

EQUITY TWO PLC

INTERIM REPORT FOR THE YEAR ENDED 31ST MARCH 2019

A CARSON CUMBERBATCH COMPANY

**EQUITY TWO PLC**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(All figures are in Sri Lankan Rupees Thousands)

	Three months ended			Twelve months ended		
	31st March			31st March		
	2019	2018	Change %	2019	2018	Change %
Revenue	33,732	34,411	(2)	143,637	135,969	6
Direct cost	(8,722)	(8,357)	4	(36,258)	(27,180)	33
	25,010	26,054	(4)	107,379	108,789	(1)
Other income	3,179	2,115	50	3,714	5,004	(26)
Net gains arising from changes in fair value of investment properties	154,969	209,690	(26)	154,969	209,690	(26)
	183,158	237,859	(23)	266,062	323,483	(18)
Administrative and other operating expenses	(2,054)	(2,247)	(9)	(7,622)	(7,755)	(2)
<b>Results from operating activities</b>	<b>181,104</b>	<b>235,612</b>	<b>(23)</b>	<b>258,440</b>	<b>315,728</b>	<b>(18)</b>
Finance income	5,073	2,002	153	10,096	4,611	119
Finance costs	(964)	(926)	4	(3,821)	(3,540)	8
<b>Net finance income</b>	<b>4,109</b>	<b>1,076</b>	<b>282</b>	<b>6,275</b>	<b>1,071</b>	<b>486</b>
<b>Profit before taxation</b>	<b>185,213</b>	<b>236,688</b>	<b>(22)</b>	<b>264,715</b>	<b>316,799</b>	<b>(16)</b>
Income tax expense	(3,618)	(6,533)	(45)	(27,158)	(27,207)	-
Deferred taxation	(44,338)	(153,776)	(71)	(47,502)	(156,744)	(70)
<b>Profit for the period</b>	<b>137,257</b>	<b>76,379</b>	<b>80</b>	<b>190,055</b>	<b>132,848</b>	<b>43</b>
<b>Other comprehensive income</b>						
Actuarial gain / (loss) from valuation of employee benefits	168	(112)	(250)	168	(112)	(250)
Related tax	(47)	31	(252)	(47)	31	(252)
<b>Total other comprehensive income / (expense) for the period</b>	<b>121</b>	<b>(81)</b>	<b>(249)</b>	<b>121</b>	<b>(81)</b>	<b>(249)</b>
<b>Total comprehensive income for the period</b>	<b>137,378</b>	<b>76,298</b>	<b>80</b>	<b>190,176</b>	<b>132,767</b>	<b>43</b>
<b>Earnings per share (Rs.)</b>	<b>4.43</b>	<b>2.46</b>		<b>6.13</b>	<b>4.29</b>	
<b>Dividend per share (Rs.)</b>	<b>1.50</b>	<b>2.25</b>		<b>1.50</b>	<b>2.25</b>	

Change % represent the percentage change in current period's results compared to the comparative period of previous year.

*Figures in brackets indicate deductions.*

**EQUITY TWO PLC**  
**STATEMENT OF FINANCIAL POSITION**

(All figures are in Sri Lankan Rupees Thousands)

As at 31st March	2019	2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties	1,511,498	1,355,490
<b>Total non-current assets</b>	<b>1,511,498</b>	<b>1,355,490</b>
<b>Current assets</b>		
Trade and other receivables	11,869	13,743
Fair value through profit or loss financial assets	3,395	25,946
Investment in fixed deposits	125,687	-
Current tax assets	8,085	-
Cash and cash equivalents	20,558	13,382
<b>Total current assets</b>	<b>169,594</b>	<b>53,071</b>
<b>Total assets</b>	<b>1,681,092</b>	<b>1,408,561</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	444,092	444,092
Capital reserves	750	750
Revenue reserves	762,129	618,453
<b>Total equity</b>	<b>1,206,971</b>	<b>1,063,295</b>
<b>Non-current liabilities</b>		
Refundable rental deposits	34,289	44,199
Deferred tax liability	314,982	267,433
Employee benefits	1,156	1,719
<b>Total non-current liabilities</b>	<b>350,427</b>	<b>313,351</b>
<b>Current liabilities</b>		
Trade and other payables	110,505	9,924
Deferred revenue	13,189	3,387
Current tax liabilities	-	18,604
<b>Total current liabilities</b>	<b>123,694</b>	<b>31,915</b>
<b>Total liabilities</b>	<b>474,121</b>	<b>345,266</b>
<b>Total equity and liabilities</b>	<b>1,681,092</b>	<b>1,408,561</b>
Net assets per share (Rs.)	38.93	34.30

The Statement of Financial Position as at 31st March 2019 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flow for the period then ended as disclosed in pages 1 to 5 have been drawn up from audited financial statements.

