

EQUITY ONE LIMITED

INTERIM REPORT FOR THE NINE MONTHS ENDED 31ST DECEMBER 2006



A CARSON CUMBERBATCH COMPANY

INCOME STATEMENT - GROUP

Interim Financial Statements

(All figures in Sri Lankan Rupees '000)

	Quarter ended			Nine months ended			Year ended
	31st December			31st December			31.03.06
	2006	2005	Change %	2006	2005	Change %	(Audited)
Revenue	22,726	17,095	33	66,969	35,026	91	56,196
Direct operating cost	(11,649)	(10,516)	11	(30,725)	(22,932)	34	(24,997)
	11,077	6,579	68	36,244	12,094	200	31,199
Fair value adjustment - investment properties	-	-	-	-	-	-	141,690
Other operating income	3,592	1,616	122	12,375	2,628	371	8,167
	14,669	8,195	79	48,619	14,722	230	181,056
Administrative expenses	(1,742)	(2,116)	(18)	(7,215)	(4,524)	59	(9,488)
Amortization of negative goodwill on consolidation	-	11,498	(100)	-	18,250	(100)	16,057
Profit from operations	12,927	17,577	(26)	41,404	28,448	46	187,625
Finance cost	(1,143)	(707)	62	(1,754)	(966)	82	(1,316)
Profit before taxation	11,784	16,870	(30)	39,650	27,482	44	186,309
Taxation	(5,985)	(1,922)	211	(18,118)	(3,515)	415	(15,090)
Profit for the period	5,799	14,948	(61)	21,532	23,967	(10)	171,219
Profit/(Loss) Attributable to:							
Shareholders of the parent company	5,741	14,952		21,344	24,098		171,388
Minority shareholders	58	(4)		188	(131)		(169)
	5,799	14,948		21,532	23,967		171,219
Earnings per share (Rs.)	0.14	2.41		0.53	3.86		11.08

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

Figures in brackets indicate deductions.

BALANCE SHEET - GROUP

Interim Financial Statements

(All figures in Sri Lankan Rupees '000)

As at 31st December

2006

2005

As at

31.03.06

(Audited)

ASSETS

Non-Current Assets

Property, plant & equipment	34,457	1,463,266	38,045
Investment properties	1,646,227	-	1,646,227
Long-term investments - Debentures	7,000	7,000	7,000
	<u>1,687,684</u>	<u>1,470,266</u>	<u>1,691,272</u>

Current Assets

Trade & other receivables	284,039	14,791	11,898
Amounts due from related companies	8,339	9,019	3,078
Tax recoverable/credit	2,106	-	2,279
Short-term deposits	22,730	173,439	165,391
Cash at bank and in hand	10,838	3,892	23,253
	<u>328,052</u>	<u>201,141</u>	<u>205,899</u>
Total assets	<u>2,015,736</u>	<u>1,671,407</u>	<u>1,897,171</u>

EQUITY & LIABILITIES

Capital & Reserves

Share capital	403,217	403,217	403,217
Capital reserves	1,010,869	992,082	1,010,869
Revenue reserves	254,645	29,848	177,138
	<u>1,668,731</u>	<u>1,425,147</u>	<u>1,591,224</u>
Minority shareholders' interest	68,544	72,984	68,356
Total equity	<u>1,737,275</u>	<u>1,498,131</u>	<u>1,659,580</u>

Non-Current Liabilities

Long-term bank borrowings	10,817	18,717	16,740
Refundable rental and other deposits	27,095	21,415	25,420
Deferred taxation	118,435	10,958	113,438
Retirement benefit obligations	3,045	2,603	2,892
Negative goodwill on consolidation	-	103,416	64,227
	<u>159,392</u>	<u>157,109</u>	<u>222,717</u>

Current Liabilities

Trade & other payables	3,998	4,978	5,435
Long-term bank borrowings repayable within one year	7,899	7,907	7,907
Taxation payable	11,395	1,720	1,532
Amounts due to related companies	95,777	1,562	-
	<u>119,069</u>	<u>16,167</u>	<u>14,874</u>
Total equity & liabilities	<u>2,015,736</u>	<u>1,671,407</u>	<u>1,897,171</u>

Net assets per share (Rs.)	43.09	37.15	41.16
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The Balance Sheet as at 31st December 2006, and the related Statements of Income, Changes in Equity and Cash Flow for the quarter then ended as disclosed in pages 3 to 5 have been drawn up from unaudited accounts.

