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Corporate Information



NAME OF COMPANY

Equity Two Limited
(A Carson Cumberbatch Company)

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
September 1994.

DIRECTORS

H. Selvanathan
M. Selvanathan
W. Unamboowe
(resigned with effect from 31st March 2002)
D.C.R. Gunawardena
N. Ramaiah

ALTERNATE DIRECTORS

K.C.N. Fernando (for H. Selvanathan)
I. Paulraj (for N. Ramaiah)

PLACE OF BUSINESS

No. 61, Janadhipathi Mawatha,
Colombo 1.

BANKERS

Standard Chartered Bank
Standard Chartered Grindlays Bank
Bank of Ceylon

AUDITORS

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

MANAGERS & SECRETARIES

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

REGISTERED OFFICE

No. 61, Janadhipathi Mawatha,
Colombo 1.

CORPORATE WEBSITE

www.carsoncumberbatch.com



Notice of Meeting

NOTICE IS HEREBY GIVEN that the TWELFTH ANNUAL GENERAL MEETING of the Company will be held at 9.00 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 re-elect Messrs. M. Selvanathan and N. Ramaiah who retire in terms of Article 88 of the Articles of Association of the Company.
- (3) To appoint Auditors and to authorise the Directors to determine their remuneration.

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.

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.

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

Colombo,
25th April 2002

Information to Shareholders and Investors



1. STOCK EXCHANGE LISTING

Equity Two 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. 5.75 per share (2001 - Rs. 4.75).

3. ORDINARY SHAREHOLDERS

<i>As at 31st March</i>	2002	2001
No. of Shareholders	3,340	3,434

The number of shares held by non-residents as at 31st March 2002 was 133,800 which amounts to 2.16% 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	3,115	496,095	8.00	7	3,900	0.06	3,122	499,995	8.06
1,001 - 5,000	150	366,300	5.91	1	4,200	0.07	151	370,500	5.98
5,001 - 10,000	35	290,400	4.68	-	-	-	35	290,400	4.68
10,001 - 50,000	23	417,300	6.73	1	19,800	0.32	24	437,100	7.05
50,001 - 100,000	4	307,700	4.96	-	-	-	4	307,700	4.96
100,001 - 500,000	2	316,200	5.10	1	105,900	1.71	3	422,100	6.81
500,001 - 1,000,000	-	-	-	-	-	-	-	-	-
Above 1,000,000	1	3,872,205	62.46	-	-	-	1	3,872,205	62.46
Total	3,330	6,066,200	97.84	10	133,800	2.16	3,340	6,200,000	100.00

Categories of Shareholders	Total No. of Shareholders	No. of Shares	%
Institutions	60	4,592,335	74.07
Individuals	3,280	1,607,665	25.93
Total	3,340	6,200,000	100.00



4. SUBSTANTIAL SHAREHOLDINGS

<i>As at 31st March</i>	2002		2001	
Name of Shareholder	No. of Shares	%	No. of Shares	%
The Shalimar (Malay) Estate Co. Ltd.	3,872,205	62.46	3,162,205	51.00
Bank of Ceylon A/c Ceybank Unit Trust	207,500	3.35	207,500	3.35
Dr. T. Senthilverl	108,700	1.75	113,200	1.83
Thurston Investments Ltd.	105,900	1.71	105,900	1.71
Mr. S. Mahadevan	88,200	1.42	15,600	0.25
Ms. J. Aloysius	79,500	1.28	79,500	1.28
Ceylon Finance & Securities Ltd.	70,000	1.13	70,000	1.13
Central Finance Co. Ltd. A/c No. 2	70,000	1.13	70,000	1.13
Mr. A.M. Joseph	50,000	0.81	1,000	0.01
WML/Mrs. G. Soysa	29,900	0.48	4,600	0.07
Mr. P. Arunachalam	23,000	0.37	22,000	0.35
Ceylon Biscuits Ltd.	22,800	0.37	-	-
Field Services Ltd.	21,600	0.35	-	-
Mr. M. Radhakrishnan	20,300	0.33	20,300	0.33
Mr. A. Lukmanjee	20,200	0.33	20,200	0.33
Mr. K. Aloysius	20,000	0.32	20,000	0.32
Alliance Finance Company Ltd.	20,000	0.32	-	-
Dr. C.A. Tverebold	19,800	0.32	19,800	0.32
Free Lanka Trading Co. Ltd.	19,200	0.31	19,200	0.31
Mr. P.L. Jinadasa	15,900	0.26	15,900	0.26
Carson Cumberbatch & Co. Ltd.	-	-	694,285	11.20
Capital Development & Investment Co.	-	-	223,700	3.61
Mrs. L.A. Fernando	-	-	60,000	0.97

