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Enclosed Form of Proxy

# Corporate Information



## **NAME OF COMPANY**

Equity One Limited  
(A Carson Cumberbatch Company)

## **LEGAL FORM**

A Public Quoted Company with limited liability.  
Incorporated in Sri Lanka in 1981.

## **DIRECTORS**

R.F. Poulter - (*Chairman*)  
H. Selvanathan  
W. Unamboowe (*resigned w.e.f. 31st March 2002*)  
C. Wijenaikie  
S. Nagendra  
K.C.N. Fernando

## **ALTERNATE DIRECTOR**

N. Ramaiah (for H. Selvanathan)

## **PLACE OF BUSINESS**

No. 65C, Dharmapala Mawatha  
Colombo 7.

## **BANKERS**

Citibank  
Standard Chartered Grindlays Bank

## **AUDITORS**

Messrs. KPMG Ford, Rhodes, Thornton & Company  
Chartered Accountants  
No. 32A, Sir Mohamed Macan Markar Mawatha,  
Colombo 3.

## **MANAGERS & SECRETARIES**

Carsons Management Services (Private) Limited  
No. 61, Janadhipathi Mawatha,  
Colombo 1.

## **REGISTERED OFFICE**

No. 61, Janadhipathi Mawatha,  
Colombo 1.

## **CORPORATE WEBSITE**

[www.carsoncumberbatch.com](http://www.carsoncumberbatch.com)



# Notice of Meeting

NOTICE IS HEREBY GIVEN that the TWENTIETH ANNUAL GENERAL MEETING of the Company will be held at 9.30 a.m. on Tuesday the 21st day of May 2002, at the Eighth Floor, No. 65C, Dharmapala Mawatha, Colombo 7, for the following purposes:

- (1) To receive and adopt the Report of the Directors and the financial statements for the year ended 31st March 2002 together with the Report of the Auditors thereon.
- (2) To declare a dividend as recommended by the Directors.
- (3) To re-elect Mr. S. Nagendra, who retires in terms of Article 98 of the Articles of Association of the Company.
- (4) To appoint Auditors and to authorise the Directors to determine their remuneration.

By Order of the Board,  
**CARSONS MANAGEMENT SERVICES (PVT) LTD.**  
*Managers & Secretaries*

Colombo  
25th April 2002

**Note:**

1. 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.
2. The completed form of proxy must be deposited at the Registered Office, No. 61 Janadhipathi Mawatha, Colombo 1, not less than forty-eight hours before the time fixed for the meeting.
3. The transfer books of the Company will be closed from 16th May 2002 to 21st May 2002 (both days inclusive).

***Security Check***

*We shall be obliged if the shareholders attending the Annual General Meeting produce their National Identity Cards to the Security Personnel stationed at the entrance lobby.*

# Information to Shareholders and Investors



## 1. STOCK EXCHANGE LISTING

Equity One Ltd. is a Public Quoted Company, the issued Ordinary Shares of which are listed with the Colombo Stock Exchange of Sri Lanka.

## 2. SHARE VALUATION

The market value of the Company's shares as at 31st March 2002 was Rs. 16.50 per share (2001 - Rs. 14/-).

## 3. ORDINARY SHAREHOLDERS

<i>As at 31st March</i>	2002	2001
No. of shareholders	477	493

The number of shares held by non-residents as at 31st March 2002 was 152,265 which amounts to 2.45% of the issued share capital.

Distribution of Shares	Resident			Non-Resident			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	289	92,196	1.49	2	1,000	0.01	291	93,196	1.50
1,001 - 5,000	132	310,085	5.00	-	-	-	132	310,085	5.00
5,001 - 10,000	27	194,167	3.13	2	16,666	0.27	29	210,833	3.40
10,001 - 50,000	18	286,784	4.62	1	16,300	0.26	19	303,084	4.88
50,001 - 100,000	-	-	-	-	-	-	-	-	-
100,001 - 500,000	3	456,354	7.36	1	118,299	1.91	4	574,653	9.27
500,001 - 1,000,000	-	-	-	-	-	-	-	-	-
Above 1,000,000	2	4,711,492	75.95	-	-	-	2	4,711,492	75.95
<b>Total</b>	<b>471</b>	<b>6,051,078</b>	<b>97.55</b>	<b>6</b>	<b>152,265</b>	<b>2.45</b>	<b>477</b>	<b>6,203,343</b>	<b>100.00</b>

Categories of Shareholders	No. of Shareholders	No. of Shares	%
Individuals	434	1,104,750	17.81
Institutions	43	5,098,593	82.19
<b>Total</b>	<b>477</b>	<b>6,203,343</b>	<b>100.00</b>



**4. SUBSTANTIAL SHAREHOLDINGS**

<i>As at 31st March</i>	<b>2002</b>		<b>2001</b>	
<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Carson Cumberbatch & Co. Ltd.	<b>3,214,014</b>	<b>51.81</b>	3,214,014	51.81
The Shalimar (Malay) Estate Co. Ltd.	<b>1,497,478</b>	<b>24.13</b>	317,900	5.12
The Good Hope Co. Ltd.	-	-	314,466	5.07
The Indo-Malay Estates Ltd.	-	-	313,866	5.06
The Selinsing Co. Ltd.	-	-	284,466	4.59
The Bukit Darah Co. Ltd.	-	-	161,680	2.61
Mr. D.F.G. Dalpethado	<b>168,954</b>	<b>2.72</b>	160,181	2.58
Dr. T. Senthilverl	<b>153,700</b>	<b>2.48</b>	154,700	2.49
Sri Lanka Insurance Corporation Ltd.	<b>133,700</b>	<b>2.15</b>	133,700	2.15
Thurston Investments Ltd.	<b>118,299</b>	<b>1.91</b>	118,299	1.91
Leechman & Co. Ltd.	-	-	105,100	1.69
Equity Services Ltd.	<b>33,683</b>	<b>0.54</b>	33,683	0.54
Mr. H. Selvanathan	<b>27,800</b>	<b>0.45</b>	27,800	0.45
Mr. B. Selvanayagam	<b>21,357</b>	<b>0.34</b>	12,008	0.19
The Rupee Finance Co. Ltd.	<b>20,000</b>	<b>0.32</b>	20,000	0.32
Mr. N.M. Wickramasinghe	<b>17,500</b>	<b>0.28</b>	23,333	0.38
Mr. A.A. Noordeen	<b>17,014</b>	<b>0.27</b>	17,014	0.27
Rufico Ltd.	<b>16,666</b>	<b>0.27</b>	16,666	0.27
Mr. D.V. Perry	<b>16,300</b>	<b>0.26</b>	16,300	0.27
Mrs. E. Cooray	<b>15,333</b>	<b>0.25</b>	15,333	0.25
Mr. U.S. Sellamuttu	<b>15,000</b>	<b>0.24</b>	15,000	0.24
Mr. M. Selvanathan	<b>14,000</b>	<b>0.23</b>	14,000	0.23
Mr. L. Dias	<b>13,333</b>	<b>0.21</b>	13,333	0.21
Renuka Hotels Ltd.	<b>12,064</b>	<b>0.19</b>	12,064	0.19
Crescent Launderers & Dry Cleaners (Pvt) Ltd.	<b>11,447</b>	<b>0.18</b>	11,447	0.18

