A CARSON CUMBERBATCH COMPANY

EQUITY ONE LIMITED

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

Chairman's Statement

Dear Shareholder,

I take great pleasure in welcoming you to the 41st Annual General Meeting of the Company. On behalf of the Board, I am pleased to present the Annual Report and Audited Financial Statements for the financial year concluded on 31st March 2023.

Compared to the state of affairs since I last penned my message to you, the degree to which we all have traversed through unprecedented challenges is commendable. The year 2022 will undoubtedly be recalled as one of the most socially and economically challenging years. The scarcity of essentials, lengthy queues for basic utilities, extended power outages, and the eruption of civil unrest presented numerous hurdles for society and businesses. While grappling with the impacts of COVID, the effects of a deteriorating economic climate were felt by individuals from all walks of life. Regrettably, the cost of these decisions falls upon the ordinary citizen in the form of tax burdens, high cost of funds, inflationary pressures, and steep depreciation of the country's currency among other adversities.

While securing the IMF extended fund facility sets immediate-term economic recovery in motion, it is crucial to introduce impartial policy reforms to achieve a delicate equilibrium between fostering economic growth and promoting social welfare. These reforms are vital to attaining economic sustainability, thereby propelling Sri Lanka towards a state where reliance on external support programmes becomes no longer necessary.

Achieving economic stability will undoubtedly be a momentous challenge, but in its process, embracing the right policies across the board is of utmost importance. It is also imperative that we extend a conducive investment climate by adopting investor-friendly policies to attract foreign and local investors alike. The opportunities derived from Sri Lanka's strategic location in the region, owing to its proximity to key global markets should also be leveraged to unlock its development potential. Furthermore, our island-nation is blessed with abundant natural resources. However, their mere existence alone will yield little benefit without an aggressive pursuit towards unlocking their value potential. Tourism is yet another key sector through which we can aspire to reach greater heights given the diverse opportunities intrinsic to the country's natural landscape. The Government should also prioritise delivering high-quality infrastructure, public services, and law and order while maintaining consistent policies to improve the ease of doing business and secure impactful investments.

Coming back to the present, a growing sense of financial strain clouds over many corporations as cash constraints outweigh their ability to engage in investments and discretionary expenditure. These inevitably translate towards the deceleration in business expansion and upgrade plans and negatively contribute towards the number of new enterprises to the market. Against the backdrop of such market conditions, fulfilling the capacity of unoccupied commercial spaces continues to pose challenges. Furthermore, the difficulty in obtaining financing for new projects due to the combined effects of high interest rates, the recent imposition of higher taxes, the high cost of construction, and material shortages continue to restrict the local real estate industry. Despite these challenges, the market has recently seen an increase in property values, driven in part by the depreciation of the local currency, resulting in dollarised property values becoming the more stable and viable option for sellers.

The construction and real estate sectors' contribution to the economy transcend beyond putting up structures as they serve to create jobs, support sub-industries, and help develop surrounding infrastructure, including transportation and utilities. The trickle-down effect of increased employment and income also benefit unrelated sectors including FMCG and services. Therefore, the long-term performance of a country's real estate industry serves as an insightful compass mirroring the forces that shape society and the collective aspirations of its inhabitants. These subtle manifestations reflect the underlying currents of progress, revealing a glimpse into its path towards a future yet unwritten. On that front, Sri Lanka remains far behind its regional peers.

Therefore, revitalising the construction sector is a crucial stepping-stone towards economic recovery. A robust real estate sector would in turn drive economic growth and develop infrastructure, while attracting foreign investment and contributing to long-term prosperity.

With respect to operational performance, the Group attained a revenue of Rs. 326.9 Mn and a profit before tax of Rs. 659.1 Mn, inclusive of a Rs. 460 Mn fair value gain in investment properties. An interim dividend of Rs. 0.90 per share was declared and paid for the financial year ended 31st March 2023, translating into a pay-out of 41% out of the Company's profit after tax adjusted for above fair value gain on investment properties, related deferred tax, and the one-off surcharge tax.

Despite the present challenges posed towards the industry, the local real estate investments have proven to be a reliable hedge against inflation and currency depreciation over the years, owing to their ability to generate steady returns and safeguard real value, even in times of volatility in financial markets. Furthermore, the intrinsic tangible nature of the asset class provide investors with a sense of security and stability even amid times of economic uncertainty.

Chairman's Statement

With the limited supply of land and properties in prime locations, we believe our value proposition of offering competitively priced commercial spaces in premium locations will continue to deliver attractive returns as seen over the past as well. By capitalising on the enduring appeal and timeless value of well-located properties, we remain positioned to navigate the challenges of the industry and deliver sustainable growth.

As I conclude, I would like to thank the shareholders, our tenants, regulatory authorities and other stakeholders for their unwavering support amid challenging times. I am also grateful to my fellow Board Members, Audit Committee, Nomination Committee, Remuneration Committee and Related Party Transactions Review Committee members for their dedicated efforts and valuable contribution to the Group' success. Further, I wish to extend my heartfelt gratitude to all our staff members for their resolute commitment demonstrated throughout the year.

(Sgd.)
D.C.R. Gunawardena
Chairman

Colombo
2nd June 2023

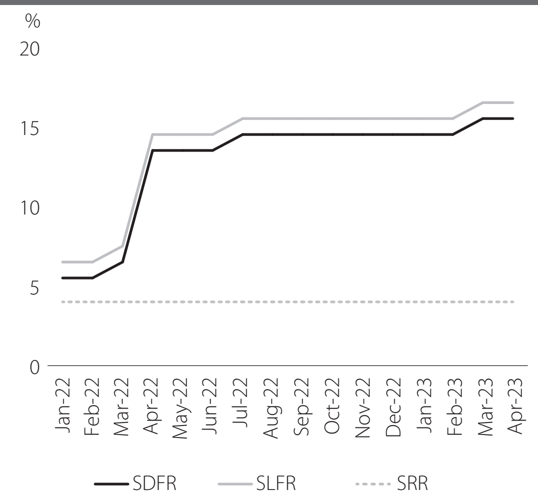
Management Discussion and Analysis

MACRO OVERVIEW

In 2022, Sri Lanka faced an unprecedented economic crisis that led the nation's GDP to contract by 7.8%, which is a sharp decline from the growth of 3.5% registered in the previous year. Within this downturn, the construction industry experienced a sharp contraction of 20.9% in 2022 in comparison to the 4.4% growth recorded in the previous year.

In response to inflationary pressures and external sector vulnerabilities, the Central Bank of Sri Lanka implemented a contractionary monetary policy, resulting in a ten percentage point increase in key policy interest rates towards the end of 2022. This tightening of policy rates adversely impacted the overall business growth prospects, with a considerable impact on real estate investments.

CBSL's tightening monetary policy stance in 2022/23



Source: CBSL Annual Report 2022

Moreover, high double-digit inflation and increased tax rates that were in effect during the period under consideration have eroded the discretionary spending power of businesses and individuals. The present foreign exchange crisis brought on by the country's low foreign exchange earnings and rising debt servicing obligations, led to the significant depletion of Sri Lanka's foreign reserves. Resultantly, the Rupee depreciated by 81.2% against the greenback to reach an unprecedented LKR 363.11 by the year-end. As a result, utility costs, construction raw material prices, and operational costs were quick to respond.

INDUSTRY SNAPSHOT

Despite a renewed interest in inquiries and inspections for leasing commercial spaces being witnessed following a return to normalcy in a post-COVID environment, a negative net absorption rate for Grade A commercial properties was observed during the early parts of the year. This was further contributed by the introduction of substantial new commercial property stock into the Secondary Business District during the period under review. Furthermore, during the year, landlords were seen switching to USD-quoted rentals to withstand the steep LKR depreciation. However, the increase in rental prices seen in early 2022 saw stability towards the second half of the year.

Overall land pricing in Colombo picked up by 14.8% in 2022, while commercial properties recorded a strong price growth of 15.7% as per the CBSL's Land Value Index. A surge in some of the prime property prices could be attributed to sellers resorting to dollarising property values with the aim of protecting their real value.

Condominium property volumes recorded a reduction of 78% in comparison to the previous year. The combined effects of the imposition of VAT on condominium sales, increase in interest rates, and the overall unfavourable macro-economic conditions may have resulted the aforementioned subdued sales volume performance. According to CBSL's Condominium Market Survey, general price levels of condominiums increased by 23.5% YoY during 2022, with a marginal 2% decrease in the final QoQ, which is presumed to be significantly contributed by the slowdown witnessed in the high-end market.

The development progress of the expressway network experienced stagnation during the year, primarily owing to the financial constraints faced by the Government. However, despite these wide-ranging constraints, the construction of the Port Access Elevated Highway Project continued throughout the year and achieved 54% physical progress by the end of 2022.

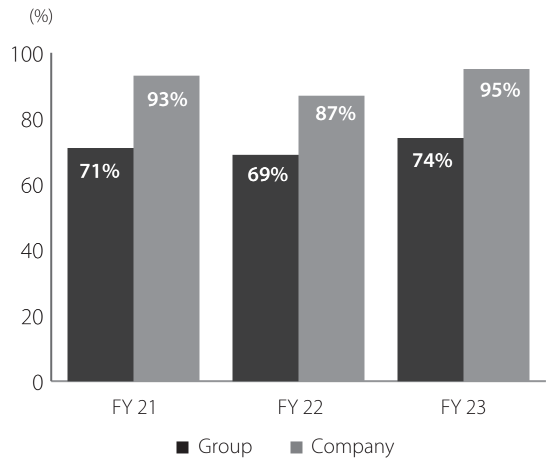
The construction industry has been grappling with significant challenges stemming from shortages in raw materials, escalating input costs and liquidity shortages in foreign exchange. Notably, loans and advances extended to the construction sector have grown by 12% to reach LKR 1.8 Tn in 2022. This growth is potentially attributable to a combination of factors including future projects in the pipeline as well as some already initiated projects being delayed due to present challenges in the market leading to stretch in their payback.

Management Discussion and Analysis

OUR BUSINESS

Occupancy levels of the Company's investment properties increased from 87% to 95% over the financial year, while the Group's levels increased from 69% to 74%. In 2023, the Group's top line reached Rs. 326.9 Mn, which is a growth of 16% in comparison to the previous year, attributable towards the above-mentioned increase in occupancy levels and upward rental revisions.

Occupancy level comparison



The Group's direct costs have increased by 41%, primarily arising from insurance, staff-related expenses, repair and maintenance work. As a result, the Group generated a gross profit of Rs. 185.3 Mn, which is a mere 2% growth compared to the previous year.

Based on the property valuation conducted at the end of the period, the investment properties of the Group have recorded a fair valuation gain of Rs. 460 Mn, in comparison to the Rs. 437.2 Mn gain reported in the previous year.

The Group in turn recorded an operating profit of Rs. 611.1 Mn, indicating a 1% growth compared to the previous year, mainly due to the aforementioned fair valuation gain. Additionally, the net finance income of the Group significantly increased by 248% in comparison to the preceding year to reach Rs. 48 Mn, a performance mainly attributable to the rise in market interest rates.

The Group reported a profit after tax of Rs. 207.1 Mn during the year, which is a 56% decrease compared to the previous year, mainly due to the 268% increase in deferred tax expense compared to last year arising from the increase in the corporate income tax rate from 24% to 30% from October 2022.

On a standalone basis, Equity One Limited's revenue increased by 20% to reach Rs. 172.2 Mn, primarily due to the upward revision of rental income and the increase in occupancy levels. The direct cost of the company increased by 47% to reach Rs. 69.3 Mn, due to reasons corresponding to that of the Group, which resulted the Company to realise only a marginal increase in gross profit by 6% to reach Rs. 103 Mn. The investment property valuation at the end of the year ensued in a fair valuation gain of Rs. 256 Mn, which is a 20% decline from the gain recorded in the previous year. This led the Company achieve an operating income of Rs. 340.5 Mn, which was a 17% reduction from the previous year. Similarly to the Group, the net finance income of the Company doubled in comparison to the previous year. Consequently, the Company recognised a profit after tax of Rs. 140.9 Mn during the year, which is a 59% decrease compared to the previous year, due to reasons similar to that of the Group.