5. MARKET PERFORMANCE - ORDINARY SHARES

<i>For the year ended 31st March</i>	2002	2001
Highest (Rs.)	7.50	8.00
Lowest (Rs.)	4.00	3.75
Volume traded (Nos.)	1,408,700	125,400
Value (Rs.)	9,071,575	813,850
No. of transactions	357	207

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. 35,650,000/- as at 31st March 2002 (as at 31st March 2001 - Rs. 29,450,000/-).



7. DIVIDEND

The Board of Directors of the Company has not proposed any dividend for the year under review (2001 - 6%).

8. VALUE OF PROPERTY

Location	Extent (in acres)	Historical Cost Rs.'000	Market Value Rs.'000	Date of Valuation
Colombo	0.18	102,919	290,082	10th March 2001

9. NUMBER OF EMPLOYEES

The number of employees at the end of the year was 5 (2001 - 5).

10. PERCENTAGE OF PUBLIC HOLDINGS

Percentage of issued share capital held by public as at 31st March 2002, was 34.37% (2001 - 34.53%).

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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 a 1.3% contraction during 2001, with all major sectors except for the construction sector, recording negative performances.

The shift in demand for office space from the Fort to the relatively safer areas in Colombo due to the security situation, continued during 2001. 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. Letting out of office space at competitive rates, therefore, proved to be a difficult task for property developers during the year due to low demand and the increase in cost of utilities. 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 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 situation was aggravated in the case of Equity Two Ltd. due to lack of accessibility to Janadhipathi Mawatha, which continued to be the main obstacle preventing your Company from sourcing premium tenants to take up the unoccupied area. The occupancy of the building dropped to 39% from July 2001, with the major tenant, The Central Bank relocating itself in its own building, and causing a significant drop in the Company's performance. Your Company has since failed to source new

tenants to occupy the area that fell vacant due to the problems of restricted access and tight security around the vicinity. Currently, Carsons Management Services (Pvt) Ltd., occupy three floors while four floors remain vacant.

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. 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 following 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. More importantly, representations have also been made to the relevant authorities to restructure the existing long-term loan of the Company to provide relief for the period where full occupancy was denied due to the closure of the main access road, a circumstance beyond the control of the management.

FINANCIAL RESULTS

Turnover

The net turnover recorded by your Company during the financial year under review was Rs. 10.4 mn, a drop of 57%, when compared to Rs. 24.2 mn in the previous financial year. This was mainly due to the drop in occupancy in July 2001 when the floors occupied by the Central Bank fell vacant. Sourcing a new tenant on comparable terms was virtually impossible, given the unfavourable conditions faced by property developers in this part of the Colombo City.



Operating Results

The Company recorded a pre tax loss for the financial year under review of Rs. 5.1 mn in comparison to a profit of Rs. 5.5 mn in the previous year. Other income consisted of interest earned from investment of surplus funds, a luxury enjoyed whilst the building was fully occupied.

Taxation

Though your Company's operating income became liable for income tax with the expiration of the tax holiday, no provision has been made for the period under review in view of the loss registered.

A provision on account of deferred taxation amounted to Rs. 0.57 mn.

Your Company recorded a loss of Rs. 5.6 mn after taxation.

FUTURE PROSPECTS

The projected increase in economic activity and the resultant increase in the demand for commercial space ought to be factors favourable to your Company, which specialises in offering high quality office space and value added service to its clientele in the heart of the Business District. However, unlike properties located elsewhere in the country, the specific problem of accessibility faced by Equity Two Ltd. remains the main obstacle to an improvement in its performance. Shareholders of this Company, who have had the benefit of ownership of a prime property in the heart of the City, have never really been able to benefit for the last six years from realising anything even close to the full potential of their investment. This is indeed

a matter for concern since it is a factor over which the management has no control whatsoever.