**5. MARKET PERFORMANCE - ORDINARY SHARES**

<i>For the year ended 31st March</i>	<b>2002</b>	<b>2001</b>
Highest (Rs.)	<b>17.00</b>	18.00
Lowest (Rs.)	<b>10.25</b>	12.00
Volume traded (Nos.)	<b>1,208,600</b>	75,000
Value (Rs.)	<b>17,812,225</b>	974,550
No. of transactions	<b>31</b>	53



**6. MARKET CAPITALISATION**

Market capitalisation of the Company which is the number of ordinary shares in issue multiplied by the market value of a share was Rs. 102,355,160/- as at 31st March 2002 (as at 31st March 2001 - Rs. 86,846,802/-).

**7. DIVIDEND**

A first and final dividend of 12 % amounting to Rs. 7,444,012/- out of taxable income is proposed (2001 - 16%).

**8. VALUE OF PROPERTY**

Location	Extent (in acres)	Historical Cost Rs.'000	Market Value Rs.'000	Date of Valuation
Colombo	0.5875	96,021	328,280	12th March 2001

**9. NUMBER OF EMPLOYEES**

The number of employees at the end of the year was 11 (2001 - 11).

**10. PERCENTAGE OF PUBLIC HOLDING**

Percentage of issued share capital held by public as at 31st March 2002 was 22.84% (2001 - 22.84%).



# Chairman's Statement to Shareholders

I have pleasure in presenting to shareholders the Annual Report and Audited Accounts covering the performance of Equity One Ltd., for the financial year 2001/2002.

The adverse effects of an unprecedented downturn in the economy ending up with a negative GDP growth for the year under review, also reflected on the growth and profitability of the real estate sector. As a result of the subdued economic conditions there was reduced demand for quality office space since most companies were striving to cut down on discretionary costs like rent to consolidate their business activities during the year.

The current competitive conditions prevailing in the office space market prevented the Company from commanding the level of rentals that could be expected from a property situated in a prime location. Nevertheless, the strong long-term relationships with key tenants have enabled your Company to maintain occupancies above market averages.

Turnover recorded a growth of 12% compared to the previous year, mainly due to the continuous efforts of the management in letting out additional space during the year at reasonably attractive rentals.

During the year, your Company recorded a net turnover of Rs. 30.8 mn and an operating profit of Rs. 12.6 mn, compared to Rs. 15 mn in the previous year. Increased costs, particularly on account of

insurance premiums for terrorism cover, exerted pressure on operating margins. Rs. 5.1 mn, has been provided as taxation for the period under review.

Anticipated development in economic activity, will no doubt lead to much needed investments in infrastructure projects and the construction of residential and commercial complexes in time to come. The demand for luxury office space and housing too appeared to grow as we envisage an increase in the expatriate community following the anticipated return of peace and foreign investment. These developments augur well for the future performance of your Company.

On behalf of the Company, I must place on record our sincere thanks to Mr. W. Unamboowe, who resigned from the Board with effect from 31st March 2002. Mr. W. Unamboowe's advice and guidance during his tenure as a Director of Equity One was invaluable and much appreciated.

In conclusion, I wish to thank our valued tenants for their patronage. I also express thanks to my colleagues on the Board for their contribution and the employees for their valuable services, which enabled us to mitigate the effects of unattractive market conditions. I also wish to thank our shareholders, business associates, and financial institutions for their continued association with the Company and the confidence placed in its management.

**Reginald F. Poulter**  
*Chairman*

22nd April 2002

# Review of Operations



## **INDUSTRY CONDITIONS AND PERFORMANCE OF YOUR COMPANY**

The cumulative effects of subdued economic conditions in the past years resulted in a negative GDP growth rate in 2001. This was due to a combination of adverse factors both at home and abroad. GDP recorded 1.3% contraction during 2001, with all major sectors except the construction sector, recording negative performances.

The construction sector showed moderate growth during the year 2001, with the participation of the private sector in housing construction, infrastructure development and retail and commercial property development. Ironically, the growth in commercial property development spelt bad news for an already saturated sector, with existing developers having no option but to resort to price cuts to secure occupancy in the face of dwindling demand.

Owners of residential property in the suburbs of Colombo continued to convert their homes into office space in spite of the UDA laws against this, thus compounding the problems faced by commercial developers. Moreover, the low level of foreign investment inflows to the country, a category from which significant demand is derived for quality office space, also exerted further pressure on rentals. As a result property developers operated under extremely challenging and competitive market conditions, with the oversupply of office space within the city and suburbs giving rise to stagnant rental rates and reduced occupancy levels.

The management of your Company constantly focuses on providing a high quality service to tenants and engages in continuous refurbishment and upgrading to the building in order to maintain its marketability. Also, despite the low level of activity, the Company had to incur a substantial cost in respect of insurance cover against terrorism, which virtually doubled due to increased premiums consequent to the terrorist attacks in the USA. In order to minimise the impact of this increase, the Carsons Group, together with their insurers, is exploring various options to reduce the premium. Further, rising finance costs and other inevitable administration, operating and maintenance expenses, were compounded by the rise in utility costs.

## **FINANCIAL RESULTS**

### **Turnover**

Despite the bleak industry conditions, occupancy levels at your Company, showed a slight improvement with an additional 9,100 sq ft let out during the year. Occupancy levels increased from 73% in the previous year to 94% in the current year.

The Company recorded a net turnover of Rs. 30.8 mn in the financial year under review. The growth in turnover by 12% over the Rs. 27.6 mn earned in the preceding year is attributable to the reasonable revisions of rentals on many tenancy agreements and the increase in occupancy to 94%.

The continued patronage of your Company's long-standing valued tenants, is an important reason for its ability to remain reasonably profitable under difficult market conditions.



### Operating Results

The Company recorded a pre tax profit for the financial year under review of Rs.12.6 mn in comparison to a profit of Rs. 15 mn in the previous year. Other income consisted of interest earned from investment of surplus funds. The cost of insurance continues to exact a heavy toll on the profits of your Company. A considerable increase in the charge for depreciation compared to the previous year, resulting from revaluation of the property exerted further pressure on the Company's bottom line.

### Taxation

A provision of Rs. 5.1 mn has been made for taxation for the year of assessment under review.

