A CARSON CUMBERBATCH COMPANY

EQUITY TWO PLC

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This report can be accessed online at
http://www.carsoncumberbatch.com

Chairman's Statement

Dear Shareholder,

I take pleasure in welcoming you to the 36th Annual General Meeting of the Company. On behalf of the Board, I present to you the Annual Report and Audited Financial Statements for the financial year ended 31st March 2026.

As the country continues its gradual progression towards economic revival, market conditions have shown a clear improvement in the underlying demand for commercial real estate, underpinned by the easing of interest rates, greater currency stability, and a moderation in inflationary pressures during the period under review. Together with a measured recovery in domestic consumption and tourism activity, these factors strengthened occupier confidence and leasing momentum. As a result, property owners have benefitted from a more favourable market environment characterised by improved pricing power and property valuations mirroring the broader revival in business activity.

However, as newer developments enter the market with enhanced specifications, modern amenities and efficiency considerations, maintaining the relevance of existing assets has become as important as responding to near term market conditions. Those organisations who adapt thoughtfully to these realities will be best positioned to capture value as the market continues to mature. With respect to your Company, even though the asset continues to serve its current occupier base well, as market standards continue to advance, preserving long term competitiveness will require a progressive approach to asset enhancement in time to come.

The Company delivered a robust performance during the year achieving an average occupancy rate of 92%. Accordingly, revenue recorded an increase of 13% to reach Rs. 236 Mn, while Profit Before Tax amounted to Rs. 386.8 Mn, inclusive of a Rs. 206.2 Mn fair value gain in investment properties. An interim dividend of Rs. 4.41 per share was declared and paid for the financial year ended 31st March 2026, translating into a dividend payout of 103% out of the Company's profit after tax adjusted for the above fair value gain on investment properties, and related deferred tax. While the dividends paid this year were supported by cash accumulated in prior periods, we should remain mindful that forthcoming asset enhancement initiatives of the Company will shape dividend distribution decisions in the periods ahead.

Looking ahead, the trajectory of the Sri Lankan real estate market will be shaped by the sustainability of the broader economic recovery. While near term sentiment has improved, sustained demand will depend on continued macroeconomic stability, policy continuity, and the strength of private sector activity. At the same time, persistent geopolitical tensions continue to exert pressure on the global economy. For Sri Lanka, which is still navigating a careful path of recovery, these external developments have translated into heightened energy costs, logistics costs, and overall supply chain disruptions. Such external shocks serve as a reminder of our economy's sensitivities to events beyond its shores and will inevitably influence cost structures, confidence levels, risk appetite, and operating environments going forward.

I would like to take this opportunity to welcome Mr. Chinthaka Jayaweera, who joined the Board in February 2026. His experience and insights will be a valuable addition, and we look forward to his continued engagement with the Company.

As I conclude, I would like to extend my sincere appreciation to our shareholders, valued tenants, regulatory authorities and all other stakeholders for their continued trust and support. I am also grateful to my fellow Board Members and the Members of the Board subcommittees for their valuable contribution to the Company's success. Finally, I wish to extend my heartfelt gratitude for the dedication and commitment of all our staff members whose efforts have been instrumental to the Company performance over the past the year.

(Sgd.)
E.H. Wijenaike
Chairman

Colombo
2nd June 2026

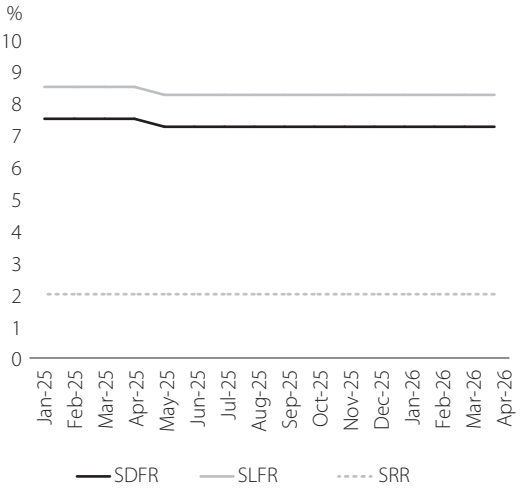
Management Discussion and Analysis

MACROECONOMIC OVERVIEW

Sri Lanka's economy sustained its recovery momentum, recording a 5% GDP growth in 2025, in line with the level achieved in the preceding year. This performance was supported by the resumption of previously stalled projects and increased development activity, which contributed to further strengthening the construction sector. Accordingly, the construction industry expanded by 9.2% in 2025, following a strong growth of 20.1% in the prior year. Reflecting this momentum, credit extended to private sector construction projects increased by 18.9% reaching Rs. 1.81 Tn during the year.

In support of the ongoing economic recovery, the Central Bank of Sri Lanka ("CBSL") maintained an accommodative monetary policy stance throughout 2025, including a further reduction in policy rates by 25 basis points during the year.

CBSL's accommodative monetary policy in 2025/26



Source: CBSL Annual Economic Review – 2025

Early 2025 was characterised by deflationary conditions, driven largely by reductions in electricity tariffs and the impact of earlier base effects. These conditions gradually returned to normalcy as food inflation increased, electricity tariffs were revised upward, and demand conditions continued to normalise. Despite the temporary increase in food prices due to festive demand and supply disruptions following Cyclone Ditwah, inflation remained largely contained towards the end of the year. In terms of currency performance, the Sri Lankan Rupee depreciated by 6% against the US Dollar, closing the year at Rs. 309.99.

INDUSTRY SNAPSHOT

Occupancy levels across Colombo's commercial real estate sector continued to improve in 2025, supported by recovering business activity. Within this backdrop, the commencement of tenant handovers at the Port City Business Centre marked a significant development, representing the first introduction of large scale, purpose built commercial space within the Port City development. This milestone expanded tenant choice at the upper end of the market and contributed to a rebalancing of occupier demand across Colombo.

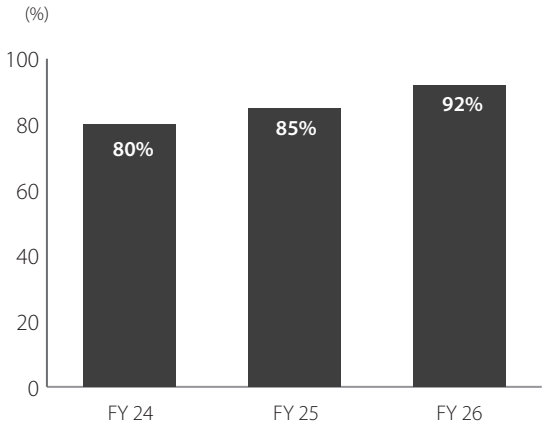
At the same time, national infrastructure development continued to progress, supporting broader economic activity and connectivity. Key transport projects, including the Port Access Elevated Highway advanced toward completion, while land acquisition and civil works for multiple sections of the Central Expressway continued. This reflects a sustained momentum in large-scale road development. Urban transport infrastructure also recorded measurable progress. Collectively, these investments are expected to enhance mobility, improve accessibility, and support long term economic growth and urban expansion.

Reflecting the broader improvement in market confidence, land prices in Colombo increased by 10.6% in 2025, a notable increase from the 7.7% growth recorded in the previous year according to the Central Bank's Land Value Index. Similarly, commercial property values rose by 11.3%, surpassing the 9.4% growth recorded in the previous year. This strengthening in value underscores improving conditions within the real estate sector and a more stable industry outlook.

OUR BUSINESS

Occupancy levels across our properties increased to 92% for the period under review. This occupancy enhancement combined with upward rental rates adjustments contributed to increasing Company's revenue by 13% to Rs. 235.9 Mn.

Occupancy level comparison



Company direct cost remained at the same level as last year, leading to a gross profit of Rs. 155 Mn, which is an increase of 21% compared to the previous year.

Based on the valuation conducted at the end of the period, the investment properties of the Company recorded a fair valuation gain of Rs. 206.2 Mn, in comparison to the gain of Rs. 211.7 Mn recorded in the prior year.

Accordingly, the Company achieved an operating profit of Rs. 341.3 Mn, an increase of 6% from the previous year. However, the net finance income of the company reduced by 14% to Rs. 45.5 Mn, mainly due to the lower market interest rates.

Deferred taxation recorded at Rs. 63.3 Mn, which is on par with the level of previous year. Accordingly, the Company achieved a profit after tax of Rs. 276.1 Mn for the financial year, reflecting a growth of 5% over the previous year. Excluding the fair valuation gain and related deferred tax, the Company's post-tax profitability was Rs. 133.4 Mn.

The Company declared and paid a total dividend of Rs. 4.41 per share for the financial year ended 31st March 2026, translating into a dividend pay-out ratio of 103% on the Company's profit after tax adjusted for above fair valuation gain on investment properties, and related deferred tax.

Our Corporate Social Responsibility (CSR) initiatives focused on the key verticals of Livelihood and Education. We successfully implemented impactful, needs-driven projects namely agricultural and clean water infrastructure enhancements, providing nourishing school mid-day meals, essential computer equipment, and a scholarship for higher education in a remote village in the Eastern province. Reflecting our commitment to these meaningful causes, the Company contributed Rs. 1.5 Mn during the year toward the CSR initiatives of the Parent company.

FUTURE OUTLOOK

Colombo's commercial real estate landscape continues to evolve with market activity becoming increasingly value driven. In response, the Company is actively aligning its asset management strategies to these changing dynamics, positioning itself to participate effectively in the market's gradual maturation. As a result, over the medium term, the Company will need to respond to evolving occupier expectations and a growing emphasis on operational efficiency in light of the more modern properties that are coming into the market. This will place the Company in a stronger position to respond to growing market requirements.

Carsons Management Services (Private) Limited
Managers

2nd June 2026

Risk Management

A key element of any business is risk management, which offers a reasonable level of assurance by identifying and controlling situations, events, or other factors that, even in the unlikely event that a risky event does occur, is to lessen its substantial impact on the accomplishment of organisational goals.

For all risk management tasks, enterprise risk management, or ERM, offers a standard procedure and terminology. Its primary goals are to increase proactive threat and opportunity management as well as risk awareness.

In implementing the business plan, the Company incorporates enterprise risk management process to its business activities. This risk management process supports;

- Corporate governance
- Quality of business planning
- Audit planning
- Project planning and implementation
- Building confidence of various stakeholder groups

Risk management also ensures that the relevant internal control systems are in place and provides assurance to the Management/ Board of Directors that processes are robust and are working effectively.

ENTERPRISE RISK MANAGEMENT PROCESS



Key Responsibilities

Board of Directors	• Set risk appetite thresholds. • Approve Business Plans. • Regular review of risks and mitigation plans.
Audit Committee	• Considers adequacy of risk management and internal control framework • Reviews risk management reports/Dashboard/Risk Register • Reviews reports of internal and external auditors.
Management Team	• Defines and considers new and emerging risks • Develops / monitors suitable action plans to mitigate/manage risks • Considers actions to improve risk management processes
Risk owners	• Responsible for day-to-day monitoring / supervision of risk and risk mitigation actions. • Required to evaluate status of risk and effectiveness of risk mitigation action plans

We are of the view that Risk Management is one of the driving factors of operational sustainability and have identified the risk profiles as follows. The principal risks thus identified are considered and reviewed at various stages within our business process continuously.

Risk	Description	Risk rating	Risk response / strategies
Business Environment	Recent changes in macro-economic conditions of Sri Lanka will have direct impact on business activities of the company. Some of the key challenges are given below. Competition from new and modern office spaces in the City and the trend to use co-working spaces and work from home along with the economic impact to the discretionary spending power of prospective tenants also put pressure on our ability to quickly fill in the vacant spaces at our premises. The properties owned by the company are situated within the high security zone in Colombo Fort.	Moderate	We have entered into comprehensive rent agreements with our tenants and have built strong relationships with our anchor tenants over the years. We have seen a significant improvement in development activities in the surrounding area, which helps us to quickly fill vacant spaces, if any. Regular building maintenance and periodic structural integrity evaluations by Chartered Structural Engineers, ensure the safety of buildings and its occupants.
Liquidity	Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are to be settled by delivering cash or any other financial asset.	Low	The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damages to the Company's reputation. In addition, the Company has access to short-term financing facilities extended from the parent company, Equity One Limited and its parent company, Carson Cumberbatch PLC if required. Invest excess cash ensuring high returns/ liquidity while maintaining sufficient cash for operations. (Please refer note 29, 'Financial instruments' in the financial statements for further details).

Risk Management

Risk	Description	Risk rating	Risk response / strategies
Credit	Credit risk is the risk of financial loss to the company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises principally from the Company's receivables from customers and placements with banking institutions and in government securities.	Low	This risk is mitigated to a greater extent as a result of the rent deposits collected from external tenants, which can be used to recover any unpaid rents. The Company also implements the following controls to mitigate this risk. • Continuous and regular evaluation of credit worthiness of tenants. • Ongoing monitoring and follow up of receivable balances. Cash and cash equivalents are held with the bank and financial institution counterparties, which are rated A-(lka) to AAA (lka), based on Fitch Ratings. (Please refer note 29, 'Financial instruments' in the financial statements for further details).
Human Resource	Attracting, developing, and retaining talented employees are essential to deliver the Company's objectives. Failure to determine the appropriate mix of skills required to implement the Company strategies and failure to retain or develop the right number of appropriately qualified staff could affect the achievement of the Company's objectives.	Medium	The following initiatives have been implemented by the Company. • Recruit / hire employees with required qualifications, knowledge and experience. • Human resource policies are focused on encouraging continuous training & development and ensuring appropriate compensation as per market rates to retain and develop employees.
Systems and Process Risk	The risk of direct or indirect losses due to inadequate or failed internal processes and systems.	Low	The management together with the Carsons finance and IT divisions proactively identifies and set up appropriate systems and processes to mitigate this risk. • Regular review of cyber risks. • The internal audit function of the Group carryout regular reviews on internal control systems and processes and recommends process improvements if shortcomings are noted.

Risk	Description	Risk rating	Risk response / strategies
Legal and Regulatory	Failure to comply with regulatory and legal framework applicable to the Company.	Low	The management together with the Carsons group legal division proactively identifies and set up appropriate systems and processes for legal and regulatory compliance in respect of Company's operations. • Arrange training programs and circulate updates for key employees on new / revised laws & regulations on a need basis. • Obtain comments and interpretations from external legal consultants on areas that require clarity on new and existing laws. • Ensuring timely payment of all government dues and taxes. • Management regularly reviews compliance with relevant laws and regulations and provide written update to the board on quarterly basis.
Natural Disasters & Fire Risk	Natural disasters and fire risk pose a significant financial risk to rental property businesses, impacting both the property and potentially interrupting rental income streams.	Medium	• Developed written policy on fire safety and prevention and review regularly. • Conduct bi-annual fire drills & awareness sessions. • Guidelines and safety practices are provided to the tenants. • Installed automatic fire detection systems. • Structural integrity reports are being obtained every 5 years from well reputed structural engineers. Weekly inspections by the maintenance teams. • Conduct awareness programs on evacuation and safety protocols.

Annual Report of the Board of Directors on the affairs of the Company

The Board of Directors of Equity Two PLC ("the Company") has pleasure in presenting to the Shareholders their Report together with the Audited Financial Statements for the year ended 31st March 2026.

The details set out herein provide the pertinent information required by the Companies Act, No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and are guided by recommended best Accounting Practices.

The Annual Report was approved by the Board of Directors on 02nd June 2026.

1. GENERAL

Equity Two PLC is a public quoted company with limited liability incorporated in Sri Lanka in 1990.

2. THE PRINCIPAL ACTIVITY OF THE COMPANY

The principal activity of the Company is letting of office premises for commercial purposes.

There were no significant changes in the nature of the principal activity of the Company during the financial year under review.

3. REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman's Statement and Management Discussion & Analysis on pages 01 to 03 provide an overall assessment of the business performance of the Company and its future developments.

These reports together with the audited financial statements reflect the state of affairs of the Company.

4. FINANCIAL STATEMENTS

The financial statements of the Company which comprise the Statement of Profit or Loss and other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Notes to the financial statements for the year ended 31st March 2026 are set out on pages 35 to 63.

These financial statements comply with the requirements of the Companies Act, No. 07 of 2007.

4.1 Revenue

Detailed analysis of the revenue of the Company is set out in Note 11 to the Financial Statements.

4.2 Financial results and appropriations

An abridgement of the financial performance of the Company is presented in the table below

(In Sri Lankan Rupees thousands)		
For the year ended 31st March	**2026**	**2025**
Profit for the year	276,054	262,848
Other comprehensive income/ (expense) for the year	100	(307)
Total comprehensive income for the year	276,154	262,541
Retained earnings as at the beginning of the year	673,869	573,958
Retained earnings before appropriations / adjustments	950,023	836,499
Forfeited dividends	348	262
Dividends paid	(127,100)	(15,500)
Transfer to fair value adjustment reserve	(142,681)	(147,392)
Retained earnings as at the end of the year	680,590	673,869

4.3 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are given on pages 39 to 47.