Given the recent relaxation of security in and around Colombo City and the opening up of several main roads which were closed to traffic for many years, we would urge the authorities to reconsider opening up at least a section of Janadhipathi Mawatha, giving due regard to the security needs of this area. Being the primary source of access into the heart of the financial district, this would make a significant difference to the marketability of the properties in this vicinity.

For the long-term, 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. In this master plan, the area where your Company is located is proposed to be developed as the financial and commercial hub of the country. This would increase the demand for sophisticated office space in this prime location and will inevitably increase the demand for the services offered by your Company as well. But for all this to become possible, the problem of accessibility remains the most urgent and immediate issue to be resolved.

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 Two Ltd., a BOI approved 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 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>	2002	2001
	Rs.	Rs.
Profit/(Loss) available for appropriation	(4,070,274)	3,969,060
Dividend - Nil (2001 - 6%)	-	(3,720,000)
Leaving a balance to be carried forward of	(4,070,274)	249,060

RESERVES

As at 31st March 2002, the Company's total reserves stood at Rs. 209.2 mn (2001 - Rs. 214.8 mn) comprising capital reserves of Rs. 213.3 mn and a revenue reserve of Rs. (4.1) mn. The movements are set out in the Statement of Changes in Equity and Note 11 to the financial statements.

CAPITAL EXPENDITURE

The total expenditure on purchase/construction of property, plant & equipment during the year amounted to Rs. 0.76 mn (2001 - Rs. 1.33 mn).

The movements are set out in Note 8 to the financial statements.

VALUE OF PROPERTIES

The Company's property shown in the financial statements carries a market value of Rs. 290.1 mn, based on a valuation carried out by a Qualified Independent Valuer on 10th March 2001.

STATUTORY PAYMENTS

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

In view of the current year loss no dividend was declared.

DIRECTORATE

The names of the Directors who served during the year are shown on page 2. In terms of Article 88 of the Articles of Association of the Company, Messrs. N. Ramaiah and M. Selvanathan retire by rotation from the Board, but being eligible offer themselves for re-election.

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



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 21 to the financial statements and have been declared at meetings of the Directors. The Directors have no direct or indirect interest in 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>	2002 No. of Shares	2001 No. of Shares
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DIRECTORS

H. Selvanathan	500	500
M. Selvanathan	500	500
W. Unamboowe <i>(resigned w.e.f. 31st March 2002)</i>	12,500	12,500
D.C.R. Gunawardena	9,300	9,300
N. Ramaiah	10	10

ALTERNATE DIRECTORS

K.C.N. Fernando <i>(for H. Selvanathan)</i>	3,600	3,600
I. Paulraj <i>(for N. Ramaiah)</i>	10,200	10,200

**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 3,340 Shareholders (2001 - 3,434) whose holdings are indicated in Note 3 of the Information to Shareholders and Investors.

SHARE INFORMATION

Information relating to earnings, dividend, net assets and market price per share is given on page 30 to the Annual Report. Information on share trading is given on page 5 of the Annual Report.

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

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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 systems of internal control 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 TWO LTD.

We have audited the Balance Sheet of Equity Two 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 the related Statements of Income, Changes in Equity and 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, 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 loss, 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 21 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
Revenue	1	10,399,998	24,152,940
Direct operating cost		(8,563,322)	(11,951,296)
		1,836,676	12,201,644
Other operating income	2	231,147	423,746
		2,067,823	12,625,390
Administrative expenses		(4,154,730)	(4,504,350)
Profit/(loss) from operations	3	(2,086,907)	8,121,040
Finance cost	4	(3,026,137)	(2,661,328)
Profit/(loss) before taxation		(5,113,044)	5,459,712
Taxation	5	(502,214)	(1,531,189)
Profit/(loss) for the year after taxation		(5,615,258)	3,928,523
Retained profit brought forward		249,060	40,537
Transferred from revaluation reserve	11.1	1,295,924	-
Profit/(loss) available for appropriation		(4,070,274)	3,969,060
Appropriations			
Dividend	6	-	3,720,000
Retained profit/(loss) carried forward		(4,070,274)	249,060
		(4,070,274)	3,969,060
Earnings/(loss) per share	7	(0.91)	0.63
Dividend per share		-	0.60

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

Figures in brackets indicate deductions.

