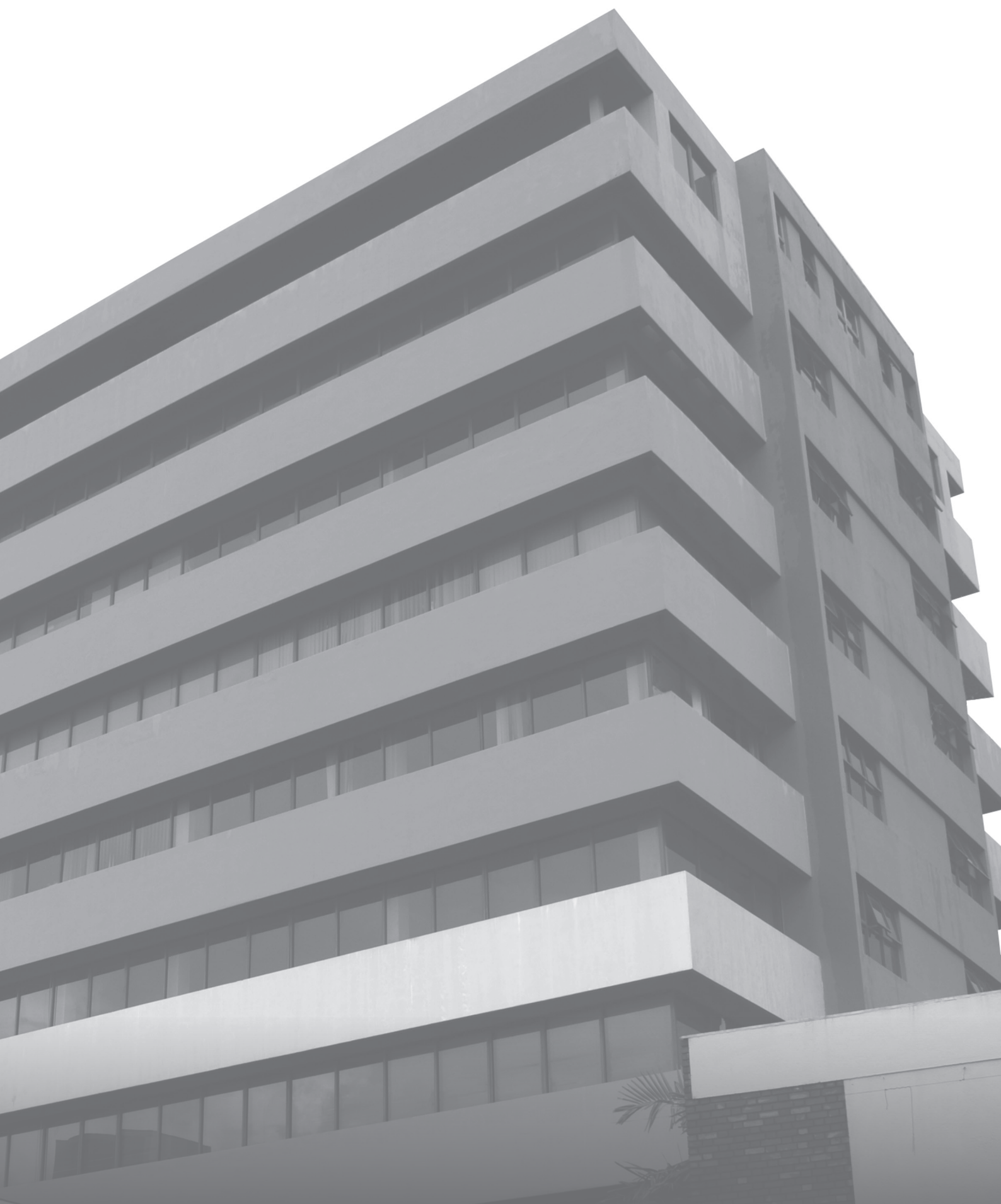


A Carson Cumberbatch Company



EQUITY ONE PLC - ANNUAL REPORT 2011/2012

EQUITY ONE PLC

Equity One PLC was incorporated in 1981 and is based in Colombo, Sri Lanka. The Company is part of Carson Cumberbatch Group.

Equity One Group holds a portfolio of land and rental properties in and around Colombo, valued at Rs. 2.4 bn. The asset base is its greatest strength and we anticipate further growth in an improving economic landscape.



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Chairman's Statement

Dear Shareholders,

It is with great pleasure that I welcome you to the 30th Annual General Meeting of the Company. The Annual Report of the Company in your hand comprises a review of the Group's business and the Audited Financial Statements for the year ended 31st March 2012.

Against the backdrop of an uncertain and weakening global environment, Sri Lankan economy has registered a remarkable growth of over 8% in the calendar year 2011 supported by all sectors of the economy. The steady economic growth recorded over the last few years has placed Sri Lanka amongst the middle income economies in the world.

In spite of strong economic growth, public still remain defensive when it comes to real estate investments. Increasing interest rates and government's efforts to restrain credit growth to curtail imports and inflation will have a downbeat impact on demand for real estate investment in the short-term.

Nevertheless, the need for housing in the city of Colombo and other main cities in the country still remain acute. Mismatch of earning with cost of housing due to high land prices and cost of construction has resulted in housing being unaffordable to many wanting buyers. Rapid infrastructure development and economic growth in the country will increase the urban population specially in Colombo city. This together with increase in per capita income will create demand for dwellings and condominium properties in urban areas in time to come. With the growth of affluent population in the economy, demand will shift towards more luxurious and prime housing and condominium properties.

The city of Colombo is undergoing a rapid infrastructure development. The town's landscape is transforming to a modernised city. Renovating old architecture, beautifying the city landscape, building and widening the road network within and connecting the capital city, are some of the key changes taking place. Identified prime properties and areas in the city are already earmarked for various developments and leisure related activities. Forecasted growth in tourism will demand mixed developments with shopping complexes, service apartments etc. These future developments

and investments will evolve Colombo city in to one of the landmark cities in Asia. Already many international brands have committed investments in Sri Lanka for leisure and mixed development projects and will attract many more in the future. All in all we will see a huge demand for real estate properties for commercial and residential developments.

I am proud to say that your company has a portfolio of properties that can be used to harness these opportunities. Patience, collaboration with right partners and the timing will be the key to success. We remain optimistic about the opportunities and potential value enhancement of these properties, in terms of the increased rental yields and capital appreciation.

The properties owned by the group continued to maintain strong occupancy levels during the year. The property owned by the Company situated at Dharmapala Mawatha Reached 100% occupancy during the year whilst a substantial portion of the property owned by the subsidiary company, Equity Two PLC at Janadhipathi Mawatha fall vacant during the latter part of the year. All the other properties within the group operate at full capacity.

As expected we managed to reduce the operational cost of the Group with the amalgamation of the 100 per cent owned property development companies which was carried out in the previous financial year. Accordingly, the Group recorded a profit for the year amounting to Rs. 86.1 mn, mainly supported by the gains on fair value adjustment on investment properties, compared to Rs. 45 mn recorded in the corresponding period. The total value of the investment property of the group stands at Rs. 2.4bn at the end of the financial year.

During the year, the Company fully settled its bank borrowings. The company's commitment to service and repay the bank borrowings significantly impacted the company's ability to pay dividends. The amount payable to parent company Carson Cumberbatch PLC amounts to Rs. 762.5 mn as at the end of the year. Now that we have settled the bank borrowings, the Company's next challenge is to settle amounts borrowed from parent company Carson Cumberbatch PLC. The funding from the parent company was mainly used to service and repay the bank borrowings obtained

to acquire the properties for development and to settle the expenses incurred on property development activities which were suspended due to subdued market conditions. However, significant component of the funding to parent company is used to settle the bank loan obtained to acquire the property situated in Mount Lavinia which is valued at Rs. 470 mn as at 31st March 2012 in the Company's Balance Sheet.

In conclusion, I would like to thank the shareholders for their confidence in the Company and I am confident that due return for your patience will come to you in the future. I thank all our tenants, business associates, financiers, regulatory authorities and stakeholders who worked with us during the year extending their support and co-operation to run our business. I place on record my appreciation to the members of the Audit Committee and Remuneration Committee for their guidance and my colleagues on the Board for their valuable inputs. Last but not least I would also like to thank the members of the staff who have worked tirelessly throughout the year.

(Sgd).

D.C.R. Gunawardena

Chairman

Colombo

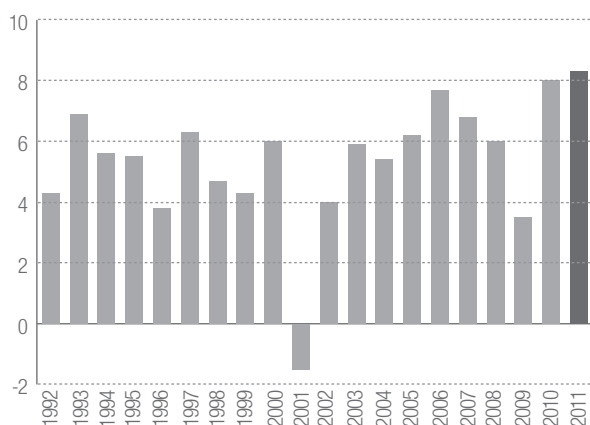
2nd May 2012

Business Review

Economy

In the backdrop of turbulence and slow recovery of global markets, Sri Lankan economy grew by a remarkable 8.3 per cent in 2011 recording the highest ever economic growth since the independence of the country. The upturn of the domestic economy has been represented by all three sectors of the economy with industry and service sectors dominating the contribution to the growth. Agriculture, Industry and Services sectors recorded 1.5%, 10.3%, 8.6% growth respectively. Geopolitical uncertainties in Sri Lanka's traditional export markets led to a decelerated growth in the agriculture sector.

Annual GDP Growth Rate (%)

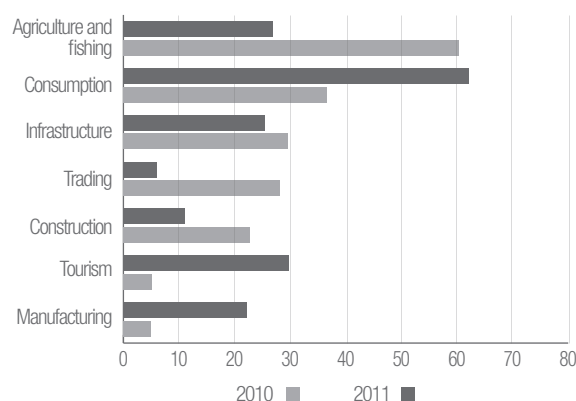


Source: Central Bank of Sri Lanka - Annual Report 2011

Loan and Advances

Loans and advances component of the banking sector increased significantly during the calendar year 2011 driven by the low interest

Sector Wise Credit Exposure of the Banking Sector (%)



Source: Central Bank of Sri Lanka - Annual Report 2011

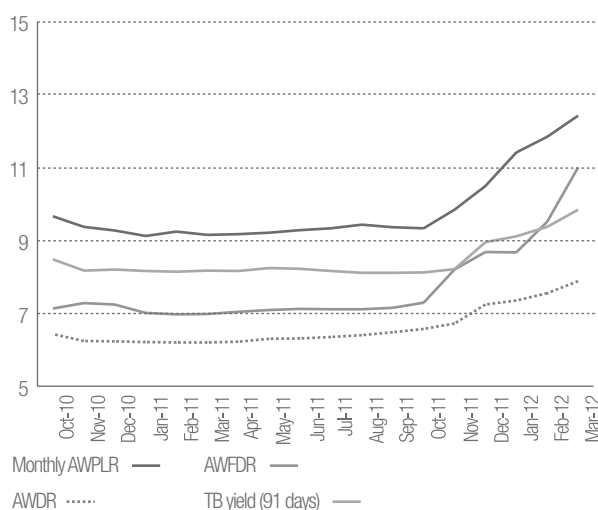
rate regime across the sectors. The credit exposure of the banks on consumption lending, tourism and manufacturing recorded a significant growth rate in 2011. However the growth on credit exposure for the construction sector has declined from 22.7% in 2010 to 11% in 2011.

Loans and advances extended to the private sector by commercial banks on an overall basis grew by 34.5% year-on-year in December 2011. However loans and advances given on personal housing has declined by 1.9% from Rs. 136,083 mn recorded as at December 2010 to Rs. 136,448 mn recorded as at December 2011. Nevertheless the total loan and advances given by the commercial banks to the private sector for construction has recorded an increase of 15.8 % from Rs. 234,232 mn in December 2010 to Rs. 271,252 in December 2011.

Interest Rates

Interest rates recorded an upward movement during the latter part of the year in sympathy with changing liquidity positions in the domestic money market. Excess liquidity in the domestic money market declined to the current level of Rs. 15- 20 bn from Rs. 120 bn recorded at the end of 2010. A sharp increase in imports related credit on motor vehicle and consumer durable have forced policy makers to take corrective measures to curtail inflation and the balance of payment deficit.

Movement in Interest Rates (%)

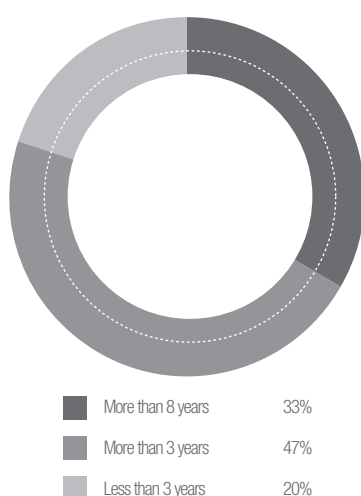


Source: Central Bank of Sri Lanka

Our tenants

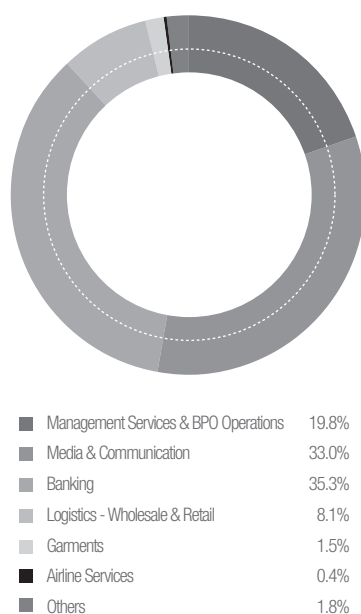
We are privileged to have prestigious tenants representing leading multi-national and Sri Lankan organizations. Our strength is our tenants who have been with us for a long period of time.

Tenants Age Analysis



Superior service together with maintenance and up-keep of the buildings to provide comfort and convenience for our tenants to focus on their business activities have made us successful in retaining our tenants.