I certify that these financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

(Sgd).

**V.R. Wijesinghe**

Director - Finance

Carsons Management Services (Private) Limited

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed on behalf of the managers,

Approved and signed on behalf of the board,

(Sgd).

**A.P. Weeratunge**

Director

Carsons Management Services (Private) Limited

Colombo.

08th May 2019

(Sgd).

**K.C.N. Fernando**

Director

(Sgd).

**P. D. D. Fernando**

Director

**EQUITY TWO PLC**  
**STATEMENT OF CHANGES IN EQUITY**

(All figures are in Sri Lankan Rupees Thousands)

	Stated capital	Capital reserve	Revenue reserves	Total equity
Balance as at 1st April 2017	444,092	750	555,379	1,000,221
Profit for the year	-	-	132,848	132,848
Other comprehensive expense for the year	-	-	(81)	(81)
Total comprehensive income/(expense) for the year	-	-	132,767	132,767
Forfeited dividends	-	-	57	57
First interim dividend 2017/18	-	-	(69,750)	(69,750)
Balance as at 31st March 2018	444,092	750	618,453	1,063,295
<b>Balance as at 1st April 2018</b>	<b>444,092</b>	<b>750</b>	<b>618,453</b>	<b>1,063,295</b>
Profit for the year	-	-	190,055	190,055
Other comprehensive income for the year	-	-	121	121
Total comprehensive income for the year	-	-	190,176	190,176
First interim dividend 2018/19	-	-	(46,500)	(46,500)
Balance as at 31st March 2019	444,092	750	762,129	1,206,971

*Figures in brackets indicate deductions.*

**EQUITY TWO PLC**  
**STATEMENT OF CASH FLOWS**  
(All figures are in Sri Lankan Rupees Thousands)

For the year ended 31st March	2019	2018
<b>Cash flows from operating activities</b>		
Profit before taxation	264,715	316,799
<b>Adjustments for:</b>		
Finance costs	3,821	3,540
Finance income	(10,096)	(4,611)
Net gain arising from changes in fair value of investment properties	(154,969)	(209,690)
Provision for employee benefits	283	274
Amortization of deferred revenue	(3,950)	(3,329)
<b>Operating profit before working capital changes</b>	<b>99,804</b>	<b>102,983</b>
(Increase) / decrease in trade and other receivables	1,874	6,092
Increase / (decrease) in trade and other payables	97,635	3,985
<b>Operating profit after working capital changes</b>	<b>199,313</b>	<b>113,060</b>
Rental deposits received	4,696	4,210
Rental deposits refunded	(4,675)	-
Employee benefits paid	(678)	-
Income tax paid	(53,847)	(18,445)
<b>Net cash generated from / (used in) operating activities</b>	<b>144,809</b>	<b>98,825</b>
<b>Cash flows from investing activities</b>		
Additions to investment properties	(1,039)	(334)
Disposal of / (investment in) fair value through profit or loss financial assets	22,551	(25,946)
Investments in fixed deposits	(125,687)	-
Interest received	10,096	4,611
<b>Net cash generated from / (used in) investing activities</b>	<b>(94,079)</b>	<b>(21,669)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(43,554)	(69,665)
<b>Net cash generated from / (used in) financing activities</b>	<b>(43,554)</b>	<b>(69,665)</b>
Net Increase / (decrease) in cash and cash equivalents	7,176	7,491
Cash and cash equivalents at the beginning of the year	13,382	5,891
<b>Cash and cash equivalents at the end of the year</b>	<b>20,558</b>	<b>13,382</b>

*Figures in brackets indicate deductions.*

**EQUITY TWO PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

(All figures are in Sri Lankan Rupees Thousands)

**1. Basis of preparation of Interim Financial Statements**

The Interim Financial Statements of the Company has been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2019 and are in compliance with Sri Lanka Accounting Standard LKAS 34 - "Interim Financial Reporting". The provisions of the Companies Act No. 7 of 2007 have been considered in preparing these Interim Financial Statements.

**2. Events after the reporting period**

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosure in the financial statements.

**3. Contingent liabilities and capital commitments**

There were no material contingent liabilities and capital commitments as at the reporting date.

**4. Liabilities for expenditure**

There were no liabilities for management fees or any similar expenditure not provided for in the interim financial statements.