Balance Sheet



(All figures are in Sri Lankan Rupees)

As at 31st March	Note	2002	2001
ASSETS			
Non-current Assets			
Property, plant & equipment	8	300,370,043	304,515,614
Current Assets			
Trade and other receivables	9	3,937,381	5,742,694
Tax recoverable/credit		3,472,006	12,641
Cash at bank and in hand		1,538,951	6,772,525
		8,948,338	12,527,860
Total Assets		309,318,381	317,043,474
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	10	62,000,000	62,000,000
Capital reserves	11	213,279,925	214,575,849
Retained profit/(loss)		(4,070,274)	249,060
Total Equity		271,209,651	276,824,909
Non-Current Liabilities			
Long-term borrowings	12	21,548,000	24,764,000
Deferred taxation	14	884,566	312,847
Retirement benefit obligations	15	357,013	284,980
		22,789,579	25,361,827
Current Liabilities			
Trade and other payables	16	4,028,507	7,920,738
Amounts due to related companies	17	8,074,644	-
Long-term borrowings due within one year	12	3,216,000	3,216,000
Dividend proposed		-	3,720,000
		15,319,151	14,856,738
Total Equity and Liabilities		309,318,381	317,043,474
Net assets per share		43.74	44.65

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

The Accounting Policies and Notes from page 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.)
M. Selvanathan
Director

(Sgd.)
N. Ramaiah
Director

Carsons Management Services (Pvt) Ltd.
Colombo,
22nd April 2002

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Statement of Changes in Equity

(All figures are in Sri Lankan Rupees)

Year ended 31st March 2002

	Note	Share Capital	Share Premium	Machinery Replacement Reserve	Revaluation Reserve	Retained Profit/(Loss)	Total
Balance as at 1st April 2000		62,000,000	34,892,098	750,000	74,549,917	40,537	172,232,552
Net profit for the year		-	-	-	-	3,928,523	3,928,523
Surplus on revaluation of property, plant & equipment		-	-	-	104,383,834	-	104,383,834
Dividend	6	-	-	-	-	(3,720,000)	(3,720,000)
Balance as at 31st March 2001		62,000,000	34,892,098	750,000	178,933,751	249,060	276,824,909
Balance as at 1st April 2001	10 & 11	62,000,000	34,892,098	750,000	178,933,751	249,060	276,824,909
Net profit/(loss) for the year		-	-	-	-	(5,615,258)	(5,615,258)
Transfers	11.1	-	-	-	(1,295,924)	1,295,924	-
Balance as at 31st March 2002	10 & 11	62,000,000	34,892,098	750,000	177,637,827	(4,070,274)	271,209,651

The Accounting Policies and Notes from page 19 to 29 form an integral part of the 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
Cash flows from operating activities			
Profit/(loss) before taxation		(5,113,044)	5,459,712
<i>Adjustments for:</i>			
Finance cost	4	3,026,137	2,661,328
Depreciation on property, plant & equipment	8	4,745,321	3,471,887
Interest income	2	(204,493)	(423,356)
Loss on disposal of property, plant & equipment		67,361	-
Provision for Gratuity	15	72,033	142,115
Operating profit before working capital changes		2,593,315	11,311,686
(Increase)/decrease in trade and other receivables		1,805,313	(151,861)
Increase in amounts due to related companies		8,074,644	-
Decrease in trade and other payables		(366,086)	(43,648)
		12,107,186	11,116,177
Rental deposits refunded		(3,591,493)	-
Cash generated from operations		8,515,693	11,116,177
Finance cost paid	4	(3,026,137)	(2,661,328)
Income tax paid		(3,389,860)	(491,814)
Net cash generated from operating activities		2,099,696	7,963,035
Cash flows from investing activities			
Proceeds from disposal of property, plant & equipment		88,889	-
Purchase of property, plant & equipment	8	(756,000)	(1,332,544)
Interest received	2	204,493	423,356
Net cash used in investing activities		(462,618)	(909,188)
Cash flows from financing activities			
Dividend paid		(3,654,652)	(7,922,098)
Loans paid during the year	12	(3,216,000)	(3,216,000)
Net cash used in financing activities		(6,870,652)	(11,138,098)
Net decrease in cash and cash equivalents		(5,233,574)	(4,084,251)
Cash and cash equivalents at the beginning of the year		6,772,525	10,856,776
Cash and cash equivalents at the end of the year (Note A)		1,538,951	6,772,525

Note A

CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,538,951	6,772,525
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The Accounting Policies and Notes from page 19 to 29 form an integral part of the financial statements.