The Company declared and paid an interim dividend of Rs. 0.90 per share for the financial year ended 31st March 2023, translating into a pay-out of 41% on the Company's profit after tax adjusted for above fair value gain on investment properties, related deferred tax, and the one-off surcharge tax.

FUTURE OUTLOOK

The real estate industry has been facing significant headwinds due to the ongoing economic crisis, exacerbated by the contractionary monetary and fiscal policies adopted by the CBSL. This irrevocably results in businesses re-evaluating the financial merits of upgrading and/or expanding business spaces, which poses significant challenges for industry participants. However, we believe we can continue to leverage our prime business locations in the heart of Colombo to offer a superior value proposition to prospective tenants while relying on our attentive service standards to continue to retain existing tenants into the future. Furthermore, in time to come, we look forward to undertake refurbishments on our properties to provide a superior value proposition for our tenants.

Carsons Management Services (Private) Limited
Managers

2nd June 2023

Profiles of Directors

CHANDIMA GUNAWARDENA (Chairman)
Chandima Gunawardena serves as a Non-Independent, Non-Executive Director of most of the Carsons Group Companies in Sri Lanka and overseas.

He is also a Director of Bukit Darah PLC. Since assuming Non-Executive status in the Group, he serves as an advisor to the Group's Strategic Planning and Management forums in Sri Lanka and serves on Board Committees, including the Audit Committees of the Group in Sri Lanka and overseas covering all operating sectors of the Group.

Mr. Gunawardena has over five decades of experience in varied fields of business and commercial activities and has held senior positions in Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990. He continues to serve on advisory Boards of private sector initiatives in Sri Lanka and not for profit initiatives locally and at global level.

He has served in the Management Committee of The Ceylon Chamber of Commerce for over 10 years and was a Founder Council member of the Sri Lanka Institute of Directors (SLID) and continued to serve in the council for over 10 years.

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

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

He is also a non-executive Director of Group's Real Estate Sector's Equity One Limited and the Group's Investment Holding Sector's Ceylon Investment PLC, Rubber Investment Trust Limited and Guardian Fund Management Limited and Leisure Sector's Equity Hotels Limited. He is also a non-executive Director of Group's oil palm plantation sector holding company, Goodhope Asia Holdings Ltd.

He carries over 40 years of finance related experience in several leading companies in the mercantile sector, which includes 26 years of service with Carsons Group.

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

ERANJITH WIJENAIKE
Eranjith Wijenaike is a Director of Equity Two PLC, Equity One Limited and Managing Director of Central Finance Company PLC. He is also a Director of Tea Smallholder Factories PLC and Central Industries PLC. He holds a Bachelor's Degree in Commerce and a Postgraduate Diploma in Finance and Management.

SUBRAMANIAM MAHENDRARAJAH
Subramaniam Mahendrarajah is a Director of Indo-Malay PLC, Selinsing PLC, Shalimar (Malay) PLC, Equity One Limited and Leechman & Company (Private) Ltd. He is also the Group Finance Director of Sri Krishna Group of Companies. He has over 40 years experience in the fields of manufacturing, trading, financial services and management. He is also the Past President of the Rotary Club of Colombo Down Town and is the recipient of the prestigious 'Service above Self' award from Rotary International.

NALAKE FERNANDO
Nalake Fernando is a Director of the Property Management Companies of the Carson Cumberbatch Group, namely Equity One Limited, Equity Two PLC and Equity Three (Private) Limited. He is also a Director of Carsons Management Services (Private) Limited, as well as Association for Individuals with learning Differences. He was the Country Representative for Sri Lanka of Dalekeller & Associates Ltd, Designers and Skidmore Ownings & Merrill Architects. He was also a Director of SKC Management Services Ltd.

He counts over 40 years of work experience and holds a Technician's Certificate of the Institute of Work Study Practitioners of UK.

DONALD FERNANDO
Donald Fernando is a Director of Equity One Limited, Equity Two PLC and is the Managing Director of Fernando Rajapakse Associates (Private) Limited - Consulting Engineers and Project Managers. He is also a Director of Saramanda Lanka (Guarantee) Limited.

In 1965, he earned a B.Sc (Eng.) Degree in civil engineering from the University of Ceylon. He worked as a Civil Engineer with The Sri Lanka Ports Authority till 1969. From 1969 to 1982 worked as a Chartered Civil Engineer in London. In 1969 he became a Member of the Institution of Civil Engineers, London. He is also a Member of the Institution of Engineers, Sri Lanka and a Member of the Society of Structural Engineers, Sri Lanka.

Profiles of Directors

SIVANANDAN MARIMUTHU

Siva Marimuthu is a Director of Equity One Limited, Equity Two PLC, Industrial Asphalts PLC, Knightsbridge Technologies (Pvt) Ltd. and Silverfalls (Pvt) Limited.

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

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

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

Currently, Siva consults SME's and shares his extensive experience with them.

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

The Board of Directors of Equity One Limited have pleasure in presenting to the Shareholders their Report together with the Audited Financial Statements for the year ended 31st March 2023.

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

The Annual Report was approved by the Board of Directors on 2nd June 2023.

1. GENERAL

Equity One Limited (the "Company") is a public limited liability Company incorporated in Sri Lanka in 1981.

2. THE PRINCIPAL ACTIVITIES OF THE COMPANY AND ITS SUBSIDIARIES

The principal activities of the Company and its subsidiaries are letting of office and warehouse premises for commercial purposes.

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

3. REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman's Statement and Management Discussion & Analysis on pages 01 to 04 provide an overall assessment of the business performance of the Company and the Group and its future developments. These reports together with the audited consolidated financial statements reflect the state of affairs of the Company and the Group.

4. FINANCIAL STATEMENTS

The consolidated financial statements which comprise the Statement of Profit or Loss and other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Notes to the financial statements of the Company and the Group for the year ended 31st March 2023 are set out on pages 15 to 54. These financial statements do comply with the requirements of the Companies Act, No. 07 of 2007.

4.1. Revenue

Detailed analysis of the revenue of the Company and the Group are set out in Note 11 to the Financial Statements.

4.2. Financial results and appropriation

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

(In Rupees thousands)	Group		Company	
For the year ended 31st March	**2023**	**2022**	**2023**	**2022**
Profit for the year	207,082	468,601	140,907	340,544
Other comprehensive income for the year	292	1,351	65	624
Total comprehensive income for the year	207,374	469,952	140,972	341,168
Retained earnings as at the beginning of the year	656,794	565,055	199,647	141,533
Surcharge tax for the year of assessment 2020/21	(41,037)	-	(24,893)	-
Retained earnings before appropriations/ adjustments	823,131	1,035,007	315,726	482,701
Forfeited dividends	40	56	15	30
Dividends paid	(36,290)	(40,322)	(36,290)	(40,322)
Transfer to fair value adjustment reserve	(52,749)	(326,189)	(26,676)	(242,762)
Total comprehensive income attributable to NCI	(11,377)	(11,758)	-	-
Retained earnings as at the end of the year	722,755	656,794	252,775	199,647

4.3. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are given on pages 19 to 30.

4.4. Investment Properties

The Company and the Group has recognised the carrying value of investment property held to earn rental income and for capital appreciation in the Balance Sheet on 'fair value' in accordance with Sri Lanka Accounting Standards (LKAS 40) – 'Investment Property'.

A professional valuation was performed in March 2023 by Mr. S. Sivaskantha, F. I. V (Sri Lanka) of Perera Sivaskantha and Company, incorporated Valuers. The details of the movements in fair value of investment properties of the Company and the Group during the year and their carrying value as at 31st March 2023 are presented in Note 17 to the financial statements

4.5. Property, plant and equipment

Details of property, plant and equipment are given in note 18 to the financial statements.

4.6. Capital Expenditure

The details of capital expenditure of the Group are given in Notes 17, 18, and 32 to the Financial Statements.

4.7. Reserves

The movements of total reserves of both the Company and Group are set out in the Statement of Changes in Equity and Notes 24 and 25 to the financial statements.

5. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The financial statements comprise of inter alia:

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

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

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

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

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

These financial statements have been prepared on a going concern basis since the Directors are of the view that the Company and the Group have adequate resources to continue in operation in the foreseeable future from the date of approving these financial statements. The Directors are also of the view that they have discharged their responsibilities as set out in this statement.

The Directors confirm that to the best of their knowledge,

- all taxes, duties and levies payable to the statutory bodies,
- all contributions, levies and taxes payable on behalf of and in respect of the employees and
- all other known statutory dues that were due and payable

by the Company and the Group as at the reporting date have been paid, or where relevant provided for in these financial statements.

6. OUTSTANDING LITIGATION

There is no litigation currently pending against the Company or the Group.

7. INTERESTS REGISTER

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

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

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

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

7.1. Remuneration of Directors

Directors' remuneration, for the financial year ended 31st March 2023 is given in Note 13.3 to the Financial Statements.

7.2. Directors' Interest in Contracts and Shares

Directors' Interest in contracts of the Company and the Group are disclosed in note 34 to the financial statements and have been declared at Meetings of the Board of Directors. The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company nor in the ordinary shares of the Company as of 31st March 2023.

8. DIRECTORS

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

8.1. Appointment of Directors who are over 70 years of age

Messrs. P. D. D. Fernando, K.C.N. Fernando and D. C. R. Gunawardena who were over 70 years of age were re-appointed as Directors of the Company in terms of Section 210 of the Companies Act, No.07 of 2007 at the Annual General Meeting (AGM) held on 29th June 2022 for a further period of one year commencing from the conclusion of the said AGM. i.e. till 28th June 2023.

Upon the recommendation of the Nomination Committee of the Company and the Board, it is recommended that Messrs. P. D. D. Fernando, K. C. N. Fernando, and D. C. R. Gunawardena who are over 70 years of age be reappointed as Directors of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not be applicable to them.

Upon the recommendation of the Nomination Committee of the Company and the Board, it is also recommended that Mr. S Mahendrarajah who is 70 years of age be re-appointed as a Director of the Company for a period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not be applicable to him.

8.2. Director to Retire by Rotation

In terms of Articles 71, 72 and 73 of the Articles of Association of the Company, Mr. S. Marimuthu retires by rotation and being eligible offers himself for re-election.

8.3. Board of Directors

The following Directors held office during the period under review.

Mr. D.C.R. Gunawardena (Chairman)

Mr. K.C.N. Fernando

Mr. E.H. Wijenaike

Mr. A.P. Weeratunge

Mr. S. Mahendrarajah

Mr. P.D.D. Fernando

Mr. S. Marimuthu

Mr. Ajith Weeratunge who was an Executive Director of the Company was designated as a Non-Executive Director of the Company with effect from 01st April 2023.

9. INDEPENDENT AUDITORS

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

A sum of Rs. 430,000/- and Rs. 870,000/- was paid to them by the Company and the Group respectively, as audit fees for the year ended 31st March 2023 (2022 - 392,500/- and Rs. 769,000/-). Fees paid to Auditors on audit related services are given in Note 13 to the financial statements.

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

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

9.1. Auditors' relationship or any interest with the Company

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

9.2. Independent Auditors' Report

The Independent Auditors' Report on the financial statements is given on pages 13 to 14 of the Annual Report.

10. SIGNIFICANT EVENTS DURING THE YEAR

There were no significant events for the Company and the Subsidiaries during the year.