**5. Comparative figures**

Previous period's figures and phrases have been re-arranged wherever necessary to conform to the current period's presentation.

**6. Stated capital**

The Stated Capital of the Company as at 31st March 2019 was Rs. 444,092,000/- consists of 31,000,000 fully paid Ordinary Shares.

**7. Related party transactions**

For the Year ended 31st March	2019	2018
<b>Transactions with the parent company</b>		
Dividend paid	35,517	55,753
<b>Transactions with affiliate companies</b>		
Receiving of services	4,706	4,745
Rent received	23,091	21,231

**EQUITY TWO PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

(All figures are in Sri Lankan Rupees Thousands)

**08. Twenty major shareholders as at 31st March 2019**

<b>Name of Shareholders</b>	<b>Shares</b>	<b>%</b>
1 Equity One Limited A/C No.1	27,532,525	88.81
2 Bank of Ceylon A/C Ceybank Unit Trust	2,275,602	7.34
3 Mr. K.C. Vignarajah	100,057	0.32
4 Mrs. C.A.D.S. Woodward	61,100	0.20
5 Tranz Dominion,L.L.C.	55,480	0.18
6 Miss. V.K. Ramanayake	50,000	0.16
7 Mrs. C.L. Ramanayake	50,000	0.16
8 Mr. L.L. Hettiarachchi	33,804	0.11
9 Mr. I. Paulraj	32,128	0.10
10 People's Leasing & Finance Plc/Hi Line Trading (Pvt) Ltd	25,337	0.08
11 Miss C.M. Wickramasekera	25,300	0.08
12 Union Investments Private Ltd	25,200	0.08
13 Mr. A.A. Noordeen	23,496	0.08
14 People's Leasing & Finance PLC/Dr. H. S. D. Soysa & Mrs. G. Soysa	19,000	0.06
15 Mrs. S. Vignarajah	18,307	0.06
16 Seylan Bank PLC/Mr.S.N.C.W.M.B.C. Kandedgedara	16,200	0.05
17 Mr. J.B. Hirdaramani	16,000	0.05
18 Mrs. J. Aloysius	15,900	0.05
19 Mrs. H.I.P. Fernando	15,000	0.05
20 Mr. P.K. Jinadasa	12,200	0.04

**9. Public holding**

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Diri Savi Board as per Rule 7.13.1 (b) of the Listing Rules of Colombo Stock Exchange, under Option 2, i.e. Float-Adjusted Market Capitalization of less than Rs.1 Billion with 200 Public Shareholders and a Public Holding percentage of 10%.

**The Company's Public Holding as at 31st March 2019**

Market Capitalization of the Public Holding	Rs.183.56 Million
Number of public shareholders	1,958
Percentage of ordinary shares held by the public	11.17%

**10. Directors shareholding as at 31st March 2019**

	<b>No. of Shares as at 31.03.19</b>
D.C.R. Gunawardena (Chairman)	-
K.C.N. Fernando	3,600
A.P. Weeratunge	-
E.H. Wijenaikie	-
P. D. D. Fernando	-

**INVESTOR INFORMATION**

**11. Share valuation**

For the three months ended 31st March 2019

Market value per share (Rs.)	53.00
Highest price per share for the period (Rs.)	58.90
Lowest price per share for the period (Rs.)	45.20

## CORPORATE INFORMATION

<b>Name of the Company</b>	Equity Two PLC (A Carson Cumberbatch Company)
<b>Company Registration Number</b>	PQ 34
<b>Legal Form</b>	A Public Quoted Company with Limited Liability incorporated in Sri Lanka in 1990. Official listing of the Colombo Stock Exchange (CSE) was obtained in November 1994.
<b>Parent and controlling entity</b>	Equity One Limited is the immediate Parent Company of Equity Two PLC. In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Equity One Limited and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Equity One Limited.
<b>Directors</b>	Mr. D. C. R. Gunawardena (Chairman) Mr. K. C. N. Fernando Mr. A. P. Weeratunge Mr. E. H. Wijenaikē Mr. P. D. D. Fernando
<b>Place of Business</b>	61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
<b>Bankers</b>	Standard Chartered Bank Deutsche Bank AG. Bank of Ceylon
<b>Auditors</b>	Messrs. KPMG Chartered Accountants No.32A, Sir Mohamed Macan Marker Mawatha, Colombo 03, Sri Lanka. Tel: +94 11 5426426 Fax:+94 11 2445872
<b>Managers &amp; Secretaries</b>	Carsons Management Services (Private) Limited 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
<b>Registered Office</b>	61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300