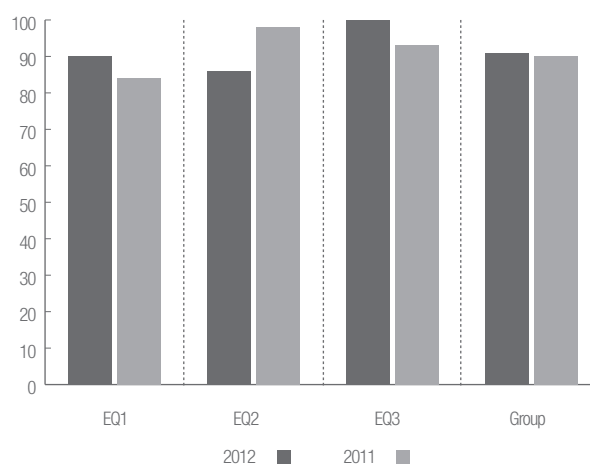
Tenants profile based on revenue - 2011/2012



Our Properties

The Group owns a valuable property portfolio in the city of Colombo with a total land extent of 9 acres and approximately 150,000 square feet of office and stores building space. The total value of the Group's property portfolio amounts to Rs. 2,432.5 mn based on the valuation carried out as at 31st March 2012 consisting of Rs. 1,993.8 mn as value of the land and Rs. 438.7 mn recorded as the value of buildings.

Average Occupancy (%)



Financial Review

During the year, Group recorded a turnover of Rs. 126.7 mn compared to Rs. 175.6 mn recorded in the corresponding period. The significant variance in the revenue is due to the sale of residential plots amounting to Rs. 75.9 mn being included in the revenue of the previous period. The similar revenue included in the current financial period is only Rs. 21.9 mn.

The revenue from the mainstream business, renting of office and stores space, amounted to Rs. 104.7 mn compared to Rs. 99.6 mn recorded in the corresponding period. The increase in revenue is mainly due to the rent reviews and letting out of hitherto vacant space during the financial year. All properties owned by the group managed to secure healthy occupancy level during the year under review.

The reason for the decline in occupancy in subsidiary Equity Two PLC compared to previous year was due to a substantial portion of the building falling vacant towards the latter part of the year whilst all the other properties of the Group operate at full or near full occupancy.

Business Review

Group recorded a profit before tax of Rs. 88.5 mn as against Rs. 8.8 mn recorded in the corresponding period. Gain on fair value adjustment of investment properties contributed significantly to the current year's profits recording a gain of Rs. 65.2 mn, with an increase of 114%, compared to Rs. 30.5 mn recorded in the previous financial year. This gain mainly resulted from valuation of the property owned by Equity Two PLC situated at Janadhipathi Mawatha. The value increase is contributed by the significant developments taking place in the vicinity. However we are yet to see the realization of its full potential value due to the continued closure of the main entrance to the property.

The reduction in finance cost as a result of the settlement of bank borrowings and reduction of expenses pursuant to the amalgamation of the property development companies contributed positively to the Group's bottom line. Accordingly group registered a profit after tax of Rs. 86.1 mn compared to Rs. 45.0 mn recorded in the corresponding period. This was a significant increase in the bottom line specially considering that previous year's profit was mainly due to the reversal of deferred tax liability due to the reduction in corporate tax rate from 35 per cent to 28 per cent.

The revenue recorded by the Company for the year under review amounted to Rs. 92.8 mn compared to Rs. 69.8 mn recorded in the corresponding period. The revenue of Rs. 92.8 mn includes sale of residential plots amounting to Rs. 21.9 accounted in the company's

turnover with the amalgamation of property development companies in the last financial year. The revenue from rental income registered a growth of 11% to Rs. 70.8 mn from Rs. 63.6 mn registered in the corresponding period. The increase in revenue is mainly due to the renting of vacant space during the latter part of the financial year. The Company recorded other income of Rs. 16.6 mn mainly deriving from the dividend income from subsidiary companies. Due to the amalgamation, the requirement for continuous provisioning on intercompany lending ceased to exist whilst operational cost reduced substantially thereby increasing profit before tax to Rs. 42.5 mn compared to Rs 18.4 mn recorded in the previous period. The Profit for the period recorded at Rs. 41.8 mn against Rs. 31.4 mn recorded in the previous year.

The Group's financial position is now consolidated to a greater extent reviving from the significant losses incurred from the property development activities. Group's planned property development activities, if continued as planned, could have caused significant losses to the company in the face of the waning market prospects. Timely discontinuation of same saved the cost of commitments albeit the bank debts to be settled. Amalgamation of the property development companies reduced operational costs contributing to profitability of the Company. During this time the Company also managed to repay and service the bank borrowings obtained for property development activities without a default with the financial assistance of the parent Company, Carson Cumberbatch PLC and

utilizing the operational cash surpluses from the business activities. The next challenge ahead of the company is to repay the amounts borrowed from the related companies.

Future outlook

Whilst many developed countries around the world are growing at a much slower pace, emerging and developing countries specially in Asia have become the engine of the world economy. Sri Lanka is at the forefront of the success stories in Asia. Strong economic fundamentals and forecasted growth in tourism will attract foreign investment to the country. The infrastructure and other developments will evolve Colombo city in to one of the landmark cities in Asia.

With the growth of the economic activities in the country, the demand for real estate is inevitable. Thus, we remain positive on this sector. However, increase in interest rate, curtailment of credit growth and depreciation of exchange rate will have a negative impact on the real estate and construction industry, in the short-term.

Carsons Management Services (Private) Limited

Managers

2nd May 2012

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

The details set out herein provide the pertinent information required by the Companies Act, No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and recommended best accounting practices.

The Annual Report was approved by the Board of Directors on 2nd May 2012.

1. GENERAL

The Directors have pleasure in presenting to the shareholders their report together with the audited consolidated financial statements for the year ended 31st March 2012 of Equity One PLC (the "Company"), a public limited liability company incorporated in Sri Lanka in 1981.

2. THE PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the Company and its subsidiaries are to engage in property rental and development activities within Carson Cumberbatch Group.

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

Segmental information across operating segments is given on page 54 to the Annual Report.

3. REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman's Statement and Business Review on pages 2 to 7 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 Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and Notes to the financial statements of the Company and the Group for the year ended 31st March 2012 are set out on pages 24 to 54. These financial statements do comply with the requirements of the Companies Act, No 7 of 2007.

4.1. Revenue

The Company and the Group generated revenues of Rs. 92.8 mn and Rs. 126.7 mn (2011 - Rs. 69.8 mn and Rs. 175.6 mn) respectively. A detailed analysis of the revenue for the period is given in note 11 to the financial statements.

4.2. Financial results and appropriations

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

For the year ended 31st March (In Sri Lanka Rupees Thousands)	Group		Company	
	2012	2011	2012	2011
Profit for the year	86,120	45,057	41,813	31,430
Accumulated loss brought forward from previous year	(476,659)	(487,894)	(575,555)	(626,425)
Accumulated loss before appropriations	(390,539)	(442,837)	(533,742)	(594,995)
Transfer to fair value adjustment reserve	(65,260)	(30,522)	(12,407)	(22,779)
Effects due to amalgamation of subsidiaries	-	-	-	42,219
Profit attributable to non-controlling interest	(4,806)	(3,300)	-	-
Accumulated loss carried forward	(460,605)	(476,659)	(546,149)	(575,555)

4.3. Significant accounting policies

The accounting policies adopted in the preparation of these financial statements are given on pages 28 to 36. There have been no changes in the accounting policies adopted by the Company and the Group during the year under review.

4.4. Investment properties

The Company and the Group has recognised the carrying value of investment property (land & building) held to earn rental income and for capital appreciation in the Balance Sheet on 'fair value' in accordance with Sri Lanka Accounting Standard No. 40 (Revised 2005) - 'Investment property'.

A professional valuation was performed as at 31st March 2012 by Mr. K. Arthur Perera, A.M.I.V. (Sri Lanka), an independent professional valuer, based on which a fair value adjustment on investment properties were recognized in the financial statements to the value of Rs. 12.4 mn and Rs. 65.3 mn for the Company and the Group respectively during the year.

During the year, the land located at No.7, De Soysa Mawatha, Mount Lavinia, being property acquired for development activities of the Group, which was previously classified as inventory, was recognized as an investment property held for capital appreciation, upon discontinuation of property development activities.

Accordingly an amount of Rs. 470 mn was recognised in to investment property as at 31st March 2012, being the fair value of the property at the date of the transfer, based on a valuation performed by Mr. K. Arthur Perera, A.M.I.V (Sri Lanka), an independent professional valuer.

As at the period end and after considering the effects of the transfer referred to above from inventories to investment properties, the carrying value of the investment properties stood at Rs. 1,612 mn and Rs. 2,432 mn (2011 - Rs. 1,119 mn and Rs. 1,883 mn) for the Company and the Group respectively.

There were no significant changes in the investment properties of the Company and the Group during the year, other than the above.

Details of investment properties are given in note 18 to the financial statements.

4.5. Property, plant and equipment

Details of property, plant and equipment are given in note 17 to the financial statements. There were no significant changes in the property, plant and equipment since the last financial year.

4.6. Capital expenditure

The details of capital expenditure of the Company and the Group are as follows;

	Group		Company	
<i>For the year ended 31st March (In Sri Lanka Rupees Thousands)</i>	2012	2011	2012	2011
Investment properties	8,656	5,926	5,029	-
Property, plant and equipment	22,087	21,675	21,705	19,828

4.7. Reserves

As at 31st March 2012, the Group's total reserves stood at Rs. 450.8 mn (2011 - Rs. 369.4 mn) comprising capital reserves of Rs. 13.2 mn (2011 - Rs.13.2 mn) and revenue reserves of Rs. 437.5 mn (2011 - Rs. 356.2 mn).

The total reserves of the Company stood at Rs. 272.7 mn (2011 - Rs. 230.8 mn) comprising capital reserves of Rs. 13.2 mn (2011 - Rs. 13.2 mn) and revenue reserves of Rs. 259.4 mn (2011 - Rs. 217.6 mn) as at that date.

The movements 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 Statement of Directors' Responsibilities on the financial statements is given on page 19 of this Annual Report.

6. INDEPENDENT AUDITORS REPORT

The Independent Auditors' Report on the financial statements is given on page 23 of this Annual Report.

7. INTERESTS REGISTER

The Company maintains an Interests 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.

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

The relevant details as required by the Companies Act, No. 7 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.

7.1. Remuneration of Directors

Directors' remuneration for the financial year ended 31st March 2012 is given in note 13 to the financial statements on page 37.

7.2. Directors' Interest in Contracts and Shares

Directors' interests in transactions of the Company and the Group are disclosed in note 36 to these financial statements and have been declared at meetings of the Directors. The Directors have had no direct or indirect interest in contracts or proposed contracts in relation to the business of the Company, other than those disclosed in note 36, while they had the following interests in ordinary shares of the Company.

Directors	No of shares as at 31st March 2012	No of shares as at 01st April 2011
Mr. D.C.R. Gunawardena (Chairman)	-	-
Mr. S. Nagendra	2,889	2,889
Mr. K.C.N. Fernando	-	-
Mr. E.H. Wijenaike	-	-
Mr. A.P. Weeratunge	-	-
Mr. S. Mahendrarajah	-	-
Mr. P.D.D. Fernando	-	-

8. DIRECTORS

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

8.1. Directors to Retire by Rotation

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. S. Mahendrarajah retires by rotation and being eligible, offers himself for re-election.

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. P.D.D. Fernando retires by rotation and being eligible, offers himself for re-election.

8.2. Appointment of Director who is over 70 years of age

Upon the recommendation of the Nomination Committee and the Board, it is recommended that Mr. S. Nagendra who is over 70 years of age be re-appointed as a Director 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. 7 of 2007 shall not be applicable.

9. CORPORATE GOVERNANCE

Given below is the status of compliance of Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE).

9.1. Board of Directors

The following Directors held office as at the balance sheet date and their brief profiles are given on pages 15 to 16 of this Annual Report.

Name of the Director	Executive/Non-Executive/Independent
Mr. D.C.R. Gunawardena (Chairman)	Non-Executive
Mr. S. Nagendra	Non-Executive/Independent*
Mr. K.C.N. Fernando	Executive
Mr. E.H. Wijenaike	Non-Executive/Independent**
Mr. A.P. Weeratunge	Executive
Mr. S. Mahendrarajah	Non-Executive/Independent
Mr. P.D.D. Fernando	Non-Executive/Independent***

*

The Board has determined that Mr. S. Nagendra is an Independent, Non-Executive Director in spite of being on the Board for more than 9 years, since he is not directly involved in the management of the Company.

** The Board has determined that Mr. E.H. Wijenaike is an Independent, Non-Executive Director in spite of being on the Board for more than 9 years and being a Director of Equity Two PLC, in which majority of other Directors of the Board are also Directors, since he is not directly involved in the Management of either Company.

*** The Board has determined that Mr. P.D.D. Fernando is an Independent, Non-Executive Director in spite of being a Director of Equity Two PLC, in which majority of other Directors of the Board are also Directors, since he is not directly involved in the Management of either Company.

9.2. Remuneration Committee

As per the Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee of Carson Cumberbatch PLC (CCPLC), the parent company, functions as the Remuneration Committee of the Company and comprises of the following members;

Remuneration Committee members	Executive/Non executive/Independent
Mr. I. Paulraj (Chairman)	Non Executive/Independent Director of CCPLC
Mr. M. Moonesinghe	Non Executive/Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non Executive Director of CCPLC

The committee has formulated a remuneration policy based on market and industry factors and individual performance for all Group companies.

Aggregated remuneration paid to the Non-Executive Directors of the Company is disclosed under note 13 on page 37 of this Annual Report.

Executive Directors are not compensated for their role on the Board.

9.3. Audit Committee

As per the Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange, the Audit Committee of Carson Cumberbatch PLC (CCPLC), the parent Company, functions as the Audit Committee of the Company and comprises of the following members.

Audit Committee members	Executive/Non executive/Independent
Mr. Vijaya Malalasekera (Chairman)	Non Executive/Independent Director of CCPLC
Mr. Chandima Gunawardena	Non Executive Director of CCPLC
Mr. Faiz Mohideen	Non Executive/Independent Director of CCPLC

Additionally, Mr. T. Rodrigo was the expert advisory member to the Property Sector.

In May 2012, Mr. Tennyson Rodrigo stepped down from the position of Expert Advisor to the Audit Committee in respect of the Property Sector.

The Audit Committee Report is given on pages 17 to 18 of this Annual Report.

