EQUITY ONE PLC ANNUAL REPORT 2015/2016

one

A Carson Cumberbatch Company

Contents

Chairman's Statement

Dear Shareholder,

On behalf of the Board of Directors of Equity One PLC, it is with great pleasure that I welcome you to the 34th Annual General Meeting of the Company. The Annual Report and Audited Consolidated Financial Statements of the Group for the year ended 31st March 2016 are presented herewith.

For the year 2015, Sri Lanka recorded a real GDP growth of 4.8% against 4.9% in the previous fiscal period, maintaining momentum overall. In spite of a somewhat unpredictable policy environment, two of the fundamental Macro factors related to Real Estate & Property; interest rates and inflation remained single digit during the year to the benefit of sector participants.

Considering the expansion of the country's economy and the opportunities it has presented for the public to seek better quality of life, the requirement for higher quality Residential, Commercial and Administrative establishments has gained more prominence over time. In response, the Real Estate & Property sector of Sri Lanka has also evolved to offer diverse development options catering to different clientele. Provided that Sri Lanka remains on track where its growth trajectory is concerned, prospects for the sector appear bright with the likes of ground breaking projects such as the Western Region Megapolis development and revived port city plans in the pipeline.

The concept of 'Megapolis' in particular was the subject of discussion in many a forums throughout the year given its scale and value adding potential to the economy. Packaged as a series of projects, prioritised as short, medium and long term, the plan includes development of; a high rise business district, logistics hub and housing units etc. If executed as scheduled the project holds significant development potential for the Western region, with improved infrastructure, efficient transportation/logistics systems and integrated spaces, which in turn could have a positive impact on property valuations and set new precedents for quality of construction.

Driven by the vision to position Sri Lanka as a leisure and business destination within the region, the Port city expansion focusses on creating a central business district as an extension to Colombo, leading to 'a city within a city'. Provided it is implemented as planned, the project is likely to enhance opportunities in trade, business and tourism, which in turn would benefit our economy.

Given that its properties are located in the heart of Colombo, Equity One PLC is well positioned to gain from any upside associated with such developments. The precise impact however is uncertain as of now and can only be evaluated after completion of the aforementioned projects.

I'm pleased to announce that all properties of the Group with the exception of that in Vauxhall Lane recorded higher average Occupancy during the year relative to the preceding twelve months. As such, Group occupancy increased to 90% from 87% in the corresponding financial year, which in turn led to a 10.8% year-on-year growth in consolidated Revenue, to Rs. 233.5 Mn for the period in review.

Group investment property was assessed at a total of Rs. 3.2 Bn for FY 15/16 resulting in an unrealised gain of Rs. 537.5 Mn for the year, stemming from increase in fair value of investment properties. Including this gain, Equity One PLC recorded an overall profit of Rs. 630.3 Mn for the financial year concluded, against Rs. 383.7 Mn registered in the previous financial year.

Considering the repayment of borrowings and earnings of the Group adjusted for investment property gains, the Board of Directors of Equity One PLC recommends a first and final dividend of 15 cents per share for the year ended 31st March 2016, subject to shareholder approval at the forthcoming Annual General Meeting.

On 2nd November 2015 the Board of Directors of Equity One PLC announced its decision to de-list the shares of the Company from the Official List of the Colombo Stock Exchange (CSE) subject to shareholder and regulatory approval considering the minimum public float rules stipulated by the Securities & Exchange Commission (SEC) of Sri Lanka,.

Accordingly, the special resolution to de-list the shares of Equity One PLC from the Official List of the Colombo Stock Exchange was passed at the Extraordinary General Meeting of the Company held on the 30th of November 2015, with more than seventy five percent of the shareholders present at the meeting voting in favour of the said resolution. Upon obtaining shareholder approval, an application was made to the Securities & Exchange Commission of Sri Lanka on the 11th of December 2015 for approval of the same, which is still pending as of 24th June 2016, well beyond the time frame set out.

The delay is in spite of representatives of the company, including myself having met with the SEC several times and explaining the process followed by the company leading up to the shareholders meeting and having provided authorities with all required information in a timely manner.

Whilst thanking our valued shareholders for the confidence they have placed in the company, I would like to take this opportunity to extend my sincere gratitude to all business associates, financiers, regulatory authorities and stakeholders who worked with us during the year and have given their fullest support and co-operation. I place on record my appreciation to the members of the Audit Committee, Remuneration Committee, Nomination Committee and the newly appointed Related Party Transactions Review Committee for their guidance and my colleagues on the Board for their valuable inputs. Last but not least, I would like to thank the members of the staff who have worked tirelessly throughout the year.

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

24th June 2016
Colombo

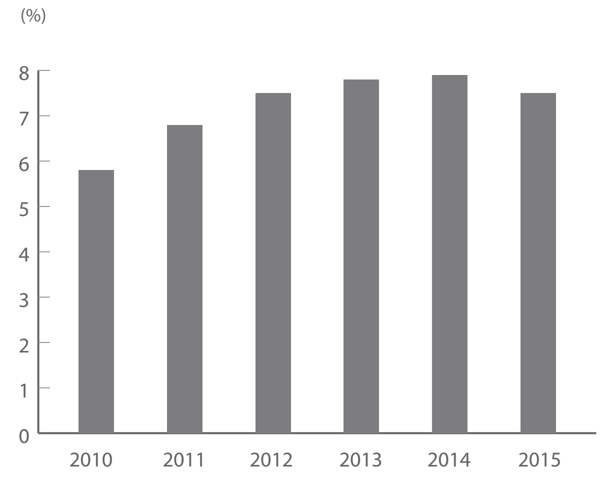
Business Review

MACRO OVERVIEW

Sri Lanka reported a GDP of USD 82.3 Bn for the year 2015, reflecting a real growth of 4.8% in par with the 4.9% recorded in 2014. Despite the sense of uncertainty that prevailed with regard to overall policy direction, interest rates and inflation remained single digit during the year, contributing positively towards the economy. Inflation even entered negative territory for a brief period in 2015, as a result of subdued commodity prices. Considering the 50 basis points increase in policy rates announced by the Central Bank of Sri Lanka in early 2016, interest rates indicate an upward trend going forward.

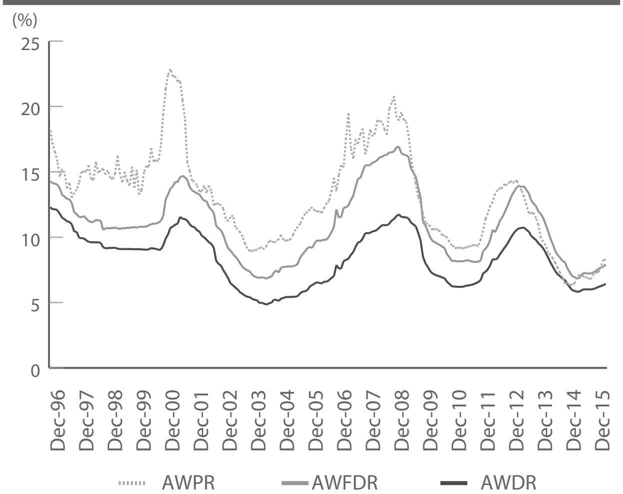
Although Sri Lanka's Real Estate & Property segment has accomplished admirable progress over the recent years, areas for development still remain. To begin with, the divergence between urban property prices and average income has grown further apart, making property ownership a difficult task especially for the low and middle income urban population. The issue has been compounded by the fact that borrowing rates are still relatively high in comparison to developed nations, resulting in high mortgage costs per month. Rising construction cost has been a significant contributory factor towards higher property prices.

CONSTRUCTION SECTOR CONTRIBUTION TO REAL GDP



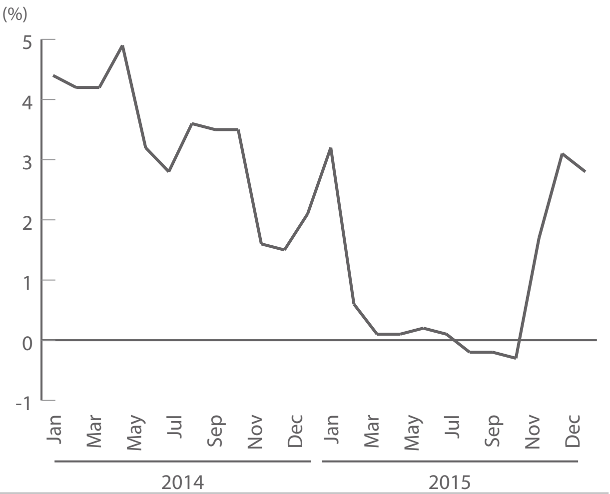
Source : Central Bank Annual Reports

COMMERCIAL BANKS, LENDING AND DEPOSIT RATES (%)