Approved & signed on behalf of the Managers

Approved & signed on behalf of the Board

P.C.P. Tissera

Director

D.C.R. Gunawardena

Chairman

K.C.N. Fernando

Director

Carsons Management Services (Pvt) Limited.

12th February 2007

STATEMENT OF CHANGES IN EQUITY - GROUP

Interim Financial Statements

(All figures in Sri Lankan Rupees '000)

	Share Capital	Capital Reserves	Revenue Reserves	Retained Profit	Total	Minority Shareholders' Interest	Total Equity
On consolidation	62,033	309,715	39	18,117	389,904	111,303	501,207
Consolidation adjustment	-	-	-	-	-	(42,778)	(42,778)
Profit after taxation	-	-	-	171,219	171,219	-	171,219
Rights issue of ordinary shares	341,184	682,367	-	-	1,023,551	-	1,023,551
Minority interest during the period	-	-	-	169	169	(169)	-
Revaluation	-	66,749	-	-	66,749	-	66,749
Transfer - Deferred taxation	-	(47,962)	-	-	(47,962)	-	(47,962)
Dividend - Final (2005 - 20%)	-	-	-	(12,406)	(12,406)	-	(12,406)
Balance as at 31st March 2006							
(Audited)	403,217	1,010,869	39	177,099	1,591,224	68,356	1,659,580
Negative goodwill on consolidation	-	-	-	64,227	64,227	-	64,227
Profit for the period	-	-	-	21,532	21,532	-	21,532
Minority Interest during the period	-	-	-	(188)	(188)	188	-
Dividend - final (2006 - 2%)	-	-	-	(8,064)	(8,064)	-	(8,064)
Balance as at 31st December 2006							
(Unaudited)	403,217	1,010,869	39	254,606	1,668,731	68,544	1,737,275
On consolidation	62,033	309,715	39	18,117	389,904	73,115	463,019
Profit for the period	-	-	-	23,967	23,967	-	23,967
Right issue of ordinary shares	341,184	682,367	-	-	1,023,551	-	1,023,551
Minority interest during the period	-	-	-	131	131	(131)	-
Dividend - Final (2005 - 20%)	-	-	-	(12,406)	(12,406)	-	(12,406)
Balance as at 31st December 2005							
(Unaudited)	403,217	992,082	39	29,809	1,425,147	72,984	1,498,131

CASH FLOW STATEMENT - GROUP

Interim Financial Statements

(All figures in Sri Lankan Rupees '000)

For the period ended 31st December

2006

2005

As at

31.03.06

(Audited)

Net cash generated from/(used in) operating activities	(153,331)	253	24,965
Net cash generated from/(used in) investing activities	12,250	(1,209,094)	(889,338)
Net cash generated from/(used in) financing activities	(13,995)	1,355,709	1,022,554
Net increase/(decrease) in cash and cash equivalents	(155,076)	146,868	158,181
Cash and cash equivalents at the beginning of the year	188,644	30,463	30,463
Cash and cash equivalents at the end of the period	33,568	177,331	188,644
Statement of Cash and Cash Equivalents			
Short-term deposits	22,730	173,439	165,391
Cash at bank & in hand	10,838	3,892	23,253
	33,568	177,331	188,644

INCOME STATEMENT - COMPANY

Interim Financial Statements

(All figures in Sri Lankan Rupees '000)