9.4. Directors meeting attendance

Three (03) Board meetings were convened during the financial year and the attendance of the Directors were as follows:

Director	Meetings attended (out of 3)
Mr. D.C.R. Gunawardena (Chairman)	3
Mr. S. Nagendra	3
Mr. K.C.N. Fernando	3
Mr. E.H. Wijenaike	3
Mr. A.P. Weeratunge	3
Mr. S. Mahendrarajah	3
Mr. P.D.D. Fernando	3

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

10. NOMINATION COMMITTEE

The Company formed a Nomination Committee which also functions as the Nomination Committee for some of its subsidiaries, with effect from 1st April 2012. The Nomination Committee comprises of the followings members.

Nomination Committee members	Executive/Non executive/Independent
Mr. S. Nagendra (Chairman)	Non Executive/Independent
Mr. D.C.R. Gunawardena	Non Executive
Mr. P.D.D. Fernando	Non Executive/Independent

The primary objective of the Nomination Committee is to lead the process for Board appointments of new Directors to the Board and the nominations of members to represent the Company in Group Companies/Investee Companies.

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 respective Audit Committees. 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 health 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 Company is given on pages 20 to 21 of this Annual Report.

12. INDEPENDENT AUDITORS

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

A sum of Rs. 200,000/- and Rs. 386,000/- (2011 - Rs. 130,000/- and Rs. 654,000/-) was paid to them by the Company and the Group respectively as audit fees for the year ended 31st March 2012. In addition to the above, the auditors were paid Rs. 95,000/- and Rs. 185,000/- (2011 - Rs. 373,561/- and Rs. 464,752/-) as professional fees for non-audit services for the Company and the Group respectively.

The retiring auditors have expressed their willingness to continue in office. A resolution to re-appoint them as Independent Auditors of the Company and authorizing 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 their relationship with the Company and its subsidiaries, including the level of audit and non-audit fees paid to the auditors.

12.1. 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.

13. SIGNIFICANT EVENTS DURING THE YEAR

There were no significant events during the year.

14. RELATED PARTY TRANSACTIONS EXCEEDING 10% OF THE EQUITY OR 5% OF THE TOTAL ASSETS OF THE COMPANY

The transactions carried out by the Company with its related parties during the year ended 31st March 2012, did not exceed 10% of the shareholder equity or 5% of the total assets of the company.

The details of amounts due from and due to related companies are disclosed in note 22 and 29 respectively to these financial statements.

15. 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 it's 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 2012 were 12 and 16 (2011 - 14 and 18) respectively.

16. EQUITABLE TREATMENT TO SHAREHOLDERS

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

17. ENVIRONMENTAL PROTECTION

The Company is 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 operates in a manner that minimizes 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.

18. DIVIDENDS

The Directors do not recommended a dividend for the financial year ended 31st March 2012 (2011 - Nil).

19. SOLVENCY TEST

The Company did not make any distributions during the year which necessitated the measurement of solvency requirement under Section 56(2) of the Companies Act, No. 07 of 2007.

20. STATED CAPITAL

The stated capital of the Company as at 31st March 2012 was Rs. 1,085.6 mn consisting of 40,321,730 ordinary shares. There was no change in the stated capital of the Company during the year.

21. STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief were satisfied that all statutory dues have been paid upto date or have been provided for in the financial statements.

22. GOING CONCERN

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

23. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, no circumstances have arisen, which would require adjustments to or disclosures in the financial statements, other than those disclosed in note 34 to the financial statements.

24. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The contingent liabilities and capital commitments made on account of capital expenditure as at 31st March 2012 are given in note 32 to the financial statements.

25. CORPORATE DONATIONS

There were no donations granted during the year.

26. SHARE INFORMATION

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 55 and 61 to 62 of this Annual Report.

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

27. TWENTY MAJOR SHAREHOLDERS

The parent company, Carson Cumberbatch PLC holds 96.27% of the total ordinary shares in issue of the Company.

<i>As at 31st March</i>		2012		2011	
Name of the Shareholder	No. of shares	%	No. of shares	%	
Carson Cumberbatch PLC A/C No. 2	38,818,252	96.27	38,818,252	96.27	
Estate of Late Mr. M. Sri Mahadeva	135,200	0.34	135,200	0.34	
Mr. S. Sivasundaram	65,000	0.16	65,000	0.16	
Mr. J.B. Hirdaramani	57,850	0.14	57,850	0.14	
Mr. K.C. Vignarajah	56,100	0.14	52,100	0.13	
Mr. B.A. Mahipala	53,300	0.13	53,300	0.13	
Mr. C.N. Pakianathan	36,800	0.09	13,400	0.03	
Equity Services Limited	34,583	0.09	34,583	0.09	
MBSL Insurance Company Limited	32,227	0.08	40,600	0.10	
Mr. D.K.A.K. Weeratunga	26,800	0.07	26,800	0.07	
Mr. D.A. Edussuriya	25,400	0.06	18,000	0.04	
First Capital Markets Limited/Mrs. S.S.De Fonseka	25,100	0.06	-	-	
Mr. J.J. Vedasinghe	22,000	0.05	-	-	
Mrs. S. Vignarajah	20,200	0.05	18,200	0.05	
Ceylinco Investment Company Limited	19,900	0.05	16,800	0.04	
Calton Hill Limited	17,329	0.04	17,329	0.04	
DPMC Assetline Holdings (Pvt) Ltd - Account No. 02	16,400	0.04	-	-	
Mrs. M.M. Sellamuttu	15,000	0.04	-	-	
Mr. S.N.C.W.M.B.C. Kandegedara	14,500	0.04	14,500	0.04	
Miss J.A.R. Pakianathan	13,900	0.03	4,700	0.01	

28. ANNUAL REPORT

The Board of Directors approved the consolidated financial statements together with the reviews which forms part of the Annual Report on 2nd May 2012. Appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standard Monitoring Board and the Registrar of Companies within the given time frames.

The Notice of the Annual General Meeting is on page 63 of this Annual Report.

Signed on behalf of the Board,

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

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

29. ANNUAL GENERAL MEETING

30th Annual General Meeting of the Company will be held on Wednesday, 20th day of June 2012 at 3.30 p.m. at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7.

Colombo.
2nd May 2012

Profiles of the Directors

Chandima Gunawardena

Chandima Gunawardena is a Director of Carson Cumberbatch PLC. He serves as a Director in most of the Carsons Group Companies in Sri Lanka and overseas. Since assuming Non Executive status in the group he currently serves as an advisor to the group's strategic planning and management forums and serves on Board Committees including its Audit Committees of the Group. Mr. Gunawardena has over four decades of experience in varied fields of business and commercial activities and has held senior positions in the Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990. 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.

Sega Nagendra

Sega Nagendra is a Director of Pegasus Hotels of Ceylon PLC. Former Senior Director of Carson Cumberbatch PLC and several of its subsidiaries and Associate Companies. Senior Director & Financial Consultant of CML - MTD Construction Ltd., Executive Chairman Travelserv Ltd., and Travelon Ltd. He is also Chairman & Director of several public listed and private companies. Past President of Skat International Colombo (International Association of Travel and Tourism Professionals), Past Secretary of the Skat International, Asian Area Region and Past President of the Pacific Asia Travel Association (Sri Lanka Chapter). Immediate Past President of the Sri Lanka Benelux Business Council and also immediate Past President of the Sri Lanka-Pakistan Business Council. Served as an Executive Committee member of The Ceylon Chamber of Commerce and former Chairman of the Imports Section of the Ceylon Chamber of Commerce. Former Committee Member on Transport, Highways and Aviation of the Monitoring & Progress Division of the Ministry of Policy Developing and Implementation. Past President of the Chartered Management Institute - U.K. Sri Lanka Branch. Fellow of the Chartered Management Institute - UK, Master of Business Administration UK and Fellow of the Certified Professional Managers, Sri Lanka.

Nalake Fernando

Nalake Fernando is a Director of the Property Management Companies of the Carson Cumberbatch Group - Equity Two PLC, Equity Three (Private) Limited, Equity Seven Limited, Equity Lands (Private) Limited, Carsons Management Services (Private) Limited and in some of the Boards of the Malaysian Plantation Companies of the Carsons Group. Was the Country representative for Sri Lanka with Dalekeller & Associates Ltd., Designers and Skidmore Owings & Merrill Architects. Counts over 38 years of work experience. Was a Director of SKC Management Services Ltd. Holds a Technician's Certificate of the Institute of Work Study Practitioners of UK.

Eranjith Wijenaike

Eranjith Wijenaike is a Director of Equity Two PLC and Managing Director of Central Finance Company PLC. He is a Director of several other listed companies both within and outside the Central Finance Group with over 28 years of management experience. Holds a Bachelor's Degree in Commerce and a Postgraduate Diploma in Finance and Management. Member of the Chartered Institute of Management (UK).

Ajith Weeratunge

Ajith Weeratunge is a Director of the Carson Cumberbatch Group's Management Company, Carsons Management Services (Private) Limited and holds the position of Head of Finance. He is also a Director of the Property Sector Companies of the Group including Equity Two PLC and Equity Seven Limited. He is also a Director of the Groups Investment Holding sector - Ceylon Investment PLC and Rubber Investment Trust Limited. Accounts for more than 31 years of finance related experience in the mercantile sector and has held positions in Lanka Walltile Ltd., Union Apparels (Pvt) Ltd., John Keells Holdings PLC, Phoenix Industries (Pvt) Ltd and Ceylon Brewery PLC. He is a Fellow member of the Chartered Institute of Management Accountants of UK.

Profiles of the Directors

S. Mahendrarajah

Subramaniam Mahendrarajah is a Director of Guardian Capital Partners PLC, Weniwella Investments Limited, Leechman & Company (Private) Limited and Mylands Investments Limited. Group Finance Director of Sri Krishna Group of Companies. Has wide experience in manufacturing, trading, financial services and management. Past President of the Rotary Club of Colombo Down Town. Recipient of the prestigious "Service above Self" award from Rotary International.

Donald Fernando

Donald Fernando is a Director of Equity Two PLC and the Managing Director of Conimex (Private) Limited - Civil Engineers and Director of Fernando Rajapakse Associates (Private) Limited - Consulting Engineers and Project Managers. Obtained a B.Sc (Eng.) degree in Civil Engineering from the University of Ceylon in 1965. Civil Engineer with The Sri Lanka Ports Authority till 1969. From 1969 to 1982 worked as Civil Engineer in London. Member of the Institution of Civil Engineers, London in 1969. He is also a Member of the Institution of Engineers, Sri Lanka and a Member of the Society of Structural Engineers, Sri Lanka.

Audit Committee Report

As provided by the Colombo Stock Exchange Listing Rules, the Audit Committee of Carson Cumberbatch PLC (CCPLC), the parent company is the Audit Committee of the Company.

The members of the Audit Committee are as follows :

Audit Committee members	Executive/Non-Executive/Independent
Mr.Vijaya Malalasekera (Chairman)	Non-Executive, Independent (CCPLC)
Mr.Chandima Gunawardena	Non-Executive (CCPLC)
Mr. Faiz Mohideen	Non-Executive, Independent (CCPLC)

Mr.Vijaya Malalasekera is a Non-Executive, Independent Director of CCPLC and a former Director of Ceylon Tobacco Company PLC.

Mr.Chandima Gunawardena is a Non-Executive Director of CCPLC and in most of its Group Companies.

Mr.Faiz Mohideen, a Non-Executive, Independent Director of CCPLC, was the former Deputy Secretary to the Treasury and a former Director of Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

The audit aspects of Equity One PLC are conducted within the Agenda of CCPLC-Audit Committee and the Committee was advised by Mr.Tennyson Rodrigo as a member of the Panel of Expert Advisors to the Audit Committee of CCPLC, for the Property Sector, Investment Sector and the Leisure Sector of the Group. Mr.Rodrigo is a Director of Good Hope PLC and Indo-Malay PLC and was the former Managing Director and Chief Executive of Capital Development and Investment Company PLC and was the former Chairman of the Audit Committee of Eagle Insurance Company Limited.

In May 2012, Mr. Tennyson Rodrigo stepped down from the position of Expert Advisor to the Audit Committee.

CCPLC-Audit Committee held 04 Meetings during the financial year to discuss matters relating to the Company and the attendance of the Members of the Audit Committee was as follows:

Meetings attended (out of four)	
Mr.Vijaya Malalasekera (Chairman)	04
Mr.Chandima Gunawardena	03
Mr.Faiz Mohideen	04

Mr.Tennyson Rodrigo, the Expert Advisor attended all 04 Audit Committee Meetings.

The Audit Committee Meetings were also attended by the internal auditors and senior management staff members.

The Committee met the external auditors twice during the year, i.e. to discuss the audit scope and to deliberate the draft Financial Report and Accounts. The Audit Committee also met the external auditors, Messrs.KPMG and discussed the draft Financial Report and Accounts, without the management being present.

In accordance with the audit plan formulated and approved by the Audit Committee for the financial year 2011/2012, the Group Internal Audit (GIA) carried out a detailed audit of key processes of Property Sector companies.

The findings and contents of the Group Internal Audit reports have been discussed with the management and subsequently the audit reports were circulated to the Audit Committee and to the management.

The objectives of the GIA work was to have an independent review of the system of internal controls as established by the management, its adequacy and integrity vis-à-vis objectives served and to determine the extent of adherence to the controls by staff responsible for the function and to take corrective/preventive action where necessary.

Audit Committee Report

The interim financial statements of Equity One PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings. The draft financial statements of Equity One PLC for the year ended 31st March 2012 were also reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs. KPMG, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required, by the Managers, Carsons Management Services (Private) Limited that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

The Audit Committee has determined that Messrs.KPMG, Auditors are independent on the basis that they do not carry out any management related functions of the Company.

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, as Auditors for the financial year ending 31st March 2013, subject to the approval of the shareholders of Equity One PLC at the Annual General Meeting.

The purpose of the Audit Committee of CCPLC is as follows :

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures and the code of conduct.

To ensure that the internal audit activity is well managed, so that it adds value to the organization by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

(Sgd).

Vijaya Malalasekera

Chairman - Audit Committee

Carson Cumberbatch PLC

2nd May 2012

Statements of Directors' Responsibilities

The responsibilities of the Directors, in relation to the financial statements are detailed in the following paragraphs, while the responsibilities of the auditors are set out in the Independent Auditors' Report.

According to the Companies Act, No. 7 of 2007 and Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995, Directors are required to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the performance for the said period.

The financial statements comprise of:

- a Balance Sheet, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year;
- an Income Statement of the Company, which presents a true and fair view of the profit and loss 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; and
- reasonable and prudent judgments and estimates have been made.
- provides the information required by and otherwise comply with the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company, and for ensuring

that the 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. 7 of 2007.

They are also responsible for taking reasonable measures to safeguard the assets of the Company and in this regard to give proper consideration to the establishment 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 has 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 as were due and payable by the Company as at the balance sheet date have been paid, or where relevant provided for in these financial statements.