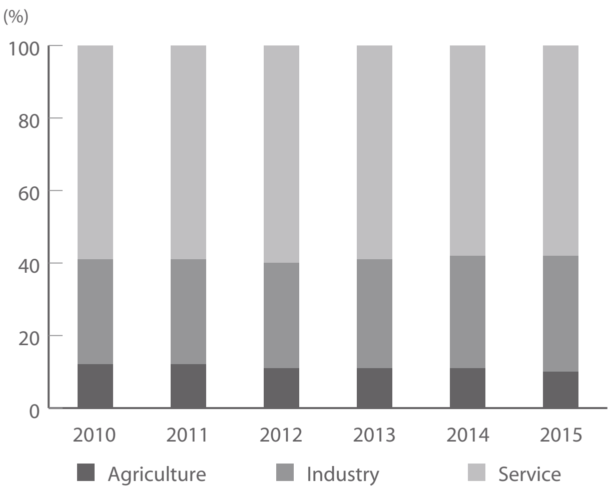
Source : Central Bank of Sri Lanka

INFLATION (YOY CHANGE IN CCPI)



Source : Department of Census & Statistics

COMPOSITION OF REAL GDP BY SECTOR



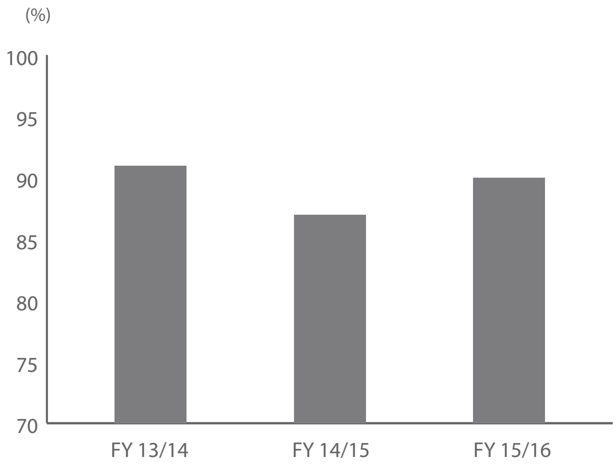
Source : Central Bank Annual Reports

OUR BUSINESS

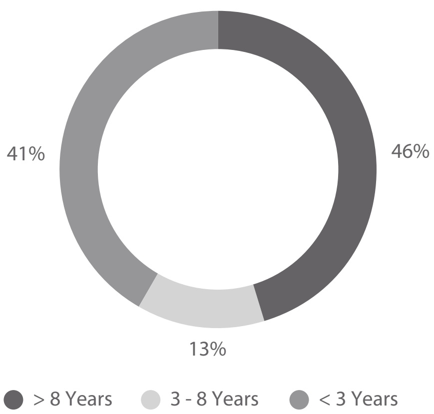
Group occupancy for the period under review improved to 90%, against 87% recorded for the preceding twelve months, as a result of net gain in tenants. During the year the group welcomed a number of new tenants belonging to varied business segments, which further strengthened diversity amongst our existing tenant base.

In reflection of the prevailing markets prices, as at 31st March 2016, the group's investment property portfolio was valued at a total of Rs. 3.2 Bn, depicting an appreciation of 21.1% against the corresponding year.

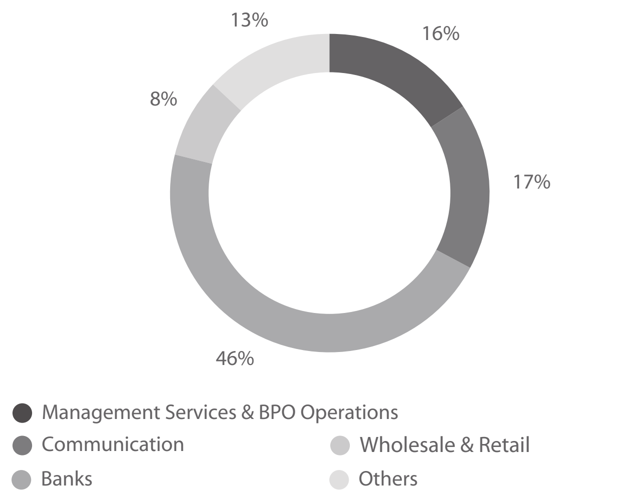
AVERAGE OCCUPANCY DURING THE PERIOD



TENANT AGE PROFILE (FY 15/16)



TENANT PROFILE BASED ON REVENUE (FY 15/16)



FINANCIAL REVIEW

Equity One PLC concluded the year with consolidated Revenue of Rs. 233.5 Mn on the back of increased occupancy and rent revisions. In comparison to the corresponding twelve months, this was an increase of 10.8%. The aforementioned increase in Group investment property values resulted in an unrealised gain of Rs. 537.5 Mn for the period in review, depicting an increase of 92.1% year-on-year.

Administrative expenditure for the period reflected an increase of 49.6% against the previous financial year due to brokerage expenses incurred to acquire new tenants and professional fees related to the de-listing exercise of the Company and property management audit. The property management audit was carried out by an International property consultancy firm, to assess functionality of machinery, review maintenance and safety practices to ensure overall service quality to tenants. Increase in deferred tax, which rose by Rs. 19.3 Mn between the two comparable financial years, largely stemmed from deferred tax pertaining to valuation gains of investment properties.

Including the aforementioned unrealised gain, the Group registered a net profit of Rs. 630.3 Mn for the year ended 31st March 2016 against Rs. 383.7 Mn recorded for the corresponding financial year. However, excluding the unrealised gain arising out of investment property valuations from both periods, the Profit Before Tax for the period in review depicted an increase of 7.3% against the preceding twelve months.

Business Review

At Company level, occupancy of Equity One PLC declined marginally from an average of 94% during financial year 14/15 to 91% in the period under review, driven by reduced occupancy at Vauxhall Lane. However, in spite of relatively lower occupancy, revenue increased by 9.2% Year-on-Year due to rent revisions.

The standalone unrealised gain from investment property for the year stood at Rs. 327.1 Mn, compared to Rs. 174.9 Mn recorded for the corresponding period, reflecting an increase of 87%.

Administrative expenses increased by 50.4% year-on-year to Rs. 10.6 Mn for the year concluded, driven by expenses incurred on the de-listing exercise of the Company an brokerage expenses incurred on acquiring new tenants during the period, as mentioned above. But the impact of this was minimal, due to the increase in finance income, driven by higher dividend inflows from subsidiaries.

Accordingly, the company recorded total net profit of Rs. 386.7 Mn for the period under review, up by 72.4% against net profit reported in the previous financial year. The standalone profit before tax of Equity One PLC excluding the fair value gain showed an improvement of 12.8% in the reviewing twelve months.

Considering the overall performance of the company, the Board of Directors recommended a first and final dividend of 15 cents per share for the year ended 31st March 2016, subject to shareholder approval at the forthcoming Annual General Meeting.

In light of the developments envisaged to take place in Sri Lanka, the future presents a plethora of economic opportunities for the country. With properties located in the heart of Colombo, Equity One PLC is well positioned to gain from any upside. However, the Group's rental business may face competitive pressure from the more modern commercial spaces that are likely to come up as a result of such growth.

Carsons Management Services (Private) Limited
Managers

24th June 2016

Profiles of the Directors

CHANDIMA GUNAWARDENA

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

Mr. Gunawardena has over four decades of experience in varied fields of business and commercial activities and has held senior positions in Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990.

He 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. He is a 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., Travelon Ltd and Travelon Management Services Ltd. He is also Chairman and Director of several public listed and private companies.

Past President of Skal International Colombo (International Association of Travel and Tourism Professionals), Past Secretary of the Skal International, Asian Area Region and Past President of the Pacific Asia Travel Association (Sri Lanka Chapter) and present Council Member.

Former Past President of the Sri Lanka Pakistan Business Council and Past President of the Sri Lanka - Benelux Business Council and present Council member. Past President of the Chartered Management Institute- UK, Sri Lanka Branch.

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. Present Chairman, Colombo Club.

Companion of the Chartered Management Institute-U.K., Master of Business Administration U.K. and Fellow of the Institute of 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. He is also a Director of Carsons Management Services (Private) Limited and in some of the Boards of the Malaysian Plantation Companies of the Carsons Group. He was the Country representative for Sri Lanka with Dalekeller & Associates Ltd., Designers and Skidmore Ownings & Merrill Architects. He was also a Director of SKC Management Services Ltd.

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

ERANJITH WIJENAIKE

Eranjith Wijenaike is a Director of Equity Two PLC and Managing Director of Central Finance Company PLC. He is also a Director of Tea Smallholder Factories PLC, Trans Asia Hotels PLC, Central Industries PLC and served as a founder Director of Nations Trust Bank PLC. He holds a Bachelor's Degree in Commerce and a Postgraduate Diploma in Finance and Management.

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 Group's Real-Estate Sector - Equity Two PLC and the Group's Investment Holding Sector - Ceylon Investment PLC, Rubber Investment Trust Limited and Guardian Fund Management Limited and Leisure Sector - Equity Hotels Limited. He carries more than 35 years of finance related experience in several leading companies in the mercantile sector.

