

EQUITY TWO PLC

A Carson Cumberbatch Company

Condensed Interim Financial Statements
For the year ended 31st March 2023

Equity Two PLC

Statement of Profit or Loss and Other Comprehensive Income

(All figures are in Sri Lankan Rupees Thousands)

	Three months ended 31st March			Year ended 31st March		
	2023	2022	Change %	2023	2022	Change %
Revenue	39,871	33,730	18	146,116	133,566	9
Direct costs	(14,613)	(10,973)	33	(53,517)	(41,122)	30
	25,258	22,757	11	92,599	92,444	-
Other income	2,792	535	422	3,332	963	246
Net gain arising from changes in fair value of investment properties	144,433	46,878	208	144,433	46,878	208
	172,483	70,170	146	240,364	140,285	71
Administrative and other operating expenses	(3,882)	(1,971)	97	(15,374)	(7,864)	95
Results from operating activities	168,601	68,199	147	224,990	132,421	70
Finance income	13,244	3,501	278	31,961	9,632	232
Finance costs	(2,518)	(970)	160	(6,807)	(3,996)	70
Net finance income	10,726	2,531	324	25,154	5,636	346
Profit before taxation	179,327	70,730	154	250,144	138,057	81
Income tax expense	(10,468)	(4,884)	114	(27,737)	(19,002)	46
Deferred taxation	(44,411)	(12,110)	267	(120,923)	(14,666)	725
Profit/ (loss) for the period/ year	124,448	53,736	132	101,484	104,389	(3)
Other comprehensive income / (expense)						
Items that will never be reclassified into profit and loss						
Actuarial gain / (loss) from valuation of employee benefits	323	956	(66)	323	956	(66)
Related tax	(97)	(230)	(58)	(97)	(230)	(58)
Total other comprehensive income / (expense) for the period/ year	226	726	(69)	226	726	(69)
Total comprehensive income/ (expense) for the period/ year	124,674	54,462	129	101,710	105,115	(3)
Earnings per share (Rs.)	4.01	1.73		3.27	3.37	
Dividend per share (Rs.)	-	-		0.50	0.65	

Change % represents the percentage change in the current period's results compared to the corresponding period of the previous year.

Figures in brackets indicate deductions.

Equity Two PLC

Statement of Financial Position

(All figures are in Sri Lankan Rupees Thousands)

As at	31.03.2023	31.03.2022 (Audited)
ASSETS		
Non-current assets		
Investment properties	1,720,595	1,570,418
Investment in fixed deposits	177,987	-
Total non-current assets	1,898,582	1,570,418
Current assets		
Trade and other receivables	22,822	28,333
Fair value through profit or loss financial assets	-	43,719
Investment in fixed deposits	68,944	74,681
Cash and cash equivalents	12,180	76,612
Total current assets	103,946	223,345
Total assets	2,002,528	1,793,763
EQUITY AND LIABILITIES		
Equity		
Stated capital	444,092	444,092
Capital reserves	750	750
Revenue reserves	1,066,576	998,516
Total equity	1,511,418	1,443,358
Non-current liabilities		
Refundable rental deposits	58,966	46,183
Deferred tax liability	413,244	292,224
Employee benefits	1,286	1,285
Total non-current liabilities	473,496	339,692
Current liabilities		
Trade and other payables	8,878	4,148
Deferred revenue	4,030	4,778
Current tax liabilities	4,706	1,787
Total current liabilities	17,614	10,713
Total liabilities	491,110	350,405
Total equity and liabilities	2,002,528	1,793,763
Net assets per share (Rs.)	48.76	46.56

The Statement of Financial Position as at 31st March 2023 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the year then ended as disclosed in pages 1 to 4 have been drawn up from unaudited 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.

Approved and signed on behalf of the managers,

Approved and signed on behalf of the board,

(Sgd).

V.R. Wijesinghe

Director

Carsons Management Services (Private) Limited

Colombo

22nd May 2023

(Sgd).

D.C.R. Gunawardena

Chairman

(Sgd).