By Order of the Board,

(Sgd).

K. D. de Silva (Mrs)

Director

Carsons Management Services (Private) Limited
Secretaries

Colombo.

2nd May 2012

Risk Management

In the backdrop of increasing corporate failures locally as well as internationally and increasing financial and other challenges, organizations cannot afford to ignore or neglect risks anymore. This is why risk management has become an integral part of our business and the management. Risks are identified within a formal risk management process, which defines risk areas and includes a risk scoring methodology based on the assessed impact of the risk event and likelihood of its occurrence. The principal risks thus identified are considered and reviewed continuously at various stages within our business process.

MARKET RISK

A broad definition of market risk covers exposure to adverse movements in the property values and marketability. The market risks are created by changes in macro operating environment related to economic management, political factors, national security, and globalization influences which in turn have an impact on systematic risk factors such as interest rates, inflation and availability of credit which has significant and direct impact on property business.

The Company ceased the development sector operations hence the volatility of the cash flows that would have arisen there from will no longer contribute an element of uncertainty to the Groups operations.

Having a good mix of fixed income generating investment properties will reduce the risk of volatile cash flows.

Impact of this risk to the Group is medium.

BUSINESS AND OPERATIONAL RISK

Changes in the supply and demand ratio in the real estate market and other factors such as depressing property values, unexpected disputes with contractors and tenants which can cause costly delays to a project, poor quality designs and construction programmes, changes to the laws relating to property development, stamp duty, income tax and capital gains tax could adversely affect the profitability and viability of the business.

We are extremely cautious when selecting contractors and consultants for our projects. We ensure that they are well experienced, reputed and also evaluate their work in previous projects when selecting them. By entering into comprehensive and clear agreements we ensure that communication gaps and disputes are minimized to a great extent. We also maintain close

and meaningful relationships with relevant government and local authorities and institutes.

Impact of this risk to the Group is presently low.

Operational risks mainly cover the areas of system failures, continuity of decision making, dealing with contingencies and ensuring efficiency in operations and correct application of recommended management practices. Operational risks are managed by identifying areas of risk, formulating plans for their management, promoting best practices, implementing internal control and systems, and monitoring compliances etc. The availability of a Business Continuity Plan ensures that operations would continue in the event of a contingency.

Further, risks from unpredictable events such as terrorism, natural disasters, fire etc. may directly affect the continuity of the business. Appropriate, adequate and comprehensive insurance covers have been obtained to mitigate the possible risks from these threats with provisions for financial assistance for rebuilding and against loss of business.

Impact of the risk is low to the Group.

FOREIGN CURRENCY RISK

The Company has no direct impact from currency risks as income and expenses arising from its operations and assets and liabilities are denominated in Sri Lankan Rupees which is the functional currency of the Company.

LIQUIDITY AND CREDIT RISK

The Group is currently exposed to liquidity risk with the decision to defer/discontinue the property development activities of the Group. All the cash surpluses of the Company was used to settle the bank borrowings resulting from property development activities. Though the external borrowings are since settled in full, any surplus funds are channeled to settle the parent company's loans.

The credit risk of the Group is mainly derived from the rent receivable from its tenants. This risk is mitigated to a greater extent as a result of the rent deposits that have been collected from the tenants, which can be used to recover any unpaid rents. Approximately ¼ of the total annual rent roll of the Group is covered from the rental deposits.

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

Impact of the liquidity risk is high whereas the credit risk is low.

INTEREST RATE RISK

Interest rate risk is the risk arising due to the volatility of the interest rates in the markets affecting the future cash flows. During the year, the Company fully settled its bank borrowings which were obtained for now discontinued property development activities. The Group is now debt free as far as external financial institutions are concerned.

Impact of this risk to the Group is medium.

LEGAL AND REGULATORY COMPLIANCE

Regulatory and legal compliance comes through the management services company of the Carson Cumberbatch Group, which ensures compliance with all regulatory and legal provisions applicable. The legal function proactively identifies and sets up appropriate systems and processes for legal and regulatory compliances in respect of the Group's operations.

Hence the impact of this risk is low.

FINANCIAL CALENDAR

Financial year end	31st March 2012
30th Annual General Meeting	20th June 2012

ANNOUNCEMENT OF RESULTS

Interim financial statements published in terms of the Listing Rules of the Colombo Stock Exchange

1st Quarter ended 30th June 2011	12th August 2011
2nd Quarter ended 30th September 2011	14th November 2011
3rd Quarter ended 31st December 2011	14th February 2012

Independent Auditors' Report



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

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
+94 - 11 254 1249
+94 - 11 230 7345
Internet : www.lk.kpmg.com

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF EQUITY ONE PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Equity One PLC, the consolidated financial statements of the Company and its subsidiaries as at 31 March 2012 which comprise the balance sheet as at 31 March 2012, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 24 to 54 of the Annual Report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

Company

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2012 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2012 and its Profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Group

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31 March 2012 and the Profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Sections 153(2) to 153(7) of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS

Colombo.

02 May 2012.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA

Ms. M. P. Perera FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara ACA
G.A.U. Karunaratne ACA

P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyrathne ACA
R.M.D.B. Rajapakse ACA

Principals - S.R.I. Perera ACMA, LLB, Attorney-at-Law, H.S. Goonewardene ACA

Income Statement

(All figures are in Sri Lankan Rupees Thousands)

For the year ended 31st March	Note	Group		Company	
		2012	2011	2012	2011
Revenue	11	126,730	175,566	92,839	69,841
Direct cost		(80,786)	(144,985)	(59,294)	(49,971)
Other income	12	45,944	30,581	33,545	19,870
Fair value adjustment - investment properties		2,685	5,640	16,614	6,099
Provision for inventories		65,260	30,522	12,407	22,779
		-	(2,889)	-	(2,889)
Administrative and other operating expenses		113,889	63,854	62,566	45,859
		(18,417)	(28,710)	(10,978)	(18,868)
Profit from operations	13	95,472	35,144	51,588	26,991
Finance expenses	14	(6,921)	(26,334)	(9,031)	(8,581)
Profit before taxation		88,551	8,810	42,557	18,410
Income tax (expenses)/reversal	15	(2,431)	36,247	(744)	13,020
Profit for the year		86,120	45,057	41,813	31,430
Profit attributable to:					
Equity holders of the parent		81,314	41,757	-	-
Non-controlling interest		4,806	3,300	-	-
		86,120	45,057	-	-
Earnings per share (Rs.)	16	2.02	1.04	1.04	0.78
Dividend per share (Rs.)		-	-	-	-

The notes from pages 28 to 54 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Balance Sheet

(All figures are in Sri Lankan Rupees Thousands)

		Group		Company	
As at 31st March	Note	2012	2011	2012	2011
ASSETS					
Non-current assets					
Property, plant and equipment	17	52,791	45,944	44,286	36,072
Investment properties	18	2,432,479	1,883,179	1,611,979	1,118,979
Investment in subsidiaries	19	-	-	552,048	552,048
Total non-current assets		2,485,270	1,929,123	2,208,313	1,707,099
Current assets					
Inventories	20	10,914	502,925	10,914	502,925
Trade and other receivables	21	6,023	6,606	1,269	1,629
Current tax receivables		1,163	-	1,163	-
Amounts due from related companies	22	188	153	188	135
Short-term deposits		10,018	13,147	8,398	7,875
Cash at bank and in hand		6,259	10,796	4,891	7,589
Total current assets		34,565	533,627	26,823	520,153
Total assets		2,519,835	2,462,750	2,235,136	2,227,252
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	437,520	356,206	259,424	217,611
Total equity attributable to equity holders of the parent		1,536,340	1,455,026	1,358,244	1,316,431
Non-controlling interest		61,655	57,543	-	-
Total equity		1,597,995	1,512,569	1,358,244	1,316,431
Non-current liabilities					
Refundable rental and other deposits	26	30,770	28,989	22,444	20,082
Deferred tax liability	27	112,539	110,767	45,746	44,831
Retirement benefit obligations	28	4,739	4,605	3,483	3,321
Amounts due to related companies	29	762,494	637,643	762,494	637,643
Total non-current liabilities		910,542	782,004	834,167	705,877
Current liabilities					
Trade and other payables	30	11,019	22,205	7,778	16,902
Current tax liabilities		279	3,972	-	2,114
Amounts due to related companies	29	-	-	34,947	43,928
Long-term bank borrowings repayable within one year	31	-	142,000	-	142,000
Total current liabilities		11,298	168,177	42,725	204,944
Total liabilities		921,840	950,181	876,892	910,821
Total equity and liabilities		2,519,835	2,462,750	2,235,136	2,227,252
Net assets per share (Rs.)					
		38.10	36.09	33.69	32.65

The notes from pages 28 to 54 form an integral part of these financial statements.

I certify that these financial statements comply with the requirements of the Companies Act, No. 7 of 2007.

(Sgd).

V.R. Wijesinghe

Financial Controller

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).

A.P. Weeratunge

Director

Carsons Management Services (Private) Limited

Colombo,
2nd May 2012.

(Sgd).

D.C.R. Gunawardena

Chairman

(Sgd).

K.C.N. Fernando

Director

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	Accumulated loss			
Group										
Balance as at 1st April 2010	1,085,584	158	5,109	7,969	39	802,304	(487,894)	1,413,269	54,590	1,467,859
Profit for the year	-	-	-	-	-	-	41,757	41,757	3,300	45,057
Transfers	-	-	-	-	-	30,522	(30,522)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(347)	(347)
Balance as at 31st March 2011	1,085,584	158	5,109	7,969	39	832,826	(476,659)	1,455,026	57,543	1,512,569
Balance as at 1st April 2011	1,085,584	158	5,109	7,969	39	832,826	(476,659)	1,455,026	57,543	1,512,569
Profit for the year	-	-	-	-	-	-	81,314	81,314	4,806	86,120
Transfers	-	-	-	-	-	65,260	(65,260)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(694)	(694)
Balance as at 31st March 2012	1,085,584	158	5,109	7,969	39	898,086	(460,605)	1,536,340	61,655	1,597,995

	Stated capital	Capital reserves			Revenue reserves			Total equity
		Capital accretion reserve	Machinery replacement reserve	Other capital reserves	General reserve	Fair value adjustment reserve	Accumulated loss	
Company								
Balance as at 1st April 2010	1,085,584	158	5,109	7,969	39	770,348	(626,425)	1,242,782
Profit for the year	-	-	-	-	-	-	31,430	31,430
Transfers	-	-	-	-	-	22,779	(22,779)	-
Effects due to amalgamation of subsidiaries	-	-	-	-	-	-	42,219	42,219
Balance as at 31st March 2011	1,085,584	158	5,109	7,969	39	793,127	(575,555)	1,316,431
Balance as at 1st April 2011	1,085,584	158	5,109	7,969	39	793,127	(575,555)	1,316,431
Profit for the year	-	-	-	-	-	-	41,813	41,813
Transfers	-	-	-	-	-	12,407	(12,407)	-
Balance as at 31st March 2012	1,085,584	158	5,109	7,969	39	805,534	(546,149)	1,358,244

The notes from pages 28 to 54 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Cash Flow Statement

(All figures are in Sri Lankan Rupees Thousands)

For the year ended 31st March	Note	Group		Company	
		2012	2011	2012	2011
Cash flows from operating activities					
Profit before taxation		88,551	8,810	42,557	18,410
Adjustments for:					
Finance expenses	14	6,921	26,334	9,031	8,581
Depreciation on property, plant & equipment	17	9,856	7,733	8,107	5,611
Fair value adjustment - investment properties	18	(65,260)	(30,522)	(12,407)	(22,779)
Interest income	12	(1,064)	(529)	(682)	(253)
Dividend income	12	-	-	(15,891)	(4,179)
Profit on disposal of property, plant & equipment	13	-	(1,089)	-	(975)
Provision for bad debts	21	-	851	-	230
Provision for amounts due from related companies		-	-	-	(24,974)
Provision/(reversal of provision) for inventories	20	(1,271)	2,889	(1,271)	2,889
Provision for retirement benefit obligations	28	735	2,036	763	1,239
Operating profit/(loss) before changes in working capital		38,468	16,513	30,207	(16,200)
Decrease in inventories		23,282	80,651	23,282	6,775
Decrease in trade and other receivables		583	318	360	948
(Increase)/decrease in amounts due from related companies		(35)	59	(53)	(15,921)
Decrease in amounts due to related companies		-	(868)	(8,981)	(2,124)
Increase/(decrease) in trade and other payables		(11,219)	7,070	(9,124)	(16,607)
Operating profit/(loss) after changes in working capital		51,079	103,743	35,691	(43,129)
Rental deposits received	26	6,181	8,721	5,441	8,571
Recovered from prepaid rental deposits	26	(3,079)	-	(3,079)	-
Rental deposits refunded	26	(1,321)	(2,695)	-	(2,695)
Cash generated from operations		52,860	109,769	38,053	(37,253)
Finance expenses paid		(6,921)	(26,334)	(9,031)	(8,581)
Income tax paid		(5,515)	(7,686)	(3,106)	(4,244)
Gratuity paid	28	(601)	(3,136)	(601)	(2,474)
Net cash generated from/(used in) operating activities		39,823	72,613	25,315	(52,552)
Cash flows from investing activities					
Purchase of property, plant & equipment	17	(22,087)	(21,675)	(21,705)	(19,828)
Proceeds from sale of property, plant & equipment		-	1,346	-	975
Addition to investments properties	18	(8,656)	(5,926)	(5,209)	-
Cash acquired on amalgamation		-	-	-	430
Interest received		1,064	529	682	253
Dividend received		-	-	15,891	4,179
Net cash used in investing activities		(29,679)	(25,726)	(10,341)	(13,991)
Cash flows from financing activities					
Loans obtained from the parent company (net)		124,851	106,613	124,851	108,696
Repayment of bank borrowings	31	(142,000)	(145,831)	(142,000)	(36,000)
Dividend paid		-	(309)	-	(309)
Dividend paid to minority shareholders by the subsidiary company		(661)	(347)	-	-
Net cash generated from/(used in) financing activities		(17,810)	(39,874)	(17,149)	72,387
Net increase/(decrease) in cash & cash equivalents		(7,666)	7,013	(2,175)	5,844
Cash & cash equivalents at the beginning of the year		23,943	16,930	15,464	9,620
Cash & cash equivalents at the end of the year (note A)		16,277	23,943	13,289	15,464
Note A - Cash & cash equivalents					
Cash at bank and in hand		6,259	10,796	4,891	7,589
Short-term deposits		10,018	13,147	8,398	7,875
Cash & cash equivalents for the purpose of cash flow statement		16,277	23,943	13,289	15,464

The notes from pages 28 to 54 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. Reporting entity

Equity One PLC is a limited liability company which is incorporated and domiciled in Sri Lanka. The shares of the Company have a primary listing on the Colombo Stock Exchange.