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

Profiles of the Directors

SUBRAMANIAM MAHENDRARAJAH

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

DONALD FERNANDO

Donald Fernando is a Director of Equity Two PLC and Managing Director of Fernando Rajapakse Associates (Private) Limited – Consulting Engineers and Project Managers and Director, Saramanda Lanka (Guarantee) Limited.

In 1965, earned a B.Sc (Eng.) Degree in Civil Engineering from the University of Ceylon. 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 a Member of the Institution of Engineers, Sri Lanka and a Member of the Society of Structural Engineers, Sri Lanka.

SUBSIDIARY COMPANIES

AJITH WEERATUNGE

(Refer under Company Profile)

CHANDIMA GUNAWARDENA

(Refer under Company Profile)

DONALD FERNANDO

(Refer under Company Profile)

ERANJITH WIJENAIKE

(Refer under Company Profile)

ISRAEL PAULRAJ

Israel Paulraj is the Chairman of Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC, Guardian Capital Partners PLC and Rubber Investment Trust Limited. He serves as a Director of Carson Cumberbatch PLC and of several of the subsidiary companies within the Carsons Group.

He served as Past Chairman of the Federation of Exporters Association of Sri Lanka and The Coconut Products Traders Association. He was a member of the Executive Committee of the Ceylon Chamber of Commerce, National Chamber of Commerce of Sri Lanka and Shippers Council. He served on the Board of Arbitrators of the Ceylon Chamber of Commerce. He has served as Hony. General Secretary of the Central Council of Social Services, Hony. Treasurer of The Christian Conference in Asia, President of the Church of Ceylon Youth Movement and Hony. Treasurer of the National Christian Council of Sri Lanka. He has also served as Chairman of the Incorporated Trustees of the Church of Ceylon.

He also served on the Presidential Task Force on Non-Traditional Export and Import Competitive Agriculture set up by President R.Premadasa. He served as Chairman of the Ecumenical Loan Fund of Sri Lanka and on its International Board in Geneva. He was a member of the Commercial Law Reform Commission and has served on the Parliamentary Consultative Committee on Internal and International Trade.

He holds a Bachelor of Law Degree and an Executive Diploma in Business Administration.

NALAKE FERNANDO

(Refer under Company Profile)

Audit Committee Report

As provided by the Colombo Stock Exchange Listing Rules, the Audit Committee of Carson Cumberbatch PLC (CCPLC) - the Parent Company functions as the Audit Committee of the Company.

The Audit Committee consists of the following Members :

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

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

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.

The audit aspects of Equity One PLC are conducted within the Agenda of CCPLC-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	04
Mr.Faiz Mohideen	04

The Financial Controller-Carsons Management Services (Private) Limited-Managers, internal auditors and senior management staff members of the Property Sector also attended the Audit Committee Meetings by invitation.

The Committee met the External Auditors, Messrs. KPMG, twice during the year to discuss the audit scope and to deliberate the draft Financial Report and Accounts. The Audit Committee also discussed the draft Financial Report and Accounts, with the External Auditors, without the management being present to foster an unbiased, independent dialogue.

The Audit Committee approved the audit plan for the financial year 2015/2016 and the Group Internal Audit (GIA) carried out a detailed audit on the Property Sector companies based on the plan.

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

As approved by the Audit Committee, Messrs.KPMG, as part of their regular audit scope has commenced a comprehensive external IT security and process audit covering the entire Carsons Management Services (Private) Limited (Managers to the Company) - IT environment, which extends to the Property Sector, as well.

The interim financial statements of Equity One PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings, prior to release of same to Regulatory Authorities and to the shareholders.

Audit Committee Report

The draft financial statements of Equity One PLC for the year ended 31st March 2016 were 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, Chartered Accountants, Auditors were independent on the basis that they did 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, Chartered Accountants, as Auditors for the financial year ending 31st March 2017, subject to the approval of the shareholders of Equity One PLC at the Annual General Meeting.

(Sgd.)
V.P. Malalasekera
Chairman – Audit Committee
Carson Cumberbatch PLC

Colombo
24th June 2016

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) of Carson Cumberbatch PLC (CCPLC) was constituted on 1st January 2016.

As provided by the Colombo Stock Exchange Listing Rules, the RPTRC of CCPLC - the Parent Company functions as the RPTRC of the Company.

Composition of the Committee

The Members of the RPTRC are as follows :

1. Mr.V. P. Malalasekera (Chairman) - Non-Executive/ Independent Director of CCPLC
2. Mr. F. Mohideen - Non-Executive/Independent Director of CCPLC
3. Mr. D. C. R. Gunawardena - Non-Executive Director of CCPLC
4. Mr. H. Selvanathan - Executive Director of CCPLC
5. Mr. M. Selvanathan - Executive Director of CCPLC
6. Mr. S. K. Shah - Executive Director of CCPLC

Purpose of the Committee

The objective of the RPTRC is to review all Related Party Transactions (RPTs) of the Listed Companies of the Carsons Group, other than those exempted by the 'Related Party Transactions Compliance Code', prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

Policies and procedures

- The RPTRC reviews all the Related Party Transactions of the Listed Companies of the Carsons Group and where the Committee decides that the approval of the Board of Directors of the respective Companies is necessary to approve a Related Party Transaction, such Board approval is obtained prior to entering into the relevant Related Party Transaction.
- When reviewing a transaction, the RPTRC would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether recurrent or non-recurrent in nature.
- Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.
- In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take into account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

The self-declarations from the Directors and Key Management Personnel are obtained for the purpose of identifying parties related to them. Further, the guidelines which senior management must follow in routing Related Party Transactions to the relevant forum, including transaction threshold values and pricing where applicable, have been documented even in the case of once approved recurrent transactions which are of operational nature, which as per the RPT code need not be repeatedly approved if within the broad thresholds.

The RPTRC in discharging its function has introduced processes and periodic reporting by the relevant entities with a view to ensuring that:

- there is compliance with the Code;
- shareholder interests are protected; and
- fairness and transparency are maintained.

The Committee has a criteria for designating Carsons Group Key Management Personnel (KMP). Further, processes have been introduced to obtain annual disclosures from all KMPs so designated.

The Committee held its First Meeting on 9th March 2016 with all Members in attendance. The Related Party Transactions of the Company for the period 1st January 2016 to 31st March 2016 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

(Sgd.)
V.P. Malalasekera
Chairman – Related Party Transactions Review Committee
Carson Cumberbatch PLC

Colombo
24th June 2016

Risk Management

Risk management is an integral component of any business. This provides reasonable assurance through the process of identification and management of events, situations or circumstances, that, even if risky events do occur, they would not adversely impact the achievement of business objectives. In other words, risk management practices will ensure minimum impact from adverse events. Enterprise Risk Management (ERM) provides a common process and terminology for all risk management activities. Its main focus is on fostering risk awareness and promoting proactive management of threats and opportunities. In implementing the business plan, the Group has embodied enterprise risk management to its business activities. This risk management process supports;

- Corporate governance
- Quality of business planning
- Audit planning
- Project planning and implementation
- Building confidence of various stakeholder groups

Risk management also ensures that the relevant internal control systems are in place and provides assurance to the Management/Board of Directors that processes are robust and are working effectively. The Risk Management Governance Structure includes a reporting framework within the organisation and to the Board of Directors, thereby allowing Directors to assume their supervisory responsibilities for better Corporate Governance. We are of the view that Risk Management is one of the driving factors of operational sustainability and have identified the risk profile applicable to the business as depicted in pages 12 and 13. The principal risks thus identified are considered and reviewed at various stages within our business process continuously.

ERM Process

KEY RESPONSIBILITIES

Board of Directors	• Responsible for approval of ERM framework • Set risk appetite thresholds • Approve Business Plans • Review Reports - Risk dash board and summary of risk register
Audit Committee	• Evaluate the adequacy of risk management procedures and the internal control framework • Review risk management reports/Dash Board/Risk Register • Review reports of internal and external auditors
Management Team	• Define and set risk appetite and identify new and emerging risks • Develop / monitor suitable action plans to mitigate/manage risks • Consider actions to improve risk management processes • Provide representation on compliance
Risk owners	• Responsible for day to day monitoring / supervision of risk and risk mitigation actions. • Evaluate risk status and effectiveness of risk mitigation action plans

Risk Management

RISK PROFILE

Risk	Impact	Risk rating	Risk response & strategies
Business Risks	Unexpected disputes with contactors and tenants could affect profitability of the business.	**Low**	We are extremely cautious when selecting contractors and consultants for our projects. We ensure that they are well experienced and reputed. We also evaluate their work in previous projects. By entering into comprehensive and clear agreements, we ensure that communication gaps and disputes are minimised to a greater extent. We have entered into comprehensive rent agreements with our tenants and have built strong relationships with our anchor tenants over the years.
	Changes to the laws relating to property development, income tax and capital gains tax could affect the profitability and viability of the business.	**Moderate**	We maintain close and meaningful relationships with relevant government and local authorities and institutes.
Liquidity Risk	Inability to raise funds or effect payments when required.	**Low**	The Group's approach to managing liquidity is to ensure as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damages to the Group's reputation. The Group monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. A significant portion of the Groups current liabilities comprise of the amount due to the parent company, Carson Cumberbatch PLC. The Group has classified such balances into current liabilities, on the basis that contractual arrangements entered in to by the companies do not facilitate an unconditional right to defer settlement of the liability. However, the Board of Directors is confident that such balances would not be demanded by the parent company, which would otherwise result in a considerable risk to the Group, in terms of liquidity. Further, Group has an unutilised overdraft facilities amounting to Rs. 100 Mn as at 31st March 2016.
Credit Risk	The credit risk of the Group is mainly arising from rent receivable from its tenants. The Group's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure.	**Low**	This risk is mitigated to a greater extent as a result of rent deposits collected from external tenants, which can be used to recover any unpaid rents. The Group also implements the following controls to mitigate this risk. - Continuous and regular evaluation of credit worthiness of tenants. - Ongoing monitoring and follow up of receivable balances.