### FUTURE PROSPECTS

The outlook for 2002 is more positive with increased investor confidence and a possible upturn in the global economy expected later in the year. This would result in increased investment opportunities in the property development sector including infrastructure projects. There will also be opportunities in the areas of development and construction of residential buildings. Present market conditions indicate that the greatest demand exists for housing catering to middle income earners. The demand for luxury condominium apartments will depend mainly on

the number of expatriates seeking residences in the country, which we envisage will increase with the much anticipated return of peace and foreign investment. As per the recent Budget proposals, State land which is commercially viable, will be made available to private sector developers at commercial rates, thus opening up opportunities for private sector participation in the property development industry over the next few years.

The projected increase in economic activity and the resultant increase in the demand for commercial space would be favourable to your Company, which specialises in offering high quality office space and value added services to its clients in the heart of the Colombo business area.

The Government, together with the Urban Development Authority has formulated a master plan to develop the Colombo Metropolitan region and accommodate its increasing population in a sustainable environment by year 2010. Property developers look forward to the implementation of such planned development efforts.

Property values would be among the first to benefit with the economy returning to normalcy and the recovery of the property sector. We expect your Company's property, given its advantageous location and valued tenancies, to benefit from such a positive scenario in the near term.

**Carsons Management Services (Pvt) Ltd.**  
*Managers*

Colombo,  
22nd April 2002

# Report of the Directors



The Directors are pleased to submit their Report for the year ended 31st March 2002, together with the audited financial statements of the Company.

## THE PRINCIPAL ACTIVITY OF THE COMPANY

Equity One Ltd., the pioneering property development project of the Carsons Group, is engaged in letting of office space in its eight storeyed office complex, for commercial purposes.

## REVIEW FOR THE YEAR AND FUTURE DEVELOPMENTS

The Chairman's Statement to shareholders and the Review of Operations describe in detail the year's operations and projected developments of the Company.

## FINANCIAL RESULTS

<i>For the year ended 31st March</i>	<b>2002</b>	2001
	<b>Rs.</b>	Rs.
The profit available for appropriation	<b>9,622,973</b>	11,259,925
<b>From which the following appropriations have been made:</b>		
Capital reserve	<b>1,682,488</b>	898,048
	<b>7,940,485</b>	10,361,877
<b>Your Directors now recommend:</b>		
The payment of a first & final dividend of 12% (2001 - 16%)	<b>7,444,012</b>	9,925,349
<b>Leaving a balance to be carried forward of</b>	<b>496,473</b>	436,528

## RESERVES

As at 31st March 2002, the Company's total reserves stood at Rs. 286.32 mn (2001 - Rs. 286.26 mn) comprising capital reserves of Rs. 285.78 mn and revenue reserves of Rs. 0.54 mn. The movements are set out in the Statement of Changes in Equity and Notes 10 and 11 to the financial statements.

## CAPITAL EXPENDITURE

The total expenditure on purchase/construction of property, plant & equipment during the year amounted to Rs. 3.33 mn (2001 - Rs. 5.78 mn). The movements are set out in Note 7 to the financial statements.

## VALUE OF PROPERTIES

The Company's property reflected in the financial statements, carries a market value of Rs. 328 mn, based on a valuation carried out by a Qualified Independent Valuer on 12th March 2001.

## STATUTORY PAYMENTS

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

## GOING CONCERN

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

## DIVIDEND

Your Directors recommend a first and final dividend of 12% on ordinary shares (2001 - 16%).

## DIRECTORATE

The names of the Directors who served during the year are shown on page 2.

In terms of Article 98 of the Articles of Association of the Company, Mr. S. Nagendra retires from the Board, but being eligible offers himself for re-election.



Mr. W. Unamboowe resigned from the Board with effect from 31st March 2002.

Mr. C. Wijenaiké in accordance to his wishes will step down from the directorate at the conclusion of the Annual General Meeting.

**AUDIT AND COMPLIANCE COMMITTEE**

An Audit and Compliance Committee comprising of following members was appointed with effect from 1st April 2002.

Tilak de Zoysa (*Chairman*)

Tennyson Rodrigo

D.C.R. Gunawardena

**DIRECTORS' INTERESTS IN CONTRACTS**

Directors' interests in contracts of the Company are disclosed in Note 19 to the financial statements and have been declared at meetings of the Directors. The Directors have 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 shares of the Company:

<i>As at 31st March</i>	<b>2002</b>	2001
	<b>No. of</b>	No. of
	<b>Shares</b>	Shares
R.F. Poulier	<b>1,348</b>	1,348
H. Selvanathan	<b>27,800</b>	27,800
W. Unamboowe	<b>66</b>	66
<i>(resigned w.e.f. 31st March 2002)</i>		
C. Wijenaiké	-	-
S. Nagendra	<b>2,889</b>	2,889
K.C.N. Fernando	-	-
<b>Alternate Director</b>		
N. Ramaiah	-	-
<i>(for H. Selvanathan)</i>		

**EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

Subsequent to the Balance Sheet date, no circumstances have arisen, which required adjustments to, or disclosure in the financial statements.

**SUBSTANTIAL SHAREHOLDINGS**

The substantial shareholdings of the Company have been disclosed in Note 4 of the Information to Shareholders and Investors. As at 31st March 2002, the Company had 477 Shareholders (2001 - 493) whose holdings are indicated in Note 3 of the Information to Shareholders and Investors.

**AUDITORS**

Messrs. KPMG Ford , Rhodes, Thornton & Company being eligible offer themselves for re-appointment.

By Order of the Board,  
**CARSONS MANAGEMENT SERVICES (PVT) LTD.**  
*Managers & Secretaries*

Colombo,  
22nd April 2002

# Statement of Directors' Responsibilities



The responsibilities of the Directors, in relation to the financial statements, are detailed in the following paragraphs while the responsibilities of the Auditors are set out in the Report of the Auditors.

According to the Companies Act, No. 17 of 1982 and the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 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 profit or loss for the said period.

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 and,
- reasonable and prudent judgements and estimates have been made.

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

the financial statements of the Company meet with the requirements of the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 and the Companies Act, No. 17 of 1982. 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 of appropriate system of internal controls with a view to prevent, detect and rectify frauds 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 for the foreseeable future.

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

By Order of the Board,  
**CARSONS MANAGEMENT SERVICES (PVT) LTD.**  
*Managers & Secretaries*

Colombo,  
22nd April 2002

# Financial Reports

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# Report of the Auditors



## **TO THE MEMBERS OF EQUITY ONE LTD.**

We have audited the Balance Sheet of Equity One Ltd., as at 31st March 2002 and the related Statements of Income, Changes in Equity and Cash Flow for the year then ended together with the Accounting Policies and Notes as set out on pages 15 to 29 of the Annual Report.