Figures in brackets indicate deductions.

2

Significant Accounting Policies

1. GENERAL POLICIES

1.1 Basis of Preparation

The financial statements of Equity Two 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 the 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 as specified in 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 which they are recognised in financial statements is included in the provision for deferred taxation at the current rate 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 made 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 and 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 which is prepared 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

3.1.1 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 as follows:

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.

3.1.2 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 & 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

Revenue represents 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 against 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 Service within a particular economic environment (Geographical Segment) which is subject to risk and rewards that are different from those of the other segment. 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
1. REVENUE		
1.1 Summary		
Revenue - Rental Income	12,615,579	29,020,066
Less: Goods and Services Tax	(1,299,999)	(3,019,118)
National Security Levy	(915,582)	(1,848,008)
Net revenue	10,399,998	24,152,940
1.2		
The occupancy of the building dropped to 39% from July 2001 with its major tenant, The Central Bank relocating itself in its own building, causing a significant drop in the Company's revenue. The Directors are aware of the fact that sourcing a new tenant with comparable terms is difficult in the short term given the unfavourable conditions faced by property developers in this part of the city. However, the Directors are confident that in the long term the proposed plans by the government to relax the security constraints coupled with the steps taken to improve infrastructure within Colombo would boost business activities, thus enhance property values which in turn will enable the Company to secure tenants at premium rates.		
2. OTHER OPERATING INCOME		
Interest income	204,493	423,356
Sundry income	26,654	390
	231,147	423,746
3. PROFIT/(LOSS) FROM OPERATIONS		
Profit/(loss) from operations is stated after charging all expenses including the following:		
Auditors' remuneration	25,300	22,000
Depreciation	4,745,321	3,471,887
Management and Secretarial fees	1,382,394	1,360,880
Personnel costs (Note 3.1)	1,534,921	1,315,212
Loss on disposal of property, plant & equipment	67,361	-
Donations	25,000	-
3.1 Personnel Costs		
Salaries, wages, and other related expenses	1,297,269	1,024,863
Defined benefit plan cost - Gratuity	72,033	142,115
Defined contribution plan cost - EPF and ETF	165,619	148,234
	1,534,921	1,315,212
The above include:		
Directors' emoluments	-	-
Directors' fees	20,000	20,000
	20,000	20,000



	31st March 2002	31st March 2001
4. FINANCE COST		
Interest expense - external	2,621,520	2,661,328
Interest expense - related companies	404,617	-
	3,026,137	2,661,328
5. TAXATION		
5.1 Current Tax		
Current tax expense on ordinary activities for the year (Note 5.2)	-	1,209,986
Under/(over) provision in respect of previous years	(69,505)	8,356
	(69,505)	1,218,342
Deferred Taxation		
Charge for the year	571,719	312,847
	502,214	1,531,189
5.2 Reconciliation between Tax Expenses and the product of Accounting Profit		
Accounting profit/(loss) before tax	(5,113,044)	5,459,712
Aggregate disallowable items	5,125,152	4,207,617
Aggregate allowable items	(5,861,140)	(5,704,668)
Taxable profit/(loss)	(5,849,032)	3,962,661
Current tax at 35%	-	1,386,931
Less: Tax deductions (Ref. 5.4)	-	(176,945)
	-	1,209,986

5.3 Profit accruing to the Company is liable to income tax at 35%. The Budget proposals for 2002 seek to reduce the corporate tax rate for small and medium scale companies (taxable income of less than Rs. 5 mn) to 20% from 1st April 2002.

5.4 In terms of Section 42(i) of the Inland Revenue Act, No. 38 of 2000 the Company is entitled to a 5% tax credit.

5.5 Deferred Tax has been computed using the effective tax rate of 30%.

6. DIVIDEND

The Board of Directors of the Company does not propose any dividend for the year under review (2001 - 6%) .

7. EARNINGS/(LOSS) PER SHARE

Earnings/(Loss) Per Share of Rs. (0.91) (2001 - Rs. 0.63) is calculated on the profit/(loss) after taxation over the number of ordinary shares in issue as at the Balance Sheet date.