4.4 Investment properties

The Company has recognised the carrying value of investment properties held to earn rental income and for capital appreciation in the Statement of Financial Position at 'fair value' in accordance with Sri Lanka Accounting Standards (LKAS 40) – 'Investment Property'.

A professional valuation was performed as at 31st March 2026 by external, independent property valuer, Mr. S. Sivaskantha, F.I.V. (Sri Lanka), Chartered Valuer. The details of the movements in fair value of investment properties of the Company during the year and their carrying value as at 31st March 2026 are presented in Note 17 to the financial statements.

4.5 Capital expenditure

The details of capital expenditure of the Company is given in Notes 17 and 27 to the financial statements.

4.6 Reserves

The movements of total reserves of the Company are set out in the Statement of Changes in Equity and Note 21 to the financial statements.

5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors, in relation to the Financial Statements are detailed in the following paragraphs, whilst the responsibilities of the Auditors are set out in the Independent Auditors' Report.

According to the Companies Act, No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995, the Directors are required to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the performance for the said period.

The financial statements comprise of *inter alia:*

- a Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year;
- a Statement of Profit or Loss and Other Comprehensive Income of the Company, which presents a true and fair view of the financial performance of the Company for the financial year.

In preparing these financial statements, the Directors are required to ensure that:

- appropriate accounting policies have been selected and applied consistently, while material departures, if any, have been disclosed and explained;
- all applicable Accounting Standards have been complied with;
- reasonable and prudent judgments and estimates have been made; and
- provides the information required by and otherwise comply with the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company in order to ensure that its Financial Statements have been prepared and presented in accordance with Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 and meet with the requirements of the Companies Act, No. 07 of 2007.

They are also responsible for taking reasonable measures to safeguard the assets of the Company and in this regard to give proper consideration to the establishment and effective operation of appropriate systems of internal control with a view to prevent, detect and rectify fraud and other irregularities.

These financial statements have been prepared on a going concern basis since the Directors are of the view that the Company has adequate resources to continue in operation in the foreseeable future from the date of approving these financial statements.

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

The Directors confirm that to the best of their knowledge,

- All taxes, duties and levies payable to the statutory bodies.
- All contributions levies and taxes payable on behalf of and in respect of the employees, and,
- All other known statutory dues that were due and payable by the Company as at the reporting date have been paid, or where relevant provided for in these financial statements.

6. OUTSTANDING LITIGATION

There is no litigation currently pending against the Company.

7. INTERESTS REGISTER

The Company maintains the Interests Register conforming to the provisions of the Companies Act, No.07 of 2007.

All Directors have made declarations as provided for in Section 192(2) of the Companies Act aforesaid.

The relevant details as required by the Companies Act, No. 07 of 2007 have been entered in the Interests Register during the year under review.

The Interests Register is available for inspection as required under the Companies Act, No. 07 of 2007.

7.1 Remuneration of Directors

Directors' remuneration for the financial year ended 31st March 2026 is given in Note 13 to the financial statements.

7.2 Directors' Interest in Contracts and Shares

Directors' interests in contracts of the Company are disclosed in Note 30 to these financial statements and have been declared at meetings of the Directors. The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company, while they had the following interests in the ordinary shares of the Company as shown in the table below:

Directors	No. of shares as at	
	31st March 2026	31st March 2025
Mr. E. H. Wijenaike (Chairman)	-	-
Mr. K. C. N. Fernando	3,600	3,600
Mr. A. P. Weeratunge	-	-
Mr. S. Marimuthu	550	550
Mr. A. S. Amaratunga	-	-
Mr. G.C. Jayaweera (Appointed w.e.f. 10th February 2026)	-	-

8. DIRECTORS

The names of the Directors who served during the period are given under Corporate Information provided in the inner back cover of the Annual Report.

8.1 Changes in the Directorate

Upon the recommendation of the Nominations and Governance Committee, Mr. G.C. Jayaweera was appointed as an Independent Non-Executive Director of the Company with effect from 10th February 2026.

8.2 Appointment of Directors who are over 70 years of age

Messrs. E. H. Wijenaike and. K. C. N. Fernando who were over 70 years of age were re-appointed as Directors of the Company in terms of Sections 210 and 211 of the Companies Act, No.07 of 2007 at the Annual General Meeting (AGM) held on 26th June 2025 for a further period of one year commencing from the conclusion of the said AGM. i.e. till 26th June 2026.

The Nominations and Governance Committee noted that Messrs. K. C. N. Fernando and E. H. Wijenaike are fit and proper based on the Fit and Proper Assessment Criteria in terms of Rule 9.7.3 of the Listing Rules and based on the recommendation of the Nominations and Governance Committee and the Board, it is recommended that Messrs. K. C.N. Fernando and E. H. Wijenaike who are over 70 years of age be reappointed as Directors of the Company until the next Annual General Meeting of the Company and that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not be applicable to them.

8.3 Director to retire by rotation

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. A. P. Weeratunge retires by rotation and being eligible offers himself for re-election.

The Nominations and Governance Committee noted that Mr. A. P. Weeratunge is fit and proper based on the Fit and Proper Assessment Criteria in terms of Rule 9.7.3 of the Listing Rules and has recommended to re-elect Mr. A. P. Weeratunge to the Board at the Annual General Meeting to be held on 26th June 2026.

8.4 Re-election of newly appointed Director, since the last AGM

In terms of Rule 9.11.5 (ii) of the Listing Rules of the Colombo Stock Exchange, the Nominations and Governance Committee recommended the re-election of Mr. G.C. Jayaweera who was appointed to the Board since the last Annual General Meeting. Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange the Board has ensured that Mr. G.C. Jayaweera is fit and proper based on the 'Fit and Proper Criteria' stipulated in the Listing Rules.

Accordingly, in terms of Article 68 of the Articles of Association of the Company, shareholder approval is sought to re-elect Mr. G.C. Jayaweera at the Annual General Meeting to be held on Friday, 26th June 2026.

9. CORPORATE GOVERNANCE

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE).

9.1 Board of Directors

The following Directors held office during the period under review and their brief profiles are given on page 21 and 22 of the Annual Report.

Director	Executive / Independent Non - Executive / Non - Executive
Mr. E. H. Wijenaike (Chairman)	Non-Executive
Mr. K.C.N. Fernando	Executive
Mr. A.P. Weeratunge	Non-Executive
Mr. S. Marimuthu	Independent Non-Executive
Mr. A. S. Amaratunga	Independent Non-Executive
Mr. G.C. Jayaweera (Appointed w.e.f. 10th February 2026)	Independent Non-Executive

9.2 Statement on Directors' Fitness and Propriety

The Company obtained an annual declaration from the Directors as per Rule 9.7.3 and 9.7.4 of the Listing Rules of the Colombo Stock Exchange (CSE) confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria set out under the Listing Rules during the financial year 2025/26 and as at the date of such confirmation. Therefore, no Director was identified as a person who has failed to fulfil the required assessment criteria during the year under review.

The Nominations and Governance Committee reviewed and evaluated the fitness and propriety of the Directors of the Company based on the Fit and Proper Assessment Criteria declarations, confirms that all Directors of the Company, satisfies the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

9.3 Statement on Directors' Independence

Each of the Independent Directors of the Company have submitted a signed declaration on Independence/ Non-Independence as per Rule 9.8.5 of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting of the Board of Directors of the Company held on 22nd May 2026, in order to enable the Board of Directors to determine the Independence/Non-Independence of each of the Independent Directors, in terms of Rule 9.8.3 of the Listing Rules of the CSE.

9.4 Directors' Attendance at the Board Meetings

The Board met four (4) times as at the reporting date and the attendance is given below;

Director	Meetings Attended
Mr. E. H. Wijenaike (Chairman)	4/4
Mr. K.C.N. Fernando	3/4
Mr. A.P. Weeratunge	4/4
Mr. S. Marimuthu	4/4
Mr. A. S. Amaratunga	4/4
Mr. G.C. Jayaweera (Appointed w.e.f. 10th February 2026)	2/2

9.5 Board Evaluation

Each Director individually appraises the Board's performance to ensure discharging its responsibilities satisfactorily. This process takes into account and evaluates all aspects in relation to Board responsibilities.

Independent observations made by the Directors are collated and addressed by the Nominations and Governance Committee of the Company and recommended as relevant to the Board of Directors for consideration.

9.6 Board Sub Committees

The Board, while assuming the overall responsibility and accountability for the management of the Company, has also appointed Board sub-committees to ensure more effective control over certain affairs of the Company, conforming to the Corporate Governance Standards of the Listing Rules of the CSE and industry best practices. Accordingly, the following Board sub-committees have been constituted by the Board.

- Audit Committee
- Remuneration Committee
- Nominations and Governance Committee
- Related Party Transactions Review Committee

Each Sub-Committee operates under the oversight of its respective Chair and functions in accordance with its approved Committee Charter.

The Sub-Committees ensure compliance with all applicable regulatory frameworks and reports to the Board accordingly.

9.6.1 Audit Committee

The Audit Committee Report is given on page 25 to 27 of this Annual Report.

9.6. 2 Remuneration Committee

Committee composition

The Remuneration Committee of the Company consists of the following Members:

Member	Independent Non-Executive / Non-Executive
Mr. S. Marimuthu (Chairman)	Independent Non-Executive
Mr. A. S. Amaratunga	Independent Non-Executive
Mr. A. P. Weeratunge	Non-Executive

Meeting attendance

From 01st April 2025 until the reporting date, the Remuneration Committee met five (5) times. The attendance of the Committee Members at these meetings were as follows:

Member	Independent Non-Executive / Non-Executive	Attendance
Mr. S. Marimuthu (Chairman)	Independent Non-Executive	5/5
Mr. A. S. Amaratunga	Independent Non-Executive	5/5
Mr. A. P. Weeratunge	Non-Executive	5/5

Remuneration Policy Statement

Equity Two PLC has implemented a formal Remuneration Policy to ensure transparent and equitable compensation. The policy applies to Executive Directors, Non-Executive Directors, and Chief Executive Officers (CEOs). For the purposes of this policy, "remuneration" encompasses both cash and non-cash benefits received by these individuals where applicable. The Remuneration Committee, comprising Non-Executive and Independent Directors, is responsible for overseeing the implementation and periodic review of this policy. The policy is reviewed annually, with adjustments recommended by the Committee as deemed necessary. No Director shall participate in decisions regarding their own remuneration.

The aggregate remuneration of the Executive and Non- Executive Directors

The aggregate remuneration of the Executive and Non-Executive Directors for the year ended 31st March 2026 was Rs. 1,464,637/-.

9.6.3 Nominations and Governance Committee

The Nominations and Governance Committee Report is given on page 28 to 31 of this Annual Report.

9.6.4 Related Party Transactions Review Committee

The Related Party Transactions Review Committee Report is given on page 23 to 24 of this Annual Report.

Declaration

The Directors have made self-declarations for the purpose of identifying parties related to them. The said declarations were noted at the Related Party Transactions Review Committee Meetings.

The Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year.

9.7 Policies

In accordance with Rule 9.2.1 of the Colombo Stock Exchange, the Company established and maintains the following policies and was published on the Carson Cumberbatch PLC group website www.carsoncumberbatch.com w.e.f. 01st October 2024.

(1) Policy on the matters relating to the Board of Directors

(2) Policy on Board Committees

(3) Policy on Corporate Governance, Nominations and Re-election

(4) Policy on Remuneration

(5) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities

(6) Policy on Risk management and Internal controls

(7) Policy on Relations with Shareholders and Investors

(8) Policy on Environmental, Social and Governance Sustainability

(9) Policy on Control and Management of Company Assets and Shareholder Investments

(10) Policy on Corporate Disclosures

(11) Policy on Whistleblowing

(12) Policy on Anti-Bribery and Corruption

Compliance with the Section 9 of Listing Rules of the Colombo Stock Exchange on Corporate Governance as at date

Rule No.	Subject	Criteria	Compliance Status	Details
9.1.3	Applicability of Corporate Governance Rules	All Listed Entities shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity	Compliant	Please refer to point 9 of the Annual Report of the Board of Directors.
9.2	Policies	Policies	Compliant	The Company has established and maintains required policies with effect from 01st October 2024, and which have been disclosed on Carsons Cumberbatch PLC Group's website. Please refer to page 12 of the Annual Report of the Board of Directors.
9.3	Board Committees	Board Committees	Compliant	Please refer to Note 9.6.1 to 9.6.4 of the Annual Report of the Board of Directors. The Company has established and maintains Audit Committee, Remuneration Committee, Nominations & Governance Committee and Related Party Transactions Review Committee which are functioning effectively.
9.4.1	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	Listed Entities shall maintain records of all resolutions and information pertaining to its adoption	Compliant	The Company Secretaries maintain records of all resolutions and requisite information.
9.4.2	Communication and relations with shareholders and investors	Communication and relations with shareholders and investors	Compliant	The Company has established and maintains a policy on Shareholder Communication and Relations and has been published on Carson Cumberbatch PLC Group's website. The contact person is mentioned. The policy includes a process whereby Directors are informed of major issues and concerns of shareholders. Please refer to page 17 of the Annual Report of the Board of Directors.
9.5	Policy on matters relating to the Board of Directors	Policy on matters relating to the Board of Directors	Compliant	The Company has established and maintains Policy on the matters relating to the Board of Directors which addresses the requirements in Rules 9.5.1 and 9.5.2, and same has been published in Carson Cumberbatch PLC Group's website.

Annual Report of the Board of Directors on the affairs of the Company

Rule No.	Subject	Criteria	Compliance Status	Details
9.6.1	Chairperson and CEO	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.	Compliant	Chairman is a Non-Executive Director
9.6.2	Chairperson and CEO	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement	Not Applicable	Chairman is a Non- Executive Director and the positions of the Chairperson and CEO are not held by the same individual.
9.6.3 and 9.6.4	The Requirement for a Senior Independent Director (SID)	SID to be appointed in the following instances; The positions of the Chairperson and CEO are held by the same individual. The Chairperson is an Executive Director. The Chairperson and CEO are Close Family Members or Related Parties.	Not Applicable	Chairman is a Non-Executive Director, the positions of the Chairperson and CEO are not held by the same individual and the Chairman and CEO are not Close Family Members or Related Parties.
9.7	Fitness of Directors and CEO	Fitness of Directors and CEO	Compliant	The Company obtained an annual declaration from the Directors confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria. All Directors met the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.
9.8.1	Board Composition	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Compliant	The Board comprises of 06 Directors.
9.8.2/9.8.3 and 9.8.5	Independent Directors	Minimum no. of Independent Directors/ Criteria for defining independence and declaration & disclosures relating to Directors	Compliant	Please refer Note 9.1 of the Annual Report of the Board of Directors.
9.9	Alternate Director	Alternate Director	Compliant	No Alternate Directors were appointed to the Board throughout the reporting period.
9.10.4.(a) and 9.10.4(b)	Disclosure relating to Directors	Company shall publish a brief resume in the Annual Report including expertise in relevant functional areas of each Director	Compliant	Please refer the Profile of the Directors on page 21 to 22.
9.10.4(c)	Disclosure relating to Directors	Whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity	Compliant	As at the conclusion of the last AGM and throughout the financial year, none of the Directors or Close Family Members have had any material business relationship with other directors of the Company.
9.10.4.(d) /9.10.4.(e)/ 9.10.4.(f)/ 9.10.4.(g) and 9.10.4.(h)	Disclosure relating to Directors	Disclosure relating to Directors	Compliant	Please refer to point 9.1, 9.6 and 9.8 of the Annual Report of the Board of Directors.
9.11	Nominations and Governance Committee	Nominations and Governance Committee	Compliant	The Nominations and Governance Committee Report is given on page 28 to 31 of this Annual Report.

Rule No.	Subject	Criteria	Compliance Status	Details
9.12	Remuneration Committee	Remuneration Committee	Compliant	The Remuneration Committee matters are given on Point 9.6.2 of the Annual Report of the Board of Directors
9.13	Audit Committee	Audit Committee	Compliant	The Audit Committee Report is given on page 25 to 27 of this Annual Report.
9.14	Related Party Transactions Review Committee	Related Party Transactions Review Committee	Compliant	The Related Party Transactions Review Committee Report is given on page 23 to 24 of this Annual Report.
9.17(i)	Additional Disclosures	Board of Directors should declare all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested	Compliant	Directors declared at a board meeting that they have no material interests in contracts involving in the Company and there were no matters in which they were materially interested.
9.17(ii)	Additional Disclosures	Board of Directors should conduct a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith	Compliant	The Board, having reviewed the system of internal controls covering financial, operational and compliance controls and risk management, is satisfied with the Company's adherence to and effectiveness of these controls for the period up to the date of signing the Financial Statements.
9.17(iii)	Additional Disclosures	Board of Directors should make arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions	Compliant	The Board of Directors have declared that the Company and the Board of Directors have complied with applicable laws, rules and regulations and also are aware of changes particularly to the Listing Rules of the Colombo Stock Exchange and all other applicable capital market provisions.
9.17(iv)	Additional Disclosures	Board of Directors should disclose relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	Compliant	The Board of Directors have no disclosures to be made of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Company has operations.

