1,243,029,582

4. SHARE TRADING INFORMATION

	31 December 2023		31 December 2022	
	Date	Price (Rs.)	Date	Price (Rs.)
Highest	02.08.2023	18.40	05.01.2022	25.40
Lowest	16.02.2023	13.80	27.04.2022	11.00
Closing Price	31.12.2023	15.00	30.12.2022	14.90

	31 December 2023	31 December 2022
Number of Transactions	6,681	13,666
Number of Shares Traded	18,572,577	79,483,217
Value of Shares Traded (Rs.)	291,721,864	1,419,692,534

5. MARKET CAPITALISATION

Market Capitalisation of the Company which is the number of Ordinary Shares in Issue multiplied by the Market value of a share as at end of the year was Rs.18.6 Bn (2022 - Rs.18.5 Bn).

6. DIVIDENDS

	31 December 2023	31 December 2022
Dividends Per Share (Rs.)	1.25	1.25
Dividends Payment (Rs.)	1,553,786,978	1,553,786,978
Dividend Payout (%)	40%	26%

7. DIRECTOR'S SHAREHOLDINGS

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

Name of Director	31st December 2023 No of Shares	31st December 2022 No of Shares
Mr. Melvin Yap Boh Pin	Nil	Nil
Mrs. Mildred Tao Ong	Nil	Nil
Mr. Hussein Zubire Cassim	Nil	Nil
Mr. Ben Nien Tao	Nil	Nil
Mr. En Ping Ong	20,914,890	20,914,890
Mrs. Rohini Lettitia Nanayakkara	Nil	Nil
Mr. Ajith Mahendra De Silva Jayaratne	Nil	Nil
Mr. Leslie Ralph De Lanerolle	Nil	Nil
Mr. Tissa Kumara Bandaranayake	Nil	Nil
Dr. Ranee Jayamaha	Nil	Nil
Mr. Pravir Dhanoush Samarasinghe	15,892,093	15,892,093

Shareholder Information contd.

8. TOP TWENTY SHAREHOLDERS AS AT 31ST DECEMBER 2023

Name	As at 31st December 2023		As at 31st December 2022	
	Number of Shares	%	Number of Shares	%
1 Shing Kwan Investment Company Limited	477,655,116	38.43	477,655,116	38.43
2 Unity Builder Limited	231,951,090	18.66	231,951,090	18.66
3 Shing Kwan (Pte.) Ltd	158,778,176	12.77	158,778,176	12.77
4 Peeli Limited	151,835,993	12.21	151,835,993	12.21
5 Shing Kwan Investment (Singapore) Pte Ltd	38,323,522	3.08	38,323,522	3.08
6 Peoples Bank Manager-Treasury-Ops	30,538,203	2.46	30,538,203	2.46
7 Mr. E.P. Ong	20,914,890	1.68	20,914,890	1.68
8 Browns Investments PLC	18,682,530	1.50	18,682,530	1.50
9 Mr. P.D. Samarasinghe	15,892,093	1.28	15,892,093	1.28
10 Employees Trust Fund Board	10,413,768	0.84	9,768,964	0.79
11 Able Trend Ventures Limited	5,020,000	0.40	5,020,000	0.40
12 Sri Lanka Insurance Corporation Ltd-Life Fund	4,649,218	0.37	4,649,218	0.37
13 Bank Of Ceylon No2 A/C, C/O Boc Pension Trust Fund	3,177,474	0.26	3,177,474	0.26
14 J.B. Cocoshel (Pvt) Ltd	3,061,374	0.25	3,061,374	0.25
15 Oriental Pearl International Inc	2,684,210	0.22	2,684,210	0.22
16 Medihelp Holdings (Pvt) Ltd	2,269,042	0.18	-	-
17 Hatton National Bank PLC/Dinesh Nagendra Sellamuttu	1,765,880	0.14	1,765,880	0.14
18 Mr. Gautam Rahul	1,636,300	0.13	1,643,499	0.13
19 Mr. Pujitha Punsiri Subasinghe	1,594,852	0.13	1,622,957	0.13
20 Mr. A.B.M. Chevalier	1,570,000	0.13	1,570,000	0.13
Total	1,182,413,731	95.12	1,179,535,189	94.89
Balance held by other Shareholders	60,615,851	4.88	63,494,393	5.11
Total number of Ordinary Shares	1,243,029,582	100.00	1,243,029,582	100.00
Public Holding	142,658,702	11.48	142,658,702	11.48
Others	1,100,370,880	88.52	1,100,370,880	88.52
Total	1,243,029,582	100.00	1,243,029,582	100.00

9. PUBLIC SHAREHOLDING

Parent/Group/Subsidiary	31st December 2023 No. of Shares	31st December 2022 No. of Shares
Shing Kwan Investments Company Limited	477,655,116	477,655,116
Unity Builders Limited	231,951,090	231,951,090
Shing Kwan (Pte) Ltd	158,778,176	158,778,176
Peeli Ltd	151,835,993	151,835,993
Shing Kwan Investment (Singapore) Pte Ltd	38,323,522	38,323,522
Able Trend Ventures Limited	5,020,000	5,020,000
	1,063,563,897	1,063,563,897
Issued number of ordinary shares as at 31 December Less	1,243,029,582	1,243,029,582
Parent/Group	477,655,116	477,655,116
Subsidiaries or Associate Companies of Parent	585,908,781	585,908,781
Holding of 10% or More - Jointly or Severally	-	-
Directors' Shareholding	36,806,983	36,806,983
Spouses of Directors and CEO	-	-
Public Holding	142,658,702	142,658,702
Public Holding as a percentage of Issued Ordinary Shares	11.48%	11.48%
Float adjusted Market Capitalization	Rs. 2.1 Bn	Rs. 2.1 Bn
Required minimum number of Public Holding % as per Listing Rules	7.5%	7.5%
Public Holding as a % of issued Share Capital	11.5%	11.5%
Number of Public Shareholders	4,696	4,848

Glossary of Financial Terms

Net Asset Value Per Share

Net assets at the year-end divided by the number of shares in issue.