## **Respective Responsibilities of Directors and Auditors**

The Directors are responsible for preparing and presenting these financial statements in accordance with the Sri Lanka Accounting Standards. Our responsibility is to express an opinion on these financial statements, based on our audit.

## **Basis of Opinion**

We conducted our audit in accordance with the Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the Directors, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

## **Opinion**

In our opinion, so far as appears from our examination the Company maintained proper books of account for the year ended 31st March 2002, and to the best of our information and according to the explanations given to us, the said Balance Sheet and related Statements of Income, Changes in Equity, Cash Flow and the Accounting Policies and Notes thereto, which are in agreement with the said books have been prepared and presented in accordance with the Sri Lanka Accounting Standards, and provide the information required by the Companies Act, No. 17 of 1982 and give a true and fair view of the Company's state of affairs as at 31st March 2002, and of its profit, Changes in Equity and Cash Flow for the year then ended.

## **Directors' Interests in Contracts with the Company**

According to the information made available to us, the Directors of the Company were not directly or indirectly interested in contracts with the Company during the year ended 31st March 2002 except as stated in Note 19 to these financial statements.

(Sgd.)

**KPMG Ford, Rhodes, Thornton & Company**  
*Chartered Accountants*

Colombo,  
22nd April 2002



# Income Statement

(All figures are in Sri Lankan Rupees)

For the year ended 31st March	Note	2002	2001
<b>Revenue</b>	1	<b>30,824,224</b>	27,559,576
Direct operating cost		<b>(15,495,361)</b>	(12,185,992)
		<b>15,328,863</b>	15,373,584
Other operating income	2	<b>2,725,617</b>	3,632,732
		<b>18,054,480</b>	19,006,316
Administrative expenses		<b>(5,428,183)</b>	(4,020,921)
<b>Profit from operations</b>	3	<b>12,626,297</b>	14,985,395
Taxation	4	<b>(5,122,340)</b>	(6,056,380)
<b>Profit for the year after taxation</b>		<b>7,503,957</b>	8,929,015
Retained profit brought forward		<b>436,528</b>	1,432,862
Transferred from revaluation reserve	10.1	<b>1,682,488</b>	898,048
<b>Profit available for appropriation</b>		<b>9,622,973</b>	11,259,925
<b>Appropriations</b>			
Capital reserve		<b>1,682,488</b>	898,048
Dividend	5	<b>7,444,012</b>	9,925,349
Retained profit carried forward		<b>496,473</b>	436,528
		<b>9,622,973</b>	11,259,925
<b>Earnings per share</b>	6	<b>1.21</b>	1.44
<b>Dividend per share</b>		<b>1.20</b>	1.60

The Accounting Policies and Notes from pages 19 to 29 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Balance Sheet



(All figures are in Sri Lankan Rupees)

As at 31st March	Note	2002	2001
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant & equipment	7	337,431,009	339,966,576
<b>Current Assets</b>			
Trade and other receivables	8	6,407,389	4,809,254
Tax recoverable/Credit		5,640,588	2,465,902
Cash at bank and in hand		25,217,042	29,716,259
		<b>37,265,019</b>	<b>36,991,415</b>
<b>Total Assets</b>		<b>374,696,028</b>	<b>376,957,991</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	9	62,033,430	62,033,430
Capital reserves	10	285,780,128	285,780,128
Revenue reserves	11	535,899	475,954
<b>Total Equity</b>		<b>348,349,457</b>	<b>348,289,512</b>
<b>Non-current Liabilities</b>			
Rental and other deposits	12	10,037,893	9,196,716
Deferred taxation	13	4,009,036	4,507,592
Retirement benefit obligations	14	943,796	846,314
		<b>14,990,725</b>	<b>14,550,622</b>
<b>Current Liabilities</b>			
Trade and other payables	15	3,911,834	4,192,508
Dividend proposed		7,444,012	9,925,349
		<b>11,355,846</b>	<b>14,117,857</b>
<b>Total Equity and Liabilities</b>		<b>374,696,028</b>	<b>376,957,991</b>
Net assets per share		<b>56.16</b>	<b>56.15</b>

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

The Accounting Policies and Notes from pages 19 to 29 form an integral part of the financial statements.

Approved and signed on behalf of the Managers,

Approved and signed on behalf of the Board,

(Sgd.)

D.C.R. Gunawardena

Director

(Sgd.)

H. Selvanathan

Director

(Sgd.)

K.C.N. Fernando

Director

Carsons Management Services (Pvt) Ltd.

Colombo,

22nd April 2002



# Statement of Changes in Equity

(All figures are in Sri Lankan Rupees)

Year ended 31st March 2002

	Note	Share Capital	Revaluation Reserve	Capital Accretion Reserve	Machinery Replacement Reserve	Other Capital Reserve	General Reserve	Retained Profit	Total Equity
Balance as									
at 1st April 2000		62,033,430	137,703,438	157,955	5,109,216	5,388,285	39,426	1,432,862	211,864,612
Net profit for the year		-	-	-	-	-	-	8,929,015	8,929,015
Surplus on revaluation of property, plant & equipment		-	137,421,234	-	-	-	-	-	137,421,234
Appropriations		-	-	-	-	898,048	-	(898,048)	-
Transfer	10.1	-	(898,048)	-	-	-	-	898,048	-
Dividend	5	-	-	-	-	-	-	(9,925,349)	(9,925,349)
<b>Balance as at</b>									
<b>31st March 2001</b>		<b>62,033,430</b>	<b>274,226,624</b>	<b>157,955</b>	<b>5,109,216</b>	<b>6,286,333</b>	<b>39,426</b>	<b>436,528</b>	<b>348,289,512</b>
Balance as at									
1st April 2001	10 & 11	62,033,430	274,226,624	157,955	5,109,216	6,286,333	39,426	436,528	348,289,512
Net profit for the year		-	-	-	-	-	-	7,503,957	7,503,957
Appropriations		-	-	-	-	1,682,488	-	(1,682,488)	-
Transfer	10.1	-	(1,682,488)	-	-	-	-	1,682,488	-
Dividend	5	-	-	-	-	-	-	(7,444,012)	(7,444,012)
<b>Balance as at</b>									
<b>31st March 2002</b>		<b>62,033,430</b>	<b>272,544,136</b>	<b>157,955</b>	<b>5,109,216</b>	<b>7,968,821</b>	<b>39,426</b>	<b>496,473</b>	<b>348,349,457</b>

The Accounting Policies and Notes from pages 19 to 29 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Cash Flow Statement



(All figures are in Sri Lankan Rupees)