9.8 Disclosures relating to the Directors as per Section 9.10.4 (e) of the Listing Rules of Colombo Stock Exchange

Equity One Limited is the immediate Parent Company of Equity Two PLC. 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.

Name of the Director	Name of the Company, functioning capacity, Listed/Unlisted
Mr. E.H. Wijenaike *(Total No. of Directorships – 04)* (Total No. of Companies within the Carson Cumberbatch PLC Group where Mr. E.H. Wijenaike is a Key Management Personnel but not a Director - 01)	**Carson Cumberbatch PLC Group of companies;** He is a Non - Executive and Key Management Personnel in the mentioned Listed Company – Equity Two PLC He is a Director and Key Management Personnel in another unlisted Company of Carson Cumberbatch PLC Group
	Other companies; He is a Non - Executive Director and Key Management Personnel in the mentioned Listed Company - Central Finance Company PLC He is a Non - Executive Director and Key Management Personnel in the mentioned unlisted company - Dehigama Hotels Company Ltd

Name of the Director	Name of the Company, functioning capacity, Listed/Unlisted
Mr. A.P. Weeratunge *(Total No. of Directorships - 08)* (Total No. of Companies within the Carson Cumberbatch PLC Group where Mr. A.P. Weeratunge is a Key Management Personnel but not a Director - 01)	**Carson Cumberbatch PLC Group of companies;** He is a Non - Executive Director and Key Management Personnel in the mentioned Listed Companies - Equity Two PLC, Ceylon Investment PLC, Ceylon Guardian Investment Trust PLC He is a Director and/or Key Management Personnel in other unlisted companies of Carson Cumberbatch PLC Group
Mr. K.C.N. Fernando *(Total No. of Directorships - 04)*	**Carson Cumberbatch PLC Group of companies;** He is an Executive Director and Key Management Personnel in the mentioned Listed Company- Equity Two PLC He is a Director and/or Key Management Personnel in other unlisted companies of Carson Cumberbatch PLC Group
Mr. A. S. Amaratunga *(Total No. of Directorships - 09)* (Total No. of Companies within the Carson Cumberbatch PLC Group where Mr. A. S. Amaratunga is a Key Management Personnel but not a Director - 09)	**Carson Cumberbatch PLC Group of companies;** He is an Independent Non - Executive Director and Key Management Personnel in the mentioned Listed Companies - Equity Two PLC, Ceylon Beverage Holdings PLC, Bukit Darah PLC, Carson Cumberbatch PLC, Lion Brewery (Ceylon) PLC, Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC and Pegasus Hotels of Ceylon PLC. **Other companies;** He is a Non - Executive Director and Key Management Personnel in the mentioned Unlisted Company – SAARA LABs (Pvt) Ltd
Mr. S. Marimuthu *(Total No. of Directorships – 06)* (Total No. of Companies within the Carson Cumberbatch PLC Group where Mr. S. Marimuthu is a Key Management Personnel but not a Director - 01)	**Carson Cumberbatch PLC Group of companies;** He is an Independent Non - Executive Director and Key Management Personnel in the mentioned Listed Companies – Equity Two PLC and Pegasus Hotels of Ceylon PLC He is a Director and/or Key Management Personnel in another unlisted company of Carson Cumberbatch PLC group **Other companies;** He is a Independent Non - Executive Director and Key Management Personnel in the mentioned Listed Company – Industrial Asphalts (Ceylon) PLC He is a Non - Executive Director and Key Management Personnel in the mentioned Unlisted Companies – Knightsbridge E- commerce (Pvt) Limited and Silverfalls (Pvt) Limited
Mr. G.C. Jayaweera *(Appointed w.e.f. 10th February 2026)* *(Total No. of Directorships – 06)* (Total No. of Companies within the Carson Cumberbatch PLC Group where Mr. G.C. Jayaweera is a Key Management Personnel but not a Director - 06)	**Carson Cumberbatch PLC Group of companies;** He is an Independent Non - Executive Director and Key Management Personnel in the mentioned Listed Companies – Bukit Darah PLC, Carson Cumberbatch PLC, Pegasus Hotels of Ceylon PLC, Equity Two PLC, Ceylon Guardian Investment Trust PLC and Ceylon Investment PLC

10. INDEPENDENT AUDITORS

Company's Auditors during the year under review were Messrs. KPMG, Chartered Accountants.

Audit fees for the Company for the year ended 31st March 2026 was Rs. 376,000/- (2025 - Rs. 346,500/-). Fees paid to auditors on audit related services are given in Note 13 to the financial statements.

The retiring Auditors have expressed their willingness to continue in office. A resolution to re-appoint them as auditors of the Company and authorising the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The Audit Committee reviewed the appointment of the Auditors, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditors.

10.1 Auditors' relationship or any interest with the Company

The Directors are satisfied that, based on written representations made by the Independent Auditors to the Board, the Auditors do not have any interest with the Company that would impair their independence.

10.2 Independent Auditors' Report

The Independent Auditors' Report on the financial statements is given on pages 33 to 34 of the Annual Report.

11. SIGNIFICANT EVENTS DURING THE YEAR

There were no significant events during the year.

12. INTERNAL CONTROL AND RISK MANAGEMENT

The ultimate responsibility to establish, monitor and review a company-wide internal control system rests with the Board of Directors. The Board of Directors has delegated oversight of risk management and internal control environment to the Audit committee. Audit Committee, through the involvement of the Group Internal Audit division, takes steps to gain assurance on the effectiveness over the financial, operational and risk management control systems in place. The Audit Committee receives regular reports on the adequacy and effectiveness of internal controls, compliance with laws and regulations and established policies and procedures of the Group. The head of the Group Internal Audit division has direct access to the Audit Committee.

Management regularly review compliance with relevant laws and regulations and provide written update to the Board on a quarterly basis. Further, with the help of the Audit Committee, the Board reviews and assesses the Company's risk management process, including control environment in high-risk areas, and reviews the risk policies adopted by the Company on an annual basis. This creates an opportunity to takes prompt corrective action to mitigate the effects of specific risks if any. A comprehensive description of the risk management strategies of the Company are given on pages 04 to 07 in the Annual Report.

13. HUMAN RESOURCES

The Company continue to invest in human capital development and implement effective human resource practices and policies to develop and build an efficient and effective workforce aligned around business priorities and to ensure that its employees are developing the skills and knowledge required for the future success of the Company and the Group.

The number of persons employed by the Company as at 31st March 2026 was 08 (2025 - 08).

14. EQUITABLE TREATMENT TO SHAREHOLDERS

The Company ensures that the rights of all shareholders are preserved and has established procedures to ensure the fair and equitable treatment of all shareholders, also, an array of measures is also in place to ensure that shareholder views are identified and fully considered.

The Company communicates with the shareholders through the following means of communication:

1. Annual General Meeting (AGM) and Extraordinary General Meetings (EGM).

   The Annual General Meeting provides shareholders with the opportunity to share their views and to meet the Board, including the Chairman of the Board committees and Key Management Personnel. Further Company's external auditors are also present at the Annual General Meeting.

2 Announcements to the Colombo Stock Exchange

3 Carson Cumberbatch PLC Group's website

4 Interaction through the Company Secretaries

Shareholders may direct any major issues and concerns which they may have to the Company Secretaries who serve as a point of contact for all shareholders of the Company who will forward same to the Board of Directors.

15. DIVIDEND

15.1 A First Interim Dividend of Rs.4.41 per ordinary share for the year ended 31st March 2026 was paid on 20th May 2026 to the Shareholders of the Company who had provided accurate bank account details and to the Shareholders who have not provided accurate bank account details or had not provided any bank account details, the dividends will be paid on or before 03rd June 2026 via cheques.

16. SOLVENCY TEST

At the time of approving the above distribution, the Directors were satisfied that the Company would meet the Solvency Test requirement under Section 56(2) of the Companies Act, No. 07 of 2007 immediately after the said distribution.

The Company's Auditors, KPMG, Chartered Accountants have issued Certificates of Solvency for the dividends mentioned above, confirming same.

17. STATED CAPITAL

The Stated Capital of the Company as at 31st March 2026 was Rs. 444,092,098/35 consisting of 31,000,000 ordinary shares. There was no change in the Stated Capital of the Company during the year.

18. STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief were satisfied that all statutory dues have been paid up to date or have been provided for in the financial statements.

19. GOING CONCERN

The Board of Directors is satisfied that the Company has adequate resources to continue its operations into the foreseeable future. Accordingly, the financial statements are prepared based on the going concern basis.

20. ENVIRONMENTAL PROTECTION

The Company is sensitive to the needs of the environment and makes every endeavour to comply with the relevant environmental laws, regulations and best practices applicable in the country. After making adequate inquiries from the Management, the Directors are satisfied that the Company operates in a manner that minimises the detrimental effects on the environment and provides services that have a beneficial effect on the customers and the communities within which the Company operates.

21. MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS

There were no material issues relating to employees and industrial relations during the year ended 31st March 2026.

22. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, no circumstances have arisen, which would require adjustments to or disclosures in the financial statements, other than those disclosed in Note 31 to the Financial Statements.

23. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The contingent liabilities and commitments made on account of capital expenditure as at 31st March 2026 are given in Note 27 to the Financial Statements.

24. SHARE INFORMATION

Information relating to share trading are given on pages 66 to 67 of this Report.

25. TWENTY MAJOR SHAREHOLDERS WITH COMPARATIVES

The Parent Company, Equity One Limited holds 88.87% of the total ordinary shares in issue of the Company as at 31st March 2026.

	Name of the Shareholders	31st March 2026		31st March 2025	
		No. of Shares	%	No. of Shares	%
1	EQUITY ONE LIMITED A/C NO.1	27,549,456	88.87	27,549,456	88.87
2	BANK OF CEYLON A/C CEYBANK UNIT TRUST	192,024	0.62	2,048,270	6.61
3	MR. M.Z.M. ASAD	163,000	0.53	-	-
4	MR. D.J.P.B. FERNANDO	125,000	0.40	-	-
5	SUGATHADASA BANDARA & SONS (PVT) LTD	108,825	0.35	-	-
6	DIALOG FINANCE PLC/MR. P. GUNARATNAM	89,345	0.29	-	-
7	ESTATE OF LATE MR. K.C. VIGNARAJAH	79,056	0.26	108,301	0.35
8	MR. R.R.C. MADHUMADHAWA	70,380	0.23	-	-
9	MR. H.A.R. PEIRIS	56,000	0.18	-	-
10	TRANZ DOMINION,L.L.C	55,480	0.18	55,480	0.18
11	MERCHANT BANK OF SRI LANKA & FINANCE PLC/NUTRI PLUS (PVT) LTD	55,221	0.18	-	-
12	MRS. C.A.D.S. WOODWARD	52,073	0.17	52,073	0.17
13	PEOPLE'S LEASING & FINANCE PLC/MR. R.R.S. ANANDA	50,045	0.16	-	-
14	MRS. C.L. RAMANAYAKE	50,000	0.16	50,000	0.16
15	MR. LT. BASNAYAKE	50,000	0.16	-	-
16	MISS. V.K. RAMANAYAKE	50,000	0.16	50,000	0.16
17	MERCHANT BANK OF SRI LANKA AND FINANCE PLC/W.JINADASA	49,103	0.16	-	-
18	SEYLAN BANK PLC/WETHTHINGE JINADASA	49,074	0.16	-	-
19	SUGATHADASA BANDARA TRADING (PVT) LTD	48,578	0.16	-	-
20	SENKADAGALA FINANCE PLC/A.K.G. INDIKA	40,100	0.13	-	-

Annual Report of the Board of Directors on the affairs of the Company

26. ANNUAL REPORT

The information provided herein is in pursuance of the requirements of the Companies Act, No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors have approved the Financial Statements of the Company together with the Reviews which form part of the Annual Report on 02nd June 2026.

The appropriate number of copies of the Annual Report will be submitted to the Colombo Stock Exchange, the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies, within applicable time frames.

27. ANNUAL GENERAL MEETING

The 36th Annual General Meeting of the Company will be held on Friday, 26th June 2026 at 9.30 a.m. at the Ground Floor, Auditorium of The Ceylon Chamber of Commerce, No. 50, Nawam Mawatha, Colombo 02, Sri Lanka.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 69 to 70 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)
E.H. Wijenaike
Chairman

(Sgd.)
K. C. N. Fernando
Director

(Sgd.)
Natasha Selvaratnam
President - Group Company Secretarial
Carsons Management Services (Private) Limited
Secretaries

Colombo
02nd June 2026

Profiles of the Directors

ERANJITH WIJENAIKE – CHAIRMAN

Eranjith Wijenaike is a Non -Executive Director of Equity Two PLC, Equity One Limited, and Central Finance Company PLC. He holds a Bachelor's Degree in Commerce and a Postgraduate Diploma in Finance and Management.

AJITH WEERATUNGE

Ajith Weeratunge is presently a Non-Executive Director of Carsons Management Services (Private) Limited, which is the management arm of Carson Cumberbatch PLC's Sri Lankan operations.

He is also a Non-Executive Director of Group's Real Estate Sector's Equity One Limited, Equity Two PLC and the Group's Investment Holding Sector's Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC, Rubber Investment Trust Limited and Guardian Fund Management Limited. He is also a Non-Executive Director of Group's oil palm plantation sector holding company, Goodhope Asia Holdings Ltd. He is also a Director of Leechman & Company (Private) Limited.

He carries over 40 years of finance related experience in several leading companies in the mercantile sector, which includes 30 years of service with Carsons Group.

He is a Fellow member of the Chartered Institute of Management Accountants of UK.

NALAKE FERNANDO

Nalake Fernando is a Director of the Property Management Companies of the Carson Cumberbatch Group, namely Equity One Limited, Equity Two PLC and Equity Three (Private) Limited.

He is also a Director of Carsons Management Services (Private) Limited, as well as Association for Individuals with learning Differences. He was the Country Representative for Sri Lanka of Dalekeller & Associates Ltd, Designers and Skidmore Ownings & Merrill Architects. He was also a Director of SKC Management Services Ltd.

He counts over 46 years of work experience and holds a Technician's Certificate of the Institute of Work Study Practitioners of UK.

SIVANANDAN MARIMUTHU

Siva Marimuthu is a Director of Equity One Limited, Equity Two PLC, Pegasus Hotels of Ceylon PLC, Industrial Asphalts PLC, Knightsbridge E- Commerce (Pvt) Ltd. and Silverfalls (Pvt) Limited.

Siva is a career banker with over 25 years of experience having served international banks in senior leadership capacities. He holds a Masters in Business Administration from the University of Wollongong – Australia, a Bachelor of Commerce from Loyola College, India and is also a CIMA Passed Finalist.

Siva's experience in the banking sector is extensive, being a part of the country management team for Standard Chartered Bank Sri Lanka. He has contributed across all key functions such as Retail Banking, Banking Operations, Operational Risk Management, Compliance and Assurance, Project Implementations, Administration and Audit. He also has headed the Country Audit and Operational Risk Function for Standard Chartered Bank, Sri Lanka.

Siva played a key role in ensuring bank's risk and compliance processes are in order, having implemented the operational risk framework, customer due diligence, anti-money laundering processes, design of risk assessment tools and core bank system implementations at Standard Chartered bank.

SAKTHA AMARATUNGA

Saktha Amaratunga is an Independent, Non-Executive Director of Bukit Darah PLC, Carson Cumberbatch PLC and in several companies of the Carson Cumberbatch Group, Chairman - Audit Committees of the Carson Cumberbatch Group and is also a Commissioner of PT Agro Indomas Indonesia, a subsidiary of the Carson Cumberbatch Group. He is also an Audit Committee Member of MAS Holdings Ltd.

Previously, Regional Audit Controller (Asia Pacific) for British American Tobacco, he has more than 20 years' experience with British American Tobacco, having performed senior finance roles for the Group in Sri Lanka and the United Kingdom, and also being the Finance Director of British American Tobacco Operations in the Czech Republic, Sri Lanka, Switzerland, Japan and Malaysia (IT Shared Services Organisation). He was also an Independent Non Executive Director and Chair of the Audit Committee at Hemas Holdings.

He has many years of experience in Strategy Development, Business Restructuring, Risk and Governance, International Finance and People Development. He is a Fellow Member of the Chartered Accountants of Sri Lanka, Associate Member of the Chartered Institute of Management Accountants, UK and also a Member of CPA Australia.