K.C.N. Fernando

Director

Equity Two PLC

Statement of Changes in Equity

(All figures are in Sri Lankan Rupees Thousands)

	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 01st April 2022	444,092	750	998,516	1,443,358
Surcharge tax for the year of assessment 2020/21*	-	-	(18,178)	(18,178)
Balance as at 01st April 2022 (Adjusted)	444,092	750	980,338	1,425,180
Profit for the year	-	-	101,484	101,484
Other comprehensive income for the year	-	-	226	226
Total comprehensive income/ (expense) for the year	-	-	101,710	101,710
Forfeited dividends	-	-	28	28
First interim dividend 2022/23	-	-	(15,500)	(15,500)
Balance as at 31st March 2023	444,092	750	1,066,576	1,511,418
Balance as at 01st April 2021	444,092	750	913,522	1,358,364
Profit for the year	-	-	104,389	104,389
Other comprehensive income for the year	-	-	726	726
Total comprehensive income for the year	-	-	105,115	105,115
Forfeited dividends	-	-	29	29
First interim dividend 2021/22	-	-	(20,150)	(20,150)
Balance as at 31st March 2022 (audited)	444,092	750	998,516	1,443,358

Figures in brackets indicate deductions.

* As per the provisions of Surcharge Tax Act No. 14 of 2022, although the Company did not become liable to pay surcharge tax as a stand-alone entity, the Company was liable for surcharge tax on the basis that the Company is 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 was liable for a surcharge tax of Rs. 18,177,642/- out of the taxable income of Rs. 72,710,566/- pertaining to the year of assessment 2020/21. The Company 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.

Equity Two PLC

Statement of Cash Flows

(All figures are in Sri Lankan Rupees Thousands)

Year ended 31st December	2023	2022
Cash flows from operating activities		
Profit before taxation	250,144	138,057
Adjustments for:		
Finance costs	6,807	3,996
Finance income	(28,680)	(8,485)
Net change in fair value through profit or loss financial assets	(3,281)	(1,147)
Net gain arising from changes in fair value of investment properties	(144,433)	(46,878)
Provision for employee benefits	324	142
Write off of advances	1,679	-
Amortization of deferred revenue	(4,574)	(3,888)
Operating profit before working capital changes	77,986	81,797
(Increase) / decrease in trade and other receivables	3,832	1,042
Increase / (decrease) in trade and other payables	600	(18,264)
Operating profit after working capital changes	82,418	64,575
Rental deposits received	11,694	184
Income tax paid	(20,672)	(22,306)
Surcharge tax paid	(18,178)	-
Net cash generated from / (used in) operating activities	55,262	42,453
Cash flows from investing activities		
Additions to investment properties	(5,744)	(3,285)
Redemption of / (investment in) fair value through profit or loss financial assets	47,000	(38,103)
Withdrawal of / (investment in) fixed deposits	(154,424)	79,939
Interest received	10,854	8,874
Net cash generated from / (used in) investing activities	(102,314)	47,425
Cash flows from financing activities		
Dividend paid	(15,488)	(20,005)
Interest paid	(1,892)	-
Net cash generated from / (used in) financing activities	(17,380)	(20,005)
Net increase / (decrease) in cash and cash equivalents	(64,432)	69,873
Cash and cash equivalents at the beginning of the year	76,612	6,739
Cash and cash equivalents at the end of the year	12,180	76,612
Statement of cash and cash equivalents		
Cash at bank and in hand	12,180	15,100
Placements with banking and financial institutions	-	61,512
Cash and cash equivalents for the cash flow statement purposes	12,180	76,612

Figures in brackets indicate deductions.

Equity Two PLC

Notes to the Interim Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

1. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements of the Company have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2022 and are in compliance with Sri Lanka Accounting Standard LKAS 34 - "Interim Financial Reporting". The provisions of the Companies Act, No. 7 of 2007 have been considered in preparing these Interim Financial Statements.

2. EVENTS AFTER THE REPORTING PERIOD

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

3. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no material contingent liabilities and capital commitments.

4. LIABILITIES FOR EXPENDITURE

There were no liabilities for management fees or any similar expenditure not provided for in the interim financial statements.

5. DEFERRED TAX

In accordance with Inland Revenue (Amendment) Act No 45 of 2022, change in income tax rate to 30% from 24% with effect from 1st October 2022 resulted in significant change in deferred taxation during the year.

6. COMPARATIVE FIGURES

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

7. STATED CAPITAL

The Stated Capital of the Company as at 31st March 2023 was Rs. 444,092,098/- consists of 31,000,000 fully paid Ordinary Shares.