Risk	Impact	Risk rating	Risk response & strategies
Foreign Exchange Risk	Foreign currency risk is the risk of volatility in foreign exchange rates.	**Low**	The Group has no direct impact from currency risks as income and expenses arising from its operations, assets and liabilities are denominated in Sri Lankan Rupees which is the functional currency of the Group. In the event of import of machinery, the Group will be exposed to foreign exchange risk. However the impact of this will not be substantial as such exposures are short-term and if required short-term hedging mechanisms will be considered.
Interest Rate Risk	Interest rate risk is the risk arising due to volatility of market interest rates, thus affecting future cash flows.	**Low**	Financial strength of the parent company, Carson Cumberbatch PLC, is used via group treasury in negotiating rates with financial institutions. (Refer note 31.3.2 (interest rate risk) in the financial statements for further details.)
Human Resource Risk	Attracting, developing and retaining talented employees are essential to deliver the Group's objectives. Failure to determine the appropriate mix of skills required to implement the Group strategies and failure to retain or develop the right number of appropriately qualified staff could affect the achievement of the Group's objectives	**Low**	To this end, emphasis is given to the following; - Ensure recruitments are carried out appropriately to hire employees with required qualifications, knowledge and experience. - Develop detailed job descriptions and role profiles for each job. - Encourage continuous training & development and ensure compensation levels are in par with market rates, to retain and develop employees.
Systems and Process Risk	The risk of direct or indirect losses due to inadequate or failed internal processes and systems.	**Low**	The Group maintains detailed procedure manuals and provide training & guidelines for new recruits. The internal audit function of the Group carryout regular reviews on internal control systems and processes and recommends process improvements if shortcomings are noted.
Legal and Regulatory Risk	Failure to comply with the regulatory and legal framework applicable to the Group.	**Low**	The management together with the Carsons group legal division proactively identifies and set up appropriate systems and processes for legal and regulatory compliance in respect of the Group's operations. - Arrange training programs and circulate updates for key employees on new / revised laws & regulations on a need basis. - Provide comments on draft laws to government and regulatory authorities. - Obtain comments and interpretations from external legal consultants on areas that require clarity. - Obtain compliance certificates from management on a quarterly basis on compliance with relevant laws and regulations.

Risks arising from unforeseen events such as natural disasters are covered by obtaining appropriate insurance covers.

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

The Board of Directors of Equity One PLC has pleasure in presenting to the Shareholders this Report together with the Audited Financial Statements for the year ended 31st March 2016.

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 are guided by recommended best Accounting Practices.

The Annual Report was approved by the Board of Directors on 24th June 2016.

1. General

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 within the 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.

3. Business Review and Future Developments

The Chairman's Statement and Business Review on pages 01 to 04 provide an overall assessment of the business performance of the Company and the Group and its future developments.

These reports together with the audited consolidated financial statements reflect the state of affairs of the Company and the Group.

4. Financial Statements

The consolidated financial statements which comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes to the financial statements of the Company and the Group for the year ended 31st March 2016 are set out on pages 26 to 62. These financial statements comply with the requirements of the Companies Act, No 7 of 2007.

4.1 Revenue

The Group and the Company generated revenues of Rs. 233.5 mn and Rs. 106.4 mn (2015 - Rs. 210.7 mn and Rs. 97.5 mn), respectively. A detailed analysis of the revenue for the year 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:

(In Rupees thousands)	**Group**		**Company**	
For the year ended 31st March	**2016**	**2015**	**2016**	**2015**
Profit for the year	630,328	383,738	386,656	224,307
Other comprehensive (expense) / income for the year	(28)	(107)	13	(80)
Total comprehensive income for the year	630,300	383,631	386,669	224,227
Accumulated loss as at the beginning of the year	(219,809)	(292,643)	(334,835)	(370,061)
Super Gain Tax for the year of assessment 2013/14	(15,696)	-	(13,897)	-
Adjusted accumulated loss as at the beginning of the year	(235,505)	(292,643)	(348,732)	(370,061)
Accumulated loss before appropriations	394,795	90,988	37,937	(145,834)
Transfer to fair value adjustment reserve	(488,803)	(279,741)	(327,102)	(174,888)
Profit attributable to non-controlling interest	(19,430)	(16,943)	-	-
Forfeited dividends	9	-	-	-
Dividends paid	(6,048)	(14,113)	(6,048)	(14,113)
Accumulated loss as at the end of the year	(119,477)	(219,809)	(295,213)	(334,835)

4.3 Significant accounting policies

The accounting policies adopted in the preparation of these financial statements are given on pages 30 to 41.

4.4 Investment properties

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

A professional valuation was performed as at 31st March 2016 by Mr. S. Sivaskantha, F. I. V (Sri Lanka) of Perera Sivaskantha and Company, incorporated Valuers, based on which a net fair value gain on investment properties was recognized in the financial statements to the value of Rs.327.1 mn and Rs.537.5 mn (2015 - Rs. 174.9mn and Rs. 279.7mn) for the Company and the Group respectively, during the year.

As at the year end, the carrying value of investment properties stood at Rs. 1,706 mn and Rs. 3,211.5 mn (2015 – Rs. 1,359.1 mn and Rs. 2,651.3 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 17 to the financial statements.

4.5 Property, plant and equipment

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

(In Sri Lankan Rupees Thousands)	Group		Company	
For the year ended 31st March	**2016**	2015	**2016**	2015
Investment properties	22,705	30,399	19,787	18,630
Property, plant and equipment	9,489	278	9,489	278

4.7 Reserves

As at 31st March 2016, the Group's total reserves stood at Rs. 1,665.7 mn (2015 - Rs. 1,076.5 mn) comprising capital reserves of Rs. 13.2 mn (2015- Rs.13.2 mn) and revenue reserves of Rs. 1,652.4 mn (2015 - Rs. 1,063.3 mn).

The total reserves of the Company stood at Rs.1,004 mn (2015 - Rs. 637.2 mn) comprising capital reserves of Rs. 13.2 mn (2015 - Rs. 13.2 mn) and revenue reserves of Rs. 990.8 mn (2015 - Rs. 624.1 mn) as at that date.

The movements are set out in the Statement of Changes in Equity and notes 23 and 24 to the financial statements.

5. Statement of Directors' Responsibilities

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

According to the Companies Act, No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995, 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.

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.

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

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

These financial statements have been prepared on a going concern basis, since the Directors are of the view that the Company 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.

6. Outstanding Litigation

There are no litigations currently pending against the Company.

7. Independent Auditors' Report

The Independent Auditors' Report on the financial statements is given on page 25 of this Annual Report.

8. 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.

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.

8.1 Remuneration of Directors

Directors' remuneration for the financial year ended 31st March 2016 is given in note 13 to the financial statements.

8.2 Directors' Interest in Contracts and Shares

Directors' Interest in contracts of the Company are disclosed in note 32 to the financial statements and have been declared at Meetings of the Board of Directors. The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company, while they had the following interests in the ordinary shares of the Company as shown in the table below:

Directors	No of shares as at	
	31st March 2016	01st April 2015
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	-	-

9. 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.

9.1 Directors to Retire by Rotation

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Messrs. E.H. Wijenaike and K.C.N. Fernando retire by rotation and being eligible offers themselves for re-election.

9.2 Appointment of Directors who are over 70 years of age

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

10. Corporate Governance

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE).

10.1 Board of Directors

The following Directors held office during the period under review and their brief profiles are given on pages 05 to 06 of the Annual Report.

Directors	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

Each of the Non-Executive Directors of the Company have submitted a signed declaration on Independence/ Non Independence as per Rule 7.10.2. (b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting held on 12th May 2016, in order to enable the Board of Directors to determine the Independence/Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3 (a) of the Listing Rules of the CSE.

*The Board has determined that Mr. S. Nagendra is an Independent 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 also determined that Mr. E.H. Wijenaike is an Independent 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 the other Directors of the Board are also Directors, since he is not directly involved in the management of both Companies.