The registered office and 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 for the year ended 31st March, 2012 comprise the financial information of the Company and its subsidiaries (together referred to as the "Group" and individually "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. The Group discontinued its real estate development operations during the year 2011 and the companies operating in the real estate development sector were amalgamated with Equity One PLC on 30th November 2010.

There were no significant changes in 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 Company and the Group had 12 and 16 (2011 - 14 and 18) employees at the end of the financial year.

2. Statement of compliance

The consolidated financial statements of the Company and the Group comprise the Balance sheet, Statements of Income, Changes in Equity and Cash Flows together with notes to the financial statements.

These statements are prepared in accordance with the accounting standards laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of Companies Act, No. 7 of 2007.

The consolidated financial statements for the year ended 31st March 2012 were authorized for issue by the Board of Directors on 2nd May 2012.

3. Basis of preparation

3.1. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis and applied consistently, except for fair valuation of investment properties as stated in the respective notes to the financial statements.

3.2. Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'), which is Sri Lankan rupees.

All foreign currency transactions are converted into functional currency at rates of exchange prevailing at the time the transactions are affected.

At each balance sheet date, foreign currency monetary items are translated using closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value are translated using the exchange rate at the date when the fair values were determined.

The consolidated financial statements are presented in Sri Lankan rupees thousands (Rs. '000) unless otherwise stated, which is the Group's presentation currency.

Figures in brackets indicate deductions/negative changes.

3.3. Materiality and aggregation

Each material class of similar items are presented aggregated in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

4. Uses of estimates and judgments

The preparation of financial statements require 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 estimate is revised and in any future period affected.

Information about significant areas of estimation and uncertainty that have the most significant effect on the amounts recognised in the financial statements are described below.

Estimates

4.1. Assessment of impairment

The Group assesses at each balance sheet date whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to present value using appropriate discount rates that reflect the current market assessments of the time value of money and risks specific to the asset.

Fair value less cost to sell will be based on the available market information as at the date of assessment.

4.2. Current taxation

Current tax liabilities are provided for in the financial statements applying the relevant tax statutes and regulations which the management believes reflect actual liability. There can be instances where the stand taken by the Company and the Group on transactions is contested by revenue authorities. Any additional costs on account of these issues are accounted for as a tax expense at the point liability is confirmed on any of the Group entity.

4.3. Defined benefit plan – Gratuity

The cost of defined benefit plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to uncertainty.

4.4. Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgment is required to determine the amount of deferred tax assets that can be recognised, based on the level of future taxable profits together with future tax planning strategies.

4.5. Valuation of investment property

The fair values of the investment properties are determined using the market rates as at the end of the reporting period. Such involves making assumptions about possible earning capacity, current and future economic and market conditions. Due to the long-term nature of these underlying assumptions, such estimates are subject to uncertainty.

Judgments

4.6. Owner occupied properties and investment properties

The land and buildings held to earn rental income and for capital appreciation are classified as investment properties. Transfers are made to investment properties when and only when there is a change in use evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development with a view to sell. Transfers are made from investment property when and only when there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sell.

5. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The accounting policies of the Company have been consistently applied by Group entities where applicable, and deviations if any, have been disclosed accordingly.

5.1. Basis of consolidation

5.1.1. Subsidiaries

Subsidiaries are entities that are controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently exercisable are taken into account. The financial statements of subsidiaries

Notes to the Financial Statements

are included in the consolidated financial statements from the date the control effectively commences until the date the control effectively ceases.

The Group uses the purchase method of accounting to account for business combinations. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the cost of acquisition over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill, and tested for impairment annually.

If the cost of acquisition is less than the fair value of net assets of the subsidiary acquired, the resulting negative goodwill is credited to the Income Statement immediately.

Intra-group transactions, balances and unrealized gains arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated.

The carrying amount of the investment at the date such entity ceases to be a subsidiary would be regarded as the cost on initial measurement of a financial asset in accordance with Sri Lanka Accounting Standard 22 - "Accounting for investments".

In the Company's financial statements, investments in subsidiaries are carried at cost less accumulated impairment loss, if any, as detailed in Note 5.10.

A list of subsidiaries within the Group is provided in note 19.

5.1.2. Transaction with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the Consolidated Income Statement and within equity in the Consolidated Balance Sheet, separately from the amounts attributable to equity holders of the parent.

Any excess of the cost of acquisition over fair value of the Group's share of identifiable net assets acquired at a subsequent increase in the controlling interest over a subsidiary is recognized directly in equity, against revenue reserves.

Gain or loss on disposal to minority interests is recognised in the Income Statement.

5.1.3. Financial year end

All companies in the Group have a common financial year which ends on 31st March.

Assets and bases of their valuation

Assets classified as current assets in the Balance Sheet are cash and those which are expected to realise in cash, during the normal operating cycle of the Company's business, or within one year from the balance sheet date, whichever is shorter. Assets other than current assets are those which the Company and the Group intends to hold beyond a period of one year from the balance sheet date.

5.2. Property, plant & equipment and depreciation

5.2.1. Basis of recognition

All items of property, plant & equipment are initially recorded at cost. Where items of property, plant & equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the balance sheet date.

The cost of property, plant & equipment is the cost of purchase or construction together with any incidental expenses incurred in bringing the assets to its intended use. Expenditure incurred for the purpose of acquiring, extending or improving assets which are of a permanent nature, enabling to carry on the business or to increase the earning capacity of the business are treated as capital expenditure.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied with that part will flow to the Company and the Group and its' cost can be reliably measured.

Subsequent to the initial recognition of the asset at cost, the revalued property, plant and equipment are carried at revalued amounts less accumulated depreciation thereon and accumulated impairment losses.

5.2.2. Restoration costs

Expenditure incurred on repairs or maintenance of property, plant & equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognized as an expense when incurred.

5.2.3. Depreciation

The provision for depreciation is calculated using the straight-line method on the cost or valuation of different classes of assets and over periods appropriate to the estimated useful lives of each of such different classes of assets.

Asset class	Number of years
Motor vehicles	4 - 5
Furniture, fittings and office equipments	5 - 10
Machinery and equipment	10 - 12.5
Computers equipments	3 - 5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

5.2.4. 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 recognized in to "Other income/(expenses)" in the Income Statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

5.3. Investment property

Investment property are property held either to earn rental income, capital appreciation or for an unintended use, but not for sale in 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. 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 balance sheet date.

Formal valuations are carried out at least every 3 years by qualified valuers. Gains or losses arising from changes in the fair values of investment properties are included in the Income Statement in the year in which they arise.

Investment properties are derecognised 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 recognized in the Income Statement 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 sell, 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. 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 recognized in the Income Statement.

When the Company and the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property

Notes to the Financial Statements

at that date and its previous carrying amount is recognized in the Income Statement.

If a property occupied by the Group as an owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant & equipment up to the date of change in use.

5.4. Capital work-in-progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital work-in progress is transferred to the respective asset at the time it is substantially completed and ready for its intended use.

5.5. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset in accordance with Sri Lanka Accounting Standard 20 - "Borrowing costs". Capitalisation of borrowing costs ceases when all the activities necessary to prepare the qualifying asset for its intended use are substantially completed.

Exchange differences arising from borrowing costs are capitalised to the relevant qualifying asset to the extent of interest rate differential.

5.6. Investments

5.6.1. Long term investments

- Quoted investments - Quoted investments in subsidiaries are carried at cost in the Balance Sheet, less impairment losses, if any.
- Unquoted investments - All unquoted investments are carried at lower of cost and Directors' valuation. Provision is made for permanent diminution in value, if any.

5.6.2. Cost

Cost of investments is the cost of acquisition including brokerage, commission and such other fees, including all directly attributable costs of acquisition.

5.6.3. Diminution in carrying value

Diminution in carrying value of investments are deemed to be permanent where,

- The auditors have qualified their opinion on the going concern status
- Operations have resulted in net losses and these losses are expected to continue
- Where the core business has become non viable due to environmental and other concerns
- Where the industry/sector has an uncertain outlook due to environmental and other concerns.

5.6.4. Disposal of investment

On disposal of an investment, the difference between net disposals proceeds and the carrying amount is recognized as income or expense.

5.7. Inventories

Inventories are stated at cost and net realizable value whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

5.8. Trade and other receivables

Trade and other receivables are carried at original invoice amount less provision for impairment of trade receivables when there is objective evidence that the Company and the Group will not be able to collect all amounts due according to the original terms of receivables.

The carrying amount of the asset is reduced and the amount of the loss is recognised, if any, in the Income Statement under 'Administrative and other operating expenses'. When a trade receivable is uncollectible, it is written off against the provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Administrative and other operating expenses' in the Income Statement.

5.9. Cash & cash equivalents

Cash & cash equivalents are defined as cash in hand and bank, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of change in value.

For the purpose of the cash flow statement, cash & cash equivalents comprise of cash in hand and bank, deposits held in banks, investments in money market instruments net of bank overdraft.

5.10. Impairment of assets

The Company and the Group assesses assets or groups of assets for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. If any such indication of impairment exists, the Company and the Group makes an estimate of its recoverable amount. Individual assets are grouped for impairment testing purposes at the lowest level at which there are identifiable cash flows that are largely independent from cash flows of other groups of assets. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered to be impaired and is written down to its recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment exists. Assets that are the case, the carrying amount of the assets are increased to its recoverable amount. That increased amount cannot exceed the carrying amount of the asset's revised carrying amount, less any residual value.

The recoverable amount of an asset is the higher of its fair value less costs to sell or its value in use. Any decrease in the carrying value is recognised as an expense in the Income Statement in the reporting period in which the impairment loss occurs.

Liabilities and provisions

5.11. Liabilities

Liabilities classified as current liabilities in the Balance Sheet are those obligations payable on demand or within one year from the balance sheet date. Items classified as non-current liabilities are those obligations which expire beyond a period of one year from the balance sheet date.

All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognised when the Company and the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

5.12. Provisions

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, future cash flow estimates are adjusted to reflect risks specific to the liability.

5.13. Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events the existence of which will be confirmed by 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. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognize contingent assets but discloses its 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 non-controlling interest.

5.14. Retirement benefit obligations

5.14.1. Defined benefit plan - Gratuity

The Company and the Group are liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983.

Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The liability recognized in the Balance Sheet

Notes to the Financial Statements

in respect of defined benefit plan is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the 'Projected Unit Credit method' as required by Sri Lanka Accounting Standard 16 (Revised 2006) – "Retirement benefits".

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long-term government bonds or high quality corporate bonds. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the Income Statement.

5.14.2. Defined contribution plans - Employees' provident fund and Employee's trust fund

All employees who are eligible for provident fund contributions and trust fund contributions are covered by relevant contribution funds in line with the respective statutes. Employer's contributions to the defined contribution plans are recognized as an expense in the Income Statement when incurred. The employer has no further payment obligations, once the contributions have been paid.

5.15. Interest-bearing loans and borrowings

Interest-bearing bank loans are recorded at the amount of proceeds received, net of transaction costs. Borrowing costs directly attributable to the acquisition and construction of development properties and property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the Income Statement as an expense in the period in which they are incurred.

Income statement

5.16. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the Group, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes, and after eliminating

sales within the Group. The following specific criteria are used for the purpose of recognition of revenue:

5.16.1. Rental income

Rental income arising on investment properties is accounted for on straight-line basis over the lease terms.

5.16.2. Disposal of plots of land

Revenue on disposal of plots of land is recognized at the point where the transfer deed is signed between the Company and the purchaser.

5.16.3. Interest income

Interest income is recognized on an accrual basis.

5.16.4. Gains or losses on the disposal of property, plant & equipment

Net gains and losses of a revenue nature resulting from the disposal of property, plant & equipment are recognised on an accrual basis.

5.16.5. Dividend income

Dividend income is recognized when the shareholders' right to receive dividend is established.

5.17. Expenditure recognition

5.17.1. 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 has been charged against revenue in arriving at the profit or loss for the year. Provision has also been made for bad and doubtful debts, all known liabilities and depreciation on property, plant & equipment.

5.17.2. Finance expenses

Interest expenses are recognised on an accrual basis.

5.17.3. Income tax expenses

Income tax expenses comprise current and deferred tax. Income tax expenses are recognized in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognized in Statement of Changes in Equity.

5.17.3.1. Current taxation

The provision for current tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act. The relevant details are disclosed in respective notes to the financial statements.

5.17.3.2. Deferred taxation

Deferred taxation is provided based on the liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The balance in the deferred taxation account represents, the tax applicable to the difference between the written down values of the assets for tax purposes on which tax depreciation has been claimed and the net book values of such assets, offset by the provision for retirement benefit which is deductible for current tax purposes only upon payment.

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carried forward unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

5.17.3.3. Economic service charge (ESC)

As per the provisions of Economic Service Charge Act, No. 13 of 2006 and amendments thereto, ESC is payable on "liable turnover" and is deductible from the income tax payments. Any unclaimed ESC can be carried forward and settle against the income tax payable in four subsequent years.

5.17.3.4. Social responsibility levy (SRL)

As per the provisions of Finance Act, No. 5 of 2005, and amendments thereto, SRL was introduced with effect from 1st January 2005 and was abolished with effect from 1st April 2011.

SRL was payable at the rate of 1.5% on all taxes and levies chargeable as specified in the first schedule to the Act, until the year 2011.

Earnings per share

The Company and the Group presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated, dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

Cash flow

Dividend paid is classified as financing cash flows, while interest received and dividend received are classified as investing cash flows, for the purpose of Cash Flow Statement which has been prepared using the "indirect method".

Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-maker.

The Chief Operating Decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company which reviews and set the strategic direction.

- a business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.
- a geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those segments operating in other economic environments.

Notes to the Financial Statements

In accordance with the Sri Lanka Accounting Standard 28 - "Segment reporting", segmental information is presented in respect of the Group.

Inter-segment transactions are based on fair market price. Segmental expenses are expenses that are directly attributable to a segment or a relevant portion of expenses that can be allocated on a reasonable basis as determined by the management.

Related party transactions

Disclosure has been made in respect of 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.

Events after the balance sheet date

All material and significant events which occur after the balance sheet date have been considered and disclosed in note 34.

6. 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.

7. Presentation

7.1. Offsetting income and expenses

Income and expenses are not offset unless required or permitted by accounting standards.