Current Ratio

Total Current Assets divided by total Current Liabilities.

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 Liabilities divided by total Assets.

Debt Equity Ratio

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

Return on Assets

Profit Attributable to Equity Holders divided by Average Assets.

Asset Turnover

The amount of sales generated for every rupee worth of assets. It is calculated by dividing total Revenue by total Average Assets.

Dividend Payout Ratio

The percentage of earnings paid to shareholders in dividends.

Group Real Estate Portfolio

Location	Land Extent			Market Value (Rs. Mn)	Category	No of Building	Building Area (Sqft)
	A	R	P				
Echelon Squire, Colombo 01. WTC Building	2	-	-	28,149	Investment Property / Property Plant & Equipment	1	976,538
No 324, Havelock City, Colombo 06. Clubhouse Building	-	3	17	2,051	Property Plant & Equipment	1	45,130
No 324, Havelock City, Colombo 06. Havelock City Commercial	4	3	32	39,620	Investment Property	2	1,205,030
No 324, Havelock City, Colombo 06. Mireka Capital Land	-	3	27	89	Inventory – Long term Assets	-	-
No 414/1, Dodanduwa Road, Galle. Dodanduwa Land	1	2	25	395	Investment Property	-	-

Notice of Meeting

Notice is hereby given that the Forty Second (42nd) Annual General Meeting of OVERSEAS REALTY (CEYLON) PLC will be held on Wednesday, 24th April 2024 at 10.00 a.m. at the Pavilion Hall, Havelock City Club House, No. 324, Havelock Road, Colombo 06, for the following purposes:

AGENDA

1. To receive and consider the Report of the Board of Directors and the Financial Statement as at 31st December 2023 and the Report of the Auditors thereon.
2. To declare a First and Final dividend of Rs.1.25 per Ordinary Share as recommended by the Board of Directors.
3. To propose and adopt the following Ordinary Resolutions;
 - (I) 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.
 - (II) That the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to YAP BOH PIN, who attained the age of 70 years on 2nd February 2011 and that he be re-elected as a Director of the Company.
 - (III) 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.
 - (IV) 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.
 - (V) That the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to MILDRED TAO ONG, who attained the age of 70 years on 28th February 2019 and that she be re-elected as a Director of the Company.
 - (VI) That the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to RANEE JAYAMAHA, who attained the age of 70 years on 27th May 2019 and that she be re-elected as a Director of the Company.
4. To re-appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors to the Company and to authorize the Directors to determine their remuneration.

By Order of the Board Overseas Realty (Ceylon) PLC



Laknathi Perera
Company Secretary

Colombo on this 21st February 2024

Corporate Information

Legal Form

A Quoted Public Company with limited liability, incorporated in Sri Lanka on 28th October 1980 under the Companies Ordinance (Cap.145) bearing Company Registration No.PBS 1084 and listed on the Colombo Stock Exchange. The Company was re-registered under Companies Act No. 7 of 2007 and bears the Company Registration No. PQ 39.

Directors

Ajit Mahendra De Silva Jayaratne - Chairman
Mildred Tao Ong
Yap Boh Pin
Rohini Lettitia Nanayakkara (i)
En Ping Ong
Leslie Ralph de Lanerolle
Tissa Kumara Bandaranayake
Dr. Ranee Jayamaha
Pravir Dhanoush Samarasinghe
Ben Nien Tao
Brian Tao (ii)
Dr. Aritha Rahula Wikramanayake (iii)
Carl Noel Shamil Mendis (iv)

- (i) Retired on 21st February 2024
- (ii) Appointed on 18th October 2023
- (iii) Appointed on 2nd November 2023
- (iv) Appointed on 21st February 2024

Audit Committee

Tissa Kumara Bandaranayake - Chairman
Yap Boh Pin
Rohini Lettitia Nanayakkara
Ajit Mahendra De Silva Jayaratne

Remuneration Committee

Rohini Lettitia Nanayakkara - Chairperson
Ajit Mahendra De Silva Jayaratne
En Ping Ong
Tissa Kumara Bandaranayake

Related Party Review Committee

Tissa Kumara Bandaranayake - Chairman
Ajit Mahendra De Silva Jayaratne
Yap Boh Pin
Rohini Lettitia Nanayakkara

Nomination and Governance Committee

Ranee Jayamaha - Chairperson
Mildred Tao Ong
Ajit Mahendra De Silva Jayaratne

Company Secretary

Laknathi Tanusha Perera - Attorney - at - Law

Auditors

Messrs. Ernst & Young - Chartered Accountants

Registrars

S S P Corporate Services (Private) Limited

Registered Office

Overseas Realty (Ceylon) PLC
18-01 - East Tower
World Trade Center
Echelon Square
Colombo 01
Tel: +94 011 2346333

Subsidiaries

Realty Management Services (Pvt) Ltd
Mireka Capital Land (Pvt) Ltd
Mireka Homes (Pvt) Ltd
Havelock City (Pvt) Ltd
Mireka Residencies (Pvt) Ltd
Mireka Property (Pvt) Ltd
Overseas Realty Investments (Pvt) Ltd
Overseas Realty Trading (Pvt) Ltd

Websites

www.orcl.lk
www.wtc.lk
www.havelockcity.lk
www.mirekatower.lk
www.havelockcitymall.lk