<i>For the year ended 31st March</i>	Note	2002	2001
<b>Cash flows from operating activities</b>			
Profit from operations		12,626,297	14,985,395
<i>Adjustments for:</i>			
Writeback of forfeited unclaimed dividend		(164,932)	-
Depreciation on property, plant & equipment	7	5,864,107	5,209,757
Interest income	2	(2,557,314)	(3,350,840)
Provision for gratuity	14	174,282	309,551
Profit on disposal of property, plant & equipment		-	(281,892)
Operating profit before working capital changes		15,942,440	16,871,971
Increase in trade and other receivables		(1,598,135)	(2,136,566)
Increase in trade and other payables		207,005	276,289
		14,551,310	15,011,694
Gratuity paid during the year		(76,800)	-
Rental deposits received	12	5,236,429	4,604,989
Rental deposits refunded/set-off	12	(4,677,101)	(4,638,177)
Cash generated from operations		15,033,838	14,978,506
Income tax paid		(8,795,582)	(8,684,050)
<b>Net cash generated from operating activities</b>		<b>6,238,256</b>	<b>6,294,456</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant & equipment		-	935,000
Purchase of property, plant & equipment	7	(3,328,540)	(5,782,204)
Interest received	2	2,557,314	3,350,840
<b>Net cash used in investing activities</b>		<b>(771,226)</b>	<b>(1,496,364)</b>
<b>Cash flow from financing activities</b>			
Dividend paid		(9,966,247)	(11,738,315)
<b>Net cash used in financing activities</b>		<b>(9,966,247)</b>	<b>(11,738,315)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(4,499,217)</b>	<b>(6,940,223)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>29,716,259</b>	<b>36,656,482</b>
<b>Cash and cash equivalents at the end of the year (Note A)</b>		<b>25,217,042</b>	<b>29,716,259</b>

## Note A

### CASH AND CASH EQUIVALENTS

Cash at bank and in hand	25,217,042	29,716,259
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The Accounting Policies and Notes from pages 19 to 29 form an integral part of these financial statements.

*Figures in brackets indicate deductions.*



# Significant Accounting Policies

## 1. GENERAL POLICIES

### 1.1 Basis of Preparation

The financial statements of Equity One Ltd., comprise the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement, Accounting Policies and Notes to the financial statements. These statements are prepared in accordance with the Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka.

The accounting policies have been applied by the Company consistent with the previous year, and the previous year figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation.

The financial statements of the Company have been prepared on a historical cost convention except for revaluation of certain property, plant & equipment as stated in the respective Notes to the financial statements.

All values presented in the financial statements are in Sri Lankan Rupees (Rs.) unless otherwise indicated.

### 1.2 Taxation

The liability for taxation has been computed in accordance with the provisions of the Inland Revenue Act, No. 38 of 2000 at the rates specified in the respective Notes to the financial statements.

### 1.3 Deferred Taxation

Deferred taxation has been provided on the liability method. The tax effect on all timing differences which occur when items are allowed for income tax purposes in a period different to that they are recognised in financial statements is included in the provision for deferred taxation at current rates of taxation.

### 1.4 Borrowing Cost

Borrowing costs are recognised as an expense in the period in which they are incurred, except those that are directly attributable to the development/ construction of property, plant & equipment which are capitalised as part of the cost of the asset during the period of construction/development.

### 1.5 Events occurring after the Balance Sheet date

The materiality of the events occurring after the Balance Sheet date has been considered and appropriate adjustments to or disclosures have been in the financial statements where necessary.

## 2. ASSETS AND BASES OF THEIR VALUATION

Assets classified as current assets in the Balance Sheet are cash and those which are expected to be realised in cash during the normal operating cycle of the Company's business or within one year from the Balance Sheet date, whichever is shorter. Non-current assets are those which the Company intends to hold beyond a period of one year from the Balance Sheet date.



## 2.1 Property, Plant & Equipment and Depreciation

### 2.1.1. Valuation

Property, plant & equipment are stated at cost or valuation less accumulated depreciation.

The cost of property, plant & equipment is the cost of purchase or construction together with any incidental expenses incurred in bringing the assets to its working condition for its intended use.

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business has been treated as capital expenditure.

### 2.1.2 Revaluation

The Freehold Land and Building have been revalued. Revaluation of these assets are carried out once in five years in order to ensure that the book value reflects the realisable value. Any surplus or deficit arising from these adjustments is adjusted through the Revaluation Reserve.

### 2.1.3 Depreciation

Depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant & equipment other than freehold land, in order to write off such amounts over the following estimated useful lives by equal instalments:

Building	over 100 years
Machinery & equipment	over 10 years
Furniture & fittings and office equipment	over 10 years
Motor vehicles	over 4 years

No depreciation is provided in the year of purchase/construction, while a full year's depreciation is provided in the year of disposal.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the surplus in the revaluation reserve to retained earnings over the remaining useful lives of the assets.

## 2.2 Trade and Other Receivables

Trade and other receivables are stated at the amounts estimated to be realised. Where necessary provision has been made for bad and doubtful debts.



### 2.3 Cash and cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise cash at bank and in hand, deposits held at call with banks and investments in money market instruments, net of bank overdraft.

Interest paid is classified as operating cash flows, interest received is classified as investing cash flows while dividend paid is classified as financing cash flows for the purpose of presentation of Cash Flow Statement reported based on the indirect method.

## 3. LIABILITIES AND PROVISIONS

Liabilities classified as current liabilities in the Balance Sheet are those obligations payable on demand or within one year from the Balance Sheet date. Items classified as non-current liabilities are those obligations which expire beyond a period of one year from the Balance Sheet date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 3.1 Retirement Benefit Obligations

#### (i) *Defined Benefit Plan - Gratuity*

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

Gratuity provision for employees has been made on the basis of an actuarial valuation as at 31st March 2001 which was carried out by Messrs. Actuarial and Management Consultants (Pvt) Ltd. adjusted for liabilities as at 31st March 2002. As recommended by the related Sri Lanka Accounting Standard, the 'Projected Unit Credit' (PUC) method has been used in this valuation. It is expected that such actuarial valuations will be carried out once in every three years. The principal assumptions made are given below:

Rate of discount	11.00% p.a.
Rate of pay increase	10.00% p.a.
Withdrawal and disability	5.00% p.a.
Retirement age	55 years

The Company will continue in business as a going concern.

The liability is not externally funded.

#### (ii) *Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund*

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contribution funds in line with the respective statutes. Contributions to the defined contribution plans are recognised as an expense in the Statement of Income when incurred.



### **3.2 Capital Commitments and Contingent Liabilities**

Capital commitments and contingencies, which exist as at the Balance Sheet date, are disclosed in the respective Notes to the financial statements.

## **4. INCOME STATEMENT**

### **4.1 Revenue - Rental Income**

Revenue represents the rental income derived from letting of the Company's premises.

Rental income is accrued on a time proportion basis and is matched with related expenditure in accordance with Sri Lanka Accounting Standard No. 29.