Profiles of the Directors

CHINTHAKA JAYAWEERA

(Appointed w.e.f. 10th February 2026)

Gihan Chinthaka Jayaweera was Vice President and Chief Internal Audit Executive at A.P. Moller Maersk Group with the overall responsibility for providing independent assurance on Governance, Risk Management, Internal Controls and Compliance. Prior to this role, he was a member of the Global Finance Leadership Team of Maersk Line with the responsibility for Global Finance Operations. His career at Maersk spans over 28 years with various global leadership positions. He was based at the Head Office in Denmark for over 21 years. Prior to moving to Denmark, he was the Country Manager for Maersk Logistics – Sri Lanka & Maldives. He started his career at KPMG and was subsequently at Vanik Incorporation before joining Maersk. He had held Independent Non-Executive roles in Family Trusts for High Net-worth families. He holds a Global Executive MBA from TRIUM (comprising of London School of Economics and Political Science, New York University Stern School of Business and HEC School of Management Paris). He has also attended Leadership Programs at Harvard Business School and INSEAD. He is a Fellow member of the Chartered Institute of Management Accountants – UK and a Member of The Chartered Institute of Marketing – UK.

Related Party Transactions Review Committee Report

1. COMMITTEE COMPOSITION

The Related Party Transactions Review Committee (RPTRC) of Equity Two PLC consists of the following Members:

Member	Independent Non-Executive / Non-Executive
Mr. A. S. Amaratunga (Chairman)	Independent Non-Executive
Mr. S. Marimuthu	Independent Non-Executive
Mr. A. P. Weeratunge	Non-Executive
Mr. G.C. Jayaweera (Appointed w.e.f. 10th February 2026)	Independent Non-Executive

2. MEETING ATTENDANCE

From 01st April 2025 until the reporting date the Committee met Six (6) times and the attendance of the Committee Members at these meetings was as follows;

Member	Independent Non-Executive / Non-Executive / Executive	Attendance
Mr. A. S. Amaratunga (Chairman)	Independent Non-Executive	6/6
Mr. S. Marimuthu	Independent Non-Executive	6/6
Mr. A. P. Weeratunge	Non-Executive	6/6
Mr. G.C. Jayaweera (Appointed w.e.f. 10th February 2026)	Independent Non-Executive	2/2

3. DISCLOSURES AS PER SECTION 9.14.8 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE

3.1 Non-Recurrent Related Party Transactions

In accordance with Rule 9.14.8 (1) of the Listing Rules of the Colombo Stock Exchange, there were no Non-Recurrent Related Party Transactions entered into by the Company, where the aggregate value of such Transactions exceeded 10% of the Equity or 5% of the Total Assets of the Company, whichever is lower, as per the Audited Financial Statements available during the year.

3.2 Recurrent Related Party Transactions

In accordance with Rule 9.14.8 (2) of the Listing Rules of the Colombo Stock Exchange the following Recurrent Related Party Transactions were entered into by the Company, where the aggregate value of such Transactions exceeded 10% of the Gross Revenue/ Income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue), as per the latest Audited Financial Statements.

Name of the Related Party	Relationship	Nature of the Transaction(s)	Aggregate Value of Related Party Transaction(s) entered into during the financial year	Aggregate Value of Related Party Transaction(s) as a % of Gross Revenue/Income	Terms and Conditions of the Related Party Transaction(s)
Carsons Management Services (Pvt) Limited (CMSL)	A fellow subsidiary of Carson Cumberbatch PLC	Property rental income earned and support services fee incurred	Rs.41,611,200/-	17.6% of revenue*	Operating lease/rental agreements for the office space occupied by CMSL and the agreements for support services obtained by the Company from CMSL in the ordinary course of business.

*Revenue is based on Audited Financial Statements as at 31st March 2026.

4. STATEMENT ON REVIEW OF RELATED PARTY TRANSACTIONS

As required by Rule 9.14.8 (3) of the Listing Rules of the Colombo Stock Exchange, the Related Party Transactions Review Committee (RPTRC) of the Company reviewed all Related Party Transactions (RPTs) carried out during the financial year from 1st April 2025 to 31st March 2026, excluding those transactions exempted under Listing Rule 9.14.10 of the Listing Rules of the CSE.

Following its review, the RPTRC communicated its comments and observations to the Board of Directors of the Company.

5. POLICIES AND PROCEDURES FOR REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

As required by Rule 9.14.8 (3) of the Listing Rules of the Colombo Stock Exchange, the Committee adopts the following policies and procedures for reviewing related party transactions of the Company.

1. The Related Party Transactions Review Committee (RPTRC) reviews all relevant Related Party Transactions (RPTs) of the Company and where the Committee determines that approval of the Board of Directors of the Company is required, such approval will be obtained prior to entering into the relevant transaction.

2. Senior management provides RPTRC with all the facts and circumstances of a proposed RPT to facilitate the review of a RPT and such information includes;
   - related party's relationship to the Company and interest in the transaction;
   - material facts of the proposed RPT, including the proposed aggregate value of such transaction;
   - benefits of the proposed RPT to the Company;
   - availability of other sources of comparable products or services; and
   - an assessment of whether the proposed RPT is on terms that are comparable to the terms generally available to an unaffiliated third party under the same or similar circumstances, or to employees generally.

3. In reviewing a transaction, RPTRC assesses whether the proposed RPT is conducted during the ordinary course of business and is carried out at an arm's length basis, regardless of whether the transaction is of recurrent or non-recurrent in nature.

4. Reviews and approvals by the RPTRC are conducted either at duly convened Meetings of the Committee (subject to quorum requirements being met) or by way of Circular Resolution.

5. In deciding whether to seek the approval of the Board of Directors for a given RPT, the RPTRC considers, among other relevant factors, whether the transaction pose any actual or potential conflict of interest to the Directors and advise the Board accordingly.

6. Submit Related Party Transactions that require Shareholder approval by way of a Special Resolution, as stipulated under Rule 9.14 of the Listing Rules of the Colombo Stock Exchange, for Shareholder approval once reviewed and approved by the RPTRC and the Board of Directors of the Company.

7. The Board of Directors of the Company has been identified as Key Management Personnel (KMP). Each director and KMPs provide declarations to identify parties related to them. Related Party Transactions are identified based on the disclosures made in these declarations.

6. DECLARATION

As required by Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange, the following declaration by the Board of Directors is captured in Section 9.6.4 of the 'Annual Report of the Board of Directors on the Affairs of the Company' of this Report.

The Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange, pertaining to Related Party Transactions during the financial year ended 31st March 2026.

(Sgd.)
A. S. Amaratunga
Chairman – Related Party Transactions Review Committee

02nd June 2026

Audit Committee Report

1. COMMITTEE COMPOSITION

1.1 The Audit Committee of Equity Two PLC consists of the following Members:

Member	Independent Non-Executive/ Non-Executive
Mr. A.S. Amaratunga (Chairman)	Independent Non-Executive
Mr. S. Marimuthu	Independent Non-Executive
Mr. A.P. Weeratunge	Non-Executive
Mr. G.C. Jayaweera (Appointed w.e.f. 10th February 2026)	Independent Non-Executive

1.2 Profile of the Members of the Audit Committee

Refer pages 21 to 22 for the profiles of the Audit committee members.

2. MEETINGS OF THE AUDIT COMMITTEE

2.1 From 01st April 2025 until the reporting date, the Audit Committee of Equity Two PLC met Eight (8) times and the attendance of the Audit Committee Members was as follows:

Member	Independent Non-Executive/ Non-Executive	Attendance
Mr. A.S. Amaratunga (Chairman)	Independent Non-Executive	8/8
Mr. S. Marimuthu	Independent Non-Executive	8/8
Mr. A.P. Weeratunge	Non-Executive	8/8
Mr. G.C. Jayaweera (Appointed w.e.f. 10th February 2026)	Independent Non-Executive	3/3

2.2 Director-Finance, Carsons Management Services (Private) Limited - Managers, Internal Auditors and Senior management staff members also attended the Audit Committee Meetings by invitation.

3. AUDIT COMMITTEE CHARTER

The Company has an Audit Committee Charter and the powers and responsibilities of the Audit Committee are governed by the Audit Committee Charter.

4. FUNCTIONS AND DUTIES

4.1 Assists the Board of Directors in fulfilling its oversight responsibilities of the financial reporting process, the system of internal control over financial reporting, the audit process, risk management and the Company's processes for monitoring compliance with financial reporting requirements, information requirements under the Corporate Governance Rules of the Colombo Stock Exchange, the Companies Act, No.07 of 2007 and the Securities and Exchange Commission of Sri Lanka (SEC) Act No.19 of 2021, and other relevant financial reporting related regulations.

4.2 Reviews and recommends the Interim Financial Statements of Equity Two PLC for the approval of the Board of Directors prior to the release of same to the Regulatory Authorities and to the Shareholders. The Audit Committee held meetings to discuss and review the Interim Financial Statements of the Company.

4.3 Reviews and recommends the Annual Report of Equity Two PLC for the approval of the Board of Directors and release of same to the Regulatory Authorities and to the Shareholders.

4.4 Recommends appointment/re-appointment/removal of External Auditors and approve their remuneration and engagement terms.

4.5 Obtains and reviews assurances received from the Managers that the financial records have been properly maintained and the Financial Statements give a true and fair view of the Company's operations and finances. Reviews assurances given by the Managers and Key Management Personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

4.6 Reviews the internal controls in place to prevent the leakage of material information to unauthorised persons.

4.7 Reviews and oversees processes to ensure that the Company's internal controls and risk management are adequate.

4.8 Reviews and assesses the Company's risk management process, including control environment in high-risk areas, Business continuity plans, and reviews the risk policies adopted by the Company on an annual basis.

4.9 Takes prompt corrective action to request management to mitigate the effects of specific risks.

4.10 Reviews the scope and results of the internal and external audits and its effectiveness, and the independence, performance and objectivity of the auditors.

4.11 Reviews the policy and the process on engaging External Auditors for non-audit services, ensuring compliance with independence and ethical guidelines. Reports any concerns or areas for improvement to the Board along with recommended actions.

5. ASSURANCE FROM THE CEO AND CFO REGARDING THE COMPANY'S OPERATIONS AND FINANCES, AND AN OPINION ON COMPLIANCE WITH FINANCIAL REPORTING AND INFORMATION REQUIREMENTS UNDER RELEVANT REGULATIONS

As required under Rule 9.13.5 (2)(c) and (d) of the Listing Rules of the CSE, the Audit Committee was provided with confirmations and declarations as required by the Managers, Carsons Management Services (Private) Limited that the Financial Statements have been prepared in accordance with the Listing Rules of the Colombo Stock Exchange, Sri Lanka Accounting Standards, information required by the Companies Act, No. 07 of 2007 and the Securities and Exchange Commission of Sri Lanka therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

6. INTERNAL AUDIT

6.1 The objective of the Group Internal Audit function is to provide an independent assessment of the system of internal controls established by management. This includes evaluating their adequacy and integrity in relation to the objectives they are intended to support, as well as determining the extent of compliance by responsible staff. Where necessary, corrective or preventive actions are recommended.

6.2 The Audit Committee approved the Property Sector Audit Plan for the financial year 2025/2026. In accordance with the plan, Group Internal Audit conducted relevant reviews of the Property Sector companies. Where necessary, the Audit Plan was reviewed and adjusted to enable the Internal Audit team to address areas requiring attention beyond the initial scope of the Internal Audit Plan.

6.3 The findings and content of Group Internal Audit reports are initially discussed with the relevant management staff. The reports are then presented at Audit Committee meetings, where they are reviewed in the presence of senior management. Particular focus is given to significant findings, associated recommendations, proposed corrective actions, management responses, and the implementation status, which is monitored regularly.

6.4 Where necessary, material concerns highlighted by the Group Internal Audit are taken up by the Audit Committee for further discussion and deliberation at Board Meetings.

7. STATUS OF RISK MANAGEMENT AND INTERNAL CONTROL

7.1 As required under Rule 9.13.5(2)(b) of the Listing Rules of the CSE the Committee reviews the Risk Management Reports, risk heat map, risk register and activities related to managing risks, especially the processes adopted with management to identify, assesses and mitigate risks through appropriate and timely action.

7.2 The Committee provides oversight on adequacy and effectiveness of the Company's internal controls and risk management processes.

8. EXTERNAL AUDIT

8.1 The External Auditors' Letter of Engagement was reviewed and discussed by the Committee with Messrs. KPMG and management, prior to the commencement of the audit, and the Committee followed up on all matters raised by the External Auditors after the final review.

8.2 The Audit Committee has determined that the independence of Messrs. KPMG, Chartered Accountants, have not been impaired by any event or service that gives rise to a conflict of interest. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and written confirmation has been received from the Auditors of their compliance, with the independence guidelines given in the 'Code of Professional Conduct and Ethics' issued by the Institute of Chartered Accountants of Sri Lanka.

8.3 Messrs. KPMG have been the External Auditors of the Company since 1992 and the Audit Engagement Partner for the financial year ended 31st March 2026 is Mr. Rajesh Rajan, who was appointed as Audit Parter in 2025 following the rotation of the previous Partner.

8.4 The Committee reviews the Non-Audit services obtained from Messrs. KPMG and the fees paid to them for such services, at quarterly Audit Committee Meetings. The Auditors have confirmed that they are not aware of any relationship with or interest in Equity Two PLC that, in their judgment, may reasonably be deemed to have a bearing on their independence within the meaning of the 'Code of Professional Conduct and Ethics' issued by the Institute of Chartered Accountants of Sri Lanka.

8.5 The Members of the Audit Committee have concurred to recommend to the Board of Directors the re appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2027, subject to the approval of the shareholders of Equity Two PLC at the Annual General Meeting.

8.6 The Audit Committee held a meeting to discuss and review the Financial Statements of the Company, the Audit Opinion and External Audit matters of the Company for the year ended 31st March 2026, together with the External Auditors, Messrs. KPMG, prior to release of same to the Regulatory Authorities and to the Shareholders.

(Sgd.)
A. S. Amaratunga
Chairman - Audit Committee

02nd June 2026

Nominations and Governance Committee Report

1. COMMITTEE COMPOSITION

1.1 As at the reporting date, the Nominations and Governance Committee of the Company consists of the following Members:

Member	Independent Non-Executive / Non-Executive	Date of Appointment to the Committee
Mr. S. Marimuthu (Chairman)	Independent Non-Executive	25th September 2024
Mr. A.S. Amaratunga	Independent Non-Executive	25th September 2024
Mr. A. P. Weeratunge	Non-Executive	25th September 2024

2. DIRECTOR NOMINATION AND COMMITTEE APPOINTMENTS

The Nominations and Governance Committee operates under a documented policy and established procedures for nominating Directors to the Board and recommending appointments to the Company's sub-committees. These processes ensure that all appointments are made based on merit, experience and alignment with the Company's strategic needs and governance principles. Members of the Committee abstain from participating in decisions relating to their own appointments.

3. RETIREMENT AND RE-ELECTION OF DIRECTORS

As provided in the Articles of Association of the Company, one-third of the Directors elected by the Company shall retire from office at each Annual General Meeting. The Directors to retire each year shall be those who have been in office the longest since their last election. Every retiring Director is eligible for re-election, subject to the recommendation of the Board and shall continue to act as a Director throughout the meeting at which they retire. Directors appointed as Nominee Directors, as provided in the Articles of Association, are not subject to retirement and re-election. All Directors who are subject to retirement by rotation and re-election as per the Articles of Association of the Company are required to submit themselves for re-election at regular intervals and at least once in every three years as explained above.

3.1 In terms of Rule 9.11.5 (ii) of the Listing Rules of the Colombo Stock Exchange (CSE), the Committee has recommended the re-election of Mr. A.P. Weeratunge to the Board at the Annual General Meeting (AGM) to be held on 26th June 2026, in accordance with Articles 72, 73, and 74 of the Company's Articles of Association. This recommendation is based on his combined knowledge, experience and the valuable contributions he has made toward achieving the objectives of the Board.

3.2 In terms of Article 68 of the Company's Articles of Association, any Director appointed to the Board under this Article shall hold office only until the next AGM and shall then be eligible for re-election. Accordingly, in compliance with the Articles and Rule 9.11.5 (ii) of the Listing Rules of the Colombo Stock Exchange, the Committee has recommended the re-election of Mr. G.C. Jayaweera, who was appointed to the Board since the last AGM, at the forthcoming AGM scheduled to be held on 26th June 2026.

3.3 In recognition of their extensive experience, deep insight and domain knowledge, the Committee recommended to the Board and the Board approved the re-appointment of Mr. E. H. Wijenaike and Mr. K. C. N. Fernando who are over seventy years of age and are due to retire in terms of Section 210 of the Companies Act, No. 07 of 2007. Messrs. K. C.N. Fernando and E. H. Wijenaike who are over 70 years of age are to be re-appointed as Directors of the Company until the next AGM of the Company and that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not be applicable to them.

