

EQUITY TWO PLC Income Statement

(All figures in Sri Lankan Rupees '000)

				Year ended 31.03.07 (Audited)
For the quarter ended 30th June	2007	2006	Change %	
Revenue	3,638	3,547	3	14,288
Direct operating cost	<u>(1,880)</u>	<u>(2,495)</u>	(25)	<u>(10,074)</u>
	1,758	1,052	67	4,214
Other operating income	701	516	36	2,652
Fair value adjustment - Investment Properties	-	-	-	(28,051)
	<u>2,459</u>	<u>1,568</u>	57	<u>(21,185)</u>
Administrative expenses	(671)	(488)	38	(2,360)
	<u>1,788</u>	<u>1,080</u>	(66)	<u>(23,545)</u>
Profit/(Loss) before finance cost	1,788	1,080	(66)	(23,545)
Finance cost	(104)	(139)	(25)	(499)
Profit/(Loss) before taxation	<u>1,684</u>	<u>941</u>	(79)	<u>(24,044)</u>
Taxation	(708)	(163)	334	(13,009)
Profit/(Loss) for the period	<u>976</u>	<u>778</u>	(25)	<u>(37,053)</u>
Earnings/(Loss) per ordinary share (Rs.)	0.03	0.03		(1.20)

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

Figures in brackets indicate deductions/negative changes.

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EQUITY TWO PLC Balance Sheet

	2007	2006	As at 31.03.07 (Audited)
As at 30th June (All figures in Sri Lankan Rupees '000)			
ASSETS			
Non - Current Assets			
Property, plant & equipment	1,764	3,148	2,146
Investment properties	<u>610,020</u>	<u>638,071</u>	<u>610,020</u>
	<u>611,784</u>	<u>641,219</u>	<u>612,166</u>
Current Assets			
Trade & other receivables	4,885	6,033	3,950
Taxation recoverable/credit	2,079	2,224	2,284
Amounts due from related companies	11,724	5,837	-
Short term deposits	1,116	21,971	1,892
Cash at bank & in hand	<u>15,820</u>	<u>37</u>	<u>27,255</u>
	<u>35,624</u>	<u>36,102</u>	<u>35,381</u>
Total Assets	<u>647,408</u>	<u>677,321</u>	<u>647,547</u>
EQUITY & LIABILITIES			
Capital & Reserves			
Stated capital	444,092	444,092	444,092
Capital reserves	750	750	750
Revenue reserves	<u>120,812</u>	<u>157,667</u>	<u>119,836</u>
Total Equity	<u>565,654</u>	<u>602,509</u>	<u>564,678</u>
Non - Current Liabilities			
Long term bank borrowings	8,531	13,103	9,675
Rental and other deposits	1,942	1,865	1,942
Retirement benefit obligations	1,205	1,001	1,192
Deferred Taxation	<u>64,701</u>	<u>51,527</u>	<u>64,198</u>
	<u>76,379</u>	<u>67,496</u>	<u>77,007</u>
Current Liabilities			
Trade & other payables	804	1,183	1,291
Amounts due to related companies	-	1,562	-
Long term bank borrowings repayable within one year	<u>4,571</u>	<u>4,571</u>	<u>4,571</u>
	<u>5,375</u>	<u>7,316</u>	<u>5,862</u>
Total Equity & Liabilities	<u>647,408</u>	<u>677,321</u>	<u>647,547</u>
Net assets per share (Rs.)	18.25	19.44	18.22

The Balance Sheet as at 30th June 2007 and the Statements of Income, Changes in Equity and Cash Flow for the quarter then ended as disclosed in pages 1 to 3 have been drawn up from unaudited accounts.

Approved & signed on behalf of the Managers,

Approved & signed on behalf of the Board,

K. C. N. Fernando
Director

D. C. R. Gunawardena
Chairman

P. C. P. Tissera
Director

Carsons Management Services (Pvt) Ltd.
7th August, 2007

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EQUITY TWO PLC Statement of Changes in Equity

(All figures in Sri Lankan Rupees '000)