7.2. Offsetting assets and liabilities

Assets and liabilities are offset and the net amount reported in the balance sheet, only where there is:

- a current enforceable legal right to offset the asset and liability; and
- an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

8. Directors' responsibility

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

This is more fully described in the Statement of Directors' Responsibilities.

9. Comparative figures

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

10. New accounting standards issued but not effective as at balance sheet date

The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 1 January 2012. Accordingly, these Standards have not been applied in preparing these financial statements as they were not effective for the period ended 31 March, 2012.

These Sri Lanka Accounting Standards comprise Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS). Application of Sri Lanka Accounting Standards prefixed SLFRS and LKAS for the first time shall be deemed to be an adoption of SLFRSs.

The Group is currently in the process of evaluating the potential effects of these Standards on its financial statements, and based on the management's assessment the impact on the financial statements on the adoption of these Standards will not be material.

For the year ended 31st March		Group		Company	
		2012	2011	2012	2011
11. Revenue					
11.1. By industry segment					
Property rental	104,756	99,648	70,865	63,608	
Property development	21,974	75,918	21,974	6,233	
	126,730	175,566	92,839	69,841	
12. Other income					
Dividend income	-	-	15,891	4,179	
Interest income	1,064	529	682	253	
Other income	1,621	4,022	41	692	
Profit from disposal of property, plant and equipment	-	1,089	-	975	
	2,685	5,640	16,614	6,099	
13. Profit from operations					
Profit from operations is stated after charging all expenses including the following:					
Auditors' remuneration - audit services	386	654	200	130	
Auditors' remuneration - non-audit services	185	465	95	374	
Depreciation (note 17)	9,856	7,733	8,107	5,611	
Profit on disposal of property, plant and equipment	-	1,089	-	975	
Provision/(reversal) for inventories	(1,271)	2,889	(1,271)	2,889	
Provision for bad debts (note 21)	-	851	-	230	
Management and secretarial fees	2,797	2,362	1,530	1,308	
Personnel costs (note 13.1)	26,849	33,048	18,166	24,809	
13.1. Personnel costs					
Salaries, wages and other related expenses	24,481	29,392	16,324	22,422	
Defined benefit plan cost - Gratuity (note 28)	735	2,036	763	1,239	
Defined contribution plan cost - EPF and ETF	1,633	1,620	1,079	1,148	
	26,849	33,048	18,166	24,809	
The above include:					
Directors' emoluments	-	-	-	-	
Directors' fees	600	400	375	275	
	600	400	375	275	

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

	Group		Company	
	2012	2011	2012	2011
<i>For the year ended 31st March</i>				
14. Finance expenses				
Interest expenses on borrowing from				
- External sources - banks	6,921	26,171	6,921	6,281
- Related companies	-	163	2,110	2,300
	6,921	26,334	9,031	8,581
15. Income tax expense/(reversal)				
15.1. Current taxation				
Current tax expense for the year (note 15.2)	2,876	10,321	1,694	6,211
Under/(over) provision in respect of previous years	(2,217)	779	(1,865)	621
	659	11,100	(171)	6,832
Deferred taxation				
Effects of change in tax rate (note 27.4)	-	(27,692)	-	(11,208)
Provision/(reversal) during the year (note 27)	1,772	(19,655)	915	(8,644)
	1,772	(47,347)	915	(19,852)
Income tax expense/(reversal)	2,431	(36,247)	744	(13,020)
15.2. Reconciliation between taxable profit and accounting profit				
Accounting profit before taxation	88,551	8,810	42,557	18,410
Aggregate of disallowable items	17,815	33,990	14,899	28,619
Aggregate of allowable claims	(17,374)	(6,839)	(13,517)	(2,586)
Profits not charged to income tax	(15,891)	(4,178)	(15,891)	(4,178)
Fair value adjustment - investment properties (note 18)	(65,260)	(30,522)	(12,407)	(22,779)
Adjustment due to consolidation	17,656	4,644	-	-
Current year losses not available for set off	-	27,151	-	-
Utilisation of tax losses (note 15.3)	(926)	(4,004)	-	-
Taxable profit	24,571	29,052	15,641	17,486
Income tax expenses charged thereon (note 15.4a/15.5b)	2,876	10,168	1,694	6,120
Social Responsibility Levy (SRL) (note 15.4b)	-	153	-	91
Current tax expense for the year	2,876	10,321	1,694	6,211
15.3. Analysis of tax losses				
Tax losses brought forward	12,920	235,571	-	-
Adjustment on finalization of liability	502	1,303	-	-
Tax losses incurred during the year	-	27,151	-	-
Tax losses written off due to amalgamation of subsidiaries	-	(247,101)	-	-
Utilisation of tax losses during the year (note 15.5 c)	(926)	(4,004)	-	-
Tax losses carried forward	12,496	12,920	-	-

15.4. Company

- (a) In terms of the provisions of the Inland Revenue Act, No 10 of 2006 and amendments thereto, the Company is liable to taxation at 28% (2011 - 35%). Since the turnover of the Company is bellow Rs. 300 mn, the Company is entitled to concessionary tax rate of 10% on operational profits.
- (b) Social Responsibility Levy was abolished with effect from 1st April 2011 (2011 - 1.5% on income tax charge)

15.5. Group

- (a) Group tax expenses are 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) Companies within the Group are liable to taxation at the standard rate of 28%, but where turnover is bellow Rs. 300 mn the company is entitled to concessionary tax rate of 10% on operational profits.
- (c) Utilization of tax losses is restricted to 35% of current year's Statutory Income. Any unabsorbed tax losses can be carried forward indefinitely.
- (d) Deferred tax has been computed using a tax rate of 28% (note 27.4).

16. Earnings per share

The Company's and the Group's earnings per share is calculated on the profit attributable to the shareholders of Equity One PLC over the weighted average number of ordinary shares in issue during the year, as required by Sri Lanka Accounting Standard 34 (Revised 2005) - "Earnings per share".

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

	Group		Company	
	2012	2011	2012	2011
Amounts used as the numerator				
Profit for the year attributable to the shareholders of the Company	81,314	41,757	41,813	31,430
Amounts used as the denominator				
Weighted average number of ordinary shares in issue during the year (In thousands)	40,322	40,322	40,322	40,322
Earning per share (Rs.)	2.02	1.04	1.04	0.78

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

	Machinery & equipment	Furniture & fittings	Motor vehicles	Capital Work-in-progress	Total as at 31st March 2012	Total as at 31st March 2011
17. Property, Plant & Equipment						
17.1. Group						
Cost/valuation						
Balance as at the beginning of the year	84,436	8,879	13,750	19,640	126,705	111,609
Additions during the year	14,140	22,203	-	(14,256)	22,087	21,675
Transfers to investment properties (note 18)	-	-	-	(5,384)	(5,384)	-
Disposals	-	-	-	-	-	(6,579)
Balance as at the end of the year	98,576	31,082	13,750	-	143,408	126,705
Accumulated depreciation						
Balance as at the beginning of the year	69,243	7,795	3,723	-	80,761	79,350
Charge for the year	4,702	1,717	3,437	-	9,856	7,733
On disposals	-	-	-	-	-	(6,322)
Balance as at the end of the year	73,945	9,512	7,160	-	90,617	80,761
Net book value						
As at 31st March 2012	24,631	21,570	6,590	-	52,791	
As at 31st March 2011	15,193	1,084	10,027	19,640		45,944
17.2. Company						
Cost/Valuation						
Balance as at the beginning of the year	43,516	4,353	13,750	19,640	81,259	65,264
Additions during the year	13,845	22,116	-	(14,256)	21,705	19,828
Transfers to investment properties (note 18)	-	-	-	(5,384)	(5,384)	-
Transferred on amalgamation	-	-	-	-	-	1,271
Disposals	-	-	-	-	-	(5,104)
Balance as at the end of the year	57,361	26,469	13,750	-	97,580	81,259
Accumulated Depreciation						
Balance as at the beginning of the year	37,939	3,523	3,725	-	45,187	44,221
Charge for the year	3,119	1,551	3,437	-	8,107	5,611
Transferred on amalgamation	-	-	-	-	-	459
On disposals	-	-	-	-	-	(5,104)
Balance as at the end of the year	41,058	5,074	7,162	-	53,294	45,187
Net book value						
As at 31st March 2012	16,303	21,395	6,588	-	44,286	
As at 31st March 2011	5,577	830	10,025	19,640		36,072

- 17.3.** Property, plant & equipment includes fully depreciated assets having a gross carrying amount of Rs. 32,886,152/- and Rs. 61,063,061/- (2011 - Rs. 32,064,324/- and Rs. 60,241,233/-) for the Company and the Group respectively.
- 17.4.** No borrowing costs were capitalized during the year (2011 - Nil) for the Company and the Group.
- 17.5.** There were no restrictions to the title of property, plant and equipment of the Company and the Group, as at the balance sheet date.
- 17.6.** No items of property, plant and equipment of the Company and the Group were pledged as security for liabilities as at the balance sheet date.

	Freehold land	Freehold building	As at 31st March 2012	As at 31st March 2011
18. Investment properties				
18.1. Group				
Balance as at the beginning of the year	1,449,718	433,461	1,883,179	1,846,731
Additions during the year	-	8,656	8,656	5,926
Transfer from capital work-in-progress (note 17)	-	5,384	5,384	-
Transfer from inventories (note 18.4)	470,000	-	470,000	-
Gain/(loss) on fair value adjustment	74,087	(8,827)	65,260	30,522
Balance as at the end of the year	1,993,805	438,674	2,432,479	1,883,179
18.2. Company				
Balance as at the beginning of the year	933,005	185,974	1,118,979	1,096,200
Additions during the year	-	5,209	5,209	-
Transfer from capital work-in-progress (note 17)	-	5,384	5,384	-
Transfer from inventories (note 18.4)	470,000	-	470,000	-
Gain/(loss) on fair value adjustment	18,800	(6,393)	12,407	22,779
Balance as at the end of the year	1,421,805	190,174	1,611,979	1,118,979

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

- 18.3. Investment properties were stated based on a valuation performed by Mr. K. Arthur Perera, A.M.I.V (Sri Lanka), an independent professional valuer as at 31st March 2012, the details of which are as follows;

Property & location	Method of valuation	Extent (Hectares)	Historical cost	Fair value As at 31st March 2012	Fair value As at 31st March 2011
Equity One PLC					
Dharmapala Mw., Colombo 7	Market approach	0.238	55,852	680,000	657,000
Vauxhall Lane, Colombo 2	Market approach	0.524	270,000	461,979	461,979
No.7, De Soysa Mawatha, Mt.Lavinia	Market approach	2.300	624,000	470,000	-
Equity Two PLC.					
Janadhipathi Mw., Colombo 1	Market approach	0.218	467,885	570,000	526,200
Equity Three (Private) Limited.					
George R. De Silva Mw., Colombo 13	Market approach	0.208	76,126	250,500	238,000
			1,493,863	2,432,479	1,883,179

- 18.4. The land located at No.7, De Soysa Mawatha, Mt.Lavinia, being property acquired for development activities of the Group, which was previously classified as inventory, was recognized as an investment property, held for capital appreciation, during the year upon discontinuation of property development activities.

Accordingly an amount of Rs. 470 mn was recognised in to investment property as at 31st March 2012, being the fair value of the property at the date of the transfer, based on a professional valuation performed by Mr. K. Arthur Perera, A.M.I.V (Sri Lanka), an independent professional valuer.

- 18.5. There were no restrictions to the title of investment properties of the Company and the Group, as at the balance sheet date.

- 18.6. No items of investment properties of the Company and the Group were pledged as security for liabilities as at the balance sheet date.

<i>As at 31st March</i>		Company	
		2012	2011
19. Investments in subsidiaries			
Investments in subsidiaries (note 19.1)		552,048	552,048
		552,048	552,048

19.1.

	No. of shares	Cost as at 31st March 2012	Market value/ valuation as at 31st March 2012	No. of shares	Cost as at 31st March 2011	Market value/ valuation as at 31st March 2011
Quoted investments						
Equity Two PLC	27,532,525	448,834	685,560	27,532,525	448,834	762,651
		448,834	685,560		448,834	762,651
Unquoted investments						
Equity Three (Private) Limited	5,399,997	103,214	103,214	5,399,997	103,214	103,214
		103,214	103,214		103,214	103,214
Total investment in subsidiaries		552,048	788,774		552,048	865,865

The market value of the quoted investment is based on the official valuation list published by the Colombo Stock Exchange as at 31st March 2012.

<i>As at 31st March</i>		Group		Company	
		2012	2011	2012	2011
20. Inventories					
Land held for development and sale		12,532	505,814	12,532	505,814
Provision for inventories		(1,618)	(2,889)	(1,618)	(2,889)
		10,914	502,925	10,914	502,925

20.1. No borrowing costs were capitalised into inventories during the year (2011 - Nil).

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

20.2. Details of the land held for sale as at 31st March 2012 are as follows.

Company	Location	Extent (Perches)	Fair Value As at 31st March 2012
Equity One PLC	Mirihana Estate, Mirihana	19.28	10,914
			10,914

As at 31st March	Group		Company	
	2012	2011	2012	2011
21. Trade and other receivables				
Trade debtors	666	2,122	13	-
Deposits, prepayments and other receivables	5,771	4,442	1,132	1,463
Loans given to company officers (note 21.1)	437	893	354	396
	6,874	7,457	1,499	1,859
Provision for bad debts	(851)	(851)	(230)	(230)
	6,023	6,606	1,269	1,629
21.1. Loans given to company officers				
Balance as at the beginning of the year	893	1,562	396	500
Loans granted during the year	398	328	354	293
Loans settled during the year	(854)	(997)	(396)	(397)
Balance as at the end of the year	437	893	354	396
22. Amounts due from related companies				
Lion Brewery (Ceylon) PLC	188	135	188	135
Agro Harapan Lestari (Private) Limited	-	18	-	-
	188	153	188	135
23. Stated capital				
Issued and fully paid				
As at the beginning of the year (40,321,730 shares)	1,085,584	1,085,584	1,085,584	1,085,584
As at the end of the year (40,321,730 shares)	1,085,584	1,085,584	1,085,584	1,085,584

<i>As at 31st March</i>	Group		Company	
	2012	2011	2012	2011
24. Capital reserves				
Balance as at the beginning of the year	13,236	13,236	13,236	13,236
Balance as at the end of the year	13,236	13,236	13,236	13,236
Represented by:				
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

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

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

<i>As at 31st March</i>	Group		Company	
	2012	2011	2012	2011
25. Revenue reserves				
Balance as at the beginning of the year	356,206	314,449	217,611	143,962
Net movement during the year	81,314	41,757	41,813	73,649
Balance as at the end of the year	437,520	356,206	259,424	217,611
Represented by:				
General reserve (note 25.1)	39	39	39	39
Fair value adjustment reserve (note 25.2)	898,086	832,826	805,534	793,127
Accumulated loss	(460,605)	(476,659)	(546,149)	(575,555)
	437,520	356,206	259,424	217,611

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

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

25.2. Fair value adjustment reserve

Any gains arising from fair value adjustment of investment properties will be transferred from retained earnings/accumulated loss to fair value adjustment reserve and any losses arising will be transferred to fair value adjustment reserve to the extent that loss does not exceed the balance held in the said reserve.