3.4 Details of Directors being re-elected and/or re-appointed;

Board Member	Re-elected or re-appointed	Board Committees served on as a Member / Chairman	Date of first appointment as a Director	Date of last re-appointment as a Director	Directorships or Chairpersonships and other principal commitments both present and those held over the preceding 3 years in other Listed Entities	Any relationships* including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Company (*business relationship)
Mr. A.P. Weeratunge	To be Re-elected as per Articles 72, 73 and 74 of the Articles of Association of the Company at the AGM on 26th June 2026	Member of •Remuneration Committee •Nominations and Governance Committee •Audit Committee •Related Party Transactions Review Committee	01st April 2009	27th June 2024	Non - Executive Director of •Ceylon Investment PLC •Ceylon Guardian Investment Trust PLC	Director of Equity One Limited
Mr. G.C. Jayaweera	To be Re-elected as per Article 68 of the Articles of Association of the Company at the AGM on 26th June 2026	Member of •Audit Committee •Related Party Transactions Review Committee	10th February 2026	Appointed to the Board on 10th February 2026	Independent Non-Executive Director of • Bukit Darah PLC • Carson Cumberbatch PLC • Pegasus Hotels of Ceylon PLC • Ceylon Guardian Investment Trust PLC • Ceylon Investment PLC	-
Mr. E.H. Wijenaike	To be re-appointed as per Sections 210 & 211 of the Companies Act, No. 07 of 2007 at the AGM on 26th June 2026	-	24th March 2010	26th June 2025	Non-Executive Director of • Central Finance Company PLC • Central Industries PLC	Director of Equity One Limited
Mr. K.C.N. Fernando	To be re-appointed as per Sections 210 & 211 of the Companies Act, No. 07 of 2007 at the AGM on 26th June 2026	-	08th August 2002	26th June 2025	-	Director of Equity One Limited Shareholder of the Company

Equity One Limited is the immediate Parent Company of Equity Two PLC. 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.

4. BOARD DIVERSITY

The Board of Directors recognises diversity in experience, skills, age, and gender as a key enabler of effective governance and strategic oversight. The Board comprises individuals with varied professional backgrounds, combining local insights with international experience to guide the Company through evolving challenges. Age and gender diversity are promoted, ensuring a balanced mix of perspectives that drive innovation and sound decision-making.

5. DIRECTOR'S APPOINTMENT AND REAPPOINTMENT

The Company follows a transparent and well-structured process for the appointment and re-appointment of Directors, in line with its Articles of Association, the Listing Rules of the CSE, and Corporate Governance best practices. The Nominations and Governance Committee is responsible for identifying and evaluating candidates based on qualifications, experience, leadership competencies and independence. Re-appointments are based on directors' contribution, and alignment with the Company's strategic goals. Directors retiring by rotation are subject to shareholder approval at the Annual General Meeting. For Independent Non-Executive Directors, compliance with the criteria for independence as per Rule 9.8.3 of the Listing Rules is verified prior to re-appointment. This ensures that the integrity and objectivity of the Board are maintained.

6. BOARD AND CEO PERFORMANCE EVALUATION

In compliance with Rule 9.11.5 of the Listing Rules of the CSE, the Committee confirms that periodic evaluations have been conducted on the performance of the Board of Directors. These evaluations are aimed at assessing the effectiveness of the Board's oversight responsibilities in achieving the Company's strategic objectives. The performance reviews are structured, criteria-based and carried out under the supervision of the Nominations and Governance Committee. Feedback from these evaluations is used to identify areas for improvement and to support ongoing Board effectiveness.

7. ENGAGEMENT OF INDEPENDENT DIRECTORS

The Company has implemented structured processes to ensure Independent Directors are kept fully informed of all significant matters impacting the Company. These include the timely distribution of detailed Board packs, participation in key Board Committees, unrestricted access to senior management, regular updates on material developments, and ongoing induction and briefings. These measures enable Independent Directors to effectively fulfil their oversight and governance responsibilities.

8. INDUCTION AND ORIENTATION FOR NEW DIRECTORS

The Company conducts structured induction and orientation programs for newly appointed Directors. These programs are designed to familiarise Directors with the Company's governance framework, business operations, industry environment, and key regulatory obligations. The sessions cover topics including corporate governance practices, the Listing Rules of the Colombo Stock Exchange, securities market regulations, and other applicable legal and regulatory requirements. This ensures that new Directors are well-equipped to discharge their duties effectively from the outset of their appointment.

9. QUARTERLY UPDATES TO EXISTING DIRECTORS

During the year under review, the Nominations and Governance Committee facilitated quarterly updates to the Board of Directors on key developments in corporate governance, amendments to the Listing Rules of the CSE, securities market regulations, and other applicable laws and regulations. These sessions are intended to ensure that Directors remain well-informed and compliant with evolving governance and regulatory standards.

In addition to these updates, the Committee reviews a comprehensive Regulatory and Corporate Compliance Statement and the Nominations and Governance Committee Compliance Statement, which also outlines the Company's adherence to policies under Rule 9.2.1. The Committee also evaluates Fit and Proper Assessment Criteria declarations and annual declarations of independence submitted by Directors, as well as during the process of recommending new appointments to the Board.

10. MEETING ATTENDANCE

From 01st April 2025 until the reporting date, the Equity Two PLC Nominations and Governance Committee met four (4) times. The attendance of the Committee Members at these meetings was as follows:

Member	Independent Non Executive / Non-Executive	Attendance
Mr. S. Marimuthu (Chairman)	Independent Non-Executive	4/4
Mr. A.S. Amaratunga	Independent Non-Executive	4/4
Mr. A. P. Weeratunge	Non-Executive	4/4

11. STATEMENT ON DIRECTORS' INDEPENDENCE

11.1 As required under Rule 9.8.5 (a) of the Listing Rules of the CSE, the following Independent Non- Executive Directors of the Company have each submitted a signed and dated declaration confirming their independence, in accordance with the criteria specified in the CSE Listing Rules.

1. Mr. A. S. Amaratunga - Independent Non-Executive
2. Mr. S. Marimuthu - Independent Non-Executive
3. Mr. G.C. Jayaweera - Independent Non-Executive

11.2 In accordance with Rule 9.11.6 (l) of the Listing Rules of the CSE, the Nominations and Governance Committee confirms that, as at the reporting date, the Independent Non-Executive Directors of the Company have satisfied the criteria for determining independence as specified under Rule 9.8.3 of the CSE Listing Rules.

12. STATEMENT ON DIRECTORS' FITNESS AND PROPRIETY

12.1 As required by Rule 9.7.4 of the Listing Rules, the Company is required to obtain confirmations annually and has obtained signed declarations from all Directors of the Company, confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out under the Listing Rules during the financial year 2025/26 and satisfies the said criteria as at the date of such confirmation.

12.2 The Nominations and Governance Committee reviewed and evaluated the fitness and propriety of the Directors of the Company based on the Fit and Proper Assessment Criteria declarations ; and confirms that all Directors of the Company as at the reporting date, satisfies the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

13. STATEMENT ON CORPORATE GOVERNANCE

In accordance with Rule 9.11.6 (m) of the Listing Rules of the CSE, the Nominations and Governance Committee confirms that the Company is in compliance with the Corporate Governance requirements stipulated under the said Listing Rules.

(Sgd.)
S. Marimuthu
Chairman - Nominations and Governance Committee

02nd June 2026

Financial Calendar

Financial year end	31st March 2026
35th Annual General Meeting	26th June 2025
36th Annual General Meeting	26th June 2026

Announcement of Results

Interim financial statements published in terms of the Listing Rules of the Colombo Stock Exchange

1st Quarter ended 30th June 2025	14th August 2025
2nd Quarter ended 30th September 2025	14th November 2025
3rd Quarter ended 31st December 2025	13th February 2026
4th Quarter ended 31st March 2026	22nd May 2026

Independent Auditor's Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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Colombo 00300, Sri Lanka.

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TO THE SHAREHOLDERS OF EQUITY TWO PLC
REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Equity Two PLC ("the Company"), which comprise the statements of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the period then ended, and notes to the financial statements including a summary of material accounting policies and other explanatory notes set out on pages from 35 to 63.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2026, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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 Company 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 our audit of the Company financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

Valuation of investment property	
Refer to Note 4.5 (accounting policies) and Note 17 (Investment properties) to these financial statements.	
Risk Description	**Our responses**
The fair value of the Investment property amounted to Rs. 2,354,039,000/- as at 31 March 2026. Management's assessment of fair value of investment property was determined on valuations performed by a qualified independent property valuer in accordance with recognised industry standards. Estimating the fair value is a complex process which involves a significant degree of judgment and estimates in respect of perch price of the land, value per square feet, diversity of locations and nature of the property. We identified assessing the fair value of investment property as a key audit matter due to the complexity of the valuation method, subjectivity of the significant judgments and estimations involved.	Our audit procedures included: • Assessing the objectivity, independence, competence and qualifications of the external valuer. • Obtaining and inspecting the valuation reports prepared by independent valuer engaged by the Company. • Assessing the reasonableness of the data and appropriateness of the key assumptions used against externally published market comparable or industry data where available. • Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

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T.J.S. Rajakarier FCA
W.K.D.C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA,
W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F. R. Ziyard ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

KPMG

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 skepticism 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 Company internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management 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 Company'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 Company 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.

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 or safeguards applied.

From the matters communicated with those charge 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.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3707.



CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

2nd June 2026

Statement of Profit or Loss and Other Comprehensive Income

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	Note	2026	2025
Revenue	11	235,926	209,311
Direct cost		(80,909)	(81,388)
		155,017	127,923
Other income	12	1,139	1,172
Net fair value gain of investment properties	17	206,184	211,685
		362,340	340,780
Administrative and other operating expenses		(21,021)	(17,572)
Operating profit	13	341,319	323,208
Finance income	14.1	52,351	60,235
Finance costs	14.2	(6,891)	(7,308)
Net finance income	14	45,460	52,927
Profit before taxation		386,779	376,135
Income tax expense	15.1	(47,443)	(49,176)
Deferred taxation	15.2	(63,282)	(64,111)
Profit for the year		276,054	262,848
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain/ (loss) from actuarial valuation of employee benefits	24.2	143	(438)
Deferred tax on actuarial gain/ (loss)	23	(43)	131
Total other comprehensive income/ (expense) for the year		100	(307)
Total comprehensive income for the year		276,154	262,541
Earnings per share (Rs.)	16	8.90	8.48
Dividend per share (Rs.)	28	4.41	4.10

The notes from pages 39 to 63 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Financial Position

(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Note	2026	2025
ASSETS			
Non-current assets			
Investment properties	17	2,354,039	2,127,833
Investment in fixed deposits		143,964	215,821
Total non-current assets		2,498,003	2,343,654
Current assets			
Trade and other receivables	18	38,177	34,310
Investment in fixed deposits		217,325	191,946
Current tax receivables	15.6	2,346	799
Cash and cash equivalents	19	201,299	180,415
Total current assets		459,147	407,470
Total assets		2,957,150	2,751,124
EQUITY AND LIABILITIES			
Equity			
Stated capital	20	444,092	444,092
Capital reserves	21.1	750	750
Revenue reserves	21.2	1,684,994	1,535,592
Total equity		2,129,836	1,980,434
Non-current liabilities			
Refundable rental deposits	22	74,037	50,605
Deferred tax liability	23	598,780	535,455
Employee benefits	24	4,210	3,615
Total non-current liabilities		677,027	589,675
Current liabilities			
Trade and other payables	25	128,294	159,263
Deferred revenue	26	21,993	21,752
Total current liabilities		150,287	181,015
Total liabilities		827,314	770,690
Total equity and liabilities		2,957,150	2,751,124
Net assets per share (Rs.)		68.70	63.88

The notes from pages 39 to 63 form an integral part of these financial statements.

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

(Sgd.)
L.C.D. Prasanga
Group Financial Controller
Carsons Management Services (Private) Limited

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board on 2nd June 2026.

Approved and signed on behalf of the Managers,

(Sgd.)
V.R. Wijesinghe
Director
Carsons Management Services (Private) Limited

Approved and signed on behalf of the Board,

(Sgd.)
E.H. Wijenaike
Chairman

(Sgd.)
K.C.N. Fernando
Director

Colombo
2nd June 2026

Statement of Changes in Equity

(All figures are in Sri Lankan Rupees thousands)

	Stated capital	Capital reserve	Revenue reserves		Total equity
		Machinery replacement reserve	Fair value adjustment reserve	Retained earnings	
Balance as at 1st April 2024	444,092	750	714,331	573,958	1,733,131
Profit for the year	-	-	147,392	115,456	262,848
Other comprehensive expense for the year	-	-	-	(307)	(307)
Total comprehensive income for the year	-	-	147,392	115,149	262,541
Forfeited dividends	-	-	-	262	262
Second interim dividend 2023/24 (Note 28.1)	-	-	-	(15,500)	(15,500)
Balance as at 31st March 2025	444,092	750	861,723	673,869	1,980,434
Balance as at 1st April 2025	444,092	750	861,723	673,869	1,980,434
Profit for the year	-	-	142,681	133,373	276,054
Other comprehensive income for the year	-	-	-	100	100
Total comprehensive income for the year	-	-	142,681	133,473	276,154
Forfeited dividends	-	-	-	348	348
First interim dividend 2024/25 (Note 28.1)	-	-	-	(127,100)	(127,100)
Balance as at 31st March 2026	444,092	750	1,004,404	680,590	2,129,836

The notes from pages 39 to 63 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Cash Flows

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	Note	2026	2025
Cash flows from operating activities			
Profit before taxation		386,779	376,135
Adjustments for:			
Finance costs	14.2	6,891	7,308
Finance income	14.1	(52,285)	(58,615)
Realised gain on unit trust investment	14.1	(66)	(1,620)
Net fair value gain of investment properties	17	(206,184)	(211,685)
Provision for employee benefits	24.1	738	606
Amortisation of deferred revenue	26	(7,535)	(8,138)
Operating profit before working capital changes		128,338	103,991
(Increase) / decrease in trade and other receivables		(3,867)	(2,725)
Increase / (decrease) in trade and other payables		(56,647)	111,820
Operating profit after working capital changes		67,824	213,086
Rental deposits received	22	28,497	18,849
Rental deposits refunded	22	(4,180)	(9,319)
Income tax paid	15.6	(23,601)	(20,714)
Net cash generated from/ (used in) operating activities		68,540	201,902
Cash flows from investing activities			
Additions to investment properties	17	(20,022)	(456)
Investment in unit trust		(7,000)	(20,000)
Redemption of unit trust investments		7,066	59,800
Investment in fixed deposits		(462,705)	(283,617)
Withdrawal of fixed deposits		495,207	194,121
Interest received		66,261	35,888
Net cash generated from/ (used in) investing activities		78,807	(14,264)
Cash flows from financing activities			
Dividends paid		(126,463)	(15,428)
Net cash generated from/ (used in) financing activities		(126,463)	(15,428)
Net increase/ (decrease) in cash and cash equivalents		20,884	172,210
Cash and cash equivalents at the beginning of the year		180,415	8,205
Cash and cash equivalents at the end of the year	19	201,299	180,415

The notes from pages 39 to 63 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

1. REPORTING ENTITY

Equity Two PLC is a publicly listed limited liability company, incorporated and domiciled in Sri Lanka. The Company's shares are listed on the Colombo Stock Exchange.

The registered office and the Company's principal place of business is No 61, Janadhipathi Mawatha, Colombo 1.

The Company's business activities are focused on the real estate sector, providing office premises on a rental basis. There were no significant changes to the nature of the principal activities of the Company during the financial year under review.

The Company had 08 (2025 – 08) employees at the reporting date.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Company's financial statements comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with the notes to the financial statements.

The financial statements have been prepared and presented in accordance with Sri Lanka Accounting Standards (LKAS / SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka, the requirements of Companies Act No. 7 of 2007 and provide appropriate disclosures as required by the Listing rules of Colombo Stock Exchange.

These financial statements were authorised for issue by the Board of Directors on 2nd June 2026.

2.2. Basis of measurement

The financial statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position:

- Investment properties are measured at fair value as explained in Note 17; and
- Defined benefit obligations are measured at their present value, based on an actuarial valuation, as explained in Note 24.

2.3. Going concern basis of accounting

These financial statements have been prepared assuming that the Company will continue as a going concern for the foreseeable future.

2.4. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

2.5. Materiality and Aggregation

Each material class of similar items is presented in aggregate in the Financial Statements. Items of dissimilar nature or function are presented separately unless immaterial.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with LKAS/SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3.1. Judgements

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 4.5: Determination of owner-occupied properties and investment properties

In determining whether a property qualifies as an investment property, the Company makes a judgement whether the property generates independent cash flows other than those that are attributable not only to the property but also to the other assets. Judgment is also applied to determine whether ancillary services provided are significant to arrive at whether a property does or does not qualify as an investment property.