### **4.2 Other Income**

#### ***Interest Income***

Interest income is recognised on an accrual basis.

#### ***Gains or losses on the disposal of property, plant & equipment***

Gains or losses on the disposal of property, plant & equipment are accounted for in the Income Statement and where the gain is on an immovable property, such gain is appropriated to capital accretion reserve.

### **4.3 Expenditure**

All expenditure incurred in the running of the business, and in maintaining the property, plant & equipment in a state of efficiency, has been charged to revenue in arriving at the profit or loss for the year.

4.4 For the purpose of presentation of the Income Statement, the Directors are of the view that Function of Expenses Method fairly presents the elements of the Company's performance, hence such a presentation method is adopted.

## **5. RELATED PARTY TRANSACTIONS**

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating decisions of the other, irrespective of whether a price is being charged.

## **6. SEGMENT REPORTING**

A segment is a distinguishable component of an enterprise that is engaged in either providing products or services (Business segment) or in providing products or services within a particular economic environment (Geographical Segment) which is subject to risk and rewards that are different from those of the other segments. However, there are no distinguishable components to be identified as segments for the Company.



# Notes to the Financial Statements

(All figures in Notes to the Financial Statements are in Sri Lankan Rupees unless otherwise stated)

	31st March 2002	31st March 2001
<b>1. REVENUE</b>		
<b>1.1 Summary</b>		
Revenue - Rental Income	37,312,751	33,104,712
Less: Goods and Services Tax	(3,853,028)	(3,444,947)
National Security Levy	(2,635,499)	(2,100,189)
<b>Net revenue</b>	<b>30,824,224</b>	<b>27,559,576</b>
<b>2. OTHER OPERATING INCOME</b>		
Interest income	2,557,314	3,350,840
Profit on disposal of property, plant & equipment	-	281,892
Write back of forfeited unclaimed dividend	164,932	-
Miscellaneous income	3,371	-
	<b>2,725,617</b>	<b>3,632,732</b>
<b>3. PROFIT FROM OPERATIONS</b>		
Profit from operations is stated after charging all expenses including the following:		
Auditors' remuneration	32,227	29,297
Depreciation	5,864,107	5,209,757
Management and Secretarial fees	1,390,961	1,408,493
Personnel costs (Note 3.1)	3,264,864	3,090,911
Donations	25,000	-
<b>3.1 Personnel costs</b>		
Salaries, wages and other related expenses	2,816,150	2,482,688
Defined benefit plan cost - Gratuity	174,282	309,551
Defined contribution plan cost - EPF and ETF	274,432	298,672
	<b>3,264,864</b>	<b>3,090,911</b>
The above include:		
Directors' emoluments	-	-
Directors' fees	20,000	20,000
	<b>20,000</b>	<b>20,000</b>



	31st March 2002	31st March 2001
<b>4. TAXATION</b>		
<b>4.1 Current Tax</b>		
Current tax expense on ordinary activities for the year (Note 4.2)	5,817,863	5,065,400
Under/(over) provision in respect of previous years	(196,967)	5,880
	<b>5,620,896</b>	5,071,280
<b>Deferred Taxation</b>		
Provision/(release made) during the year	(498,556)	985,100
	<b>5,122,340</b>	6,056,380
<b>4.2 Reconciliation between Tax Expenses and the product of Accounting Profit</b>		
Accounting profit before tax	12,626,297	14,985,395
Aggregate disallowable items	8,081,140	6,281,607
Aggregate allowable items	(4,973,488)	(4,940,808)
Taxable profit	15,733,949	16,326,194
Current tax at 35%	5,506,882	5,714,168
Less: Tax deductions (Note 4.4)	(658,663)	(648,768)
	4,848,219	5,065,400
Surcharge on income tax at 20%(Note 4.5)	969,644	-
Current tax expense	5,817,863	5,065,400
<b>4.3</b> In terms of the provisions of the Inland Revenue Act, No. 38 of 2000 the Company is liable to taxation at 35%.		
<b>4.4</b> The Company has claimed the 5% tax credit afforded under Section 42 (1) of the Inland Revenue Act, No. 38 of 2000.		
<b>4.5</b> The Company is subject to a 20% surcharge on corporate income tax during the year 2001/2002.		
<b>4.6</b> Deferred tax has been computed using the effective tax rate of 30%.		
<b>5. DIVIDEND</b>		
First and final dividend of 12% is proposed (2001 - 16%)	7,444,012	9,925,349
<b>5.1</b> The dividend is taxable in the hands of the shareholder since it is paid out of taxable profits.		
<b>5.2</b> As per 2002 Budget proposals, dividend distributions made after 1st April 2002, will be subject to a 10% withholding tax at source. Further such distributions will not be subject to Advance Company Tax (ACT).		



## 6. EARNINGS PER SHARE

Earnings Per Share of Rs. 1.21 (2001 - Rs. 1.44) is calculated on the profit after taxation over the number of ordinary shares in issue as at the Balance Sheet date.

The following reflects the income and share data used in the Earnings Per Share computation:

	31st March 2002	31st March 2001
<b>Amounts used as the Numerator</b>		
Net profit attributable to ordinary shareholders	<b>7,503,957</b>	8,929,015
<b>Number of ordinary shares used as Denominator</b>		
	<b>6,203,343</b>	6,203,343

## 7. PROPERTY, PLANT & EQUIPMENT

	Freehold Land	Freehold Buildings	Machinery & Equipment	Furniture & Fittings	Motor Vehicles	Total as at 31st March 2002	Total as at 31st March 2001
<b>Cost/Valuation</b>							
Balance as at the beginning of the year	94,000,000	234,279,566	29,577,498	3,386,848	6,390	<b>361,250,302</b>	232,200,799
Revaluation	-	-	-	-	-	-	128,184,913
Additions	-	203,480	377,747	214,813	2,532,500	<b>3,328,540</b>	5,782,204
Disposals	-	-	-	-	-	-	(4,917,614)
Balance as at the end of the year	94,000,000	234,483,046	29,955,245	3,601,661	2,538,890	<b>364,578,842</b>	361,250,302
<b>Depreciation</b>							
Balance as at the beginning of the year	-	-	19,235,100	2,042,236	6,390	<b>21,283,726</b>	29,574,797
Charge for the year	-	2,516,166	3,022,447	325,494	-	<b>5,864,107</b>	5,209,757
Disposals	-	-	-	-	-	-	(4,264,507)
Revaluation	-	-	-	-	-	-	(9,236,321)
Balance as at the end of the year	-	2,516,166	22,257,547	2,367,730	6,390	<b>27,147,833</b>	21,283,726
<b>Net Book Value</b>							
<b>As at 31st March 2002</b>	94,000,000	231,966,880	7,697,698	1,233,931	2,532,500	<b>337,431,009</b>	
As at 31st March 2001	94,000,000	234,279,566	10,342,398	1,344,612	-	-	339,966,576