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

As at 31st March	Group		Company	
	2012	2011	2012	2011
26. Refundable rental and other deposits				
Balance as at the beginning of the year	28,989	23,437	20,082	14,206
Receipts during the year	6,181	8,721	5,441	8,571
Refunds during the year	(1,321)	(2,695)	-	(2,695)
Set-off against the amounts due	-	(474)	-	-
Recovered from prepaid rental deposits	(3,079)	-	(3,079)	-
	30,770	28,989	22,444	20,082
27. Deferred taxation				
Balance as at the beginning of the year	110,767	158,114	44,831	64,683
Adjustment resulting from change in tax rate (note 27.1/27.4)	-	(27,692)	-	(11,208)
Provision/(reversal) during the year (note 27.1)	1,772	(19,655)	915	(8,644)
Balance as at the end of the year	112,539	110,767	45,746	44,831
27.1. Deferred tax charge/(reversal) for the year arising from;				
Property, plant & equipment	2,201	(611)	2,172	(313)
Investment properties	(510)	(49,835)	(1,212)	(20,204)
Retirement benefit obligation	(37)	707	(45)	665
Tax losses carried forward	118	2,392	-	-
Net deferred tax charge/(reversal) for the year	1,772	(47,347)	915	(19,852)
27.2. Deferred tax assets				
Tax effect on retirement benefit obligation	1,327	1,290	975	930
Tax effect on tax losses carried forward	3,499	3,617	-	-
Total deferred tax assets	4,826	4,907	975	930
27.3. Deferred tax liabilities				
Tax effect on property, plant & equipment	4,660	2,459	3,477	1,305
Tax effect on investment properties	112,705	113,215	43,244	44,456
Total deferred tax liabilities	117,365	115,674	46,721	45,761
Net deferred tax liability	112,539	110,767	45,746	44,831

27.4. Impact due to corporate income tax rate change

As provided for in Sri Lanka Accounting Standard 14 (Revised 2005) - "Income taxes", deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Accordingly deferred taxation has been computed using the current tax rate of 28%.

As at 31st March	Group		Company	
	2012	2011	2012	2011
28. Retirement benefit obligations - Gratuity				
28.1. The movement in the liabilities recognised in the Balance Sheet is as follows:				
Balance as at the beginning of the year	4,605	5,705	3,321	4,556
Provision for the year (note 28.2)	735	2,036	763	1,239
Payments made during the year	(601)	(3,136)	(601)	(2,474)
Balance as at the end of the year	4,739	4,605	3,483	3,321
28.2. The amounts recognized in the Income Statement are as follows;				
Current service cost	223	242	151	175
Interest cost	459	685	332	547
Actuarial gains/(losses)	53	1,109	280	517
Provision for the year	735	2,036	763	1,239

- 28.3.** The gratuity liability as at 31st March 2012 amounting to Rs.3,482,519/- and Rs. 4,739,440/- (2011 - Rs. 3,321,045/- and Rs. 4,605,060/-) for the Company and the Group respectively is made based on an actuarial valuation carried out by Mr. M. Poopalanathan (AIA) of Messrs. Actuarial & Management Consultants (Pvt) Ltd. As recommended by the Sri Lanka Accounting Standards No. 16 (Revised 2006) - "Employee benefits", the "Projected Unit Credit (PUC)" method has been used in this valuation.

The principal assumptions used are:

- Rate of discount 10% p.a.
- Rate of pay increase 12% p.a.
- Retirement age 55 years
- Mortality A 67/70 mortality table, issued by the Institute of Actuaries, London was used.
- Withdrawal rate 5% for age up to 49 and zero thereafter.
- The company is a going concern.

- 28.4.** The above provision is not externally funded.

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

As at 31st March	Group		Company	
	2012	2011	2012	2011
29. Amounts due to related companies				
29.1. Non-current				
Carson Cumberbatch PLC	762,494	637,643	762,494	637,643
	762,494	637,643	762,494	637,643
29.2. Current				
Equity Two PLC	-	-	26,833	31,379
Equity Three (Private) Limited	-	-	8,114	12,549
	-	-	34,947	43,928

29.3. The amounts due to Carson Cumberbatch PLC, the parent company and Equity Three (Private) Limited were granted on interest free basis.

29.4. The Company accrued an amount of Rs. 2.1 mn (2011 - Rs. 2.1 mn) as interest on the amounts due to Equity Two PLC.

As at 31st March	Group		Company	
	2012	2011	2012	2011
30. Trade and other payables				
Trade creditors	282	1,536	-	99
Accrued expenses and other payables	10,545	20,510	7,659	16,684
Unclaimed dividend	192	159	119	119
	11,019	22,205	7,778	16,902
31. Long-term borrowings				
Bank borrowings				
Balance as at the beginning of the year	142,000	287,831	142,000	-
Transferred on amalgamation of companies	-	-	-	178,000
Less: Payments made during the year	(142,000)	(145,831)	(142,000)	(36,000)
Balance as at the end of the year	-	142,000	-	142,000
Less: Installments falling due within one year	-	(142,000)	-	(142,000)
Installments falling due after one year	-	-	-	-

31.1. Details of long-term borrowings

Company	Lender/Rate of interest (p.a.)	Balance as at 31st March 2012	Balance as at 31st March 2011	Repayment terms	Security
Equity One PLC	Hatton National Bank AWPLR + 2.25% (to be reviewed quarterly)	-	142,000	To be repaid in 60 months with an initial grace period of 24 months in 11 equal quarterly installments of Rs. 36 mn and a final installment of Rs. 34 mn plus interest. Interest to be serviced monthly. The loan was repaid in full by January 2012.	Registered primary floating mortgage bond (RPFMB) executed over the project property at Mount Lavinia and Primary mortgage executed over the immovable property owned by Equity One PLC situated in Dharmapala Mawatha, Colombo 7.
		-	142,000		

32. Commitments and contingencies

32.1. Capital expenditure commitments

The Company and the Group does not have any significant financial commitment as at the balance sheet date.

32.2. Contingent liabilities

There were no material contingent liabilities as at the balance sheet date.

32.3. Litigation and claims

There were no material litigations and claims as at the balance sheet date.

33. Dividend

The Board of Directors do not recommend a dividend for the year ended 31st March 2012 (2011 - Nil).

34. Events after the balance sheet date

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

35. Comparative figures

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

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

36. Related party transactions

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 30 (Revised 2005) "Related party disclosures", the details of which are reported below.

36.1. Parent and ultimate controlling party

In the opinion of the Directors, Carson Cumberbatch PLC is the parent company of Equity One PLC.

36.2. Transactions with Related Companies

	Name of the related company	Nature of the relationship	Name/s of the common Director/s	Nature of transactions	Value of the transaction	
					2012	2011
36.2.1.	Equity One PLC					
	Carson Cumberbatch PLC	Parent	D. C. R. Gunawardena	Short-term advances obtained	149,857	188,993
				Settlements made on short-term advances obtained	25,007	80,461
				Interest on advances provided	-	163
	Equity Two PLC	Subsidiary	D. C. R. Gunawardena	Settlements made on short-term advances obtained	6,656	2,478
			K. C. N. Fernando	Interest on advances provided	2,110	2,137
			A. P. Weeratunge	Dividend received	5,507	2,753
			E. H. Wijenaik			
			P. D. D. Fernando			
	Equity Three (Private) Limited	Subsidiary	K. C. N. Fernando	Short-term advances obtained	7,500	1,300
				Settlements made on short-term advances obtained	11,935	1,000
				Dividend received	12,150	1,890
	Equity Five Limited *	Subsidiary	D. C. R. Gunawardena	Settlements made on short-term advances obtained	-	183,851
			K. C. N. Fernando			
	Equity Developers (Private) Limited *	Subsidiary	D. C. R. Gunawardena	Short-term advances provided	-	311
			K. C. N. Fernando	Settlements made on short-term advances provided	-	20,614
			A. P. Weeratunge			
	Equity Nine (Private) Limited *	Subsidiary	D. C. R. Gunawardena	Short-term advances provided	-	765
			K. C. N. Fernando	Settlements made on short-term advances provided	-	45,635
			A. P. Weeratunge			
	Equity Property Developers (Private) Limited *	Subsidiary	D. C. R. Gunawardena	Short-term advances provided	-	129,008
			K. C. N. Fernando			
			A. P. Weeratunge			

Name of the related company	Nature of the relationship	Name/s of the common Director/s	Nature of transactions	Value of the transaction	
				2012	2011
Carsons Real Estate Management Services (Private) Limited *	Subsidiary	D. C. R. Gunawardena K. C. N. Fernando A. P. Weeratunge	Short-term advances provided	-	124
Carsons Management Services (Private) Limited	Affiliate	K. C. N. Fernando A. P. Weeratunge	Management fees paid	1,224	1,234
			Secretarial fees paid	306	74
			Computer charges paid	306	308
			Rental income received	11	68
Carsons Airline Services (Private) Limited	Affiliate	D. C. R. Gunawardena	Rental income received	-	61
36.2.2. Equity Two PLC					
Equity One PLC	Parent	D. C. R. Gunawardena	Settlements made on short-term		
		K. C. N. Fernando	advances provided	6,656	2,478
		A. P. Weeratunge	Interest on advances provided	2,110	2,137
		E. H. Wijenaikie	Dividend paid	5,507	2,753
Carsons Management Services (Private) Limited	Affiliate	K. C. N. Fernando A. P. Weeratunge	Management fees paid	612	617
			Secretarial fees paid	306	74
			Computer charges paid	184	185
			Rental income received	5,628	5,787
Carsons Airline Services (Private) Limited	Affiliate	D. C. R. Gunawardena	Rental income received	433	397
Guardian Fund Management Limited	Affiliate	A.P. Weeratunge	Rental income received	741	582
Agro Harapan Lestari (Private) Limited	Affiliate		Rental income received	7,183	8,533
AHL Business Solutions (Private) Limited	Affiliate		Rental income received	910	1,418

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

Name of the related company	Nature of the relationship	Name/s of the common Director/s	Nature of transactions	Value of the transaction	
				2012	2011
36.2.3. Equity Three (Private) Limited					
Equity One PLC	Parent	K. C. N. Fernando	Short-term advances provided	7,500	1,300
			Settlements made on short-term advances provided	11,935	1,000
			Dividend paid	12,150	1,890
Carsons Management Services (Private) Limited	Affiliate	K. C. N. Fernando	Management fees paid	306	308
			Secretarial fees paid	43	25
			Computer charges paid	92	93
			Rental income received	1,337	1,337
36.2.4. Equity Five Limited *					
Equity One PLC	Parent	D. C. R. Gunawardena K. C. N. Fernando A. P. Weeratunge	Settlements made on short-term advances provided	-	183,851
Carsons Management Services (Private) Limited	Affiliate	K. C. N. Fernando A. P. Weeratunge	Secretarial fees paid	-	30
36.2.5. Equity Developers (Private) Limited *					
Equity One PLC	Parent	D. C. R. Gunawardena K. C. N. Fernando A. P. Weeratunge	Short-term advances obtained	-	311
			Settlements made on short-term advances obtained	-	20,614
36.2.6. Equity Nine (Private) Limited *					
Equity One PLC	Parent	D. C. R. Gunawardena K. C. N. Fernando A. P. Weeratunge	Short-term advances obtained	-	765
			Settlements made on short-term advances obtained	-	45,635
36.2.7. Equity Property Developers (Private) Limited *					
Equity One PLC	Parent	D. C. R. Gunawardena K. C. N. Fernando A. P. Weeratunge	Short-term advances obtained	-	129,008
36.2.8. Carsons Real Estate Management Services (Private) Limited *					
Equity One PLC	Parent	D. C. R. Gunawardena K. C. N. Fernando A. P. Weeratunge	Short-term advances obtained	-	124
Carsons Management Services (Private) Limited	Affiliate	K. C. N. Fernando A. P. Weeratunge	Settlements made on short-term advances obtained	-	868

* Carsons Real Estate Management Services (Private) Limited, Equity Nine (Private) Limited, Equity Five Limited, Equity Property Developers (Private) Limited and Equity Developers (Private) Limited were amalgamated with Equity One PLC with effect from 30th November 2010.

This note should be read in conjunction with notes 22 and 29, "Amounts due from related companies" and "Amounts due to related companies" respectively.

36.3. Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard 30 (Revised 2006) - "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 Company and its parent company (including executive and non-executive directors) and their immediate family members have been classified as Key Management Personnel of the Company.

Compensation for Key Management Personnel (Board of Directors) incurred over the period are disclosed in note 13.

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

37. Segmental information

(a) Primary reporting format - Business segments

For the year ended 31st March	Property rental		Property development		Management services		Group	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	104,756	99,648	21,974	75,918	-	-	126,730	175,566
Profit/(loss) from operations	97,100	43,167	(1,628)	(7,702)	-	(321)	95,472	35,144
Finance expenses	-	(186)	(6,921)	(26,148)	-	-	(6,921)	(26,334)
Profit/(loss) before taxation	97,100	42,981	(8,549)	(33,850)	-	(321)	88,551	8,810
Income tax (expense)/reversal	(1,742)	36,247	(689)	-	-	-	(2,431)	36,247
Profit/(loss) for the year	95,358	79,228	(9,238)	(33,850)	-	(321)	86,120	45,057
Profit/(loss) attributable to:								
Equity holders of the parent	90,552	75,928	(9,238)	(33,850)	-	(321)	81,314	41,757
Non-controlling interest	4,806	3,300	-	-	-	-	4,806	3,300
	95,358	79,228	(9,238)	(33,850)	-	(321)	86,120	45,057
As at 31st March								
Segment Assets								
Property, plant & equipment	52,791	45,944	-	-	-	-	52,791	45,944
Investment property	2,432,479	1,883,179	-	-	-	-	2,432,479	1,883,179
Current assets	23,651	30,702	10,914	502,925	-	-	34,565	533,627
Total Segmental Assets	2,508,921	1,959,825	10,914	502,925	-	-	2,519,835	2,462,750
Segment Liabilities								
Refundable rental and other deposit	30,770	28,989	-	-	-	-	30,770	28,989
Deferred taxation	112,539	110,767	-	-	-	-	112,539	110,767
Retirement benefit obligations	4,739	4,605	-	-	-	-	4,739	4,605
Amounts due to related companies - Non-current	762,494	-	-	637,643	-	-	762,494	637,643
Current liabilities	11,298	26,177	-	142,000	-	-	11,298	168,177
Total Segmental Liabilities	921,840	170,538	-	779,643	-	-	921,840	950,181
Depreciation	9,856	7,354	-	-	-	379	9,856	7,733
Capital expenditure	30,743	27,601	-	-	-	-	30,743	27,601

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets consist primarily of property, plant and equipment, capital work-in-progress, inventories, trade and other receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities.