3.2. Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the financial year are included in the following notes:

- Note 24: Employee benefits
- Note 17: Investment properties

The assessment of the liability of defined benefit obligations involves a significant element of assumptions, including discount rates, future salary increases, mortality rates and due to the long-term nature of these plans, such estimates are subject to uncertainty.

The assessment of fair value of investment properties involves a significant element of assumptions, including occupancy rate, capitalisation rate, repairs and insurance, and such estimates are subject to uncertainty.

3.2.1. Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third-party information is used to measure fair values, the Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the following inputs used in the valuation techniques.

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Suppose the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy. In that case, the fair value measurement is categorised in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 17 – Investment Properties
- Note 4.6 – Financial Instruments

4. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied these accounting policies to all periods presented in these financial statements.

4.1. Revenue

The following specific criteria are used to recognise revenue.

4.1.1. Rental income

Rental income from investment property is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income over the lease term.

4.1.2. Other Income

Net gains and losses of a revenue nature resulting from the disposal of property, plant & equipment have been accounted for in the Statement of Profit or Loss and disposal of investments are accounted for in the Statement of Profit or Loss on the basis of realised net profit.

4.2. Expenditure recognition

4.2.1. Operating expenses

All expenses incurred in the day-to-day operations of the business and in maintaining the property, plant & equipment in a state of efficiency have been charged to revenue in arriving at the profit or loss for the year.

4.2.2. Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the Statement of Profit or Loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the Statement of Profit or Loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost, depending on whether foreign currency movements are in a net gain or net loss position.

4.3. Income tax expense

Income Tax expense comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss except for the items recognised directly in equity or in other comprehensive income.

The Company has determined that any interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

4.3.1. Current taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable for previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. Current tax payable also includes any tax liability arising from the declaration of dividends.

4.3.2. Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, based on the level of future taxable profit forecasts and tax planning strategies.

4.4. Fair Value Measurement

SLFRS 13 "Fair value measurement" defines fair value as 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

A number of Company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active, if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.5. Investment property

Investment property is property held to earn rental income or capital appreciation or for both, but not for sale on the ordinary course of business, use in production, supply of goods and services, or administrative purposes. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

After initial recognition, investment properties are stated at fair value, reflecting market conditions as of the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in the Statement of Profit or Loss.

Investment properties are derecognised when either they have been disposed of or when the Investment property is permanently withdrawn from use, and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statement of Profit or Loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by commencement/ end of owner occupation, commencement of development with a view to sale, commencement of an operating lease to another party or completion of construction or development.

For a transfer from Investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. Suppose the property occupied by the Company as an owner-occupied property becomes an investment property. In that case, the Company accounts for such a property in accordance with the policy stated under property, plant & equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Statement of Profit or Loss. When the Company completes the construction or development of a self-constructed Investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Statement of Profit or Loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the Statement of Profit or Loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

4.6. Financial instruments

4.6.1. Recognition and Initial Measurement

Trade receivable and debt securities issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability not at FVTPL is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4.6.2. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost: FVOCI (Fair Value through Other Comprehensive Income) – debt investment; FVOCI equity investment; or FVTPL (Fair Value Through Profit or Loss).

Financial assets are not reclassified after their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL.

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

The Company's financial assets classified under amortised cost include trade and other receivables, investment in fixed deposits, and cash and cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL.

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL, if doing so, eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investment in unit trusts by the Company is classified as FVTPL.

4.6.3. Financial assets – Business model assessment

The Company assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects how the business is managed and how information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets.
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sale of financial assets in prior periods, the reasons for such sales, and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4.6.4. Financial Assets – Assessment of whether contractual cash flows are solely payments of principal and interest

For this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs. (i.e. liquidity risk and administrative costs), as well as a profit margin.

The Company considers the contractual terms of the instrument to assess whether the contractual cash flows are solely payments of principal and interest. This includes assessing whether the financial asset contains contractual cash flows that would not meet this condition.

4.6.5. Financial assets – subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.
Financial assets at Amortised Cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in the statement of profit or loss.

4.6.6. Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognised in the statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

Financial liabilities measured at amortised cost include loans and borrowings, refundable rental and other deposits, and trade and other payables.

4.6.7. Derecognition

4.6.7.1. Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the Company neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset and retains control of the transferred asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement.

4.6.7.2. Financial liabilities

The Company derecognises a financial liability when its contractual obligation is discharged, cancelled or expired. The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On the derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit or loss.

4.6.8. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.6.9. Impairment

4.6.9.1. Non-derivative financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs using the simplified approach in accordance with SLFRS 09. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether a financial asset's credit risk has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Default of financial assets

The Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising refundable deposit or security; or
- The financial asset is more than 90 days past due

4.6.9.2. Credit-impaired financial assets

The Company assesses whether financial assets carried at amortised cost are credit impaired at each reporting date. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtors;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of the original contractual arrangement with the debtor on terms that the Company would not consider otherwise.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually assesses the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

4.6.9.3. Non-Financial Assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of an impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.7. Stated Capital

4.7.1. Ordinary shares

Ordinary shares are classified as equity. Costs attributable to the issue of ordinary shares are recognised as an expense.

4.8. Leases

At inception, the Company assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

4.8.1. As a Lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company assesses whether the lease substantially transfers all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the asset's economic life.

The Company applies the derecognition and impairment requirements in SLFRS 9 to the receivables from the lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "Property Rental Revenue."

4.9. Employee benefits

4.9.1. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. The Company has a present legal or constructive obligation to pay these amounts as a result of past service provided by the employees, and the obligation can be estimated reliably.

4.9.2. Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit or Loss in the periods during which related services are rendered by employees.

4.9.2.1. Employees' Provident Fund

All employees of the Company are members of the Employees' Provident Fund to which the Company contributes 12% of such employees' basic salary.

4.9.2.2. Employees Trust Fund

The Company contributes 3% of the basic salary of each employee to the Employees Trust fund.

4.9.3. Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the financial statements with respect to the defined benefit plan is the present value of the defined benefit obligation as at the reporting date.

The defined benefit obligation is estimated by a qualified actuary as of the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 – 'Employee Benefits.' Such actuarial valuations will be carried out every year. The liability is not externally funded. All actuarial gains or losses are recognised immediately in other comprehensive income.

A provision for retirement gratuities from the first year of service for all employees in conformity with the LKAS 19 has been made. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The liability is not externally funded.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gain or losses on the settlement of a defined plan when the settlement occurs.

4.10. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

5. RELATED PARTY DISCLOSURES

All significant transactions with related parties, regardless of whether a price is charged, have been disclosed in the notes to the financial statements.

6. EVENTS AFTER THE REPORTING PERIOD

All material and important events occurring after the reporting period have been considered and disclosed in the financial statements.

7. STATEMENT OF CASH FLOWS

Interest paid and dividend paid are classified as financing cash flows, while interest received and dividend received are classified as investing cash flows, for the purpose of presenting the Cash Flow Statement, which has been prepared using the "Indirect Method."

7.1. Cash and cash equivalents

Cash and Cash Equivalents comprise cash balances that are subject to insignificant risk of changes in fair value and are used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

8. EARNINGS PER SHARE

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

9. DIVIDENDS ON ORDINARY SHARES

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Company.

10. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Institute of Charted Accountants of Sri Lanka has issued several new accounting standards and amendments/ improvements to existing standards. These new standards are set to become effective in the coming years. Early application of these standards is allowed, but the Company has not early adopted any of the new or amended standards in the preparation of the financial statements.

1. SLFRS 18 Presentation and Disclosures in Financial Statements

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and is applicable for annual reporting periods beginning on or after 1st January 2027. The new accounting standard introduces the following key new requirements.

(a) Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.

(b) Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

(c) Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements.

2. SLFRS S1 General requirements for disclosure of sustainability related financial information and SLFRS S2 Climate-related disclosures

- SLFRS S1 General requirements for disclosure of sustainability related financial information

SLFRS S1 General Requirements for disclosure of sustainability related financial information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

- SLFRS S2 Climate-related disclosures

SLFRS S2 Climate-related Disclosures Climate-related disclosures is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

These standards will become effective for the Company from 1st April 2027. No financial impact is expected on the Company except for additional disclosures

3. Other accounting standards

Annual improvements to SLFRS Accounting Standards – Volume 11

The amendments apply for annual reporting periods beginning on or after 1st January 2026. These changes are not expected to have a significant impact on the Company's Financial Statements.

	For the year ended 31st March	2026	2025
11.	**REVENUE**		
	Property rental income	235,926	209,311
		235,926	209,311

	For the year ended 31st March	2026	2025
12.	**OTHER INCOME**		
	Parking fees from tenants	900	900
	On other services provided to tenants	239	272
		1,139	1,172

	For the year ended 31st March	2026	2025
13.	**PROFIT FROM OPERATIONS**		
	Profit from operations is stated after charging all expenses including the following:		
	Auditors' remuneration - audit services	376	347
	Auditors' remuneration - audit related services	158	150
	Professional service costs (note 13.1)	1,110	710
	Support service fees	9,000	7,393
	Personnel costs (note 13.2)	51,111	46,180
13.1	**Professional service costs**		
	Valuation services	140	141
	Other services	970	569
		1,110	710
13.2	**Personnel costs**		
	Salaries, wages and other related expenses	48,556	43,438
	Defined benefit plan cost - Employee benefits (note 24.1)	738	606
	Defined contribution plan cost - EPF and ETF	1,817	2,136
		51,111	46,180
	The above includes:		
	Non executive directors' fees	1,465	1,200
		1,465	1,200

	For the year ended 31st March	2026	2025
14.	**NET FINANCE INCOME**		
14.1	**Finance income**		
	Interest income from fixed deposits and savings accounts	52,261	58,605
	Realised gain on unit trust investment	66	1,620
	Interest income on loans given to staff of the Company	24	10
		52,351	60,235
14.2	**Finance costs**		
	Unwinding of interest on refundable deposits (note 22)	6,891	7,308
		6,891	7,308
	Net finance income	45,460	52,927

	For the year ended 31st March	2026	2025
15.	**TAX EXPENSE**		
15.1	**Income tax expense**		
	Current tax expense for the year (note 15.3)	51,035	48,303
	Under/ (over) provision for previous years	(3,592)	873
		47,443	49,176
15.2	**Deferred taxation**		
	On origination and reversal of temporary differences (note 23)	63,282	64,111
		63,282	64,111
	Tax expense	110,725	113,287
15.3	**Reconciliation between the accounting profit and the taxable profit**		
	Accounting profit before taxation for the year	386,779	376,135
	Adjustments on:		
	- Aggregate disallowable expenses	3,425	8,416
	- Aggregate allowable expenses	(5,493)	(2,625)
	Notional adjustments arising on application of LKAS/ SLFRS	(8,410)	(9,231)
	Net fair value gain of investment properties	(206,184)	(211,685)
	Finance income	(52,351)	(60,235)
	Adjusted profit from operations	117,766	100,775
	Investment Income - Interest	52,351	60,235
	Total assessable income	170,117	161,010
	Taxable income	170,117	161,010
	Taxation thereon (note 15.4 (a))	51,035	48,303

15.4 (a) In terms of the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments thereto, the Company was liable to income tax at 30% (2025: 30%).

(b) Deferred tax has been computed using a tax rate of 30% (2025-30%).

15.5 Reconciliation of the effective tax rate

The following table provides a reconciliation of the Company's statutory corporate income tax rate to the effective tax rate of the Company on profit before taxation.

For the year ended 31st March	2026	2025
Profit before taxation	386,779	376,135
Current taxation (note 15)	110,725	113,287
Effective tax rate	29%	30%

15.6 Current tax payables/ (receivables)

For the year ended 31st March	2026	2025
Balance as at the beginning of the year	(799)	8,466
Income tax expense (note 15.1)	47,443	49,176
Income tax paid during the year	(23,601)	(20,714)
Withholding tax receivables deducted during the year	(25,389)	(37,727)
Balance as at the end of the year	(2,346)	(799)

16. EARNINGS PER SHARE

The Company's earnings per share is calculated on profit attributable to the shareholders of the Company divided by the weighted average number of ordinary shares in issue during the year, as required by Sri Lanka Accounting Standard (LKAS 33) - "Earnings per share".

The following reflect the income and share data used in the earnings per share computation:

For the year ended 31st March	2026	2025
Amount used as the numerator		
Profit for the year	276,054	262,848
Amount used as the denominator		
Weighted average number of ordinary shares outstanding during the year (In thousands)	31,000	31,000
Earnings per share (Rs.)	8.90	8.48

16.1 Diluted earnings per share

There were no potentially dilutive ordinary shares as at 31st March 2026 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would require restatement of earnings per share.

17. INVESTMENT PROPERTIES

17.1 Details of investment properties

As at 31st March	Freehold land	Freehold building	Other equipment	Total as at 31st March 2026	Total as at 31st March 2025
Balance as at beginning of the year	1,404,783	712,147	10,903	2,127,833	1,915,692
Additions during the year	-	6,873	13,149	20,022	456
Change in fair value of investment properties	160,659	48,625	(3,100)	206,184	211,685
Balance as at the end of the year	1,565,442	767,645	20,952	2,354,039	2,127,833

17.2 Valuation of investment properties

Property and location	Method of valuation	Land Extent (Perch)	Historical Cost	Fair value as at 31st March 2026	Fair value as at 31st March 2025
No. 61, Janadhipathi Mawatha, Colombo 01	Investment approach	28.51	151,523	905,330	822,272
No. 55, Janadhipathi Mawatha, Colombo 01	Investment approach	57.55	440,915	1,448,709	1,305,561
		86.06	592,438	2,354,039	2,127,833

Investment Properties of the Company comprise commercial properties that are leased to external and related party tenants. The lease agreements are typically entered into two to five year periods with the option for subsequent renewals.

Changes in fair value adjustments on investment properties (gain/loss), which are unrealised, are recognised in the Statement of Profit or Loss. Accordingly, the total net gain/ loss on changes in fair value, net of related deferred tax, is recorded in the fair value adjustment reserve as at the reporting date.

17.3 Fair value hierarchy

The fair value of the investment properties was determined by an external, independent property valuer, Mr. S. Sivaskantha, F.I.V. (Sri Lanka), Chartered Valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the properties valued. Fair values were determined with reference to the entity's ability to generate economic benefits from using the asset and recent market transactions for similar properties in the same vicinity as the investment properties of the Company.

The fair value measurement for the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Description	Location	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Land & Building	Colombo 01	Investment approach The valuation method considers the present value of net cash flows to be generated from the property taking into account the expected rental income, occupancy rate and other costs not paid by the tenants. The expected net cash-flows are capitalised using expected rate of return.		The estimated fair value would increase/(decrease) if –
			Contractual rentals agreed with the tenants.	Contractual rentals were higher/ (lower)
			Occupancy Rate: 80%	Occupancy rate was higher/ (lower)
			Capitalisation rate: 6.25%	Capitalisation rate was (higher)/ lower
			Repair and insurance: 20%	Repair and insurance were (higher)/ lower
			Valuer has used market price per perch for excess land using a range of prices for similar lands based on adjusted fair value taking into account of other valuation considerations. Market price per perch range between Rs.12,000,000/- to Rs.17,750,000/-	Market value per perch was higher/ (lower)

Sensitivity Analysis

Significant judgement is required when evaluating the inputs used for the fair value determination of investment property. Reasonably possible changes at the reporting date to one of the relevant assumptions, holding others constant, would have affected the fair value of the properties by the amounts shown below.

As at 31st March	Increase	Decrease
Capitalisation rate		
2026: 1% movement	(256,981)	354,657
2025: 1% movement	(230,595)	318,241
Occupancy rate		
2026: 10% movement	232,562	(232,562)
2025: 10% movement	208,681	(208,686)
Repairs and insurance		
2026: 10% movement	(344,064)	344,064
2025: 10% movement	(308,736)	308,736

Company as a lessor

The Company leases out its investment properties. The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The investment properties that are leased to tenants are under operating leases with rental payable on a monthly basis. The Company's rental contracts carry rental payments which are fixed in nature.

Rental income recognised by the Company during the year ended 31st March 2026 was Rs. 235,926,274/- (2025: Rs. 209,311,395/-). The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting period.

As at 31st March	2026	2025
Less than one year	228,896	175,380
One to two years	162,207	171,635
Two to three years	110,204	111,741
Three to four years	51,617	71,544
Four to five years	13,657	35,509
More than five years	27,296	40,953
	593,877	606,762

17.4 Restrictions on title and investment properties pledged as security for liabilities

There were no restrictions on titles of the investment properties as at the reporting date.
No items of the investment properties were pledged as security for liabilities as at the reporting date.