***The Board has also determined that Mr. P.D.D. Fernando is an Independent 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 both Companies.

10.2 Directors' Meetings Attendance

During the financial year the Board of Directors had three Board Meetings and the attendance of the Directors were as follows;

Directors	Meetings Attended (Out of three)
Mr. D.C.R. Gunawardena (Chairman)	3
Mr. S. Nagendra	3
Mr. K.C.N. Fernando	2
Mr. E.H. Wijenaike	3
Mr. A.P. Weeratunge	3
Mr. S. Mahendrarajah	3
Mr. P.D.D. Fernando	2

10.3 Board Evaluation

The 'Board Evaluation Form' of the Company focusses on the following areas;

- Core Board Responsibilities
- Board Meetings
- Committee Meetings (any/ all sub-committees)
- Relationship with Management
- Individual self-assessment
- Stakeholder and Shareholder communication/ relationship
- Suggestions/ comments

The comments made by the Directors in the Board Evaluation Form are collated by the Nomination Committee of the Company and the results and proposed actions are reported to the Board of Directors. The suggestions and recommendations made by the Directors are being reviewed and implemented by the Company.

10.4 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.V.P.Malalasekera (Chairman)	Non-Executive/Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. F. Mohideen	Non-Executive/Independent Director of CCPLC

The Audit Committee Report is given on pages 07 to 08 of this Annual Report.

10.5 Remuneration Committee

As per the Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange, (CSE) 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 Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. R. Theagarajah	Non-Executive/Independent Director of CCPLC
Mr. W.M.R.S. Dias*	Non-Executive/Independent Director of CCPLC
Mr. T. De Zoysa**	Non-Executive/Independent Director of CCPLC

*Appointed to the Remuneration Committee w.e.f. 18th May 2015
** Appointed to the Remuneration Committee w.e.f. 28th July 2015

Scope and Objective

The primary objective of the Remuneration Committee is to lead to establish a formal and transparent procedure for the development of a remuneration policy and the establishment of a remuneration structure.

A remuneration policy has been formulated based on market and industry factors and individual performance for all Group Companies.

Functions and Proceedings

The Remuneration Committee recommends to the Board the remuneration to be paid to the Chief Executive Officer, Executive Directors and Non-Executive Directors. Based on the recommendation of the Remuneration Committee, the Board approves remuneration to the respective Directors.

The Chief Executive Officer, Director-in-charge and other members of senior management may be invited to attend meetings to discuss the performance of the Executive Directors and make proposals as necessary. Neither Executive nor Non-Executive Directors are involved in Remuneration Committee meetings when determinations are made in relation to the remuneration of the respective Directors. The Committee is authorised by the Board to seek appropriate professional advice internally and externally as and when it considered necessary.

The Remuneration Committee meets at least twice a year.

During the period under review the Committee had two meetings and the attendance of the Members was as follows:

Remuneration Committee Members	Meetings attended (out of two)
Mr. I. Paulraj (Chairman)	1
Mr. D.C.R. Gunawardena	2
Mr. R. Theagarajah	2
Mr. W.M.R.S. Dias*	2
Mr. T. De Zoysa**	2

*Appointed to the Remuneration Committee w.e.f. 18th May 2015
** Appointed to the Remuneration Committee w.e.f. 28th July 2015

Reporting and Responsibilities

The Committee Chairman reports formally to the Board on its proceedings on all matters within its duties and responsibilities. The Committee makes recommendations to the Board as deemed appropriate on any area within its limit where action or improvements are needed.

Aggregated remuneration paid to the Non-Executive Directors of the Company are disclosed under note 13 on page 42 of the Annual Report. Executive Directors are not compensated for their role on the Board.

10.6 Nomination Committee

The Nomination Committee comprises of the following 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

Scope and Objective

The primary objective of the Nomination Committee is to lead the process for Board appointments of new Directors within group companies and the nominations of members to represent the Company in group companies/investee companies.

Functions and Proceedings

The Nomination Committee recommends new appointments to the Board. Based on the recommendation of the Nomination Committee, the Board approves the new appointments of Executive and Non-Executive Directors to the Board.

Any Director of the Board and the Chief Executive Officer/Director-in-Charge and other members of senior management may be invited to attend Meetings of the Nomination Committee. The Committee may also invite appointed external consultants to aid the Committee in the discharge of its duties.

The Committee is authorised by the Board to seek appropriate professional advice internally and externally as and when considered necessary.

The Nomination Committee meets at least twice a year.

During the period under review the Committee had two meetings;

Nomination Committee Members	Meetings Attended (Out of two)
Mr. S. Nagendra (Chairman)	2
Mr. P. D. D. Fernando	1
Mr. D. C. R. Gunawardena	2

10.7 Related Party Transactions Review Committee

The Parent Company of the Company is Carson Cumberbatch PLC (CCPLC). CCPLC formed a 'Related Party Transactions Review Committee' with effect from 1st January 2016.

As per the Rule 9.2.3 of the Listing Rules of the Colombo Stock Exchange, the Related Party Transactions Review Committee of CCPLC functions as the Related Party Transactions Review Committee of the Company and comprises of the following members:

Related Party Transactions Review Committee Members	Executive / Non-Executive / Independent
Mr. V. P. Malalasekera (Chairman)	Non-Executive/ Independent Director of CCPLC
Mr. F. Mohideen	Non-Executive/ Independent Director of CCPLC
Mr. D. C. R. Gunawardena	Non-Executive Director of CCPLC
Mr. H. Selvanathan	Executive Director of CCPLC
Mr. M. Selvanathan	Executive Director of CCPLC
Mr. S. K. Shah	Executive Director of CCPLC

The Related Party Transactions Review Committee Report is given on pages 09 of this Annual Report.

Declaration

The Directors have made self-declarations for the purpose of identifying parties related to them. The said declarations were noted at the First Related Party Transactions Review Committee Meeting.

The Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions, during the financial year.

Related Party Transactions Exceeding 10% of the Equity or 5% of the Total Assets of the Company

The Directors declare in terms of the requirements of the Listing Rules of the Colombo Stock Exchange that the transactions carried out by the Company with its Related Parties during the year ended 31st March 2016, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2016.

The details of the Related Party Transactions are given in Note 32 on page 58 to 60 of the Financial Statements.

1 Non-Recurrent Related Party Transactions

There were no Non-recurrent related party transactions entered in to by the Company, where the aggregate value of the Non-Recurrent Related Party Transactions exceeds 10% of the Shareholders' equity or 5% of the total assets, whichever is lower, of the Company as at 31st March 2016.

2 Recurrent Related Party Transactions

There were no recurrent related party transactions entered in to by the Company, where the aggregate value of the recurrent Related Party Transactions exceeds 10% of the Gross Revenue/ Income of the Company as at 31st March 2016.

11. Internal Control and Risk Management

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

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

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

This allows the Board to have total control of the fulfillment of governance requirements by providing opportunity to take timely preventive action in case of potential deterioration of status quo. More detailed description of the risk management strategies of the Company is given on pages 10 to 13 of this Annual Report.

12. Independent Auditors

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

A sum of Rs. 300,000/- and Rs. 565,000/- (2015 - Rs. 281,000/- and Rs. 526,000/-) paid to them by the Company and the Group respectively, as audit fees for the year ended 31st March 2016. In addition to the above, the auditors were paid Rs. 53,000/- and Rs. 106,000/- (2015 – Rs. 53,000/- and Rs. 106,000/-) as professional fees for audit related 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

13.1 Company

De-Listing of Equity One PLC

On 2nd November 2015 the Board of Directors of Equity One PLC announced its decision to de-list the shares of the Company from the Official List of the Colombo Stock Exchange (CSE), subject to obtaining shareholder and regulatory approval, considering the minimum public float rules stipulated by the Securities & Exchange Commission of Sri Lanka (SEC).

Accordingly, the special resolution to de-list the shares of Equity One PLC from the Official List of the Colombo Stock Exchange was passed at the Extraordinary General Meeting of the Company, held on the 30th of November 2015, with more than 75% of the shareholders present at the meeting voting in favour of the said resolution.

Upon obtaining shareholder approval, an application for de-listing was made to the Securities & Exchange Commission of Sri Lanka on the 11th of December 2015 for approval of the same, the Company is awaiting a final decision from SEC as of 24th June 2016.

13.2 Subsidiaries

There were no significant events during the year for subsidiaries.

14. Human Resources

The Company and the Group continued to invest in human capital development and implement effective human resource practices and policies to develop and build an efficient and effective workforce aligned to 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 2016 were 12 and 18 (2015 - 11 and 17) respectively.

15. Equitable treatment to Shareholders

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

16. Environmental Protection

The Company and the Group is sensitive to the needs of the environment and makes every endeavor 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.

17. Dividend

Subject to the approval of the Shareholders at the Annual General Meeting, the Board of Directors recommend a First & Final dividend of 15 Cents per ordinary share for the year ended 31st March 2016 (2015 – 15 Cents).