7. EARNINGS/(LOSS) PER SHARE (Contd.)

The following reflects the income and share data used in the Earnings/(loss) Per Share computation:

	31st March 2002	31st March 2001
Amount used as the Numerator		
Profit/(Loss) for the year after taxation	(5,615,258)	3,928,523
Number of ordinary shares used as the Denominator	6,200,000	6,200,000
Earnings/(loss) Per Share (Rs.)	(0.91)	0.63

8. 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
Cost/Valuation							
Balance as at the beginning of the year	85,530,000	204,552,100	21,555,289	2,884,545	629,200	315,151,134	214,879,538
Revaluation	-	-	-	-	-	-	98,939,052
Additions	-	-	-	-	756,000	756,000	1,332,544
Disposals	-	-	-	-	(625,000)	(625,000)	-
Balance as at the end of the year	85,530,000	204,552,100	21,555,289	2,884,545	760,200	315,282,134	315,151,134
Depreciation							
Balance as at the beginning of the year	-	-	9,477,149	841,671	316,700	10,635,520	12,608,415
Charge for the year	-	2,147,186	2,155,531	286,354	156,250	4,745,321	3,630,119
Disposals	-	-	-	-	(468,750)	(468,750)	-
Adjustments	-	-	-	-	-	-	(158,232)
Revaluation	-	-	-	-	-	-	(5,444,782)
Balance as at the end of the year	-	2,147,186	11,632,680	1,128,025	4,200	14,912,091	10,635,520
Net Book Value							
As at 31st March 2002	85,530,000	202,404,914	9,922,610	1,756,520	756,000	300,370,043	
As at 31st March 2001	85,530,000	204,552,100	12,078,140	2,042,873	312,500		304,515,614

8.1 Carrying value of the revalued assets as at 31st March 2002, if carried at cost are given below:

	Land	Buildings
Carrying value of revalued assets if carried at historical cost		
Cost	17,793,400	85,126,244
Accumulated depreciation	-	(5,672,284)
	17,793,400	79,453,960



8. PROPERTY, PLANT & EQUIPMENT (Contd.)

8.2 Initially freehold land and buildings were revalued by professional, independent valuers Messrs. A.Y Daniel & Son and the revalued amounts were accounted as at 31st March 1994. The surplus arising on revaluation has been transferred to revaluation reserve and the portion relevant to the building has been utilised for the write off of assets damaged by the bomb explosion.

8.3 During the year 1998/99 freehold land and building were written up in the books again to conform with the market values as at 31st March 1999, which was assessed on a going concern basis by Messrs. A.Y Daniel & Son. The resultant surplus was transferred to the revaluation reserve and included under capital reserves.

A further revaluation was carried out on the freehold land and building by Messrs. A.Y. Daniel & Son during the financial year 2000/2001 and were written up in the books to conform with the market values as at 31st March 2001. 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 liability for capital gain tax amounting to Rs. 35.6 mn may arise, for which no provision has 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
9. TRADE AND OTHER RECEIVABLES		
Trade debtors - external	424,028	1,886,518
- related parties	199,465	75,158
Amounts due from related companies	-	761,894
Deposits, prepayments and other receivables	3,198,369	2,932,799
Loans given to Company Officers (Note 9.1)	115,519	86,325
	3,937,381	5,742,694
9.1 Loans given to Company Officers		
Balance as at the beginning of the year	86,325	92,285
Loans granted during the year	110,300	85,026
Recovered during the year	(81,106)	(90,986)
Balance as at the end of the year	115,519	86,325
10. SHARE CAPITAL		
Authorised		
10,000,000 Ordinary Shares of Rs. 10/- each	100,000,000	100,000,000
Issued and Fully Paid		
6,200,000 Ordinary Shares of Rs. 10/- each	62,000,000	62,000,000



	Total as at 31st March 2002	Total as at 31st March 2001
11. CAPITAL RESERVES		
Balance as at the beginning of the year	214,575,849	110,192,015
Net movement during the year	(1,295,924)	104,383,834
Balance as at the end of the year	213,279,925	214,575,849
Represented by:		
Revaluation reserve	177,637,827	178,933,751
Machinery replacement reserve	750,000	750,000
Share premium	34,892,098	34,892,098
	213,279,925	214,575,849

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

11.1 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.