(b) Secondary reporting format - Geographical segments

All the Group's business segments operate in a single geographical area, hence they do not qualify for reporting under 'Geographical segments'.

Five Year Summary

(All figures are in Sri Lankan Rupees Thousands)

<i>Year ended/As at 31st March</i>	2012	2011	2010	2009	2008
GROUP					
Revenue (net)	126,730	175,566	178,945	111,332	93,374
Profit/(loss) before taxation	88,551	8,810	(112,721)	(337,382)	17,647
Income tax (expenses)/reversal	(2,431)	36,247	(10,492)	(15,623)	(15,227)
Profit/(loss) for the year	86,120	45,057	(123,213)	(353,005)	2,420
Shareholders' funds					
Stated capital	1,085,584	1,085,584	1,085,584	1,085,584	1,085,584
Reserves	450,756	369,442	327,685	451,415	803,176
Non-controlling interest	61,655	57,543	54,590	54,073	63,520
Shareholders' funds	1,597,995	1,512,569	1,467,859	1,591,072	1,952,280
Assets employed					
Current assets	34,565	533,627	612,329	746,826	1,060,302
Current liabilities	(11,298)	(168,177)	(163,173)	(549,237)	(290,270)
Working capital	23,267	365,450	449,156	197,589	770,032
Non-current assets	2,485,270	1,929,123	1,878,990	1,869,554	1,931,369
Assets employed	2,508,537	2,294,573	2,328,146	2,067,143	2,701,401
Non-current liabilities	(910,542)	(782,004)	(860,287)	(476,071)	(749,121)
Net assets	1,597,995	1,512,569	1,467,859	1,591,072	1,952,280
Cash flow statement					
Net cash inflow/(outflow) from:					
Operating activities	39,823	72,613	319,412	(86,713)	(112,762)
Investing activities	(29,679)	(25,726)	(6,369)	208,412	1,935
Financing activities	(17,810)	(39,874)	(313,588)	(120,775)	2,863
Net increase/(decrease) in cash & cash equivalents	(7,666)	7,013	(545)	924	(107,964)
Ratios and statistics					
Dividend per share (Rs.)	-	-	-	-	0.20
Dividend yield (%)	-	-	-	-	0.95
Dividend payout (%)	-	-	-	-	333.24
Return on shareholders' funds (%)	5.29	2.87	(8.39)	(22.19)	0.12
Earnings/(loss) per share (Rs.)	2.02	1.04	(3.06)	(8.75)	0.06
Earnings yield (%)	7.61	2.04	(12.35)	(48.64)	0.29
P/E ratio (times)	13.12	48.75	(8.10)	(2.06)	349.90
Market price per share ** (Rs.)	26.50	50.70	24.75	18.00	21.00
Net assets per share (Rs.)	38.10	36.09	36.40	39.46	48.42
Current ratio (times)	3.06	3.17	3.75	1.36	3.65
Market capitalisation (Rs. '000)	1,068,526	2,044,312	997,963	725,791	846,756

** Based on the market price per share as at 31st March.

Statement of Value Added

(All figures are in Sri Lankan Rupees Thousands)

<i>For the year ended 31st March</i>	2012	2011		
Revenue (Net)	126,730		175,566	
Other income	2,685		5,640	
	129,415		181,206	
Cost of material and services bought from outside	(62,498)		(132,914)	
Value added	66,917		48,292	
Distributed as follows:		%		%
To employees				
as remuneration	26,849	40	33,048	68
To government				
as taxation*	659	1	11,100	23
To providers of capital				
as dividend	694	1	347	1
as interest on loans	6,921	10	26,334	55
as minority interest	4,112	6	2,953	6
Retained in the business				
as deferred taxation	1,772	3	-	-
as depreciation	9,856	15	7,733	16
as retained profits/(loss) net of provisions and fair value adjustment	16,054	24	(33,223)	(69)
	66,917	100	48,292	100

The Statement of value added shows the quantum of wealth generated by the activities of the Group and its applications.

*Excluding Value Added Tax (VAT).

US \$ FINANCIALS

PREPARATION OF US DOLLAR FINANCIALS

The financial statements of the Group are stated in Sri Lankan Rupees.

The translation of the Sri Lankan Rupee amounts into US Dollars is included solely for the convenience of shareholders, investors, bankers and other users of financial statements.

US Dollar financials do not form part of the audited financial statements of the Group.

Income Statement

(All figures are in US Dollars)

For the year ended 31st March	Group	
	2012	2011
Revenue	1,129,702	1,565,736
Direct cost	(720,146)	(1,293,008)
	409,556	272,728
Other income	23,935	50,299
Fair value adjustment - investment properties	581,744	272,202
Provision for inventories	-	(25,765)
	1,015,235	569,464
Administrative and other operating expenses	(164,174)	(256,042)
Profit from operations	851,061	313,422
Finance expenses	(61,695)	(234,852)
Profit before taxation	789,366	78,570
Income tax (expenses)/reversal	(21,671)	323,259
Profit for the year	767,695	401,829
Profit attributable to:		
Equity holders of the parent	724,853	372,399
Non-controlling interest	42,842	29,430
	767,695	401,829
Earnings per share (Rs.)	0.018	0.009

Balance Sheet

(All figures are in US Dollars)

As at 31st March	Group	
	2012	2011
ASSETS		
Non-current assets		
Property, plant & equipment	412,108	416,159
Investment properties	18,988,907	17,057,781
Total non-current assets	19,401,015	17,473,940
Current assets		
Inventories	85,199	4,555,480
Trade and other receivables	47,018	59,837
Current tax receivables	9,079	-
Amounts due from related companies	1,468	1,386
Short-term investments	78,205	119,085
Cash at bank and in hand	48,860	97,790
Total current assets	269,829	4,725,578
Total assets	19,670,844	22,307,518
EQUITY AND LIABILITIES		
Equity		
Stated capital	12,278,700	12,278,700
Capital reserves	116,105	116,105
Revenue reserves	(401,516)	784,778
Total equity attributable to equity holders of the parent	11,993,289	13,179,583
Non-controlling interest	481,301	521,223
Total equity	12,474,590	13,700,806
Non-current liabilities		
Refundable rental and other deposits	240,203	262,582
Deferred taxation	878,525	1,003,324
Retirement benefit obligations	36,995	41,712
Amounts due to related companies	5,952,334	5,775,752
Total non-current liabilities	7,108,057	7,083,370
Current liabilities		
Trade and other payables	86,019	201,132
Current tax liabilities	2,178	35,978
Long-term bank borrowings repayable within one year	-	1,286,232
Total current liabilities	88,197	1,523,342
Total liabilities	7,196,254	8,606,712
Total equity and liabilities	19,670,844	22,307,518
Net assets per share (Rs.)	0.297	0.327

Notes to the Financial Statements

1 Basis of conversion

The translation of Sri Lankan Rupee amounts in to US Dollar amounts is solely for the convenience of the shareholder, investor, banker and other users of financial statements.

The translation of the financial statements in to US Dollar were effected based on the following exchange rates.

		2012	2011
Income statement	Average rate	112.18	112.13
Monetary assets and liabilities	Closing rate	128.10	110.40
Non-monetary assets and liabilities	Closing rate	128.10	110.40
Ordinary share capital	Historical rate		

Gains or losses on conversion are accounted for in the revenue reserve.

2 Revenue reserve

	2012 US \$	Group 2011 US \$
Beginning of the year	784,779	2,291
Net movement during the year	724,852	372,399
	1,509,631	374,690
Currency fluctuations	(1,911,147)	410,089
As at the end of the year	(401,516)	784,779

Information to Shareholders and Investors

1 Stock Exchange Listing

Equity One PLC, is a public quoted company, the ordinary shares of which are listed on the main board of the Colombo Stock Exchange of Sri Lanka.

Stock Exchange code for Equity One PLC shares is "EQIT".

2 Shareholders base

2.1 Number of shareholders

As at 31st March

	2012	2011
Number of shareholders	673	628

2.2 Distribution & composition of shareholders

The number of shares held by non-residents as at 31st March 2012 was 15,681 which amounts to 0.04% of the total no of ordinary shares.

Distribution of shares	Residents			Non-Residents			Total		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
1-1,000	470	135,011	0.33	4	1,744	0.01	474	136,755	0.34
1,001-10,000	162	506,243	1.26	3	13,937	0.03	165	520,180	1.29
10,001-100,000	32	711,343	1.76	-	-	-	32	711,343	1.76
100,001-1,000,000	1	135,200	0.34	-	-	-	1	135,200	0.34
Above 1,000,000	1	38,818,252	96.27	-	-	-	1	38,818,252	96.27
Total	666	40,306,049	99.96	7	15,681	0.04	673	40,321,730	100.00

Categories of shareholders	2012		
	No. of shareholders	No. of shares	%
Individuals	640	1,301,618	3.23
Institutions	33	39,020,112	96.77
Total	673	40,321,730	100.00

3 Market performance - Ordinary shares

For the year

	2012	2011
At 31st March (Rs.)	26.50	50.70
Highest (Rs.)	73.50	62.20
Lowest (Rs.)	26.00	48.00
Value of shares traded (Rs.)	84,907,539	10,724,750
No. of shares traded	1,450,324	187,300
Volume of transactions (Nos.)	2,158	322

Information to Shareholders and Investors

4 Market capitalisation

Market capitalisation of the Company which is the number of ordinary shares in issue multiplied by the market value of an ordinary share was Rs 1,068,525,845/- as at 31st March, 2012 (2011 - Rs. 2,044,311,711/-).

5 Public holding

The percentage of ordinary shares held by public as at 31st March 2012 was 3.72% (2011 - 3.72%).

6 Dividend

The Directors do not recommended a dividend for the year ended 31st March 2012 (2011 - Nil).

7 Value of property - Land and building

	Location Extent (in hectares)	Market value 2012 Rs. '000	Date of professional valuation
Equity One PLC			
Dharmapala Mw, Colombo 07	0.238	680,000	March 2012
Vauxhall Lane, Colombo 02	0.524	461,979	March 2012
De Soysa Mawatha, Mt.Lavinia	2.300	470,000	March 2012
Equity Two PLC			
Janadhipathi Mw, Colombo 01	0.218	570,000	March 2012
Equity Three (Private) Limited			
George R. De Silva Mw, Colombo 13	0.208	250,500	March 2012

8 Number of employees

The number of employees at the end of the year was 18 (2011 - 18) and 14 (2011 - 14) for the Group and the Company respectively.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the THIRTIETH Annual General Meeting of EQUITY ONE PLC will be held on Wednesday the 20th day of June 2012 at 3.30 p.m. at the 8th Floor, No.65C, Dharmapala Mawatha, Colombo 7, for the following purposes :

1. To receive and adopt the Annual Report of the Board of Directors and the financial statements for the year ended 31st March 2012, together with the Independent Auditors' Report thereon.
2. To re-elect Mr. S. Mahendrarajah who retires in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
3. To re-elect Mr. P.D.D. Fernando, who retires in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.
4. To re-appoint Mr. S. Nagendra 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. 7 of 2007 shall not be applicable to Mr. S. Nagendra who is 72 years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

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

By Order of the Board
CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED
 Secretaries

Colombo,
 2nd May 2012

Notes

1. A member is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A Form of Proxy accompanies this notice.
2. The completed Form of Proxy must be deposited at the registered office, No.61, Janadhipathi Mawatha, Colombo 1, not later than 3.30 p.m. on 18th June 2012.
3. A person representing a corporation is required to carry a certified copy of the resolution authorising him/her to act as the representative of the corporation. A representative need not be a member.
4. The transfer books of the Company will remain open.
5. 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.

Notes

Form of Proxy

*I/ We
of
being *a Member/Members of EQUITY ONE PLC
hereby appoint
of
bearing NIC No./Passport No or failing him/her

Don Chandima Rajakaruna Gunawardena	of Colombo, or failing him,
Sega Nagendra	of Colombo, or failing him,
Kurukulasuriya Calisanctus Nalake Fernando	of Colombo, or failing him,
Eranjith Harendra Wijenaik	of Colombo, or failing him,
Ajith Prashantha Weeratunge	of Colombo, or failing him,
Subramaniam Mahendrarajah	of Colombo, or failing him,
Panthiage Donald Dunstan Fernando	

as *my/our proxy to attend at the Annual General Meeting of the Company to be held on Wednesday, the 20th day of June 2012 at 3.30 p.m., at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 07 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
i. To adopt the Annual Report of the Board of Directors and the financial statements for the year ended 31st March 2012, together with the Independent Auditors' Report thereon.	<input type="checkbox"/>	<input type="checkbox"/>
ii. To re-elect Mr. S. Mahendrarajah who retires in terms of Articles 72,73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
iii. To re-elect Mr. P.D.D. Fernando who retires in terms of Articles 72,73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
iv. To re-appoint Mr. S. Nagendra who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
v. To re-appoint Messrs. KPMG, Chartered Accountants as auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 7 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this.....day ofTwo Thousand and Twelve.

.....
Signature/s

Note:

- * Please delete the inappropriate words.
- 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.
- A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
- Instructions are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing 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 54 of the Articles of Association of the Company:
 1. 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.
 2. An 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 the common seal or signed by its attorney or by an authorized officer on behalf of the corporation
4. In terms of Article 50 of the Articles of Association of the Company :

Where there are joint registered 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 deposited at the Registered Office of the Company situated at No. 61, Janadhipathi Mawatha, Colombo 1 not later than 3.30 p.m. on 18th June 2012.

Please fill in the following details

Name :

Address :

.....

Jointly with :

Share folio no. :

Corporate Information

Name of the Company

Equity One PLC
(A Carson Cumberbatch Company)

Company Registration No

PQ 19

Legal Form

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

Parent Company

Carson Cumberbatch PLC

Directors

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

Place of Business

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

Bankers

Citi Bank NA
Standard Chartered Bank
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
Deutsche Bank AG

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: +94-11-4739200
Fax No: +94-11-4739300

Registered Office

No. 61, Janadhipathi Mawatha,
Colombo 01, Sri Lanka.
Telephone No: +94-11-4739200
Fax No: +94-11-4739300

Corporate Website

www.carsoncumberbatch.com

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