The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting.

18. Solvency Test

Taking in to account the said distribution, the Directors are satisfied that the Company would meet the Solvency Test requirement under Section 56(2) of the Companies Act, No 07 of 2007 immediately after the distribution.

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

19. Stated Capital

The stated capital of the Company as at 31st March 2016 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.

20. Material Issues pertaining to Employees and Industrial Relations

There were no material issues relating to employees and industrial relations during the year ended 31st March 2016.

21. Statutory Payments

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

22. Going Concern

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

23. Events after the Reporting Date

Subsequent to the reporting date, no circumstances have arisen, which would require adjustments to or disclosures in the financial statements, 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 2016 are given in note 30 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 63 and 65 to 66 of this Annual Report.

27. Twenty Major Shareholders

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

As at 31st March	2016		2015	
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. K.C. Vignarajah	125,618	0.31	114,537	0.28
Asha Financial Services Limited/Mr. C.N. Pakianathan	122,500	0.30	117,000	0.29
Mr. J.B. Hirdaramani	57,850	0.14	57,850	0.14
Mr. B.A. Mahipala	53,300	0.13	53,300	0.13
People's Leasing & Finance PLC/Hi Line Towers (Pvt) Ltd.	50,000	0.12	50,000	0.12
Mr. S. Sivasundaram	35,586	0.09	35,586	0.09
Mr. D.K.A.K. Weeratunga	26,800	0.07	26,800	0.07
MBSL Insurance Company Limited	26,664	0.07	26,664	0.07
Mrs. S. Vignarajah	25,199	0.06	25,199	0.06
Miss. J.A.R. Pakianathan	21,183	0.05	21,183	0.05
Merchant Bank of Sri Lanka PLC/Mr. C.E. Weerapperuma	20,814	0.05	8,070	0.02
Waldock Mackenzie Ltd/Mrs. K.D. Somalatha & Mr. K. Nandasiri	17,786	0.04	1,400	-
Mr. J.J. Vedasinghe	17,779	0.04	22,000	0.05
Calton Hill Ltd.	17,329	0.04	17,329	0.04
Mrs. M.M. Sellamuttu	15,000	0.04	15,000	0.04
Ceylinco Investcorp (Private) Limited	15,000	0.04	15,000	0.04
Mr. D.A. Edussuriya	15,000	0.04	25,000	0.06
Mr. S.N.C.W.M.B.C. Kandegedara	14,500	0.04	14,500	0.04

28. Annual Report

The Board of Directors have approved the Audited consolidated financial statements of the Company, together with the Reviews and other Reports which forms part of the Annual Report on 24th June 2016. Appropriate number of copies of the Annual Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar of Companies within, the given time frames.

29. Annual General Meeting

34th Annual General Meeting of the Company will be held on Thursday, 28th day of July 2016 at 2.30 p.m. at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 67 of the Annual Report.

Signed on behalf of the Board,

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

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

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

Colombo.
24th June 2016

Financial Calendar

FINANCIAL CALENDAR

Financial year end	31st March 2016
34th Annual General Meeting	28th July 2016

ANNOUNCEMENT OF RESULTS

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

1st Quarter ended 30th June 2015	14th August 2015
2nd Quarter ended 30th September 2015	13th November 2015
3rd Quarter ended 31st December 2015	12th February 2016
4th Quarter ended 31st March 2016	31st May 2016

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

TO THE SHAREHOLDERS OF EQUITY ONE PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Equity One PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 26 to 62.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion and scope and limitations of the audit are as stated above.

b) In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
- The financial statements of the Company give a true and fair view of its financial position as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
- The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No.07 of 2007.

Kpmg

CHARTERED ACCOUNTANTS
Colombo,
24th June 2016

Statement of Profit or Loss and other Comprehensive Income

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	Note	Group 2016	Group 2015 Restated	Company 2016	Company 2015 Restated
Revenue	11	233,510	210,753	106,481	97,548
Direct costs		(73,958)	(66,575)	(39,123)	(34,861)
		159,552	144,178	67,358	62,687
Other income	12	4,258	4,054	3,713	3,031
Net gains arising from changes in fair value of investment properties	17	537,498	279,741	327,102	174,888
		701,308	427,973	398,173	240,606
Administrative and other operating expenses		(19,060)	(12,744)	(10,570)	(7,029)
Results from operating activities	13	682,248	415,229	387,603	233,577
Finance income	14	1,261	1,021	18,010	11,510
Finance costs	14	(4,138)	(4,266)	(1,336)	(1,770)
Net finance income/ (costs)	14	(2,877)	(3,245)	16,674	9,740
Profit before taxation		679,371	411,984	404,277	243,317
Income tax expenses	15	(21,897)	(20,426)	(13,860)	(15,957)
Deferred taxation	15	(27,146)	(7,820)	(3,761)	(3,053)
Profit for the year		630,328	383,738	386,656	224,307
Profit for the year attributable to:					
Equity holders of the parent		610,893	366,792	-	-
Non controlling interest		19,435	16,946	-	-
		630,328	383,738	-	-
Other comprehensive income					
Actuarial (loss) / gain from valuation of employee benefits	27.3	(28)	(107)	13	(80)
Other comprehensive (expense) / income for the year		(28)	(107)	13	(80)
Total comprehensive income for the year		630,300	383,631	386,669	224,227
Total comprehensive income attributable to:					
Equity holders of the parent		610,870	366,688	386,669	224,227
Non controlling interest		19,430	16,943	-	-
		630,300	383,631	386,669	224,227
Earnings per share (Rs.)	16	15.15	9.10	9.59	5.56

The notes from pages 30 to 62 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Financial Position

(All figures are in Sri Lankan Rupees thousands)

		Group			Company		
As at 31st March	Note	2016	2015 Restated	1st April 2014	2016	2015 Restated	1st April 2014
ASSETS							
Non-current assets							
Investment properties	17	3,211,500	2,651,297	2,341,157	1,706,004	1,359,115	1,165,597
Property, plant and equipment	18	7,458	710	731	7,458	710	731
Investment in subsidiaries	19	-	-	-	552,048	552,048	552,048
Total non-current assets		3,218,958	2,652,007	2,341,888	2,265,510	1,911,873	1,718,376
Current assets							
Trade and other receivables	20	29,001	21,833	18,126	24,870	54,216	55,958
Cash and cash equivalents	21	10,539	28,938	22,049	3,181	10,428	15,742
Total current assets		39,540	50,771	40,175	28,051	64,644	71,700
Total assets		3,258,498	2,702,778	2,382,063	2,293,561	1,976,517	1,790,076
EQUITY AND LIABILITIES							
Equity							
Stated capital	22	1,085,584	1,085,584	1,085,584	1,085,584	1,085,584	1,085,584
Capital reserves	23	13,236	13,236	13,236	13,236	13,236	13,236
Revenue reserves	24	1,652,447	1,063,312	710,737	990,785	624,061	413,947
Total equity attributable to equity holders of the parent		2,751,267	2,162,132	1,809,557	2,089,605	1,722,881	1,512,767
Non controlling interest		111,141	92,348	75,405	-	-	-
Total equity		2,862,408	2,254,480	1,884,962	2,089,605	1,722,881	1,512,767
Non-current liabilities							
Refundable rental deposits	25	63,662	55,943	50,492	26,609	22,237	19,769
Deferred tax liability	26	179,487	152,341	144,521	56,597	52,836	49,783
Employee benefits	27	4,267	5,237	5,052	1,974	3,303	3,415
Total non-current liabilities		247,416	213,521	200,065	85,180	78,376	72,967
Current liabilities							
Trade and other payables	28	131,784	218,951	278,038	113,961	169,194	194,120
Deferred revenue	29	11,242	8,904	11,315	2,873	1,297	2,534
Current tax liabilities		5,648	6,922	7,683	1,942	4,769	7,688
Total current liabilities		148,674	234,777	297,036	118,776	175,260	204,342
Total liabilities		396,090	448,298	497,101	203,956	253,636	277,309
Total equity and liabilities		3,258,498	2,702,778	2,382,063	2,293,561	1,976,517	1,790,076
Net assets per share (Rs.)		68.23	53.62	44.88	51.82	42.73	37.52

The notes from pages 30 to 62 form an integral part of these financial statements.

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

(Sgd.)
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. These financial statements were approved by the Board on 24th June 2016.