17.5 All direct operating expenses of the Company are incurred on investment properties generating rental income.

17.6 Capitalisation of borrowing costs into investment properties

No borrowing cost capitalised for the year ended 31st March 2026 (2025 - Rs. Nil).

17.7 Contractual obligations to construct and develop investment properties

There were no contractual obligations entered to construct and develop investment properties as at the reporting date.

18. TRADE AND OTHER RECEIVABLES

As at 31st March	2026	2025
Financial		
Trade receivables	33,775	25,407
Other receivables	3,881	3,086
	37,656	28,493
Non-financial		
Prepaid expenses	493	354
Advance payments	28	5,463
	521	5,817
	38,177	34,310

19. CASH AND CASH EQUIVALENTS

As at 31st March	2026	2025
Cash in hand	30	30
Cash at bank	32,753	124,348
Placements with banking and financial institutions	168,516	56,037
Cash and cash equivalents for the purpose of cash flow statement	201,299	180,415

20. STATED CAPITAL

The stated capital of the Company as at 31st March 2026 was Rs. 444,092,098/35 consisting of 31,000,000 ordinary shares.

As at 31st March	2026	2025
Issued and fully paid		
Balance as at the beginning of the year (31,000,000 ordinary shares)	444,092	444,092
Balance as at the end of the year (31,000,000 ordinary shares)	444,092	444,092

The holders of ordinary shares are entitled to receive dividends as declared from time to time and on a poll are entitled to one vote per share at General Meetings of the Company.

21. CAPITAL AND REVENUE RESERVES

As at 31st March	2026	2025
21.1 Capital reserves		
Machinery replacement reserve (note. 21.1.1)	750	750
	750	750

21.1.1 Machinery replacement reserve represents the amounts set aside by the Directors for future expansion and to meet any contingencies.

The movement of the above reserve is given in the Statement of Changes in Equity.

As at 31st March	2026	2025
21.2 Revenue reserves		
Retained earnings	680,590	673,869
Fair value adjustment reserve (note 21.2.1)	1,004,404	861,723
	1,684,994	1,535,592

The movements of the above reserves are given in the Statement of Changes in Equity.

21.2.1 Fair value adjustment reserve

The fair value adjustment reserve holds unrealised fair valuation gains on investment properties net of related deferred taxation as at the reporting date. Accordingly, gains arising net of related deferred taxes from fair value adjustment of investment properties will be transferred from retained earnings to fair value adjustment reserve and any losses arising net of related deferred taxes will be transferred to retained earnings from fair value adjustment reserve to the extent that loss does not exceed the balance held in the said reserve.

22. REFUNDABLE RENTAL DEPOSITS

As at 31st March	2026	2025
Balance as at the beginning of the year	50,605	40,126
Receipts during the year	28,497	18,849
Refunds during the year	(4,180)	(9,319)
Amount transferred to deferred revenue (note 26)	(7,776)	(6,359)
Unwinding of interest on refundable deposits (note 14.2)	6,891	7,308
Balance as at the end of the year	74,037	50,605

23. DEFERRED TAX LIABILITY

2026	As at the beginning of the year (net)	Recognised in profit or loss	Recognised in other comprehensive income	As at the end of the year: Net deferred tax liability/ (asset)	Deferred tax liability	Deferred tax asset
Investment properties	536,540	63,503	-	600,043	600,043	-
Employee benefits	(1,085)	(221)	43	(1,263)	-	(1,263)
Net deferred tax liability/ (asset)	535,455	63,282	43	598,780	600,043	(1,263)

2025	As at the beginning of the year (net)	Recognised in profit or loss	Recognised in other comprehensive income	As at the end of the year: Net deferred tax liability/ (asset)	Deferred tax liability	Deferred tax asset
Investment properties	472,247	64,293	-	536,540	536,540	-
Employee benefits	(772)	(182)	(131)	(1,085)	-	(1,085)
Net deferred tax liability/ (asset)	471,475	64,111	(131)	535,455	536,540	(1,085)

23.1 Taxation on fair value gains

As per the Inland Revenue Act No. 24 of 2017 and amendments thereto, gains on sale of business assets including lands which are used in the production of income are liable for taxation at 30% (2025: 30%).

24. EMPLOYEE BENEFITS

The movement of the liability recognised in the Statement of Financial Position is as follows:

As at 31st March	2026	2025
Balance as at the beginning of the year	3,615	2,571
Current service cost	322	305
Interest cost	416	301
(Gain)/Loss on actuarial valuation	(143)	438
Balance as at the end of the year	4,210	3,615

24.1 The amounts recognised in the Statement of profit or loss are as follows:

Current service cost	322	305
Interest cost	416	301
Charge for the year	738	606

24.2 The amount recognised in the Statement of Other Comprehensive Income is as follows:

(Gain)/Loss on actuarial valuation	(143)	438
	(143)	438

24.3 Liability on employee benefits as at 31st March 2026 amounting to Rs. 4,209,593/- (2025 - Rs. 3,615,037/-) is recognised based on an actuarial valuation carried out by Mr. K. Arumugam (IAI) of Messrs. Actuarial and Management Consultants (Pvt) Ltd. As recommended by Sri Lanka Accounting Standards (LKAS 19) - 'Employee Benefits', the 'Projected Unit Credit (PUC)' method has been used in this valuation.

The principal assumptions used are:

Rate of discount	11.0% p.a. (2025: 11.5% p.a.)
Rate of pay increase	10% p.a. (2025: 10% p.a)
Retirement age	60 years (2025: 60 years)
Mortality	A 1967/70 mortality table issued by The Institute of Actuaries, London was used
Withdrawal rate	6% for age up to 54 and thereafter zero (2025: 5% for age up to 54 and thereafter zero)

The company is a going concern.

The present value of the defined benefit plan is calculated using a discount rate determined by reference to the long term interest rate.

24.4 Sensitivity analysis

Reasonably possible changes to one of the relevant actuarial assumptions, as at the reporting date, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

As at 31st March	2026	2025
1% increase in discount rate	(332)	(305)
1% decrease in discount rate	378	350
1% increase in salary escalation rate	393	396
1% decrease in salary escalation rate	(350)	(348)

24.5 Maturity analysis of the payments

The following payments are expected on employee benefit plan in future years:

As at 31st March	2026	2025
Less than one year	281	212
One to two years	523	396
Two to five years	548	501
Five to ten years	1,977	1,739
More than ten years	881	767
Total	4,210	3,615
Weighted average duration (years) of defined benefit obligation	9.30	10.02

24.6 The employee benefits liability is not externally funded.

25. TRADE AND OTHER PAYABLES

As at 31st March	2026	2025
Financial		
Trade payables	60	-
Other payables	3,838	2,959
	3,898	2,959
Non-financial		
Accrued expenses and provisions	4,853	3,449
Rent advances received (note 25.1)	119,543	152,855
	124,396	156,304
	128,294	159,263

25.1 The above balance represents rent advances received from tenants.

26. DEFERRED REVENUE

As at 31st March	2026	2025
Balance as at the beginning of the year	21,752	23,531
Amount transferred from refundable deposits (note 22)	7,776	6,359
Amortisation of deferred revenue	(7,535)	(8,138)
Balance as at the end of the year	21,993	21,752

27. CAPITAL EXPENDITURE COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATIONS AND CLAIMS

27.1 Capital expenditure commitments

There were no significant capital expenditure commitments as at the reporting date.

27.2 Contingent liabilities

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

27.3 Litigations and claims

There were no material litigations and claims against the Company as at the reporting date.

28. DIVIDEND PER SHARE

As at 31st March	2026	2025
28.1 Dividends paid during the year		
First interim dividend 2024/25 (Rs.4.10 per share)	127,100	-
Second interim dividend 2023/24 (50 cents per share)	-	15,500
28.2 Dividends proposed during the year		
First interim dividend 2025/26 (Rs.4.41 per share) (Note 28.3)	136,710	-
First interim dividend 2024/25 (Rs.4.10 per share)	-	127,100
Total dividends for the year	136,710	127,100
Dividend per share (Rs.)	4.41	4.10

28.3 After satisfying the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007, the Board of Directors has approved a first interim dividend of Rs.4.41 per Ordinary share for the year ended 31st March 2026 amounting to Rs.136,710,000/-. The entitlement/ record date for the above dividend was 15th May 2026.

According to the Sri Lanka Accounting Standard (LKAS 10) - "Events after the reporting period", the proposed interim dividend has not been recognised as a liability as at 31st March 2026.

29. FINANCIAL INSTRUMENTS

Financial risk management - Overview

The Company has exposure to the following risks arising from financial instruments.

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing such risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has delegated this function to Carsons Management Services (Private) Limited, the management company, which is responsible for developing and monitoring the Company's risk management policies and reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, to monitor risks and adherence to risk limits. Risk management policies and systems are reviewed regularly to reflect the changes in the market conditions and the Company's activities. The Company, through its training and setting management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Company oversees how management monitors the compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its supervision role by Group Internal Audit. Group Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

29.1 Credit risk

The Company faces credit risk which is the risk of financial loss, if a customer or counterparty to a financial instrument fails to discharge its contractual obligations. This risk primarily arises from the Company's customer receivables and placements with banking and financial institutions.

29.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

As at 31st March	2026	2025
Credit risk		
Trade and other receivables	37,656	28,493
Less: Revenue on lease agreements recognised on straight line basis	(23,734)	(15,969)
	13,922	12,524
Investment in fixed deposits	361,289	407,767
Cash and cash equivalents	201,269	180,385
	576,480	600,676

29.1.2 Trade receivables

The Company's exposure to credit risk on 'Trade receivables' is influenced mainly by the individual characteristics of each customer, and primarily arising on the rent receivable from its tenants.

The Company has obtained refundable rental deposits from non-related tenants, at the beginning of the rental period covering the rental income for a period of 3-6 months, which provides cover to the Company in the event of a default. Refundable rental deposits held by the Company as at the end of the reporting period were as follows.

As at 31st March	2026	2025
Refundable rental deposits		
Carrying value	74,037	50,605
Face value	98,575	74,257

The terms of the lease agreements also require tenants to pay rental in advance on a monthly basis, which provides further cover against risk of a default.

The Company also follows a careful credit evaluation process for new tenants before entering into any rent agreements with them.

The age analysis of trade receivables at the end of the reporting period was as follows:

As at 31st March	2026	2025
Trade receivables	33,775	25,407
Less: Revenue on lease agreements recognised on straight line basis	(23,734)	(15,969)
Net trade receivables	10,041	9,438
1–30 days	6,612	5,519
31–90 days	3,151	3,458
Over 90 days	278	461
	10,041	9,438

No circumstances have arisen that would require impairment in respect of trade and other receivables as at the year end (2025 - Nil).

29.1.3 Other receivables

A significant component of other receivables comprises deposits placed with suppliers in securing their services, with whom the Company regularly transacts with and have dues outstanding against.

29.1.4 Investment in fixed deposits

The Company has invested in fixed deposits with banking and financial institutions. The Company held fixed deposits of Rs. 361.3 Mn as at 31st March 2026 (2025: Rs. 407.8 Mn), which represents its maximum credit exposure on these assets. The Company continuously monitors the stability and credit worthiness including credit ratings of these financial institutions in order to assess and mitigate the credit risk. The Fixed deposits are held with the banking and financial institution counterparties, which are rated A(lka) to AA-(lka) based on Fitch Ratings.

29.1.5 Cash and cash equivalents

The cash and cash equivalents are held with the banking and financial institution counterparties, which are rated A-(lka) to AAA(lka), based on Fitch Ratings. The maximum credit exposure on them is as follows:

As at 31st March	2026	2025
Cash at bank and in hand	32,783	124,378
Placements with banking and financial institutions	168,516	56,037
	201,299	180,415

29.2 Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its financial obligations that are settled by delivering cash or another financial asset. The Company's strategy for managing liquidity aims to guarantee that it always has enough liquidity to meet its liabilities on time, even under difficult circumstances, without experiencing significant loss or risking harm to its reputation.

The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

29.2.1 The remaining contractual maturities at the end of the reporting period are as follows:

As at 31st March 2026	Carrying amount	Contractual cash flows			
		Total	3 months or less	4-12 months	More than 1 year
Non-derivative financial liabilities					
Refundable rental deposits	74,037	98,575	-	21,135	77,440
Trade payables	60	60	60	-	-
Other payables	3,838	3,838	3,838	-	-
	77,935	102,473	3,898	21,135	77,440

As at 31st March 2025	Carrying amount	Contractual cash flows			
		Total	3 months or less	4-12 months	More than 1 year
Non-derivative financial liabilities					
Refundable rental deposits	50,605	74,257	3,126	7,569	63,562
Other payables	2,959	2,959	2,959	-	-
	53,564	77,216	6,085	7,569	63,562

The gross amounts disclosed in the above table represent the contractual undiscounted cash outflows relating to non-derivative financial liabilities and which are usually not expected to close out before contractual maturity.

29.2.2 Management of liquidity risk

The Company maintains a portion of its current assets in highly liquid form - demand deposits in order to meet its contractual obligations during the normal course of its operations. As at the reporting date, the Company maintains cash and cash equivalents amounting to Rs. 201.3 Mn (2025: Rs. 180.4 Mn).

Rental deposits are refundable when rent agreements expire. The Company is of the view that most of its tenants will renew their rent agreements for another term before the expiry. Typically, the Company`s rent agreements are entered into two to five year periods with the option for subsequent renewals.

29.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk, currency risk, interest rate risk and other price risk.

The Company does not have any financial instruments denominated in foreign currencies, any financial investments in equity securities, any financial instruments subject to variable rates except for bank balances.

Profile

At the end of the reporting period the interest rate profile of the Company's interest-bearing financial instruments was as follows:

As at 31st March	2026	2025
Variable rate instruments		
Financial assets - Cash at bank	32,753	124,348
	32,753	124,348
Fixed rate instruments		
Financial assets - Investment in fixed deposits	529,805	463,804
	529,805	463,804
	562,558	588,152

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the end of the reporting period would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

As at 31st March	2026	2025
1% increase in interest rates		
1% decrease in interest rates	328	1,243
	(328)	(1,243)

29.4 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may obtain bank borrowings, issue new shares, conduct rights issues or buy back of shares.

29.5 Accounting classifications and fair values

Financial instruments are measured either at fair value or amortised cost. The Accounting Policies in notes to the financial statements describe how the classes of financial instruments are measured, and how the relevant income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair value of financial instruments together with the carrying amounts shown in the Statement of Financial Position.

Carrying value of below financial assets and financial liabilities are reasonable approximation of fair value.

31st March 2026	Financial Assets at fair value through profit and loss	Financial Assets at Amortised Cost	Financial Assets at fair value through Other Comprehensive Income	Financial Liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total carrying amount
Cash and cash equivalents	-	201,269	-	-	-	201,269
Investment in fixed deposits	-	361,289	-	-	-	361,289
Net trade receivables	-	10,041	-	-	-	10,041
	-	572,599	-	-	-	572,599
Refundable rental and other deposits	-	-	-	-	74,037	74,037
Trade and other payables	-	-	-	-	3,898	3,898
	-	-	-	-	77,935	77,935

31st March 2025	Financial Assets at fair value through profit and loss	Financial Assets at Amortised Cost	Financial Assets at fair value through Other Comprehensive Income	Financial Liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total carrying amount
Cash and cash equivalents	-	180,385	-	-	-	180,385
Investment in fixed deposits	-	407,767	-	-	-	407,767
Net trade receivables	-	9,438	-	-	-	9,438
	-	597,590	-	-	-	597,590
Refundable rental and other deposits	-	-	-	-	50,605	50,605
Trade and other payables	-	-	-	-	2,959	2,959
	-	-	-	-	53,564	53,564

30. RELATED PARTY TRANSACTIONS

The Company carried out transactions in the ordinary course of its business with related parties as defined in Sri Lanka Accounting Standard (LKAS 24) "Related party disclosures", the details of which are reported below.

30.1 Parent and ultimate controlling entity

Equity One Limited is the immediate parent company of Equity Two PLC. 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.

30.2 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard (LKAS 24) - "Related party disclosures", Key Management Personnel (KMP) are those having authority and responsibility for planning and controlling the activities of the entity directly or indirectly, Including, any director (whether executive or otherwise) of that entity. Accordingly, the Board of Directors of the Company and Director - Finance of Carsons Management Services (Private) Limited have been classified as Key Management Personnel of the Company.

	As at 31st March	2026	2025
30.2.1	Key management personnel compensation		
	Short-term employee benefits / fees	1,465	1,200
	Post-employment benefits	-	-
	Termination benefits	-	-
	Other long-term benefits	-	-
		1,465	1,200

No transactions have taken place during the year , except as disclosed above, between the Company and its KMP.