11. INTERNAL CONTROL AND RISK MANAGEMENT

The ultimate responsibility to establish, monitor and review a Group-wide internal control system rests with the Board of Directors. The intensity, depth and the tolerance limits for each component of the internal control system would be based on the weight of the element of risk imposed on the sustenance of the business by the respective area of operation. Whilst a strong internal control system would mitigate the crystallization of risk elements to a greater extent, employment of external support structures would also be necessary based on the risk assessments made thereon.

Effective maintenance of internal controls and risk identification and mitigation is handed down to the respective members of senior management within the guidelines of benchmark policies, procedures and authority limits clearly laid down.

Group Internal Audit, whose scope of scrutiny is entirely driven by the grading of the risk involved will be monitoring and providing the feedback to the management and the Audit Committee. Regular submission of compliance and internal solvency certificates vouched by the heads of the respective divisions as a mandatory agenda item keeps the Directors abreast of the position of the Company and the Group's resource base and governance requirements.

This allows the Board to have total control of the fulfillment of governance requirements by providing opportunity to take timely preventive action in case of potential deterioration of status quo. More detailed description of the risk management strategies of the Group is given in notes to the financial Statements.

12. HUMAN RESOURCES

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

The number of persons employed by the Company and the Group as at 31st March 2023 were 11 and 17 (2022- 10 and 16) respectively.

13. EQUITABLE TREATMENT TO SHAREHOLDERS

The Company endeavours at all times to ensure equitable treatment to all shareholders.

14. DIVIDENDS

The Company paid a First Interim Dividend of Cents 90 per ordinary share for the year ended 31st March 2023 amounting to Rs. 32,601,321/92 on 20th March 2023.

15. SOLVENCY TEST

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

The Company's Auditors, Messrs. KPMG, Chartered Accountants have issued a Certificate of Solvency for the dividend mentioned above confirming the same.

16. STATED CAPITAL

The stated capital of the Company as at 31st March 2023 was Rs.1,085,585,040/- consisting of 40,321,730 ordinary shares. There was no change in the stated capital of the Company during the year.

17. STATUTORY PAYMENTS

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

18. GOING CONCERN

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

19. ENVIRONMENTAL PROTECTION

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

20. MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS

There were no material issues relating to employees and industrial relations during the year ended 31st March 2023.

21. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, no circumstances have arisen, which would require adjustments to or disclosures in the financial statements.

22. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The contingent liabilities and commitments made as at 31st March 2023 are given in note 32 to the Financial Statements.

23. CORPORATE DONATIONS

There were no donations made during the year ended 31st March 2023 (2022 - Nil).

24. ANNUAL REPORT

The Board of Directors have approved the Audited consolidated financial statements of the Company and the Group together with the Reviews and other Reports, which form part of the Annual Report on 02nd June 2023. The Annual Report would be submitted to the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies within the given time frames.

25. ANNUAL GENERAL MEETING

The 41st Annual General Meeting of the Company will be held on Wednesday, 28th June 2023 at 3.30 p.m. at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7, Sri Lanka.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 57 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)
D. C. R. Gunawardena
Chairman

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

(Sgd.)
K. D. De Silva (Mrs.)
Director
Carsons Management Services (Private) Limited
Secretaries

Colombo
2nd June 2023

Financial Calendar

Financial year end	31st March 2023
40th Annual General Meeting	29th June 2022
41st Annual General Meeting	28th June 2023

Independent Auditor's Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Equity One Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Equity One Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 15 to 54 of this annual report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

KPMG

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: http://slaasc.com/auditing/auditorsresponsibility.php. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

KPMG

Chartered Accountants
Colombo, Sri Lanka

02nd June 2023

Statement of Profit or Loss and other Comprehensive Income

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	Note	Group 2023	Group 2022	Company 2023	Company 2022
Revenue	11	326,861	282,287	172,229	143,895
Direct costs		(141,519)	(100,594)	(69,258)	(47,035)
		185,342	181,693	102,971	96,860
Other income	12	6,172	4,828	2,841	3,865
Net gain arising from changes in fair value of investment properties	17	460,040	437,205	256,024	320,339
		651,554	623,726	361,836	421,064
Administrative and other operating expenses		(40,489)	(21,053)	(21,301)	(11,621)
Operating profit	13	611,065	602,673	340,535	409,443
Finance income	14.1	59,972	20,112	69,175	34,550
Finance costs	14.2	(11,966)	(6,315)	(5,075)	(2,297)
Net finance income	14	48,006	13,797	64,100	32,253
Profit before taxation		659,071	616,470	404,635	441,696
Income tax expense	15.1	(64,372)	(42,556)	(34,571)	(23,554)
Deferred taxation	15.1	(387,617)	(105,313)	(229,157)	(77,598)
Profit for the year		207,082	468,601	140,907	340,544
Profit for the year attributable to:					
Equity holders of the parent		195,731	456,925	140,907	340,544
Non controlling interest		11,351	11,676	-	-
		207,082	468,601	140,907	340,544
Other comprehensive income					
Items that will never be reclassified into profit and loss					
Actuarial gain from valuation of employee benefits	28.3	417	1,777	93	821
Related tax on employee benefits	27	(125)	(426)	(28)	(197)
Other comprehensive income for the year		292	1,351	65	624
Total comprehensive income for the year		207,374	469,952	140,972	341,168
Total comprehensive income attributable to:					
Equity holders of the parent		195,997	458,194	140,972	341,168
Non controlling interest		11,377	11,758	-	-
		207,374	469,952	140,972	341,168
Earnings per share (Rs.)	16	4.85	11.33	3.49	8.45

The notes from pages 19 to 54 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Financial Position

(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Note	Group 2023	Group 2022	Company 2023	Company 2022
ASSETS					
Non-current assets					
Investment properties	17	5,480,383	4,992,238	3,042,238	2,782,479
Property, plant and equipment	18	1,493	854	1,493	854
Investment in subsidiaries	19	-	-	552,048	552,048
Investment in fixed deposits		316,378	-	138,391	-
Total non-current assets		5,798,254	4,993,092	3,734,170	3,335,381
Current assets					
Trade and other receivables	20	91,000	84,225	206,652	141,657
Fair value through profit or loss financial assets	21	-	95,955	-	52,236
Investment in fixed deposits		119,390	153,843	50,446	79,163
Tax receivable		2,744	-	-	-
Cash and cash equivalents	22	26,447	149,809	12,516	72,793
Total current assets		239,581	483,832	269,614	345,849
Total assets		6,037,835	5,476,924	4,003,784	3,681,230
EQUITY AND LIABILITIES					
Equity					
Stated capital	23	1,085,584	1,085,584	1,085,584	1,085,584
Capital reserves	24	13,236	13,236	13,236	13,236
Revenue reserves	25	3,181,895	3,063,185	1,991,095	1,911,291
Total equity attributable to equity holders of the parent		4,280,715	4,162,005	3,089,915	3,010,111
Non controlling interest		171,187	163,574	-	-
Total equity		4,451,902	4,325,579	3,089,915	3,010,111
Non-current liabilities					
Refundable rental deposits	26	104,479	86,698	43,911	40,065
Deferred tax liability	27	1,418,960	1,031,218	835,650	606,465
Employee benefits	28	2,983	2,728	1,697	1,443
Total non-current liabilities		1,526,422	1,120,644	881,258	647,973
Current liabilities					
Trade and other payables	29	31,404	10,910	14,687	7,752
Deferred revenue	30	17,297	14,449	11,820	9,436
Current tax liabilities		10,810	5,342	6,104	5,958
Total current liabilities		59,511	30,701	32,611	23,146
Total liabilities		1,585,933	1,151,345	913,869	671,119
Total equity and liabilities		6,037,835	5,476,924	4,003,784	3,681,230
Net assets per share (Rs.)		106.16	103.22	76.63	74.65

The notes from pages 19 to 54 form an integral part of these financial statements.

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

(Sgd.)

L.C.D. Prasanga

Finance Manager

Carsons Management Services (Private) Limited

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board on 02nd June 2023.

Approved and signed on behalf of the Managers,

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

Approved and signed on behalf of the Board,

(Sgd.)
D.C.R. Gunawardena
Chairman

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

Colombo
02nd June 2023

Statement of Changes in Equity

(All figures are in Sri Lankan Rupees thousands)

	Stated capital	Capital reserves			Revenue reserves			Total equity attributable to equity holders of the parent	Non controlling interest	Total equity
		Capital accretion reserve	Machinery replacement reserve	Other capital reserves	General reserve	Fair value adjustment reserve	Retained earnings			
Group										
Balance as at 1st April 2021	1,085,584	158	5,109	7,969	39	2,080,163	565,055	3,744,077	154,067	3,898,144
Profit for the year	-	-	-	-	-	326,189	130,736	456,925	11,676	468,601
Other comprehensive income for the year	-	-	-	-	-	-	1,269	1,269	82	1,351
Total comprehensive income for the year	-	-	-	-	-	326,189	132,005	458,194	11,758	469,952
Forfeited dividends	-	-	-	-	-	-	56	56	3	59
First interim dividend 2021/22	-	-	-	-	-	-	(40,322)	(40,322)	-	(40,322)
Dividends paid to Non-controlling Shareholders	-	-	-	-	-	-	-	-	(2,254)	(2,254)
Balance as at 31st March 2022	1,085,584	158	5,109	7,969	39	2,406,352	656,794	4,162,005	163,574	4,325,579
Balance as at 1st April 2022	1,085,584	158	5,109	7,969	39	2,406,352	656,794	4,162,005	163,574	4,325,579
Surcharge tax for the year of assessment 2020/21 (Note 15.6)	-	-	-	-	-	-	(41,037)	(41,037)	(2,033)	(43,070)
Balance as at 1st April 2022 (Adjusted)	1,085,584	158	5,109	7,969	39	2,406,352	615,757	4,120,968	161,541	4,282,509
Profit for the year	-	-	-	-	-	52,749	142,982	195,731	11,351	207,082
Other comprehensive income for the year	-	-	-	-	-	-	266	266	26	292
Total comprehensive income for the year	-	-	-	-	-	52,749	143,248	195,997	11,377	207,374
Forfeited dividends	-	-	-	-	-	-	40	40	3	43
First interim dividend 2022/23	-	-	-	-	-	-	(36,290)	(36,290)	-	(36,290)
Dividends paid to Non-controlling Shareholders	-	-	-	-	-	-	-	-	(1,734)	(1,734)
Balance as at 31st March 2023	1,085,584	158	5,109	7,969	39	2,459,101	722,755	4,280,715	171,187	4,451,902

	Stated capital	Capital reserves			Revenue reserves			Total equity
		Capital accretion reserve	Machinery replacement reserve	Other capital reserves	General reserve	Fair value adjustment reserve	Retained earnings	
Company								
Balance as at 1st April 2021	1,085,584	158	5,109	7,969	39	1,468,843	141,533	2,709,235
Profit for the year	-	-	-	-	-	242,762	97,782	340,544
Other comprehensive expense for the year	-	-	-	-	-	-	624	624
Total comprehensive income for the year	-	-	-	-	-	242,762	98,406	341,168
Forfeited dividends							30	30
First interim dividend 2020/21	-	-	-	-	-	-	(40,322)	(40,322)
Balance as at 31st March 2022	1,085,584	158	5,109	7,969	39	1,711,605	199,647	3,010,111
Balance as at 1st April 2022	1,085,584	158	5,109	7,969	39	1,711,605	199,647	3,010,111
Surcharge tax for the year of assessment 2020/21 (Note 15.6)	-	-	-	-	-	-	(24,893)	(24,893)
Balance as at 1st April 2022 (Adjusted)	1,085,584	158	5,109	7,969	39	1,711,605	174,754	2,985,218
Profit for the year	-	-	-	-	-	26,676	114,231	140,907
Other comprehensive income for the year	-	-	-	-	-	-	65	65
Total comprehensive income for the year	-	-	-	-	-	26,676	114,296	140,972
Forfeited dividends	-	-	-	-	-	-	15	15
First interim dividend 2022/23	-	-	-	-	-	-	(36,290)	(36,290)
Balance as at 31st March 2023	1,085,584	158	5,109	7,969	39	1,738,281	252,775	3,089,915