12. LONG TERM BORROWINGS

Bank borrowings - Bank of Ceylon

Balance at the beginning of the year	27,980,000	31,196,000
Less: Payments made during the year	(3,216,000)	(3,216,000)
Balance as at the end of the year	24,764,000	27,980,000
Less : Instalments falling due within one year	(3,216,000)	(3,216,000)
Instalments falling due after one year	21,548,000	24,764,000

12.1 A term loan of Rs. 32 mn was obtained through the Bank of Ceylon during the financial year ended 31st March 1998. The loan, repayable in ten years, after a grace period of two years, carries an interest of 7% per annum in the first year and 8.5% per annum thereafter. The interest is inclusive of a commission of 1% payable to Bank of Ceylon.

12.2 The loan is secured by a primary mortgage over the Company' s land and building.

13. 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	6,599,416	177,838	6,777,254	6,777,254
Refunds made during the year	(3,591,493)	-	(3,591,493)	-
Balance as at the end of the year	3,007,923	177,838	3,185,761	6,777,254
Refunds due within one year	3,007,923	177,838	3,185,761	6,777,254
Refunds falling due after one year	-	-	-	-

13.1 These deposits, refundable in total to Central Bank of Sri Lanka, are repayable within one year as the tenancy agreements expired on the 30th June 2001.



	Total as at 31st March 2002	Total as at 31st March 2001
14. DEFERRED TAXATION		
Balance as at the beginning of the year	312,847	-
Provision during the year	571,719	312,847
Balance as at the end of the year	884,566	312,847
15. RETIREMENT BENEFIT OBLIGATION		
Retirement Benefit Cost - Gratuity		
Balance as at the beginning of the year	284,980	142,865
Provision for the year	72,033	142,115
Balance as at the end of the year	357,013	284,980
<p>The gratuity provision as at 31st March 2002 amounting to Rs. 357,013/- is made based on an actuarial valuation carried out as at 31st March 2001 by Messrs. Actuarial & Management Consultants (Pvt) Ltd. adjusted for liabilities as at 31st March 2002.</p> <p>The above provision is not externally funded.</p>		
16. TRADE AND OTHER PAYABLES		
Unclaimed dividend	301,750	236,402
Provision, accruals and other payables	540,996	907,082
Rental and other deposits refundable within one year (Note 13)	3,185,761	6,777,254
	4,028,507	7,920,738
17. AMOUNTS DUE TO RELATED COMPANIES		
Carsons Management Services (Pvt) Ltd.	1,610,918	-
Carson Cumberbatch & Co. Ltd.	6,463,726	-
	8,074,644	-
18. COMMITMENTS AND CONTINGENCIES		
18.1 Capital Expenditure Commitments		
The Company does not have any significant capital commitments as at the Balance Sheet date.		
18.2 Contingent Liabilities		
There were no material contingent liabilities as at the Balance Sheet date except as stated in Note 8.3 to the financial statements.		

**19. 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.

20. COMPARATIVE FIGURES

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

21. DIRECTORS' INTERESTS IN CONTRACTS

Messrs. H. Selvanathan, M. Selvanathan, W. Unamboowe (Resigned w.e.f. 31st March 2002), D.C.R. Gunawardena, N. Ramaiah, K.C.N.Fernando (Alternate to H. Selvanathan) and I. Paulraj (Alternate to N. Ramaiah), Directors of the Company, have an interest in all or some of the transactions of the Company as referred to in Note 22 to the financial statements. They either individually or indirectly have share ownership in companies forming part of the Carsons Group and/or hold Directorates in such related companies.