	Quarter ended			Nine months ended			Year ended
	31st December			31st December			31.03.06
	2006	2005	Change %	2006	2005	Change %	(Audited)
Revenue	12,779	7,961	61	37,696	22,856	65	34,539
Direct operating cost	<u>(6,352)</u>	<u>(4,996)</u>	27	<u>(16,137)</u>	<u>(15,562)</u>	4	<u>(18,378)</u>
	6,427	2,965	117	21,559	7,294	196	16,161
Fair value adjustment - investment properties	-	-	-	-	-	-	123,838
Other operating income	<u>3,412</u>	<u>1,321</u>	158	<u>15,371</u>	<u>2,332</u>	559	<u>7,061</u>
	9,839	4,286	130	36,930	9,626	284	147,060
Administrative expenses	<u>(664)</u>	<u>(945)</u>	(30)	<u>(4,088)</u>	<u>(3,000)</u>	36	<u>(5,855)</u>
Profit from operations	9,175	3,341	175	32,842	6,626	396	141,205
Finance cost	<u>(873)</u>	-	100	<u>(873)</u>	-	100	-
Profit before taxation	8,302	3,341	148	31,969	6,626	382	141,205
Taxation	<u>(5,415)</u>	<u>(1,306)</u>	315	<u>(15,842)</u>	<u>(2,856)</u>	455	<u>4,484</u>
Profit for the period	2,887	<u>2,035</u>	42	16,127	<u>3,770</u>	328	<u>145,689</u>
Earnings per share (Rs.)	0.07	0.33		0.40	0.61		9.43

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

Figures in brackets indicate deductions.

BALANCE SHEET - COMPANY

Interim Financial Statements

(All figures in Sri Lankan Rupees '000)

As at 31st December

2006

2005

As at

31.03.06

(Audited)

ASSETS

Non-Current Assets

Property, plant & equipment	17,281	592,536	19,974
Investment properties	764,956	-	764,956
Investments in subsidiaries	662,436	662,436	662,436
Long-term investments - Debentures	7,000	7,000	7,000
	1,451,673	1,261,972	1,454,366

Current Assets

Trade & other receivables	272,057	3,659	4,207
Amounts due from related companies	17,024	8,240	15,521
Short-term deposits	3,235	147,676	142,071
Cash at bank and in hand	1,671	3,239	12,225
	293,987	162,814	174,024
Total assets	1,745,660	1,424,786	1,628,390

EQUITY & LIABILITIES

Capital & Reserves

Share capital	403,217	403,217	403,217
Capital reserves	1,010,869	992,082	1,010,869
Revenue reserves	159,502	9,520	151,439
Total equity	1,573,588	1,404,819	1,565,525

Non-Current Liabilities

Refundable rental and other deposits	14,090	9,556	12,416
Deferred taxation	47,840	6,020	43,812
Retirement benefit obligations	1,997	1,722	1,914
	63,927	17,298	58,142

Current Liabilities

Trade & other payables	1,952	2,376	3,224
Taxation payable	10,416	293	1,499
Amounts due to related companies	95,777	-	-
	108,145	2,669	4,723

Total equity & liabilities

	1,745,660	1,424,786	1,628,390
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Net assets per share (Rs.)

39.03

34.84

38.83

The Balance Sheet as at 31st December 2006, and the related Statements of Income, Changes in Equity and Cash Flow for the quarter then ended as disclosed in pages 6 to 8 have been drawn up from unaudited accounts.

Approved & signed on behalf of the Managers Approved & signed on behalf of the Board

P.C.P. Tissera

Director

D.C.R. Gunawardena

Chairman

K.C.N. Fernando

Director

Carsons Management Services (Pvt) Limited.