The notes from pages 19 to 54 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Cash Flows

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	Note	Group 2023	Group 2022	Company 2023	Company 2022
Cash flows from operating activities					
Profit before taxation		659,071	616,470	404,635	441,696
Adjustments for:					
Finance costs	14.2	11,966	6,315	5,075	2,297
Interest income	14.1	(53,971)	(17,993)	(54,754)	(15,682)
Net change in fair value through profit or loss financial assets	14.1	(6,001)	(2,119)	(2,720)	(972)
Dividend income	14.1	-	-	(11,701)	(17,896)
Net gains arising from changes in fair value of investment properties	17	(460,040)	(437,205)	(256,024)	(320,339)
Depreciation on property, plant and equipment	18	552	315	552	315
Amortization of deferred revenue	30	(8,151)	(6,337)	(3,457)	(2,421)
Write off of advances		1,679	-	-	-
Provision for employee benefits	28	672	207	347	65
Operating profit before working capital changes		145,777	159,653	81,953	87,063
(Increase) / decrease in trade and other receivables		(8,454)	(7,211)	(8,252)	(8,999)
Increase / (decrease) in trade and other payables		11,880	(18,224)	2,793	(51)
Operating profit after working capital changes		149,203	134,218	76,494	78,013
Rental deposits received	26	29,393	2,298	15,299	1,422
Rental deposits refunded	26	(8,795)	(7,370)	(8,795)	(7,370)
Cash generated from operations		169,801	129,146	82,998	72,065
Income tax paid		(50,838)	(50,590)	(30,167)	(28,283)
Surcharge tax paid		(43,070)	-	(24,893)	-
Employee benefits paid	28	-	(150)	-	(150)
Net cash generated from / (used in) operating activities		75,893	78,406	27,938	43,632
Cash flows from investing activities					
Additions to the investment properties	17	(28,105)	(10,021)	(3,735)	(6,736)
Purchase of property, plant and equipment	18	(1,191)	(645)	(1,191)	(645)
Net movement in investment in fixed deposits		(250,058)	193,755	(95,632)	113,816
Net movement of amount due from related companies		-	-	(56,743)	(13,044)
Interest received		22,104	25,410	40,712	22,709
Net movement in fair value through profit or loss financial assets		101,956	(88,533)	54,956	(50,430)
Dividends received		-	-	11,701	17,896
Net cash generated from / (used in) investing activities		(155,294)	119,966	(49,932)	83,566
Cash flows from financing activities					
Interest paid		(3,784)	(45)	(1,892)	(45)
Loans obtained/ (settled)		-	(21,000)	-	(21,000)
Dividend paid		(40,177)	(42,444)	(36,391)	(40,336)
Net cash generated from / (used in) financing activities		(43,961)	(63,489)	(38,283)	(61,381)
Net increase / (decrease) in cash and cash equivalents		(123,362)	134,883	(60,277)	65,817
Cash and cash equivalents at the beginning of the year		149,809	14,926	72,793	6,976
Cash and cash equivalents at the end of the year	22	26,447	149,809	12,516	72,793

The notes from pages 19 to 54 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

1. REPORTING ENTITY

Equity One Limited is a Limited Liability Company which is incorporated and domiciled in Sri Lanka.

The registered office and the principal place of business of the Company is located at No. 61 Janadhipathi Mawatha, Colombo 1 and No. 65C Dharmapala Mawatha, Colombo 7 respectively.

The consolidated financial statements as at and for the year ended 31st March 2023 comprise financial information of the Company and its Subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

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

A list of subsidiaries is set out in Note 19 to the financial statements. Out of the two subsidiaries, Equity Two PLC is listed on the Colombo Stock Exchange.

The Group and the Company had 16 and 10 (2022 – 16 and 10) employees as at the reporting date.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The consolidated financial statements have been prepared in accordance with Sri Lanka Accounting Standards (LKAS / SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act, No. 7 of 2007.

The tax liability arising from the Surcharge Tax Act No. 14 of 2022 has been accounted for in accordance with the "Addendum to Statement of Alternative Treatment on Accounting for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022 " issued by the Institute of Chartered Accountants of Sri Lanka as disclosed in Note 15.5.

These consolidated financial statements were authorized for issue by the Board of Directors on 02nd June 2023.

2.2 Basis of measurement

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

- Investment properties are measured at fair value as explained in Note 17 and
- Defined benefit obligations are measured at its present value, based on an actuarial valuation as explained in Note 28.

2.3 Going concern basis of accounting

These financial statements have been prepared on the basis that the Company and the Group would continue as a going concern for the foreseeable future.

2.4 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The consolidated financial statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency.

2.5 Use of estimates and judgments

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

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

2.5.1 Judgements

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

- Note 3.7: Determination of owner-occupied properties and investment properties

In determining whether a property qualifies as an investment property, the Company and the Group make a judgment whether the property generates

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

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

- Note 28: Employee benefits

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

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

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

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

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

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

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

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

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

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

- Note 17 – Investment Properties
- Note 3.3 – Financial Instruments

2.6 Materiality and aggregation
Each material class of similar items is presented in aggregate in the financial statements. Items of dissimilar nature or function are presented separately unless immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company and the Group have consistently applied the following accounting policies to all periods presented in these financial statements.

3.1 Basis of consolidation
The Group's Financial Statements comprise consolidation of the Financial Statements of the Company, and its subsidiaries in terms of the Sri Lanka Accounting Standards- SLFRS 10 on "Consolidated Financial Statements".

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

The cost of acquisition is measured at the fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. Subsequent to acquisition, the Company continues to recognise the investment in Subsidiaries at cost.

The total profit / loss of the subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income, and the proportion of the profit or loss after taxation applicable to outside shareholders is shown under the heading 'Non-Controlling Interest'. All assets and liabilities of the Company and its Subsidiaries are included in the Group Financial Position. The interest of the outside shareholders in the net assets of the Group is stated separately in the Consolidated Statement of Financial Position within Equity under the heading 'Non-Controlling Interest'.

There are no restrictions on the ability of subsidiaries to transfer funds to the Company (The Parent) in the form of cash dividend or repayment of loans and advances.

The directors have concluded that the Group controls its subsidiaries as it has majority control and voting rights over the said subsidiaries.

Set out below are the Group's subsidiaries as at 31st March 2023.

Name of entity	Place of business	% of Ownership Interest held by the Group	Principal activities
Equity Two PLC	Colombo, Sri Lanka	88.8%	Real estate sector providing office premises on rental basis
Equity Three (Private) Limited	Colombo, Sri Lanka	100%	Real estate sector providing office premises on rental basis

3.1.2 Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquiree at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in the statement of profit or loss.

3.1.3 Loss of control

When a Group loses control over a Subsidiary, it derecognises the assets and liabilities of the Subsidiary and any related NCI (if applicable) and other components of equity. Any resulting gain or loss is recognised in the statement of profit or loss. Any remaining interest in the former Subsidiary is measured at fair value when control is lost.

3.1.4 Goodwill

Goodwill recognised in a business combination is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

3.1.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-Group transactions, are eliminated.

3.1.6 Accounting for Investment in subsidiaries

When separate financial statements are prepared, investments in subsidiaries are accounted for using the cost method. Investments in subsidiaries are stated in the Company's Statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate as at that date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in the statement of profit or loss.

3.3 Financial instruments

3.3.1 Recognition and initial measurement

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

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

3.3.2 Classification and subsequent measurement

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

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

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

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

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

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

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

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

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

Investments in unit trust by the Company and the Group are classified as FVTPL.

3.3.3 Financial assets – Business model assessment

The Company and the Group make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

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

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

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company and the Group consider the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual cash flows such that it would not meet this condition.

3.3.5 Financial assets – subsequent measurement, and gains and losses

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

3.3.6 Financial liabilities – Classification, subsequent measurement, and gains and losses

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

Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

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

3.3.7 Derecognition

3.3.7.1 Financial assets

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

The Company and the Group enter into transactions whereby they transfer assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

3.3.7.2 Financial liabilities

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

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

3.3.8 Offsetting

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

3.3.9 Impairment

3.3.9.1 Non-derivative financial assets

The Company and the Group recognise loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, The Company and the Group consider reasonable and supportable information that are relevant and available without undue cost or effort.

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

3.3.9.2 Credit-impaired financial assets

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

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

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

Write-off

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

3.3.9.3 Non-Financial Assets

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

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

3.4 Stated capital

3.4.1 Ordinary shares

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

3.5 Leases

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

3.5.1 As a Lessor

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

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

The Company and the Group apply the derecognition and impairment requirements in SLFRS 9 to the receivables from the lease.

The Company and the Group recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "Property Rental Revenue."

3.6 Property, plant and equipment

3.6.1 Recognition and measurement

Property, plant & equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the following:

- the cost of material and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- when the Company and the Group have an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

3.6.2 Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and the Group. Ongoing repairs and maintenance are expensed as incurred.

3.6.3 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives as follows:

Class of Asset	Number of years
Plant & machinery	5-27
Motor vehicles	4-5
Furniture, fittings & office equipment	5-16
Computers	3-5

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted where appropriate.

3.6.4 Disposal
The gains or losses arising on disposal or retirement of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised net within other income in the statement of profit or loss.

3.7 Investment property

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

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in the statement of profit or loss.

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

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

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

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

3.8 Employee benefits

3.8.1 Short-term employee benefits
The Company and the Group have a present legal or constructive obligation to pay this amount as a result of past service provided by the employees, and the obligation can be estimated reliably.

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

3.8.2.1 Employees' Provident Fund
All employees of the Company & its Subsidiaries are members of the Employees' Provident Fund to which the Group and Company contribute 12% of such employees' basic salary & allowances.

3.8.2.2 Employees Trust Fund

The Company and its Subsidiaries contribute 3% of the salary of each employee to the Employees Trust Fund.

3.8.3 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The liability recognized in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation as at the reporting date.

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

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

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

3.9 Provisions

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

3.10 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company and the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. In such event, the Company and the Group do not recognize a contingent liability but disclose its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company and the Group. The Company and the Group do not recognize contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain. In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

3.11 Revenue

The Group revenue represents sales to customers outside the Group and sales within the Group which are intended for internal consumption.

In arriving at the revenue for consolidation financial statements, sales within the Group are eliminated.

The following specific criteria are used for the purpose of recognition of revenue:

3.11.1 Rental income

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

3.11.2 Other Income - on accrual basis

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

3.12 Expenditure Recognition

3.12.1 Operating expenses

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

3.12.2 Finance income and finance costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognized as it accrues in the statement of profit or loss, using the effective interest method.

Dividend income is recognised in the statement of profit or loss on the date that the Company's and the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

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

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

3.13 Income tax expense

Income tax expense comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

3.13.1 Current taxation

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

3.13.2 Deferred taxation

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

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

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

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

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

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

3.14 Fair Value Measurement

SLFRS 13 "fair value measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company and the Group have access at that date.

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

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

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

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

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

4. 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 policies / decisions of the other, irrespective of whether a price is charged.

5. EVENTS AFTER THE REPORTING PERIOD

All material and important events which occur after the reporting date have been considered and disclosed in notes to the financial statements.

6. STATEMENT OF CASH FLOWS

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

6.1 Cash and cash equivalents

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

7. EARNINGS PER SHARE

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

8. DIVIDENDS ON ORDINARY SHARES

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

9. SEGMENT REPORTING

An operating segment is a component within the Group that engage in business activities for which it may generate distinguish revenue and expenses for such segment.

The operating results arising from providing office premises on rental business of the Group as a whole is reviewed regularly by the Group's Chief Operating Decision maker to make decisions about resources to be allocated and to assess its performance. The Group has only one segment hence no separate disclosure is given for operating segment.

10. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1st January 2023 and earlier application is permitted. However, the Company and the Group have not early adopted the new and amended standards in preparing these financial statements.

A) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences- e.g. leases. The amendments apply for annual reporting periods beginning on or after 1 January 2023.

B) Classification of Liabilities as Current or Non- Current (Amendments to IAS 1)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1st January 2023.

C) Other Standards

The following new and amended standards are not expected to have a significant impact on the Company's and the Group financial statements.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

For the year ended 31st March	Group 2023	Group 2022	Company 2023	Company 2022
11. REVENUE				
Property rental income	326,861	282,287	172,229	143,895
	326,861	282,287	172,229	143,895

For the year ended 31st March	Group 2023	Group 2022	Company 2023	Company 2022
12. OTHER INCOME				
Parking fees from tenants	600	540	-	-
On other services provided to tenants	5,572	4,288	2,841	3,865
	6,172	4,828	2,841	3,865

For the year ended 31st March	Group 2023	Group 2022	Company 2023	Company 2022
13. PROFIT FROM OPERATIONS				
Profit from operations is stated after charging all expenses including the following:				
Auditors' remuneration - audit services	870	769	430	393
Auditors' remuneration - audit related services	162	140	81	70
Professional services cost (note 13.1)	1,076	621	737	302
Depreciation (note 13.2)	552	315	552	315
Support service fee	15,066	8,827	7,530	4,087
Personnel costs (note 13.3)	77,589	59,132	40,014	29,141
13.1 Professional services cost				
Valuation services	991	241	652	112
Other services	85	380	85	190
	1,076	621	737	302
13.2 Depreciation				
Depreciation is included in the Statement of Profit or Loss under the following headings:				
Administrative and other operating expenses	552	315	552	315
	552	315	552	315

(All figures are in Sri Lankan Rupees thousands)

	For the year ended 31st March	Group 2023	Group 2022	Company 2023	Company 2022
13.3	**Personnel costs**				
	Salaries, wages and other related expenses	73,226	55,628	37,836	27,415
	Defined benefit plan cost - Employee benefits (note 28.2)	672	207	347	65
	Defined contribution plan cost - EPF and ETF	3,691	3,297	1,831	1,661
		77,589	59,132	40,014	29,141
	The above includes:				
	Directors' emoluments	-	-	-	-
	Non-executive directors' fees	2,160	1,155	1,200	550
		2,160	1,155	1,200	550

	For the year ended 31st March	Group 2023	Group 2022	Company 2023	Company 2022
14.	**NET FINANCE INCOME**				
14.1	**Finance income**				
	Interest income	53,971	17,993	25,290	9,488
	Interest income on related party lendings	-	-	29,464	6,194
	Net change in the fair value through profit or loss financial assets	6,001	2,119	2,720	972
	Dividend income	-	-	11,701	17,896
		59,972	20,112	69,175	34,550
14.2	**Finance costs**				
	Interest expenses on short term bank borrowings	3,784	39	1,892	39
	Unwinding of interest on refundable deposits (note 26)	8,182	6,276	3,183	2,258
		11,966	6,315	5,075	2,297
	Net finance income	48,006	13,797	64,100	32,253

	For the year ended 31st March	Group 2023	Group 2022	Company 2023	Company 2022
15	**CURRENT TAXATION**				
15.1	**Income tax expense**				
	Income tax expense for the year (note 15.2)	62,761	43,138	35,025	23,966
	Under / (over) provision in respect of previous years	(454)	(582)	(454)	(412)
	Tax on intercompany dividends	2,065	-	-	-
		64,372	42,556	34,571	23,554
	Deferred Taxation				
	On origination and reversal of temporary differences (note 27)	387,617	105,313	229,157	77,598
		387,617	105,313	229,157	77,598
	Current tax expense for the year	451,989	147,869	263,728	101,152

		Group		Company	
	For the year ended 31st March	2023	2022	2023	2022
15.2	**Reconciliation between accounting profit and taxable profit**				
	Accounting profit before taxation	659,071	616,470	404,635	441,696
	Aggregate disallowable expenses	13,855	5,316	10,021	4,003
	Aggregate allowable expenses	(29,728)	(25,426)	(3,695)	(2,921)
	Dividend income	(11,701)	(17,896)	(11,701)	(17,896)
	Net gain arising from changes in fair value of investment properties	(460,040)	(437,205)	(256,024)	(320,339)
	Notional adjustments arising on application of LKAS/SLFRS	(6,169)	(13,409)	(13,516)	(15,123)
	Finance income	(59,972)	(26,305)	(57,473)	(16,654)
	Tax losses incurred during the year (note 15.5 (c))	55,461	23,577	-	-
	Transactions adjusted on consolidation	11,701	17,896	-	-
	Utilisation of tax losses (note 15.5 (c))	(2)	(20)	-	-
	Adjusted business income	172,476	142,998	72,247	72,766
	Investment income - interest Income	59,972	26,305	57,473	16,654
	Investment income - dividend Income	-	17,896	-	17,896
	Total Taxable Income	232,448	187,199	129,720	107,316
	Income tax on business profit (note 15.4 (a),15.5 (b))	46,569	34,324	19,507	17,464
	Income tax on interest income (note 15.4 (a),15.5 (b))	16,192	6,309	15,518	3,997
	Income tax on dividend income (note 15.4 (b))	-	2,505	-	2,505
	Income tax expense for the year	62,761	43,138	35,025	23,966
15.3	**Analysis of tax losses**				
	Tax losses brought forward	43,748	20,039	-	-
	Tax loss incurred during the year	55,461	23,577	-	-
	Adjustment on finalization of tax liability	152	152	-	-
	Utilization of tax losses during the year (note 15.5 (c))	(2)	(20)	-	-
	Tax losses carried forward	99,359	43,748	-	-

15.4 Company

(a) In terms of the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments thereto, the Company was liable to income tax at 24% up to 30th September 2022 and 30% thereafter (2022-24%).

(b) As per the Inland Revenue (Amendment) Act No.45 of 2022, 15% withholding tax is deducted from the dividend distribution by the paying company.

15.5 Group

(a) Group tax expenses is based on the taxable profit of individual companies within the Group. At present, the tax laws of Sri Lanka do not provide for Group taxation.

(b) In terms of the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments thereto, companies within the Group were liable to income tax at 24% up to 30th September 2022 and 30% thereafter (2022-24%).

(c) As per section 19 of the Inland Revenue Act No. 24 of 2017 and amendments thereto, any unclaimed tax losses incurred during the year could be carried forward for further six years. Such losses can be set off against profits without any limitation but subjecting to income tax rate applicable for the source of income as provided in the Act. Equity Three (Private) Limited in the Group has carried forward tax losses which are available to be set off against the future tax profits of the subsidiary company.

(d) Deferred tax has been computed using a tax rate of 30% (2022-24%).

15.6 Surcharge tax

As per the provisions of Surcharge Tax Act No. 14 of 2022, although Equity One Limited, the Company, and it's subsidiaries did not become liable to pay surcharge tax as stand-alone entities, the Company and the Group were liable for surcharge tax on the basis that the companies are part of the Carson Cumberbatch PLC group, of which the aggregate taxable income exceeded the threshold as stipulated in the aforesaid Act.

Accordingly, the Company and the Group were liable for the surcharge tax of Rs. 24,892,651/- and Rs. 43,070,292/-, out of the taxable income of Rs. 99,570,602/- and Rs. 172,281,168/-, respectively pertaining to the year of assessment 2020/21. The Company and the Group paid the surcharge tax liability in two equal installments on 18th April 2022 and 18th July 2022.

The expense of surcharge tax is accounted in accordance with the "Addendum to Statement of Alternative Treatment on Accounting for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022" issued by the Institute of Chartered Accountants of Sri Lanka on 10th August 2022.

The impact of Surcharge Tax under the Surcharge Tax Act on the year ended 31st March 2021 would have been as given below:

	Group	Company
Profit After Tax for the year ended 31st March 2021	343,806	238,936
Surcharge tax levied under Surcharge Tax Act	(43,070)	(24,893)
Comparable Profit for the year ended 31st March 2021	**300,736**	**214,043**

16. EARNINGS PER SHARE

Earnings per share is calculated on the profit attributable to the shareholders of Equity One Limited over the weighted average number of ordinary shares outstanding, as required by the Sri Lanka Accounting Standard (LKAS 33) - "Earnings per share".

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

	Group		Company	
For the year ended 31st March	**2023**	**2022**	**2023**	**2022**
Amounts used as the numerator				
Profit attributable to the ordinary shareholders of the Company	195,731	456,925	140,907	340,544
Amounts used as the denominator				
Weighted average number of ordinary shares outstanding during the year (In thousands)	40,322	40,322	40,322	40,322
Earnings per share (Rs.)	**4.85**	11.33	**3.49**	8.45

16.1 Diluted earnings per share

There were no potentially dilutive ordinary shares as at 31 March 2023 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would require restatement of earnings per share.

For the year ended 31st March	Freehold land	Freehold building	Other equipment	Total as at 31st March 2023	Total as at 31st March 2022
17. INVESTMENT PROPERTIES					
17.1 Group					
Balance as at the beginning of the year	4,062,559	848,878	80,801	4,992,238	4,545,012
Additions during the year		8,709	19,396	28,105	10,021
Changes in fair value of investment properties	246,731	234,677	(21,368)	460,040	437,205
	4,309,290	1,092,264	78,829	5,480,383	4,992,238
17.2 Company					
Balance as at the beginning of the year	2,434,606	320,798	27,075	2,782,479	2,455,404
Additions during the year	-	-	3,735	3,735	6,736
Changes in fair value of investment properties	140,853	121,532	(6,361)	256,024	320,339
	2,575,459	442,330	24,449	3,042,238	2,782,479

17.3 Details of investment properties

Property and location	Method of valuation	Land Extent (Perch)	Historical cost	Fair value 2023	Fair value 2022
Equity One Limited					
Dharmapala Mawatha, Colombo 7	Investment approach	94	130,909	1,895,000	1,726,672
Vauxhall Lane, Colombo 2	Market/ Depreciated replacement cost	180.05	237,348	1,147,238	1,055,807
Equity Two PLC					
No. 61 Janadhipathi Mawatha, Colombo 01	Investment approach	28.51	134,408	629,373	583,587
No. 55 Janadhipathi Mawatha, Colombo 01	Investment approach	57.55	434,167	1,082,562	978,172
Equity Three (Private) Limited					
George R. De Silva Mawatha, Colombo 13	Market/ Depreciated replacement cost	82.13	108,854	726,210	648,000
				5,480,383	4,992,238

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

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

17.4 Fair value hierarchy

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

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

(All figures are in Sri Lankan Rupees thousands)

Valuation techniques and significant unobservable inputs

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

Description	Location	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Land & Building	Colombo	Investment Approach		The estimated fair value would increase/ (decrease) if –
		The valuation method considers the present value of net cash flows to be generated from the property taking into account the expected rental income, occupancy rate and other costs not paid by the tenants. The expected net cash-flows are capitalized using expected rate of return.	Contractual rentals agreed with the tenants.	Contractual rentals were higher/ (lower)
			Occupancy Rate 70% - 90%	Occupancy rate was higher/ (lower)
			Capitalization rate 5%- 6.5%	Capitalization rate was (higher) / lower
			Repair and insurance 20%	Repair and insurance was (higher) / lower
			Valuer has used market price per perch for excess land in existing location using a range of prices for similar lands based on adjusted fair value taking in to account of other valuation considerations Market price per perch range between Rs. 10,000,000/- to Rs. 14,500,000/-	Market value per perch was higher/ (lower)
Land & Building	Colombo	Market/ Depreciated replacement cost approach	Construction cost per square feet Rs. 6,500 - Rs. 9,000.	Cost per square feet was higher/ (lower)
		In this approach, the market value of a property is estimated as a function of the current cost to purchase or replace the property. Accordingly, adjustments are made to account for all forms of depreciation (physical, functional, and economic; as applicable) to determine the market value of the property.	Valuer has used market price per perch for entire land in existing location using a range of prices for similar lands based on adjusted fair value taking in to account of other valuation considerations. Market price per perch range between Rs. 5,500,000/- to Rs. 7,200,000/-	Market value per perch was higher/ (lower)
			Depreciation rate for the usage of assets 67.5% - 72.5%	Depreciation rate for usage (higher) / lower

Sensitivity Analysis

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

	Group		Company	
As at 31st March	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate				
2023: 1% movement	(424,985)	616,031	(243,090)	365,000
2022: 1% movement	(384,485)	557,282	(219,559)	329,668
Occupancy rate				
2023: 10% movement	350,347	(350,353)	162,223	(162,223)
2022: 10% movement	314,083	(314,094)	146,516	(146,516)
Repairs and Insurance				
2023: 10% movement	(513,533)	513,533	(270,000)	270,000
2022: 10% movement	(464,678)	464,678	(243,864)	243,864
Construction cost per sqft				
2023: Rs.1,000 movement	19,751	(19,751)	8,896	(8,896)
2022: Rs.1,000 movement	19,751	(19,751)	8,896	(8,896)

Leases as Lessor

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 3.5 sets out accounting policy regarding the operating leases of investment property.