	Stated Capital	Capital Reserves	Fair Value Adjustment Reserve	Retained Profit/ Accumulated Loss	Total Equity
Balance as at 1st April 2006 (Audited)	444,092	750	-	156,889	601,731
Loss for the period	-	-	-	(37,053)	(37,053)
Transfers	-	-	148,062	(148,062)	-
Balance as at 31st March 2007 (Audited)	<u>444,092</u>	<u>750</u>	<u>148,062</u>	<u>(28,226)</u>	<u>564,678</u>
Profit for the period	-	-	-	976	976
Balance as at 30th June 2007	<u>444,092</u>	<u>750</u>	<u>148,062</u>	<u>(27,250)</u>	<u>565,654</u>
Balance as at 1st April 2006 (Audited) as previously reported	444,092	169,899	-	(12,260)	601,731
Prior period adjustment (Note)	-	(169,149)	-	169,149	-
Profit for the period	-	-	-	778	778
Restated balance as at 30th June 2006	<u>444,092</u>	<u>750</u>	<u>-</u>	<u>157,667</u>	<u>602,509</u>

Note : Prior period adjustment

The adjustment made to the opening balance of retained earnings includes the reclassification of the amount held in revaluation surplus for investment property transferred into retained earnings as required by the SLAS 40 (Revised 2005) - Investment Property

Cash Flow Statement

For the quarter ended 30th June

(All figures in Sri Lankan Rupees '000.)

	2007	2006	Year ended 31.03.2007 Audited
Net cash generated from / (used in) operating activities	(11,768)	(5,289)	3,450
Net cash generated from / (used in) investing activities	701	379	2,207
Net cash generated from / (used in) financing activities	(1,144)	(1,143)	(4,571)
Net increase/(decrease) in cash and cash equivalents	<u>(12,211)</u>	<u>(6,053)</u>	<u>1,086</u>
Cash and cash equivalents at the beginning of the period	29,147	28,061	28,061
Cash and cash equivalents at the end of the period	<u>16,936</u>	<u>22,008</u>	<u>29,147</u>
Statement of cash and cash equivalents			
Short term deposits	1,116	21,971	1,892
Cash at bank and in hand	15,820	37	27,255
	<u>16,936</u>	<u>22,008</u>	<u>29,147</u>

Figures in brackets indicate deductions/negative changes.

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EQUITY TWO PLC

Notes to the Interim Financial Statements

1. Basis of preparation of Interim Financial Statements

The Interim Financial Statements of the Company have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2006 and are in compliance with Sri Lanka Accounting Standards 35 - "Interim Financial Reporting". The provisions of the new companies Act No. 7 of 2007 have been considered in preparing these Interim Financial Statements.

2. Events occurring after the Balance Sheet date

Subsequent to the Balance Sheet date, no circumstances have arisen which require adjustments to or disclosure in the Interim Financial Statement.

3. Contingent Liabilities

There were no material Contingent Liabilities since the last Balance Sheet date.

4. By the Gazette No. 1498/15 dated 25th May 2007, the Government cancelled the Gazette Notice No. 1473/30 published to acquire properties bearing assessment Nos. 51-53, 55 and 61, Janadhipathi Mawatha, Colombo 1 belonging to the Company, citing that these Lands were no longer required for the purpose of the "President Square Project".

5. Comparative Figures

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

Share Valuation

	30.06.07	30.06.06	31.03.2007
Market value per share (Rs.)	11.75	10.50	11.50
Highest price per share for the period (Rs.)	12.50	16.00	18.75
Lowest price per share for the period (Rs.)	8.50	9.25	9.25

EQUITY TWO PLC

Interim Financial Statement for the Three months ended 30th June 2007

Name of Company	Equity Two PLC (A Carson Cumberbatch Company)
Company No.	PQ 34
Legal Form	A Public Quoted Company with limited liability (Incorporated in Sri Lanka in 1990)
Directors	D. C. R. Gunawardena (Chairman) N. Ramaiah P. C. P. Tissera K. C. N. Fernando
Alternate Directors	K. C. N. Fernando (for P. C. P. Tissera) I. Paulraj (for N. Ramaiah)
Bankers	Standard Chartered Bank Bank of Ceylon
Auditors	Messrs. KPMG Ford, Rhodes, Thornton & Company Chartered Accountants 32A, Sir Mohamed Macan Markar Mawatha, Colombo 03 Sri Lanka
Managers & Secretaries	Carsons Management Services (Pvt) Limited 61, Janadhipathi Mawatha, Colombo 01 Sri Lanka
Registered Office	61, Janadhipathi Mawatha, Colombo 01 Sri Lanka
Place of Business	61, Janadhipathi Mawatha, Colombo 01 Sri Lanka
Corporate Website	www.carsoncumberbatch.com