22. RELATED PARTY TRANSACTIONS

Name of Company	Name of Director	Nature of Transaction
22.1 Union Assurance Ltd.	H. Selvanathan D.C.R. Gunawardena	Insurance premium amounting to Rs. 1,922,046/- was paid to Union Assurance Ltd.
22.2 Carson Cumberbatch & Company Ltd.	H. Selvanathan W. Unamboowe (Resigned w.e.f. 31st March 2002) M. Selvanathan D.C.R. Gunawardena I. Paulraj	<ul style="list-style-type: none">● Interest income amounting to Rs. 204,493/- was received from Carson Cumberbatch & Co. Ltd. during the year at interest rates ranging from 10% to 15% per annum.● Carson Cumberbatch & Co. Ltd. has advanced a sum of Rs. 6,463,726/- to Equity Two Ltd. as working capital funding, on which a total interest of Rs. 404,616/- was paid during the financial year at rates ranging from 15% to 17%.
22.3 Carsons Management Services (Pvt) Ltd.	H. Selvanathan W. Unamboowe (Resigned w.e.f. 31st March 2002) M. Selvanathan D.C.R. Gunawardena I. Paulraj	<ul style="list-style-type: none">● Management, Secretarial and computer charges paid to Carsons Management Services (Pvt) Ltd. amounted to Rs. 1,304,217/-, Rs. 78,178/- and Rs. 195,444/- respectively.● An amount of Rs. 6,924,960/- was received from Carsons Management Services (Pvt) Ltd. as rental income.
22.4 The Company is a subsidiary of Shalimar (Malay) Estate Co. Ltd. with which the Company had no transactions during 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
TRADING RESULTS					
Revenue (Net)	10,399,998	24,152,940	15,833,544	12,237,699	8,005,541
Profit/(loss) before taxation and extraordinary items	(5,113,044)	5,459,712	2,837,444	1,537,893	76,150
Taxation	(502,214)	(1,531,189)	(325,000)	(230,000)	(34,924)
Profit/(loss) after taxation and before extraordinary items	(5,615,258)	3,928,523	2,512,444	1,307,893	41,226
Extraordinary items	-	-	-	13,673,687	4,335,354
Profit/(loss) after taxation and extraordinary items	(5,615,258)	3,928,523	2,512,444	14,981,580	4,376,580
Dividend	-	3,720,000	8,060,000	-	-
Share Capital and Reserves					
Share capital	62,000,000	62,000,000	62,000,000	62,000,000	62,000,000
Reserves	209,209,651	214,824,909	110,232,552	115,780,108	59,472,211
Shareholders' Funds	271,209,651	276,824,909	172,232,552	177,780,108	121,472,211
Assets Employed					
Property, plant & equipment	300,370,043	304,515,614	202,271,123	205,767,671	155,096,498
Current assets	8,948,338	12,527,860	17,344,278	12,184,186	10,588,048
Current liabilities	(15,319,151)	(14,856,738)	(12,482,730)	(2,261,744)	(6,631,365)
Working capital	(6,370,813)	(2,328,878)	4,861,548	9,922,442	3,956,683
Assets employed	293,999,230	302,186,736	207,132,671	215,690,113	159,053,181
Non-current liabilities	(22,789,579)	25,361,827	(34,900,119)	(37,910,005)	(37,580,970)
Net assets	271,209,651	276,824,909	172,232,552	177,780,108	121,472,211
RATIOS AND STATISTICS					
Dividend per share (Rs.)	-	0.60	1.30	-	-
Rate of dividend (%)	-	6	13	-	-
Return on shareholders' funds* (%)	(2.1)	1.3	1.21	0.73	0.03
Earnings/(loss) per share (Rs.)	(0.91)	0.63	0.41	0.21	0.01
Market price per share (Rs.)	5.75	4.75	3.75	4.00	4.75
P/E ratio (times)	-	7.92	9.15	19.05	475
Net assets per share (Rs.)	43.74	44.65	27.78	28.67	19.59
Current ratio (times)	0.58	0.85	1.39	5.39	1.60

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



Statement of Value Added

(All figures are in Sri Lankan Rupees)

For the year ended 31st March	2002		2001	
Revenue	10,399,998		24,152,940	
Other income	231,147		423,746	
	10,631,145		24,576,686	
Cost of material and services bought from outside	(6,437,810)		(11,668,547)	
	4,193,335		12,908,139	
Distributed as follows:		%		%
To employees				
as remuneration	1,534,921	36.6	1,315,212	10.2
To Government				
as taxation	(69,505)	(1.7)	1,218,342	9.4
To providers of capital				
as interest on borrowings	3,026,137	72.2	2,661,328	20.6
as dividend	-	-	3,720,000	28.8
Retained in the business				
as deferred tax	571,719	13.6	312,847	2.5
as depreciation	4,745,321	113.2	3,471,887	26.8
as retained profits/accumulated loss	(5,615,258)	(133.9)	208,523	1.7
	4,193,335	100	12,908,139	100.00

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