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

Rental income recognised by the Group and Company during the year was Rs. 326.9 Mn and Rs. 172.2 Mn (2022: Rs. 282.3 Mn and Rs. 143.9 Mn), respectively.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group		Company	
As at 31st March	**2023**	**2022**	**2023**	**2022**
Less than one year	258,081	201,594	158,688	75,499
One to two years	168,137	118,846	138,583	69,786
Two to three years	121,323	111,990	108,093	109,529
Three to four years	110,949	154,846	97,056	153,160
Four to five years	99,374	107,775	88,676	105,950
More than five years	158,692	249,307	155,369	244,045
	916,556	944,358	746,465	757,969

(All figures are in Sri Lankan Rupees thousands)

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

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

17.6 Capitalization of borrowing costs into investment properties

No borrowing cost capitalized for the year ended 31st March 2023 (2022 - Rs. Nil).

17.7 Contractual obligations to construct and develop investment properties

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

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

18. PROPERTY, PLANT AND EQUIPMENT

18.1 Group / Company

	Machinery and equipment	Furniture and fittings	Motor vehicles	Total as at 31st March 2023	Total as at 31st March 2022
Cost					
As at the beginning of the year	3,704	681	9,200	13,585	12,940
Additions during the year	1,064	127	-	1,191	645
As at the end of the year	4,768	808	9,200	14,776	13,585
Accumulated depreciation					
As at the beginning of the year	2,858	673	9,200	12,731	12,416
Charge for the year	547	5	-	552	315
As at the end of the year	3,405	678	9,200	13,283	12,731
Carrying amount as at the end of the year	1,363	130	-	1,493	854

18.2 Details of fully depreciated assets in property, plant and equipment are as follows:

	Group		Company	
For the year ended 31st March	**2023**	**2022**	**2023**	**2022**
Machinery and equipment	2,615	2,421	2,615	2,421
Furniture and fittings	657	657	657	657
Motor vehicles	9,200	9,200	9,200	9,200
	12,472	12,278	12,472	12,278

18.3 There were no restrictions to the title of property, plant and equipment of the Company and the Group, as at the reporting date. Further, no items were pledged as security.

For the year ended 31st March	Company 2023	2022
19. INVESTMENTS IN SUBSIDIARIES		
Investments in subsidiaries (note 19.1)	552,048	552,048
	552,048	552,048

As at 31st March	2023 No. of shares	2023 Cost	2022 No. of shares	2022 Cost
19.1 Details of investment in subsidiaries				
Quoted				
Equity Two PLC	27,532,525	448,834	27,532,525	448,834
		448,834		448,834
Unquoted				
Equity Three (Private) Limited	5,399,997	103,214	5,399,997	103,214
		103,214		103,214
Total investment in subsidiaries		552,048		552,048

As at 31st March	Group 2023	Group 2022	Company 2023	Company 2022
20. TRADE AND OTHER RECEIVABLES				
Financial				
Trade receivables	76,625	70,806	54,159	46,087
Other receivables	9,911	9,683	443	443
Amounts due from related companies (note 34.4)	-	-	150,830	94,088
Loans given to company staff (note 20.1)	688	222	47	71
	87,224	80,711	205,479	140,689
Non-financial				
Prepaid expenses	3,776	1,985	1,173	968
Advance payments	-	1,529	-	-
	3,776	3,514	1,173	968
	91,000	84,225	206,652	141,657
20.1. Loans given to company staff				
Balance as at the beginning of the year	222	769	71	508
Loans granted during the year	1,290	345	286	120
Settlements during the year	(824)	(892)	(310)	(557)
Balance as at the end of the year	688	222	47	71

As at 31st March	Group 2023	Group 2022	Company 2023	Company 2022
21. FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS				
Investments in Units Trust (note 21.1)	-	95,955	-	52,236
	-	95,955	-	52,236

(All figures are in Sri Lankan Rupees thousands)

As at 31st March 2023	No. of units	Group Cost	Group Fair value	No. of units	Company Cost	Company Fair value
21.1 Investments in Unit Trust						
Guardian Acuity Money Market Fund	-	-	-	-	-	-
	-	-	-	-	-	-

As at 31st March 2022	No. of units	Group Cost	Group Fair value	No. of units	Company Cost	Company Fair value
Guardian Acuity Money Market Fund	4,436,698	95,712	95,955	2,415,253	52,213	52,236
		95,712	95,955		52,213	52,236

Valuation of unit trust was based on the unit price published by the unit trust managers, Guardian Acuity Asset Management Limited as at 31st March 2022.

	Level 1	Level 2	Level 3	Total
21.2 Fair value hierarchy				
Group				
As at 31st March 2023				
Investments in Unit Trust	-	-	-	-
	-	-	-	-
As at 31st March 2022				
Investments in Unit Trust	-	95,955	-	95,955
	-	95,955	-	95,955
Company				
As at 31st March 2023				
Investments in Unit Trust	-	-	-	-
	-	-	-	-
As at 31st March 2022				
Investments in Unit Trust	-	52,236	-	52,236
	-	52,236	-	52,236

As at 31st March	Group 2023	Group 2022	Company 2023	Company 2022
22. CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	26,447	34,630	12,516	19,127
Placements with banking and financial institutions	-	115,179	-	53,666
Cash and cash equivalents for the purpose of cash flow statement	26,447	149,809	12,516	72,793

23. STATED CAPITAL

The stated capital of the Company as at 31st March 2023 was Rs. 1,085,585,040/- consisting of 40,321,730 ordinary shares.

As at 31st March	Group 2023	Group 2022	Company 2023	Company 2022
Issued and fully paid				
As at the beginning of the year (40,321,730 ordinary shares)	1,085,584	1,085,584	1,085,584	1,085,584
As at the end of the year (40,321,730 ordinary shares)	1,085,584	1,085,584	1,085,584	1,085,584

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

As at 31st March	Group 2023	Group 2022	Company 2023	Company 2022
24. CAPITAL RESERVES				
Capital accretion reserve	158	158	158	158
Machinery replacement reserve	5,109	5,109	5,109	5,109
Other capital reserves	7,969	7,969	7,969	7,969
	13,236	13,236	13,236	13,236

24.1 Capital accretion reserve, machinery replacement reserve and other capital reserves represent amounts set aside by the Directors for future expansion and to meet any contingencies.

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

As at 31st March	Group 2023	Group 2022	Company 2023	Company 2022
25. REVENUE RESERVES				
General reserve (note 25.1)	39	39	39	39
Fair value adjustment reserve (note 25.2)	2,459,101	2,406,352	1,738,281	1,711,605
Retained earnings	722,755	656,794	252,775	199,647
	3,181,895	3,063,185	1,991,095	1,911,291

(All figures are in Sri Lankan Rupees thousands)

25.1 General reserve

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

25.2 Fair value adjustment reserve

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

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

	Group		Company	
As at 31st March	**2023**	**2022**	**2023**	**2022**
26. REFUNDABLE RENTAL DEPOSITS				
Balance as at the beginning of the year	86,698	88,862	40,065	46,850
Receipts during the year	29,393	2,298	15,299	1,422
Transferred to deferred revenue (note 30)	(10,999)	(3,368)	(5,841)	(3,095)
Refunds during the year	(8,795)	(7,370)	(8,795)	(7,370)
Unwinding of interest on refundable deposits (note 14.2)	8,182	6,276	3,183	2,258
	104,479	86,698	43,911	40,065

27. DEFERRED TAX LIABILITIES

Group

2023	As at the beginning of the year (net)	Recognised in profit or loss	Recognised in other comprehensive income	As at the end of the year: Net deferred tax liability/ (asset)	Deferred tax liability	Deferred tax asset
Investment properties	1,042,372	407,291	-	1,449,663	1,449,663	-
Employee benefits	(655)	(365)	125	(895)	-	(895)
Tax losses	(10,499)	(19,309)	-	(29,808)	-	(29,808)
Net deferred tax liability/ (asset)	1,031,218	387,617	125	1,418,960	1,449,663	(30,703)

2022	As at the beginning of the year (net)	Recognised in profit or loss	Recognised in other comprehensive income	As at the end of the year: Net deferred tax liability/ (asset)	Deferred tax liability	Deferred tax asset
Investment properties	931,356	111,016	-	1,042,372	1,042,372	-
Employee benefits	(1,068)	(13)	426	(655)	-	(655)
Tax losses	(4,809)	(5,690)	-	(10,499)	-	(10,499)
Net deferred tax liability/ (asset)	925,479	105,313	426	1,031,218	1,042,372	(11,154)

Company

2023	As at the beginning of the year (net)	Recognised in profit or loss	Recognised in other comprehensive income	As at the end of the year		
				Net deferred tax liability/ (asset)	Deferred tax liability	Deferred tax asset
Investment properties	606,811	229,348	-	836,159	836,159	-
Employee benefits	(346)	(191)	28	(509)	-	(509)
Net deferred tax liability/ (asset)	606,465	229,157	28	835,650	836,159	(509)

2022	As at the beginning of the year (net)	Recognised in profit or loss	Recognised in other comprehensive income	As at the end of the year		
				Net deferred tax liability/ (asset)	Deferred tax liability	Deferred tax asset
Investment properties	529,234	77,577	-	606,811	606,811	-
Employee benefits	(564)	21	197	(346)	-	(346)
Net deferred tax liability/ (asset)	528,670	77,598	197	606,465	606,811	(346)

The deferred tax effect on undistributed reserves of subsidiaries has not been recognised since the Company can control the timing of the reversal of these temporary differences.

27.1 Taxation on fair value gains and the impact on the rate increase

As per the Inland Revenue Act No. 24 of 2017 and amendments thereto, gains on sale of business assets including lands which are used in the production of income are liable for taxation at 30% (2022: 24%). An additional deferred tax liability of Rs. 151.7 Mn and Rs. 256.6 Mn on the temporary differences were recognised for the Company and the Group, for the year ended 31st March 2023 due to increase in tax rate to 30% from 24% with effect from 1st October 2022, in accordance with the Amendment Act No. 45 of 2022 to the Inland Revenue Act.