30.3 Other related party transactions

30.3.1 Transactions with other related parties / companies

Name and the nature of the relationship	Nature of the transactions	Value of the transactions	
		2026	2025
Parent company			
Equity One Limited	Dividend paid, net of WHT	96,010	11,709
Fellow subsidiaries			
Carsons Management Services (Private) Limited (CMSL)	Support service fees charged	9,000	7,393
	Rental income received	31,981	28,022
	Parking fees received	630	630
Guardian Fund Management Limited	Rental income received	7,799	6,834
	Parking fees received	180	180
Lion Brewery (Ceylon) PLC	Parking fees received	90	90

- Rent charged to related companies is based on the terms outlined in rent agreements between the companies.

- Support service fees are charged based on the respective services provided by CMSL as per the agreements signed between the companies.

30.3.2 There are no outstanding receivable and payable balances with related parties as at the reporting date (2025: Nil)

30.3.3 Transactions, Arrangements and Agreements involving KMP and their close family members (CFM)

CFM of a KMP are those family members who are expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) That person's children and spouse or domestic partner:
(b) Children of that person's spouse or domestic partner: and
(c) Dependents of that person or that person's spouse or domestic partner

There were no transactions with CFM during the year.

31. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosures in the financial statements, other than disclosed in note 28.3.

32. GOING CONCERN

The Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the financial statements are prepared based on the going concern assumption.

33. COMPARATIVE FIGURES

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

34. DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and presentation of the Financial Statements. This is more fully described under the relevant clause in the Directors' Report.

Five Year Summary

(All figures are in Sri Lankan Rupees thousands)

For the year ended/ As at 31st March		2026	2025	2024	2023	2022
Operating results						
Revenue		235,926	209,311	181,457	146,116	133,566
Net fair value gain of investment properties		206,184	211,685	191,712	144,433	46,878
Profit before taxation		386,779	376,135	341,064	250,144	138,057
Income tax and deferred taxation (expense) / reversal		(110,725)	(113,287)	(103,369)	(148,660)	(33,668)
Profit / (loss) for the year		276,054	262,848	237,695	101,484	104,389
Other comprehensive income / (expense) for the year		100	(307)	(655)	226	726
Total comprehensive income/ (expense) for the year		276,154	262,541	237,040	101,710	105,115
Shareholders' funds						
Stated capital		444,092	444,092	444,092	444,092	444,092
Reserves		1,685,744	1,536,342	1,289,039	1,067,326	999,266
Shareholders' funds		2,129,836	1,980,434	1,733,131	1,511,418	1,443,358
Assets employed						
Investment properties		2,354,039	2,127,833	1,915,692	1,720,595	1,570,418
Fixed deposits		143,964	215,821	217,164	177,987	-
Non-current assets		2,498,003	2,343,654	2,132,856	1,898,582	1,570,418
Current assets		459,147	407,470	156,350	103,946	223,345
Current liabilities		(150,287)	(181,015)	(41,903)	(17,614)	(10,713)
Net current assets		308,860	226,455	114,447	86,332	212,632
Assets employed		2,806,863	2,570,109	2,247,303	1,984,914	1,783,050
Non-current liabilities		(677,027)	(589,675)	(514,172)	(473,496)	(339,692)
Net assets		2,129,836	1,980,434	1,733,131	1,511,418	1,443,358
Cash flow statement						
Net cash inflows / (outflows) from:						
Operating activities		68,540	201,902	48,189	55,262	42,453
Investing activities		78,807	(14,264)	(35,856)	(102,314)	47,425
Financing activities		(126,463)	(15,428)	(16,308)	(17,380)	(20,005)
Net increase/ (decrease) in cash & cash equivalents		20,884	172,210	(3,975)	(64,432)	69,873
Ratios and statistics						
Dividend per share*	(Rs.)	4.41	4.10	1.00	0.50	0.65
Dividend yield	(%)	6.78	10.28	2.43	1.32	1.71
Dividend payout	(%)	49.55	48.35	13.04	15.29	19.29
Return on shareholders' funds	(%)	12.96	13.27	13.71	6.71	7.23
Earnings per share	(Rs.)	8.90	8.48	7.67	3.27	3.37
Earnings yield	(%)	13.69	21.25	18.66	8.61	8.87
P/E ratio	(times)	7.30	4.71	5.36	11.62	11.28
Market price per share **	(Rs.)	65.00	39.90	41.10	38.00	38.00
Net assets per share **	(Rs.)	68.70	63.88	55.91	48.76	46.56
Current ratio	(times)	3.06	2.25	3.73	5.90	20.85
Market capitalisation	(Rs.'000)	2,015,000	1,236,900	1,274,100	1,178,000	1,178,000

Notes:

* Based on proposed / interim dividends

** As at 31st March.

Statement of Value Added

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	2026	2025
Revenue	235,926	209,311
Other income	1,139	1,172
Finance Income	52,351	60,235
	289,416	270,718
Cost of materials and services bought from outside	(50,819)	(52,780)
Value added	238,597	217,938

Distributed as follows:

For the year ended 31st March	2026	%	2025	%
To employees				
as remuneration	51,111	21	46,180	21
To government (note 2)				
as income tax	47,443	20	49,176	23
To providers of capital				
as dividend (note 3)	127,100	53	15,500	7
Retained in the business				
as deferred taxation	63,282	27	64,111	29
as unwinding of interest on refundable deposits	6,891	3	7,308	3
as retained profits/ (loss) net of provisions, fair value adjustment and dividends	(57,230)	(24)	35,663	17
	238,597	100	217,938	100

Notes:

1. The Statement of value added shows the quantum of wealth generated by the activities of the Company and its applications.

2. The total tax expense to the Government during the year included the following:

For the year ended 31st March	2026	2025
Income Tax	47,443	49,176
Value Added Tax	24,063	53,489
Social Security Contribution Levy	5,991	9,872
	77,497	112,537

3. Based on dividends paid.

Information to Shareholders and Investors

1. Stock Exchange Listing

Equity Two PLC is a Public Quoted Company, the issued ordinary shares of which are listed on the Diri Savi Board of the Colombo Stock Exchange of Sri Lanka.

The Stock Exchange code for Equity Two PLC shares is "ETWO".

2. Shareholders base

As at 31st March	2026	2025
Number of Shareholders	2,439	2,035

3. Frequency distribution of shareholdings as at 31st March 2026

Distribution of Shares	Residents			Non-Residents			Total		
	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%
1-1,000	2,135	322,104	1.04	10	3,238	0.01	2,145	325,342	1.05
1001-10,000	226	775,415	2.50	1	5,000	0.02	227	780,415	2.52
10,001-100,000	60	1,648,385	5.32	2	107,553	0.35	62	1,755,938	5.66
100,001-1,000,000	4	588,849	1.90	-	-	-	4	588,849	1.90
Above 1,000,000	1	27,549,456	88.86	-	-	-	1	27,549,456	88.87
Grand Total	2,426	30,884,209	99.62	13	115,791	0.38	2,439	31,000,000	100.00

4.

Categories of Shareholders	2026		
	No. of Shareholders	No. of Shares	%
Individuals	2,361	2,268,466	7.32
Institutions	78	28,731,534	92.68
Total	2,439	31,000,000	100.00

5.

The number of shares held by Non-Residents as at 31st March 2026 was 115,791 (2025 - 115,355) which amounts to 0.38% (2025 - 0.38%) of the total number of ordinary shares.

6. 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 (i) (b) of the Listing Rules of the Colombo Stock Exchange, under Option 2, i.e. Float-Adjusted Market Capitalisation 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 2026

Float Adjusted Market Capitalisation	Rs. 224,068,000.00
Percentage of ordinary shares held by the public	11.12%
Number of Public Shareholders	2,435

7. Dividends

A First Interim Dividend of Rs.4.41 per ordinary share for the year ended 31st March 2026 was paid on 20th May 2026 to the Shareholders of the Company who had provided accurate bank account details and to the Shareholders who had not provided accurate bank account details or had not provided any bank account details, the dividends will be paid on 3rd June 2026 via cheques.

8. Market performance - Ordinary shares

For the year ended 31st March	2026	2025
As at 31st March (Rs.)	65.00	39.90
Highest (Rs.)	102.00	49.90
Lowest (Rs.)	36.30	37.10
Value of shares traded (Rs.)	487,009,259	12,287,072
No. of shares traded	7,179,557	288,696
Volume of transactions (Nos.)	12,119	903

9. Market capitalisation

Market capitalisation of the Company which is the number of ordinary shares in issue multiplied by the market value of an ordinary share was Rs. 2,015,000,000/- as at 31st March 2026 (2025 - Rs. 1,236,900,000/-).

10. Value of the properties - Land and building

Location	Extent (in perch)	Number of Buildings	Market value 2026 Rs.'000	Date of professional valuation
No. 61, Janadhipathi Mawatha, Colombo 01	28.51	01	905,330	March 2026
No. 55, Janadhipathi Mawatha, Colombo 01	57.55	01	1,448,709	March 2026
	86.06		2,354,039	

11. Number of employees

The number of employees of the Company at the end of the year was 08 (2025 - 08).

Notes

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 36th Annual General Meeting of **EQUITY TWO PLC** will be held on **Friday, 26th June 2026 at 9.30 a.m.** at the Ground Floor, Auditorium of The Ceylon Chamber of Commerce, No. 50, Nawam Mawatha, Colombo 02, Sri Lanka for the following purposes:

1. To consider the Annual Report of the Board of Directors including the financial statements of the Company for the financial year ended 31st March 2026, together with the Report of the Auditors thereon.

2. To re-elect Mr. G.C. Jayaweera - Independent Non - Executive Director, who retires in terms of Article 68 of the Articles of Association of the Company.

3. To re-elect Mr. A.P. Weeratunge - Non- Executive Director, who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.

4. To re-appoint Mr. E.H. Wijenaike - Non- Executive Director, as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution;

   "**IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. E. H. Wijenaike who is 71 years of age and that he be re-appointed as a Director of the Company until the next Annual General Meeting of the Company."

5. To re-appoint Mr. K.C.N. Fernando - Executive Director, as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution;

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. K. C. N. Fernando who is 79 years of age and that he be re-appointed as a Director of the Company until the next Annual General Meeting of the Company."

6. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No.07 of 2007 and to authorise the Directors to determine their remuneration.

By Order of the Board

(Sgd.)
Natasha Selvaratnam
President - Group Company Secretarial
Carsons Management Services (Private) Limited
Secretaries

Colombo
02nd June 2026

Notice of Meeting

NOTES:

1. The Annual Report 2025/2026 and the Notice convening the Annual General Meeting (AGM) will be made available on the Colombo Stock Exchange website **www.cse.lk** and on the Group's website **www.carsoncumberbatch.com.**

2. A member is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.

3. The completed **Form of Proxy** must be submitted to the Company **not later than 4.45 p.m. on 24th June 2026,**

   – via email to **ETWOAGM2026@carcumb.com,** or

   – via WhatsApp to mobile no. +94 764 765 463 or +94 767 410 683, or

   – by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.

4. A person representing a Corporation is required to submit a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a member.

5. The transfer books of the Company will remain open.

6. Security Check -
   We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance lobby.

Form of Proxy

* I/We .....

of .....

being *a Shareholder/Shareholders of **EQUITY TWO PLC**

hereby appoint .....

of .....

bearing NIC No./ Passport No. .....or failing him/her.

Eranjith Harendra Wijenaike	or failing him,
Kurukulasuriya Calisanctus Nalake Fernando	or failing him,
Ajith Prashantha Weeratunge	or failing him,
Amitha Saktha Amaratunga	or failing him,
Sivanandan Marimuthu	or failing him,
Gihan Chinthaka Jayaweera	

as *my/our proxy to attend at the 36th Annual General Meeting of **EQUITY TWO PLC** to be held on **Friday, 26th June 2026 at 9.30 a.m.** at the **Ground Floor, Auditorium of The Ceylon Chamber of Commerce, No. 50, Nawam Mawatha, Colombo 02, Sri Lanka** and any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1	To re-elect Mr. G.C. Jayaweera - Independent Non - Executive Director, who retires in terms of Article 68 of the Articles of Association of the Company.		
2	To re-elect Mr. A.P. Weeratunge - Non - Executive Director, who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.		
3	To re-appoint Mr. E.H. Wijenaike - Non - Executive Director, who is over seventy years of age as a Director of the Company.		
4	To re-appoint Mr. K.C.N. Fernando - Executive Director, who is over seventy years of age as a Director of the Company.		
5	To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 07 of 2007 and to authorise the Directors to determine their remuneration.		

Signed this ……..… day of ..... Two Thousand and Twenty Six.

…….

Signature/s

NOTES

1. *Please delete the inappropriate words.
2. A Shareholder entitled to attend and vote at a General Meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a Shareholder of the Company.
   A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the General Meeting of the Shareholders.
3. A Shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
4. Instructions are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address, and sign in the space provided. Please fill in the date of signature.

2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.

3. In terms of Article 54 of the Articles of Association of the Company:

   (i) Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a Shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting.

   (ii) The instrument appointing a proxy shall be in writing and:

      a) in the case of an individual shall be signed by the appointor or by his attorney; and

      b) in the case of a Corporation shall be either under its common seal or signed by its attorney or by an authorised officer on behalf of the Corporation.

      The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer. A proxy need not be a shareholder of the Company.

   (iii) An instrument appointing a proxy or the power of attorney or other authority, if any, must be left or received at the Office or such other place (if any) as is specified for the purpose in the notice convening the meeting not less than forty eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used and in default shall not be treated as valid unless the Directors otherwise determine.

4. In terms of Article 50 of the Articles of Association of the Company:

   Where there are joint-holders of any share any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by Proxy as if he were solely entitled thereto and if more than one (01) of such joint-holders be so present at any meeting one (01) of such persons so present whose name stands first in the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

5. To be valid the completed Form of Proxy should be submitted to the Company **not later than 4.45 p.m. on 24th June 2026,**

   – via email to **ETWOAGM2026@carcumb.com** or

   – via WhatsApp to mobile no. +94 764 765 463 or +94 767 410 683, or

   – by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.

6. Shareholders could also appoint a member of the Board to act as their proxy if they so choose. The Shareholders who wish to appoint a Director as his/her/its proxy must forward the duly completed Form of Proxy clearly indicating their vote under each matter set out in the **Form of Proxy** and forward same to the Company.

Please fill in the following details:

Name & Contact No. of Shareholder : .....

CDS Account No. / Folio No. : .....

Name & Contact No. of Proxyholder. : .....

NIC No. of the Proxyholder : .....

Corporate Information

Name of the Company	Equity Two PLC (A Carson Cumberbatch Company)
Company Registration No.	PQ 34
Legal Form	A Public Quoted Company with Limited Liability incorporated in Sri Lanka in 1990 Official listing of the Colombo Stock Exchange was obtained in November 1994
Parent and Controlling Entity	Equity One Limited is the immediate Parent Company of Equity Two PLC. 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
Directors	Mr. E.H. Wijenaike (Chairman) Mr. K.C.N. Fernando Mr. A.P. Weeratunge Mr. S. Marimuthu Mr. A. S. Amaratunga Mr. G.C. Jayaweera (Appointed w.e.f. 10th February 2026)
Audit Committee	Mr. A. S. Amaratunga (Chairman) – Independent Non-Executive Mr. S. Marimuthu – Independent Non - Executive Mr. A. P. Weeratunge - Non Executive Mr. G.C. Jayaweera – Independent Non- Executive (Appointed w.e.f. 10th February 2026)
Remuneration Committee	Mr. S. Marimuthu (Chairman) - Independent Non-Executive Mr. A. S. Amaratunga - Independent Non - Executive Mr. A. P. Weeratunge - Non Executive
Nominations and Governance Committee	Mr. S. Marimuthu (Chairman) – Independent Non-Executive Mr. A. S. Amaratunga –Independent Non - Executive Mr. A. P. Weeratunge – Non Executive
Related Party Transactions Review Committee	Mr. A. S. Amaratunga (Chairman) – Independent Non-Executive Mr. S. Marimuthu – Independent Non-Executive Mr. A. P. Weeratunge - Non-Executive Mr. G.C. Jayaweera – Independent Non-Executive (Appointed w.e.f. 10th February 2026)
Place of Business	61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
Bankers	Standard Chartered Bank Commercial Bank of Ceylon PLC Hatton National Bank PLC Nations Trust Bank PLC DFCC Bank PLC National Development Bank PLC Sampath Bank PLC SBI Sri Lanka
Auditors	Messrs. KPMG Chartered Accountants No.32A, Sir Mohamed Macan Marker Mawatha, Colombo 03, Sri Lanka. Tel: +94 11 5426 426 Fax:+94 11 2445 872
Managers & Secretaries	Carsons Management Services (Private) Limited 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
Registered Office	61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
Corporate Website	www.carsoncumberbatch.com

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