7.1 Carrying value of the revalued assets as at 31st March 2002, if carried at historical costs are given below:

	Land	Buildings
<b>Carrying value of revalued assets if carried at historical cost</b>		
Cost	12,653,010	83,367,850
Accumulated depreciation	-	(4,454,737)
	<b>12,653,010</b>	<b>78,913,113</b>



## 7. PROPERTY, PLANT & EQUIPMENT (Contd.)

7.2 Freehold land and buildings were revalued in March 2001 to conform with the market values at that time. These were assessed on a going concern basis by independent valuers, Messrs. A.Y. Daniel & Son. The resultant surplus was transferred to the revaluation reserve and included under capital reserves. If such assets are disposed of at the revalued amounts, a tax liability of approximately Rs. 48.6 mn will arise for which a provision has not been made in the financial statements, since there is no intention to dispose the revalued property in the foreseeable future. However Budget proposals for 2002 seek to abolish income tax on Capital Gains, the date of withdrawal of which has not yet been specified.

	Total as at 31st March 2002	Total as at 31st March 2001
<b>8. TRADE AND OTHER RECEIVABLES</b>		
Trade debtors	3,224,457	1,721,854
Amounts due from related parties	-	342,166
Deposits, prepayments and other receivables	3,062,225	2,656,486
Loans given to Company Officers (Note 8.1)	120,707	88,748
	<b>6,407,389</b>	<b>4,809,254</b>
<b>8.1 Loans given to Company Officers</b>		
Balance as at the beginning of the year	88,748	142,922
Loans granted during the year	105,100	27,090
Recovered during the year	(73,141)	(81,264)
Balance as at the end of the year	120,707	88,748
<b>9. SHARE CAPITAL</b>		
<b>Authorised</b>		
10,000,000 Ordinary Shares of Rs. 10/- each	100,000,000	100,000,000
<b>Issued and Fully Paid</b>		
6,203,343 Ordinary Shares of Rs. 10/- each	62,033,430	62,033,430
<b>10. CAPITAL RESERVES</b>		
Balance as at the beginning of the year	285,780,128	148,358,894
Net movement during the year	-	137,421,234
Balance as at the end of the year	285,780,128	285,780,128
<b>Represented by:</b>		
Revaluation reserve	272,544,136	274,226,624
Capital accretion reserve	157,955	157,955
Machinery replacement reserve	5,109,216	5,109,216
Other capital reserves	7,968,821	6,286,333
	<b>285,780,128</b>	<b>285,780,128</b>

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

**10. CAPITAL RESERVES (Contd.)****10.1 Transfer from Revaluation Reserve**

The revaluation surplus realised by the use of assets has been transferred to retained earnings from the revaluation reserve. The amount of surplus realised is the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets' original cost.

	Total as at 31st March 2002	Total as at 31st March 2001
<b>11. REVENUE RESERVES</b>		
Balance as at the beginning of the year	475,954	1,472,288
Net movement during the year	59,945	(996,334)
Balance as at the end of the year	535,899	475,954
<b>Represented by:</b>		
General reserve	39,426	39,426
Retained profit	496,473	436,528
	535,899	475,954

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

**12. RENTAL AND OTHER DEPOSITS**

	Rental Deposits	Telephone Deposits	Total as at 31st March 2002	Total as at 31st March 2001
Balance as at the beginning of the year	11,734,142	40,000	11,774,142	11,807,330
Receipts during the year	5,236,429	-	5,236,429	4,604,989
Refunds made during the year	(999,749)	-	(999,749)	(2,060,751)
Set-off during the year	(3,677,352)	-	(3,677,352)	(2,577,426)
	12,293,470	40,000	12,333,470	11,774,142
Set-off due within one year	(2,295,577)	-	(2,295,577)	(2,577,426)
Refunds/Set-offs due after one year	9,997,893	40,000	10,037,893	9,196,716

**12.1** Out of the above rental deposits an amount of Rs. 9,977,471/- will be repayable upon termination of the tenancy agreements. The balance represents rent received in advance, which is set-off against rent as and when it becomes due.

**13. DEFERRED TAXATION**

Balance as at the beginning of the year	4,507,592	3,522,492
Provision/(release made) during the year	(498,556)	985,100
Balance as at the end of year	4,009,036	4,507,592



	Total as at 31st March 2002	Total as at 31st March 2001
<b>14. RETIREMENT BENEFIT OBLIGATIONS</b>		
<b>Retirement Benefit Cost - Gratuity</b>		
Balance as at the beginning of the year	846,314	536,763
Provision for the year	174,282	309,551
Payment made during the year	(76,800)	-
Balance as at the end of the year	<b>943,796</b>	846,314

The gratuity provision as at 31st March 2002 amounting to Rs. 943,796/- is based on an Actuarial Valuation carried out as at 31st March 2001 by Messrs. Actuarial and Management Consultants (Pvt) Ltd., adjusted for liabilities as at 31st March 2002.

The above provision is not externally funded.

#### 15. TRADE AND OTHER PAYABLES

Rent advances due for set-off within one year (Note 12)	2,295,577	2,577,426
Accrued expenses and other payables	1,345,481	1,138,476
Unclaimed dividend	270,776	476,606
	<b>3,911,834</b>	4,192,508

#### 16. COMMITMENTS AND CONTINGENCIES

##### 16.1 Capital Expenditure Commitments

There were no material capital commitments as at the Balance Sheet date.

##### 16.2 Contingencies

There were no material contingent liabilities as at the Balance Sheet date except as disclosed in Note 7.2 to the financial statements.

#### 17. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the financial statements.

**18. COMPARATIVE FIGURES**

Previous year figures and phrases have been rearranged wherever necessary to conform to the current year's presentation.

**19. DIRECTORS' INTERESTS IN CONTRACTS**

Messrs. R.F. Poulier, H. Selvanathan, W. Unamboowe (Resigned w.e.f. 31st March 2002), C. Wijenaiké, S. Nagendra, K.C.N. Fernando and N. Ramaiah (Alternate to H. Selvanathan), Directors of the Company have an interest in all or some of the transactions referred to in Note 20 to the financial statements. They either individually or indirectly have share ownership of companies forming part of the Carsons Group and/or hold Directorates in such related companies.