(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Group 2023	Group 2022	Company 2023	Company 2022
28. EMPLOYEE BENEFITS				
28.1 The movement in the liabilities recognised in the Statement of Financial Position is as follows:				
Balance as at the beginning of the year	2,728	4,448	1,443	2,349
Current service cost	257	202	128	98
Past service credit	-	(329)	-	(209)
Interest cost	415	334	219	176
Actuarial gain	(417)	(1,777)	(93)	(821)
Payments made during the year	-	(150)	-	(150)
Balance as at the end of the year	2,983	2,728	1,697	1,443
28.2 The amounts recognised in the Statement of Profit or Loss are as follows:				
Current service cost	257	202	128	98
Past service credit	-	(329)	-	(209)
Interest cost	415	334	219	176
Charge for the year	672	207	347	65
28.3 The amount recognised in the Statement of Other Comprehensive Income is as follows:				
Actuarial gain	(417)	(1,777)	(93)	(821)
	(417)	(1,777)	(93)	(821)
Amounts recognized in the total comprehensive income	255	(1,570)	254	(756)

28.4 Liability on employee benefits as at 31st March 2023 amounting to Rs. 1,697,421/- and Rs. 2,983,219/- (2022 - Rs. 1,443,436/- and Rs. 2,728,084/-) for the Company and the Group respectively is made based on an actuarial valuation carried out by Mr. M. Poopalanathan (AIA) of Messrs. Actuarial and Management Consultants (Pvt) Ltd. As recommended by the Sri Lanka Accounting Standards (LKAS 19) - 'Employee benefits', the 'Projected Unit Credit (PUC)' method has been used in this valuation.

The principal assumptions used are:

Rate of discount	18.5% p.a. (2022 -15.2% p.a.)
Rate of pay increase	10% p.a. (2022 - 10% p.a)
Retirement age	60 years (2022: 60 years)
Mortality	A 1967/70 mortality table, issued by the Institute of Actuaries, London was used.
Withdrawal rate	5% for age up to 54 and thereafter zero (2022: 5% for age up to 54 and thereafter zero)

The Group is a going concern.

As a result of the change in retirement age as per 'Minimum Retirement Age of Workers Act, No. 28 of 2021, past service credit was recognised for the year ended 31st March 2022.

28.5 Sensitivity Analysis

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

	Group		Company	
As at 31st March	**2023**	**2022**	**2023**	**2022**
1% increase in discount rate	(171)	(186)	(91)	(92)
1% decrease in discount rate	189	209	100	103
1% increase in salary escalation rate	219	232	119	117
1% decrease in salary escalation rate	(200)	(209)	(109)	(106)

28.6 Maturity analysis of the payments

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

	Group		Company	
As at 31st March	**2023**	**2022**	**2023**	**2022**
Less than one year	295	220	165	116
One to two years	442	395	216	207
Two to five years	433	371	177	141
Five to ten years	1,161	978	966	764
More than ten years	652	764	173	215
Total	2,983	2,728	1,697	1,443
Weighted average duration (years) of defined benefit obligation	7.11	8.28	6.61	7.73

28.7 The above provision is not externally funded.

	Group		Company	
As at 31st March	**2023**	**2022**	**2023**	**2022**
29. TRADE AND OTHER PAYABLES				
Financial				
Trade payables	668	447	-	187
Other payables	20,815	2,238	7,637	1,458
	21,483	2,685	7,637	1,645
Non financial				
Provisions and accrued expenses	9,921	8,225	7,050	6,107
	9,921	8,225	7,050	6,107
	31,404	10,910	14,687	7,752

(All figures are in Sri Lankan Rupees thousands)

	As at 31st March	Group 2023	Group 2022	Company 2023	Company 2022
30.	**DEFERRED REVENUE**				
	Balance as at the beginning of the year	14,449	17,418	9,436	8,762
	Amount transferred from refundable deposits (note 26)	10,999	3,368	5,841	3,095
	Amortization of deferred revenue	(8,151)	(6,337)	(3,457)	(2,421)
	Balance as at the end of the year	17,297	14,449	11,820	9,436
31.	**LOANS AND BORROWINGS**				
	Balance as at the beginning of the year	-	21,006	-	21,006
	Loans obtained during the year	100,000	-	50,000	-
	Accrued Interest	3,784	39	1,892	39
	Repayments during the year	(103,784)	(21,045)	(51,892)	(21,045)
	Balance as at the end of the year	-	-	-	-

The unsecured short term facilities were obtained from Commercial Bank of Ceylon PLC at an interest rate equivalent to the market rate based on AWPLR. The loans were fully settled as at 31st March 2023.

32. COMMITMENTS AND CONTINGENCIES

32.1 Capital expenditure commitments
There were no significant financial commitments for the Company and the Group as at 31st March 2023.

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

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

33. FINANCIAL INSTRUMENTS

Financial risk management - Overview
The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Market risk
- Liquidity risk

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

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

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

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

33.1 Credit risk

Credit risk is the risk of a financial loss to the Group, if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and which arises primarily from the Group's receivables from customers, and placements in deposits with banking institutions.

33.1.1 Exposure to credit risk

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

	Group		Company	
As at 31st March	**2023**	**2022**	**2023**	**2022**
Credit risk				
Trade and other receivables	87,224	80,711	205,479	140,689
Less: Revenue on lease agreements recognized on straight line basis	(60,579)	(54,380)	(50,104)	(36,863)
	26,645	26,331	155,375	103,826
Investment in fixed deposits	435,768	153,843	188,837	79,163
Fair value through profit or loss financial assets	-	95,955	-	52,236
Cash and cash equivalents	26,447	149,809	12,516	72,793
	488,860	425,938	356,728	308,018

33.1.2 Trade receivables

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

The Group has obtained refundable rental deposits from non-related party tenants, covering the rental income for a period of 3-6 months, which provides cover to the Group in the event of a default. Details of the refundable rental and other deposits held by the Group as at the reporting date is as follows.

	Group		Company	
As at 31st March	**2023**	**2022**	**2023**	**2022**
Refundable rental deposits				
Carrying value	104,479	86,698	43,911	40,065
Face value	123,294	102,696	56,801	50,297

The sector also follows a careful credit evaluation process for new tenants before entering into rent agreements with such parties.

The terms of the lease agreements provide that the tenants should pay rental in advance on a monthly basis, which provides further cover against a default.

(All figures are in Sri Lankan Rupees thousands)

The age analysis of trade receivables at the end of the reporting period that were not impaired was as follows.

	Group		Company	
As at 31st March	**2023**	**2022**	**2023**	**2022**
Trade receivables	76,625	70,806	54,159	46,087
Less: Revenue on lease agreements recognized on straight line basis	(60,579)	(54,380)	(50,104)	(36,863)
Net trade receivables	16,046	16,426	4,055	9,224
1–30 days	15,277	12,250	3,423	5,159
31–90 days	175	2,526	99	2,422
Over 90 days	594	1,650	533	1,643
	16,046	16,426	4,055	9,224

There were no circumstances that would require impairment in respect of trade and other receivable as at the year end (2022 - Nil).

33.1.3 Other receivables

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

33.1.4 Investment in fixed deposits

The Company and the Group have invested in fixed deposits with banking and financial institutions. The Company and the Group continuously monitors the stability and credit worthiness including credit ratings of these financial institutions in order to assess and mitigate the credit risk. The Company and the Group held fixed deposits of Rs.188.8 Mn and Rs.435.8 Mn as at 31st March 2023, respectively, which represents its maximum credit exposure on these assets. The fixed deposits are held with the banking and financial institution counterparties, which are rated A-(lka) to A(lka), based on Fitch Ratings.

33.1.5 Cash and cash equivalents

The Group and the Company held cash and cash equivalents of Rs.26.4 Mn and Rs.12.5 Mn as at 31st March 2023 respectively (2022: Rs. 149.8 Mn and Rs 72.8 Mn), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A-(lka) to AAA(lka) based on Fitch Ratings.

	Group		Company	
As at 31st March	**2023**	**2022**	**2023**	**2022**
Cash at bank and in hand	26,447	34,630	12,516	19,127
Placements with banking and financial institutions	-	115,179	-	53,666
	26,447	149,809	12,516	72,793

33.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

33.2.1 The following are the remaining contractual maturities of financial liabilities as at the end of the reporting period:

Group

As at 31st March 2023	Carrying amount	Contractual cash flows Total	3 months or less	4-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Refundable rental deposits	104,479	123,294	8,222	51,441	35,291	15,713	12,627
Trade payables	668	668	668	-	-	-	-
Other payables	20,815	20,815	20,815	-	-	-	-
	125,962	144,777	29,705	51,441	35,291	15,713	12,627

As at 31st March 2022	Carrying amount	Contractual cash flows Total	3 months or less	4-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Refundable rental deposits	86,698	102,696	14,484	12,115	57,470	6,833	11,794
Trade payables	447	447	447	-	-	-	-
Other payables	2,238	2,238	2,238	-	-	-	-
	89,383	105,381	17,169	12,115	57,470	6,833	11,794

(All figures are in Sri Lankan Rupees thousands)

Company

As at 31st March 2023	Carrying amount	Contractual cash flows					
		Total	3 months or less	4-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Refundable rental deposits	43,911	56,801	5,096	5,098	21,557	13,113	11,937
Trade payables	-	-	-	-	-	-	-
Other payables	7,637	7,637	7,637	-	-	-	-
	51,548	64,438	12,733	5,098	21,557	13,113	11,937

As at 31st March 2022	Carrying amount	Contractual cash flows					
		Total	3 months or less	4-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Refundable rental deposits	40,065	50,297	11,359	4,712	17,203	5,920	11,103
Trade payables	187	187	187	-	-	-	-
Other payables	1,458	1,458	1,458	-	-	-	-
	41,710	51,942	13,004	4,712	17,203	5,920	11,103

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

33.2.2 Management of liquidity risk

The Group maintains a portion of its assets in highly liquid form - demand deposits in order to meet its contractual obligations during the normal course of its operations. As at the reporting date, the Group maintains 'cash and cash equivalents' amounting to Rs. 26.4 Mn (2022 - Rs 149.8 Mn), in fixed deposits amounting to Rs. 435.8 Mn (2022 – Rs. 153.8 Mn) and investments in fair value through profit or loss – unit trust amounting to Rs. Nil (2022 – Rs. 96 Mn).

The Group is of the view that the liabilities arising on the Refundable Rental Deposits with the expiration of the rent agreements in the forthcoming financial year, will be renewed by the respective tenants for a further tenure. Typically, the rent agreements of the Group are entered into a period of two to five years with a renewal clauses.

33.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

33.4 Accounting classifications and fair values

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

As at 31st March 2023	Financial assets at fair value through profit and loss	Financial assets at amortized cost	Financial assets at fair value through Other Comprehensive Income	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	26,447	-	-	26,447	26,447	26,447
Investment in fixed deposits	-	435,768	-	-	435,768	435,768	435,768
Net trade receivables	-	16,046	-	-	16,046	16,046	16,046
	-	478,261	-	-	478,261	478,261	478,261
Refundable rental deposits	-	-	-	-	104,479	104,479	104,479
Trade and other payables	-	-	-	-	21,483	21,483	21,483
	-	-	-	-	125,962	125,962	125,962

As at 31st March 2022	Financial assets at fair value through profit and loss	Financial assets at amortized cost	Financial assets at fair value through Other Comprehensive Income	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	149,809	-	-	-	149,809	149,809
Investments in fixed deposits	-	153,843	-	-	-	153,843	153,843
Fair value through profit or loss financial assets	95,955	-	-	-	-	95,955	95,958
Net trade receivables	-	16,426	-	-	-	16,426	16,426
	95,955	320,078	-	-	-	416,033	416,033
Refundable rental deposits	-	-	-	-	86,698	86,698	86,698
Trade and other payables	-	-	-	-	2,685	2,685	2,685
	-	-	-	-	89,383	89,383	89,383

(All figures are in Sri Lankan Rupees thousands)

34. RELATED PARTY TRANSACTIONS

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

34.1 Parent and ultimate controlling entity

Carson Cumberbatch PLC is the parent company of Equity One Limited and Bukit Darah PLC is the Ultimate Parent and Controlling entity of Equity One Limited.