8. GOING CONCERN

Based on currently available information, the directors are satisfied that the Company will continue its operations in the foreseeable future.

9. RELATED PARTY TRANSACTIONS

Year ended 31st March	2023	2022
Transactions with the parent company		
Dividends paid, net of WHT	11,701	17,896
Transactions with affiliate companies		
Management and support services fees paid	7,407	4,524
Rent and parking fees received	30,667	30,607

Equity Two PLC

Notes to the Interim Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

10. TWENTY MAJOR SHAREHOLDERS AS AT 31ST MARCH 2023

Name of Shareholders	Number of Shares	%
1 Equity One Limited A/C No.1	27,532,525	88.81
2 Bank of Ceylon A/C Ceybank Unit Trust	2,201,508	7.10
3 Mr. K.C. Vignarajah	108,200	0.35
4 Tranz Dominion, L.L.C.	55,480	0.18
5 Mrs. C.A.D.S. Woodward	52,073	0.17
6 Miss. V.K. Ramanayake	50,000	0.16
7 Mrs. C.L. Ramanayake	50,000	0.16
8 Mr. L.L. Hettiarachchi	33,191	0.11
9 Mr. P. Somadasa	28,679	0.09
10 Amana Bank PLC/Hi-Line Trading (Pvt) Ltd	25,337	0.08
11 Miss. C.M. Wickramasekera	25,300	0.08
12 Union Investments Private Ltd	25,200	0.08
13 Mr. A.A. Noordeen	23,496	0.08
14 People's Leasing & Finance PLC/Dr. H.S.D. Soysa & Mrs. G. Soysa	19,000	0.06
15 Mrs. S. Vignarajah	18,309	0.06
16 Mr. I. Paulraj	16,931	0.05
17 MR. S.N.C.W.M.B.C. Kandegedara	16,200	0.05
18 MR. J.B. Hirdaramani	16,000	0.05
19 Mrs. J. Aloysius	15,900	0.05
20 Dialog Finance PLC/A.S.M. Shiyam	14,781	0.05

11. PUBLIC HOLDING

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Diri Savi Board as per Rule 7.14.1 (i) (b) of the Listing Rules of the Colombo Stock Exchange, under Option 2, i.e. Float-Adjusted Market Capitalization of less than Rs.1 Billion with 200 Public Shareholders and a Public Holding percentage of 10%.

The Company's Public Holding as at 31st March 2023

Market Capitalization of the Public Holding	Rs.131.59 Million
Number of public shareholders	2,023
Percentage of ordinary shares held by the public	11.17%

12. DIRECTORS SHAREHOLDING AS AT 31ST MARCH 2023

	No. of Shares
Mr. D.C.R. Gunawardena (Chairman)	-
Mr. K.C.N. Fernando	3,600
Mr. A.P. Weeratunge	-
Mr. E.H. Wijenaïke	-
Mr. P.D.D. Fernando	-
Mr. S. Marimuthu	550

INVESTOR INFORMATION

13. SHARE VALUATION

As at/ for the three months ended 31st March 2023

Last traded price per share (Rs.)	38.00
Highest price per share for the period (Rs.)	43.80
Lowest price per share for the period (Rs.)	38.00
Market capitalisation	Rs.1,178.0 Million

Corporate Information

NAME OF THE COMPANY	Equity Two PLC (A Carson Cumberbatch Company)
COMPANY REGISTRATION NO.	PQ 34
LEGAL FORM	A Public Quoted Company with Limited Liability incorporated in Sri Lanka in 1990. Official listing of the Colombo Stock Exchange was obtained in November 1994.
PARENT AND ULTIMATE CONTROLLING ENTITY	Equity One Limited is the immediate Parent Company of Equity Two PLC. 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. A. P. Weeratunge Mr. E. H. Wijenaike Mr. P. D. D. Fernando Mr. S. Marimuthu
PLACE OF BUSINESS	No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
BANKERS	Standard Chartered Bank Commercial Bank of Ceylon PLC Hatton National Bank 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. Tel: +94 11 5426 426 Fax:+94 11 2445 872
MANAGERS & SECRETARIES	Carsons Management Services (Private) Limited No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
REGISTERED OFFICE	No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
CORPORATE WEBSITE	www.carsoncumberbatch.com