**20. RELATED PARTY TRANSACTIONS**

<u>Name of the Company</u>	<u>Name of Director</u>	<u>Nature of Transactions</u>
20.1 Union Assurance Ltd.	H. Selvanathan	Insurance premium amounting to Rs. 2,227,334/- was paid to Union Assurance Ltd.
20.2 Carson Cumberbatch & Co. Ltd.	H. Selvanathan W. Unamboowe (Resigned w.e.f. 31st March 2002)	Interest income amounting to Rs. 2,557,314/- was received from Carson Cumberbatch & Company Ltd. during the year at interest rates ranging from 11% to 15% per annum.
20.3 Carsons Management Services (Pvt) Ltd.	H. Selvanathan W. Unamboowe (Resigned w.e.f. 31st March 2002)	Management, Secretarial and Computer Charges paid to Carsons Management Services (Pvt) Ltd. amounted to Rs. 1,312,037/-, Rs. 78,924/- and Rs. 196,243/- respectively for the year.

There were no material related party transactions other than those disclosed above.

# Five Year Summary



(All figures in the Five Year Summary are in Sri Lankan Rupees unless otherwise stated)

Year ended 31st March	2002	2001	2000	1999	1998	
<b>TRADING RESULTS</b>						
Revenue (Net)	30,824,224	27,559,576	32,693,513	28,289,650	26,190,534	
Profit from operations	12,626,297	14,985,395	18,816,512	14,164,669	14,514,801	
Taxation	(5,122,340)	(6,056,380)	(6,871,658)	(4,187,009)	(6,215,189)	
Profit after taxation	7,503,957	8,929,015	11,944,854	9,977,660	8,299,612	
<b>Shareholders' Funds</b>						
Ordinary share capital	62,033,430	62,033,430	62,033,430	62,033,430	62,033,430	
Reserves	286,316,027	286,256,082	149,831,182	149,672,680	149,620,369	
Shareholders' funds	348,349,457	348,289,512	211,864,612	211,706,110	211,653,799	
Dividend	7,444,012	9,925,349	11,786,352	9,925,349	8,064,346	
<b>Assets Employed</b>						
Current assets	37,265,018	36,991,415	39,329,170	34,268,730	29,960,086	
Current liabilities	(11,355,846)	(14,117,857)	(16,016,403)	(13,072,034)	(10,601,162)	
Working capital	25,909,172	22,873,558	23,312,767	21,196,696	19,358,924	
Property, plant & equipment	337,431,009	339,966,576	202,626,002	206,966,048	209,474,092	
Assets employed	363,340,181	362,840,134	225,938,769	228,162,744	228,833,016	
Non-current liabilities	(14,990,725)	(14,550,622)	(14,074,157)	(16,456,634)	(17,179,217)	
Net assets	348,349,457	348,289,512	211,864,612	211,706,110	211,653,799	
<b>RATIOS AND STATISTICS</b>						
Dividend per share	(Rs.)	1.20	1.60	1.90	1.60	1.30
Rate of dividend	(%)	12.00	16.00	19.00	16.00	13.00
Dividend yield	(%)	7.3	11.43	13.57	15.24	12.38
Return on shareholders' funds*	(%)	2.15	2.56	5.64	4.71	3.92
Earnings per share	(Rs.)	1.21	1.44	1.93	1.61	1.34
Market price per share	(Rs.)	16.50	14.00	14.00	10.50	10.50
Earnings yield		7.3	10.28	13.75	15.32	12.74
P/E ratio	(times)	13.6	9.72	7.27	6.53	7.85
Net assets per share	(Rs.)	56.16	56.15	34.15	34.13	34.12
Current ratio	(times)	3.28	2.62	2.46	2.62	2.83

\* Shareholders' funds include surplus on revaluation of freehold land and buildings which is shown under capital reserves.



# Statement of Value Added

*(All figures in the Statement of Value Added are in Sri Lankan Rupees unless otherwise stated)*

<i>For the year ended 31st March</i>	<b>2002</b>		<b>2001</b>	
Revenue (Net)	<b>30,824,224</b>		27,559,576	
Other income	<b>2,725,617</b>		3,632,732	
	<b>33,549,841</b>		31,192,308	
Cost of material and services bought from outside	<b>(11,794,574)</b>		(7,906,245)	
	<b>21,755,267</b>		23,286,063	
<b>Distributed as follows:</b>		<b>%</b>		<b>%</b>
To employees				
as Remuneration	<b>3,264,864</b>	<b>15</b>	3,090,911	13.3
To government				
as Taxation	<b>5,620,896</b>	<b>25.8</b>	5,071,280	21.8
To providers of capital				
as Dividends	<b>7,444,012</b>	<b>34.2</b>	9,925,349	42.6
Retained in the business				
as Deferred Taxation	<b>(498,556)</b>	<b>(2.3)</b>	985,100	4.2
as Depreciation	<b>5,864,107</b>	<b>26.9</b>	5,209,757	22.4
as Retained Profits	<b>59,944</b>	<b>0.4</b>	(996,334)	(4.3)
	<b>21,755,267</b>	<b>100</b>	23,286,063	100

The Value Added Statement shows the quantum of wealth generated by the activities of the Company and its applications.





# Form of Proxy

\*I/We .....  
of .....

being \*a Member/Members of **EQUITY ONE LIMITED**. hereby appoint:

- |  |                 |
|--|-----------------|
| Reginald Frederick Poulter                 | or failing him, |
| Hariharan Selvanathan                      | or failing him, |
| Chandra Wijenaik                           | or failing him, |
| Sega Nagendra                              | or failing him, |
| Kurukulasuriya Calisanctus Nalake Fernando | or failing him, |

.....  
of.....

as \*my/our proxy \*to speak and/to vote for \*me/us on \*my/our behalf at the Annual General Meeting of the Company to be held at 9.30 a.m. on Tuesday the 21st day of May, 2002 at 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	For	Against
(i) To adopt the Report of the Directors and the Financial Statements for the year ended 31st March 2002 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To declare a first and final dividend of 12% for the financial year ended 31st March 2002 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) To re-elect Mr. S. Nagendra who retires in terms of Article 98 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iv) To re-appoint as Auditors, Messrs. KPMG Ford, Rhodes, Thornton & Co. and authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

In witness \*my/our hands this.....day of.....  
.....Two Thousand and Two.

.....  
**Signature of Shareholder/s**

A stamp is not necessary as stamp duty payable in respect of this proxy has been paid by the Company in terms of Section 13 of the Stamp Duty Act, No. 43 of 1982.

**Note:** (a) \* Please delete the inappropriate words.  
(b) 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, by signing in the space provided. Please fill in the date of signature.
2. A proxy need not be a member of the Company.
3. If the shareholder is a Company or Body Corporate the form of proxy should be executed under its Articles of Association or Constitution.
4. If the form of proxy is signed by an Attorney, the relative Power of Attorney should also accompany the completed form of proxy, if it has not already been registered with the Company.
5. The completed form of proxy should be deposited at the Registered Office of the Company situated at No. 61, Janadhipathi Mawatha, Colombo 01, not less than forty-eight hours before the time appointed for the meeting.