34.2 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard (LKAS 24) - "Related party disclosures", Key Management personnel (KMP) are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Group and Company (including executive and non-executive directors) and Director - Finance of Carsons Management Services (Private) Limited have been classified as Key Management Personnel of the same.

			Group		Company	
	For the year ended 31st March		2023	2022	2023	2022
34.2.1	Key Management Personnel compensation					
	Short-term employee benefits	- Directors fees	2,160	1,155	1,200	550
		- Nomination committee fees	-	-	-	-
	Post-employment benefits		-	-	-	-
	Termination benefits		-	-	-	-
	Other long-term benefits		-	-	-	-
			2,160	1,155	1,200	550

No other transactions have taken place during the year, other than those disclosed above, between the Group and Company and their KMP.

34.3 Transactions with related companies

Name and the nature of the relationship	Name/s of the common Director/s	Nature of transactions	Value of the transaction Group 2023	Group 2022	Company 2023	Company 2022
Parent company						
Carson Cumberbatch PLC	D. C. R. Gunawardena	Dividend paid, net of WHT	-	-	32,271	39,913
Subsidiaries						
Equity Two PLC	D. C. R. Gunawardena	Dividend received, net of WHT	-	-	11,701	17,896
	K. C. N. Fernando					
	A.P. Weeratunge	Cost reimbursement received	-	-	11,718	9,706
	E.H. Wijenaike					
	P. D. D. Fernando					
Equity Three (Private) Limited	K. C. N. Fernando	Short-term loan provided	-	-	23,529	6,850
		Interest on short term loans provided	-	-	29,464	6,194
		Cost reimbursement received	-	-	3,806	3,208
Fellow subsidiaries						
Carsons Management Services (Private) Limited (CMSL)	K. C. N. Fernando A. P. Weeratunge	Support service fees paid	15,066	8,827	7,530	4,087
		Secretarial fees paid	1,152	948	540	444
		Computer charges paid	577	570	304	300
		Rental income received	24,935	24,935	-	-
		Parking fees received	420	420	-	-
Guardian Fund Management Limited	A. P. Weeratunge	Rental income received	8,281	8,281	-	-
		Parking fees received	120	120	-	-
Agro Harapan Lestari (Private) Limited	-	Rental income received	22,266	2,326	22,266	2,326

Rent charged from related companies are based on the rent agreements signed between the respective companies.

Support service fees and other expenses charged are based on the respective services provided by Carsons Management Services (Private) Limited (CMSL) as per the service agreements signed between the companies.

Related Company lending and borrowings are charged interest at market rate linked to AWPLR.

(All figures are in Sri Lankan Rupees thousands)

	As at 31st March	Group 2023	Group 2022	Company 2023	Company 2022
34.4	**Amounts due from related companies**				
	Equity Three (Private) Limited	-	-	150,830	94,088
		-	-	150,830	94,088

	As at 31st March	% of equity interest 2023	% of equity interest 2022
34.5	**Group entities**		
	Equity Two PLC	88.8%	88.8%
	Equity Three (Private) Limited	100.0%	100.0%

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

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

(a) the individual's domestic partner and children;
(b) children of the individual's domestic partner; and
(c) dependents of the individual or the individual's domestic partner's CFM are related parties to the entity.

There were no transactions with CMF during the year.

	For the year ended 31st March	Company 2023	Company 2022
35.	**DIVIDEND PER SHARE**		
	Dividends paid during the year		
	First interim dividend	36,290	40,322
	Dividends proposed during the year		
	First interim dividend	36,290	40,322
	Dividend per share (Rs.)	0.90	1.00

36. EVENTS AFTER THE REPORTING PERIOD

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

37. GOING CONCERN

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

38. COMPARATIVE FIGURES

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

39. DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and presentation of these financial statements. This is more fully described under the relevant clause in the Director's Report.

Five Year Summary

(All figures are in Sri Lankan Rupees thousands)

For the year ended/As at 31st March		2023	2022	2021	2020	2019
Trading results						
Revenue		326,861	282,287	280,421	296,001	310,677
Profit before taxation		659,071	616,470	254,090	217,930	723,129
Income tax and deferred taxation (expense) / reversal		(451,989)	(147,869)	89,716	(57,309)	(213,818)
Profit for the year		207,082	468,601	343,806	160,621	509,311
Shareholders' funds						
Stated capital		1,085,584	1,085,584	1,085,584	1,085,584	1,085,584
Reserves		3,195,131	3,076,421	2,658,493	2,412,714	2,261,373
Minority interest		171,187	163,574	154,067	146,305	137,132
Total equity		4,451,902	4,325,579	3,898,144	3,644,603	3,484,089
Assets employed						
Current assets		239,581	483,832	452,258	487,918	342,545
Current liabilities		(59,511)	(30,701)	(80,861)	(194,247)	(146,219)
Working capital		180,070	453,131	371,397	293,671	196,326
Non-current assets		5,798,254	4,993,092	4,545,536	4,488,890	4,434,125
Assets employed		5,978,324	5,446,223	4,916,933	4,782,561	4,630,451
Non-current liabilities		(1,526,422)	(1,120,644)	(1,018,789)	(1,137,958)	(1,146,362)
Net assets		4,451,902	4,325,579	3,898,144	3,644,603	3,484,089
Cash flow statement						
Net cash inflows / (outflows) from:						
Operating activities		75,893	78,406	77,604	57,691	224,187
Investing activities		(155,294)	119,966	(77,592)	(1,990)	(178,697)
Financing activities		(43,961)	(63,489)	(172,621)	100,000	(34,367)
Net increase / (decrease) in cash & cash equivalents		(123,362)	134,883	(172,609)	155,701	11,123
Ratios and statistics						
Dividend per share*	(Rs.)	0.90	1.00	1.00	1.10	0.75
Dividend payout	(%)	25.79	11.83	16.86	58.20	9.62
Return on shareholders' funds	(%)	4.57	10.98	8.83	4.33	14.58
Earnings per share	(Rs.)	4.85	11.33	8.20	3.76	12.10
Net assets per share	(Rs.)	106.16	103.22	92.85	86.76	83.01
Current ratio	(times)	4.03	15.76	5.59	2.51	2.34

Notes :

* Based on proposed / interim dividends.

Notes

Notice of Meeting

NOTICE is hereby given that the 41st Annual General Meeting of **EQUITY ONE LIMITED** will be held at the 8th Floor of No.65C, Dharmapala Mawatha, Colombo 7, Sri Lanka on **Wednesday, 28th June 2023 at 3.30 p.m**. for the following purposes

1. To consider the Annual Report of the Board of Directors including the financial statements of the Company for the financial year ended 31st March 2023, together with the Report of the Auditors thereon

2. To re-elect Mr. S. Marimuthu, who retires by rotation in terms of Articles 71, 72 and 73 of the Articles of Association of the Company.

3. To re-appoint Mr. P. D. D. Fernando as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution;

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. P. D. D. Fernando who is 80 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

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

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. K. C. N. Fernando who is 76 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

5. To re-appoint Mr. D. C. R. Gunawardena as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution;

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. D. C. R. Gunawardena who is 72 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

6. To re-appoint Mr. S Mahendrarajah as a Director of the Company who is seventy years of age and to consider and if deemed fit to pass the following resolution;

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. S Mahendrarajah who is 70 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

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

By Order of the Board

(Sgd.)
K. D. De Silva (Mrs)
Director
Carsons Management Services (Private) Limited
Secretaries

Colombo
02nd June 2023

Notice of Meeting

Notes:

1. The Annual Report 2022/23 and the Notice convening the Annual General Meeting (AGM) will be made available on the Group's website **www.carsoncumberbatch.com**

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

3. To be valid the Completed **Form of Proxy** should be submitted to the Company **not later than 4.45 p.m. on 26th June 2023,**

   – via email to **EONEAGM2023@carcumb.com**, or

   – via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or

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

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

5. The transfer books of the Company will remain open

6. Security Check -

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

Form of Proxy

* I/We ....

of ....

being *a Shareholder/Shareholders of **EQUITY ONE LIMITED**

hereby appoint ....

of ....bearing NIC No./ Passport No.

.... or failing him/her.

Don Chandima Rajakaruna Gunawardena	or failing him,
Kurukulasuriya Calisanctus Nalake Fernando	or failing him,
Eranjith Harendra Wijenaike	or failing him,
Ajith Prashantha Weeratunge	or failing him,
Subramaniam Mahendrarajah	or failing him,
Panthiage Donald Dunstan Fernando	or failing him,
Sivanandan Marimuthu	

As *my/our proxy to attend the 41st Annual General Meeting of **EQUITY ONE LIMITED** to be held at the 8th Floor of No.65C, Dharmapala Mawatha, Colombo 7, Sri Lanka on **Wednesday, 28th June 2023 at 3.30 p.m.** and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To re-elect Mr. S Marimuthu, who retires by rotation in terms of Articles 71, 72 and 73 of the Articles of Association of the Company.		
2.	To re-appoint Mr. P. D. D. Fernando who is over seventy years of age as a Director of the Company.		
3.	To re-appoint Mr. K. C. N. Fernando who is over seventy years of age as a Director of the Company.		
4.	To re-appoint Mr. D. C. R. Gunawardena who is over seventy years of age as a Director of the Company.		
5.	To re-appoint Mr. S. Mahendrarajah who is seventy years of age as a Director of the Company.		
6.	To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No.07 of 2007 and to authorize the Directors to determine their remuneration.		

Signed this .... day of ....Two Thousand and Twenty Three.

....

Signature/s

Notes

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

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

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

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

3. In terms of Article 53 of the Articles of Association of the Company:

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

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

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

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

4. In terms of Article 49 of the Articles of Association of the Company:

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

5. To be valid the completed Form of Proxy should be submitted to the Company **not later than 4.45 p.m. on 26th June 2023,**

   – via email to **EONEAGM2023@carcumb.com** or

   – via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or

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

Please fill in the following details:

Name & contact no. of Shareholder : ....

Folio No. : ....

Name & contact no. of Proxyholder : ....

NIC No. of the Proxyholder : ....

Corporate Information

NAME OF THE COMPANY

Equity One Limited
(A Carson Cumberbatch Company)

COMPANY REGISTRATION NO.

PQ 19 PB

LEGAL FORM

A Public Company with Limited Liability Incorporated in Sri Lanka in 1981

PARENT AND CONTROLLING ENTITY

Carson Cumberbatch PLC is the Parent Company of Equity One Limited and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Equity One Limited.

DIRECTORS

Mr. D. C. R. Gunawardena (Chairman)
Mr. K.C.N. Fernando
Mr. E. H. Wijenaike
Mr. A. P. Weeratunge
Mr. S. Mahendrarajah
Mr. P.D.D. Fernando
Mr. S. Marimuthu

PLACE OF BUSINESS

No. 65C, Dharmapala Mawatha,
Colombo 7,
Sri Lanka.

BANKERS

Standard Chartered Bank
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
Nations Trust Bank PLC
DFCC Bank PLC
National Development Bank PLC
Sampath Bank PLC
SBI Sri Lanka

AUDITORS

Messrs. KPMG
Chartered Accountants,
No 32A, Sir Mohamed Macan Marker Mawatha,
Colombo 03,
Sri Lanka.

MANAGERS & SECRETARIES

Carsons Management Services (Private) Limited
No. 61, Janadhipathi Mawatha,
Colombo 01,
Sri Lanka.
Telephone No: +94-11-2039200
Fax No: +94-11-2039300

REGISTERED OFFICE

No.61, Janadhipathi Mawatha,
Colombo 01,
Sri Lanka.
Telephone No: +94-11-2039200
Fax No: +94-11-2039300

CORPORATE WEBSITE

www.carsoncumberbatch.com

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emagewise
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