12th February 2007

STATEMENT OF CHANGES IN EQUITY - COMPANY

Interim Financial Statements

<i>(All figures in Sri Lankan Rupees '000)</i>	Share Capital	Capital Reserves	Revenue Reserves	Retained Profit	Total Equity
Balance as at 1st April 2005 (Audited)	62,033	309,715	39	18,117	389,904
Profit after taxation	-	-	-	145,689	145,689
Rights issue of ordinary shares	341,184	682,367	-	-	1,023,551
Revaluation	-	66,749	-	-	66,749
Transfers - Deferred taxation	-	(47,962)	-	-	(47,962)
Dividend - Final (2005 - 20%)	-	-	-	(12,406)	(12,406)
Balance as at 31st March 2006 (Audited)	403,217	1,010,869	39	151,400	1,565,525
Profit for the period	-	-	-	16,127	16,127
Dividend - Final (2006 - 2%)	-	-	-	(8,064)	(8,064)
Balance as at 31st December 2006	403,217	1,010,869	39	159,463	1,573,588
Balance as at 1st April 2005 (Audited)	62,033	309,715	39	18,117	389,904
Profit for the period	-	-	-	3,770	3,770
Rights issue of ordinary shares	341,184	682,367	-	-	1,023,551
Dividend - Final (2005 - 20%)	-	-	-	(12,406)	(12,406)
Balance as at 31st December 2005 (Unaudited)	403,217	992,082	39	9,481	1,404,819

CASH FLOW STATEMENT - COMPANY

Interim Financial Statements

<i>(All figures in Sri Lankan Rupees '000)</i>			As at
<i>For the period ended 31st December</i>	2006	2005	31.03.06 (Audited)
Net cash generated from/(used in) operating activities	(153,214)	1,144	(588)
Net cash generated from/(used in) investing activities	11,888	(891,836)	(886,790)
Net cash generated from/(used in) financing activities	(8,064)	1,011,144	1,011,211
Net increase/(decrease) in cash and cash equivalents	(149,390)	120,452	123,833
Cash and cash equivalents at the beginning of the year	154,296	30,463	30,463
Cash and cash equivalents at the end of the period	4,906	150,915	154,296
Statement of Cash and Cash Equivalents			
Short-term deposits	3,235	147,676	142,071
Cash at bank and in hand	1,671	3,239	12,225
	4,906	150,915	154,296

Figures in brackets indicate deductions.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Interim Financial Statements

1. *Basis of Preparation of Interim Financial Statements*

The Interim Financial Statements of the Company and Group have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2006 except for the amortization of negative goodwill which has been fully recognized under 'retained earnings' during the period according to revised SLAS 25 - 'Business Combination' and are in compliance with Sri Lanka Accounting Standard 35 - 'Interim Financial Reporting'.

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 Statements.

3. *Contingent Liabilities*

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

4. By order published under the Urban Development Projects (Special Provision) Act No. 2 of 1980 in the Gazette of the Democratic Socialist Republic of Sri Lanka Extraordinary - No. 1473/30 of 1st December 2006, the President has declared that the properties bearing Assessment Nos. 51 - 53, 55 and 61, Janadhipathi Mawatha, Colombo 1, belonging to the Company's subsidiary Equity Two Ltd., are urgently required for the purpose of carrying out the 'President Square Project'. However, subsequently it was communicated that the said project would not be pursued.

5. *Comparative Figures*

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

INVESTOR INFORMATION

Share Valuation

	31.12.06	31.12.05	31.03.06
Market value per share (Rs.)	28.00	20.00	28.50
Highest price per share for the period (Rs.)	34.50	55.00	64.00
Lowest price per share for the period (Rs.)	16.50	20.00	20.00

Name of the Company	Equity One Limited (A Carson Cumberbatch Company)
Legal Form	A Public Quoted Company with limited liability (incorporated in Sri Lanka in 1981)
Directors	D. C. R. Gunawardena (<i>Chairman</i>) S. Nagendra K. C. N. Fernando E. H. Wijenaike
Bankers	Citibank N.A. Standard Chartered Bank
Auditors	Messrs. KPMG Ford, Rhodes, Thornton & Company Chartered Accountants 32A, Sir Mohamed Macan Markar Mawatha Colombo 3 Sri Lanka
Managers & Secretaries	Carsons Management Services (Pvt) Limited 61, Janadhipathi Mawatha Colombo 1 Sri Lanka
Registered Office	61, Janadhipathi Mawatha Colombo 1 Sri Lanka
Place of Business	65C, Dharmapala Mawatha Colombo 7 Sri Lanka