Approved and signed on behalf of the Managers,

(Sgd.)
A. P. Weeratunge
Director
Carsons Management Services (Private) Limited

Approved and signed on behalf of the Board,

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

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

Colombo
24th June 2016

Statement of Changes in Equity

(All figures are in Sri Lankan Rupees thousands)

	Stated capital	Capital reserves: Capital accretion reserve	Capital reserves: Machinery replacement reserve	Capital reserves: Other capital reserves	Revenue reserves: General reserve	Revenue reserves: Fair value adjustment reserve	Revenue reserves: Accumulated loss	Total equity attributable to equity holders of the parent	Non controlling interest	Total equity
Group										
Balance as at 1st April 2014 as previously reported	1,085,584	158	5,109	7,969	39	1,064,091	(292,643)	1,870,307	75,405	1,945,712
Prior year adjustment on investment property (note 35)	-	-	-	-	-	(60,750)	-	(60,750)	-	(60,750)
Adjusted balance as at 1st April 2014	1,085,584	158	5,109	7,969	39	1,003,341	(292,643)	1,809,557	75,405	1,884,962
Profit for the year	-	-	-	-	-	-	366,792	366,792	16,946	383,738
Other comprehensive expense for the year	-	-	-	-	-	-	(104)	(104)	(3)	(107)
Total comprehensive income for the year	-	-	-	-	-	-	366,688	366,688	16,943	383,631
Transfers	-	-	-	-	-	279,741	(279,741)	-	-	-
Dividends 2013/14	-	-	-	-	-	-	(14,113)	(14,113)	-	(14,113)
Balance as at 31st March 2015	1,085,584	158	5,109	7,969	39	1,283,082	(219,809)	2,162,132	92,348	2,254,480
Balance as at 1st April 2015	1,085,584	158	5,109	7,969	39	1,283,082	(219,809)	2,162,132	92,348	2,254,480
Super Gain Tax for the year of Assessment 2013/14*	-	-	-	-	-	-	(15,696)	(15,696)	(14)	(15,710)
Adjusted balance as at 1st April 2015	1,085,584	158	5,109	7,969	39	1,283,082	(235,505)	2,146,436	92,334	2,238,770
Profit for the year	-	-	-	-	-	-	610,893	610,893	19,435	630,328
Other comprehensive expense for the year	-	-	-	-	-	-	(23)	(23)	(5)	(28)
Total comprehensive income for the year	-	-	-	-	-	-	610,870	610,870	19,430	630,300
Transfers	-	-	-	-	-	488,803	(488,803)	-	-	-
Forfeited dividends	-	-	-	-	-	-	9	9	1	10
Dividends 2014/15	-	-	-	-	-	-	(6,048)	(6,048)	(624)	(6,672)
Balance as at 31st March 2016	1,085,584	158	5,109	7,969	39	1,771,885	(119,477)	2,751,267	111,141	2,862,408

	Stated capital	Capital reserves: Capital accretion reserve	Capital reserves: Machinery replacement reserve	Capital reserves: Other capital reserves	Revenue reserves: General reserve	Revenue reserves: Fair value adjustment reserve	Revenue reserves: Accumulated loss	Total equity
Company								
Balance as at 1st April 2014 as previously reported	1,085,584	158	5,109	7,969	39	844,719	(370,061)	1,573,517
Prior year adjustment on investment property (note 35)	-	-	-	-	-	(60,750)	-	(60,750)
Adjusted balance as at 1st April 2014	1,085,584	158	5,109	7,969	39	783,969	(370,061)	1,512,767
Profit for the year	-	-	-	-	-	-	224,307	224,307
Other comprehensive expense for the year	-	-	-	-	-	-	(80)	(80)
Total comprehensive income for the year	-	-	-	-	-	-	224,227	224,227
Transfers	-	-	-	-	-	174,888	(174,888)	-
Dividend 2013/14	-	-	-	-	-	-	(14,113)	(14,113)
Balance as at 31st March 2015	1,085,584	158	5,109	7,969	39	958,857	(334,835)	1,722,881
Balance as at 1st April 2015	1,085,584	158	5,109	7,969	39	958,857	(334,835)	1,722,881
Super Gain Tax for the year of Assessment 2013/14*	-	-	-	-	-	-	(13,897)	(13,897)
Adjusted balance as at 1st April 2015	1,085,584	158	5,109	7,969	39	958,857	(348,732)	1,708,984
Profit for the year	-	-	-	-	-	-	386,656	386,656
Other comprehensive income for the year	-	-	-	-	-	-	13	13
Total comprehensive income for the year	-	-	-	-	-	-	386,669	386,669
Transfers	-	-	-	-	-	327,102	(327,102)	-
Dividends 2014/15	-	-	-	-	-	-	(6,048)	(6,048)
Balance as at 31st March 2016	1,085,584	158	5,109	7,969	39	1,285,959	(295,213)	2,089,605

* As per the provisions of Part III of the Finance Act, No. 10 of 2015, although Equity One PLC, the Company, and its' subsidiaries did not become liable to pay super gain tax as stand-alone entities, however the Company and Equity One PLC group paid Rs. 13.9mn and Rs. 15.7mn respectively as super gain tax on the basis that the Companies are part of the Bukit Darah PLC group, of which the consolidated profit before tax exceeded the threshold as stipulated in the aforesaid Act. According to the Act, the super gain tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1st April 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standards and hence the expense of super gain tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for super gain tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24th November 2015.

The notes from pages 30 to 62 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Statement of Cash Flow

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	Note	Group 2016	Group 2015 Restated	Company 2016	Company 2015 Restated
Cash flows from operating activities					
Profit before taxation		679,371	411,984	404,277	243,317
Adjustments for:					
Finance costs	14	4,138	4,266	1,336	1,770
Interest income	14	(1,261)	(1,021)	(3,334)	(4,706)
Dividend income	14	-	-	(14,676)	(6,804)
Net gains arising from changes in fair value of investment properties		(537,498)	(279,741)	(327,102)	(174,888)
Profit on disposal of property, plant and equipment	12	(788)	(25)	(788)	(25)
Depreciation on property, plant and equipment	18	2,741	299	2,741	299
Amortization of deferred revenue	29	(3,665)	(4,301)	(1,334)	(1,674)
Provision for employee benefits	27	769	789	451	519
Operating profit before working capital changes		143,807	132,250	61,571	57,808
(Increase) / decrease in trade and other receivables		(7,168)	(3,707)	(3,979)	695
Increase / (decrease) in trade and other payables		(46,689)	(5,584)	(10,723)	29,241
Operating profit after working capital changes		89,950	122,959	46,869	87,744
Rental deposits received	25	19,140	5,888	10,924	1,176
Rental deposits refunded	25	(9,556)	(2,813)	(4,978)	(41)
Cash generated from operations		99,534	126,034	52,815	88,879
Income tax paid		(38,881)	(21,187)	(30,584)	(18,876)
Employee benefits paid	27	(1,767)	(711)	(1,767)	(711)
Net cash generated from operating activities		58,886	104,136	20,464	69,292
Cash flows from investing activities					
Additions to the investment properties	17	(22,705)	(30,399)	(19,787)	(18,630)
Purchase of property, plant and equipment	18	(9,489)	(278)	(9,489)	(278)
Net proceeds on sale of property, plant and equipment		788	25	788	25
Settlement from amount due from related companies		-	-	33,325	1,047
Interest received		1,261	1,021	3,334	4,706
Dividend received		-	-	14,676	6,804
Net cash generated from / (used in) investing activities		(30,145)	(29,631)	22,847	(6,326)
Cash flows from financing activities					
Amounts settled on amounts due to related companies		(40,500)	(53,500)	(44,512)	(54,164)
Dividend paid		(6,640)	(14,116)	(6,046)	(14,116)
Net cash (used in) / generated from financing activities		(47,140)	(67,616)	(50,558)	(68,280)
Net increase / (decrease) in cash and cash equivalents		(18,399)	6,889	(7,247)	(5,314)
Cash and cash equivalents at the beginning of the year		28,938	22,049	10,428	15,742
Cash and cash equivalents at the end of the year	21	10,539	28,938	3,181	10,428

The notes from pages 30 to 62 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

1. Reporting Entity

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

The consolidated financial statements as at and for the year ended 31st March 2016 comprise of financial information of the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

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

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

The Group had 18 (2015 – 17) employees at the end of the financial year. The Company had 12 (2015 – 11) employees as at the reporting date.

2. Basis of Preparation

a) Statement of compliance

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on 24th June 2016.

b) Basis of measurement

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

- non-derivative financial instruments classified as "Loans and receivables" and "Other financial liabilities" measured at amortised cost;

- Investment properties are measured at fair value;

- Defined benefit obligations are measured at its present value, based on an actuarial valuation as explained in note 27.

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

c) Functional and presentation currency

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

d) Use of estimates and judgments

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

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

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

- **Determination of owner-occupied properties and investment properties**
  in determining whether a property qualifies as investment property the Company makes a judgment whether the property generates independent cash flows rather than cash flows that are attributable not only to the property but also to the other assets. Judgment is also applied in determining if ancillary services provided are significant, so that a property does not qualify as an investment property.

  Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- **Assessment of Impairment - Key assumptions used in discounted cash flow projections.**
  The Company and Group assesses at each reporting date whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an asset or Cash Generating unit (CGU) 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 reflects the current market assessments of the time value of money and risks specific to the asset.

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

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

- **Current tax liabilities**
  Current tax liabilities are provided for in the financial statements applying the relevant tax statutes and regulations which the management believes reflect the actual liability. There can be instances where the stand taken by the Company and 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 the liability is confirmed on any group entity.

e) Measurement of fair values

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

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

Significant valuation issues are reported to the Group's Audit Committee.

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

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

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

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

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

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

- **Property, plant and equipment**
  The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which property could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

- **Investment property**
  An external, independent valuer having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Company's and the Group's. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

  In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

  Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Company and the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

  Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

- **Trade and other receivables**
  The fair values of trade and other receivables, excluding construction work in progress, are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

- **Other non-derivative financial liabilities**
  Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

  For finance leases the market rate of interest is determined with reference to similar lease agreements.

- **Contingent consideration**
  The fair value of contingent consideration arising in a business combination is calculated using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

f) Materiality and aggregation

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

3. Significant Accounting Policies

The Accounting Policies set out below have been applied consistently to all periods presented in the financial statements of the Company and the Group unless otherwise indicated.

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2016. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if and only if the investor has all the following:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect the amount of the investor's returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Contractual arrangement with the other vote holders of the investee
- Rights arising from other contracts and arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the

Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

ii. Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

iii. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Adjustments required to the accounting policies of subsidiaries have been changed where ever necessary to align them with the policies adopted by the Group.

In the Company's financial statements, investments in subsidiaries are carried at cost less impairment if any, in net recoverable value.

The consolidated financial statements are prepared to a common financial year end of 31st March.

iv. Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

v. Transactions eliminated on consolidation

Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

b) Foreign currency

i. Foreign currency transactions

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

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in Profit or Loss.

c) Financial instruments

i) Non-derivative financial assets

The Company and Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company and the Group becomes a party to the contractual provisions of the instrument.

The Company and the Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company and the Group is recognised as a separate asset or liability.

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

The Company and the Group only holds financial assets that are categorized in to the 'loans and receivables' classification.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, placement in government securities and placements in repurchase agreements with maturities of three months or less from the acquisition date that are subject to on insignificant risk of changes in their fair value, and are used by the Company and the Group in the management of its short-term commitments.

ii. **Non-derivative financial liabilities**

The Company and Group initially recognises subordinated liabilities on the date, which is the date that the Company and the Group becomes a party to the contractual provisions of the instrument.

The Company and Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company and Group classifies non-derivative financial liabilities into the 'other financial liabilities' category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, refundable rental and other deposits, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Company's and the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

iii. **Stated capital**

Ordinary shares

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

d) Property, plant and equipment

i. **Recognition and measurement**

All items of property, plant and 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 reporting date.

Subsequent to the initial recognition of the asset at cost, the revalued property, plant & equipment are carried at revalued amounts less accumulated depreciation thereon and accumulated impairment losses. The Group applies cost model assets under property, plant & equipment which are stated at historical cost less accumulated depreciation less accumulated impairment losses, if any.

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

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

ii. **Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

iii. **Subsequent costs**

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

iv. Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows;

	No.of Years
Plant & machinery	5-27
Motor vehicles	4-5
Furniture, fittings & office equipments	5-16
Computer	3-5

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

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

v. 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 are recognized net within other income in Profit or Loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

vi. 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 accounts at the time it is substantially completed and ready for its intended use.

vii. Investment property

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

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the reporting date. Formal valuations are carried out every 3 years by qualified valuers. Gains or losses arising from changes in the fair values of investment properties are recognized in Profit or Loss in the year in which they arise.

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

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

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company and the Group as an owner occupied property becomes an investment property, the Company and the Group accounts for such property in accordance with the policy stated under property, plant & equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss. 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 at that date and its previous carrying amount is recognized in Profit or Loss.

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

e) Impairment

i. Non-derivative financial assets

Financial asset classified as 'loans and receivables' are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company and the Group on terms that the Company and the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Financial assets measured at amortised cost

The Company and the Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) on specific assets accordingly, all individually significant assets are assessed for specific impairment.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in Profit or Loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through Profit or Loss.

ii. Non-financial assets

The carrying amounts of the Company's and the Group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU 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 their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in Profit or Loss. Impairment losses recognised in respect of CGUs are allocated reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

f) Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company and the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

ii. Defined contribution plans

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

iii. Defined benefit plans

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

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

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

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded.

g) Provisions

A provision is recognised if, as a result of a past event, the Company and the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

h) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company and the Group or a present obligation that is not recognized 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 recognized because it cannot be measured reliably. The Company and the Group does not recognize 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 the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company and the Group. The Company and the Group 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 minority interest.

i) Revenue

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

Revenue is recognized 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.

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

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

i. **Rental income**

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

ii. **Other Income - on accrual basis.**

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

j) Expenditure Recognition

i. **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 to 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.

ii. **Finance income and finance costs**

Finance income comprises interest income on funds invested and dividend income.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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

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

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

k) Income tax expense

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

i. **Current taxation**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

ii. **Deferred taxation**

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

Deferred tax is not recognised for:

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

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

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

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

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

iii. Tax exposures

In determining the amount of current and deferred tax, the Company and the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

l) Related party transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is charged.

4 Events after the reporting period

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

5. Cash Flow

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

6. Earnings Per Share

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

7. Dividends on Ordinary Shares

Dividends on ordinary shares are recognized 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.

8. Presentation

Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

Where appropriate, the significant accounting policies are disclosed in the succeeding notes.

a.) Offsetting Income and Expenses

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

b.) Offsetting Assets and Liabilities

Assets and liabilities are offset and the net amount reported in the statement of financial position only where there is;

- a current enforceable legal right to offset the asset and the liability; and
- an intention to settle the liability simultaneously

9. Segment Reporting

Segment results that are reported to the Board of directors include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly audit, directors and legal fee and other operating expense.

10. New Accounting Standards Issued but not Effective

A number of new standards and amendments to standards issued but not yet effective as at the reporting date have not been applied in preparing these Financial Statements.

SLFRS 9-Financial Instruments

SLFRS 9, published in July 2014, replaces the existing guidance in LKAS 39 financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1st January 2018, with early adoption permitted.

Possible impact on consolidated financial statements
The Group is assessing the potential impact on its consolidated financial statements resulting from the application of SLFRS 9.

SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 is effective for annual reporting periods beginning on or after 1st January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of SLFRS 15.

However possible impacts are limited.

(All figures are in Sri Lankan Rupees thousands)

	For the year ended 31st March	Group 2016	Group 2015	Company 2016	Company 2015
11	**Revenue**				
	Property rental	233,510	210,753	106,481	97,548
		233,510	210,753	106,481	97,548

	For the year ended 31st March	Group 2016	Group 2015	Company 2016	Company 2015
12	**Other income**				
	Parking fees	510	588	-	-
	On services provided to tenants	2,960	3,441	2,925	3,006
	Profit on disposal of property, plant and equipment	788	25	788	25
		4,258	4,054	3,713	3,031

	For the year ended 31st March	Group 2016	Group 2015	Company 2016	Company 2015
13	**Profit from operations**				
	Profit from operations is stated after charging all expenses including the following:				
	Depreciation (note 13.2)	2,741	299	2,741	299
	Nomination committee fees	100	100	100	100
	Auditors' remuneration - audit services	565	526	300	281
	Auditors' remuneration - audit related services	106	106	53	53
	Professional services cost (note 13.1)	2,500	80	974	26
	Support service fee	2,441	2,143	1,523	1,224
	Personnel costs (note 13.3)	43,819	37,801	22,911	20,885
13.1	**Professional services cost**				
	Valuation services	281	44	179	-
	Other services	2,219	36	795	26
		2,500	80	974	26
13.2	**Depreciation**				
	Depreciation is included in the statement of profit or loss under the following headings:				
	Direct cost	2,300	-	2,300	-
	Administrative and other operating expenses	441	299	441	299
		2,741	299	2,741	299

For the year ended 31st March	Group 2016	Group 2015	Company 2016	Company 2015
13.3 Personnel costs				
Salaries, wages and other related expenses	40,595	35,104	21,125	19,241
Defined benefit plan cost - Employee benefits (note 27)	769	789	451	519
Defined contribution plan cost - EPF and ETF	2,455	1,908	1,335	1,125
	43,819	37,801	22,911	20,885
The above include:				
Directors' emoluments	-	-	-	-
Directors' fees	1,100	1,125	700	675
	1,100	1,125	700	675

For the year ended 31st March	Group 2016	Group 2015	Company 2016	Company 2015
14 Net finance income / (costs)				
Finance income				
Interest income	1,261	1,021	3,334	4,706
Dividend income	-	-	14,676	6,804
	1,261	1,021	18,010	11,510
Finance costs				
Unwinding of interest on refundable deposits (note 25)	4,138	4,266	1,336	1,770
	4,138	4,266	1,336	1,770
Net finance income/(costs)	(2,877)	(3,245)	16,674	9,740

For the year ended 31st March	Group 2016	Group 2015	Company 2016	Company 2015
15 Current taxation				
15.1 Income tax expenses				
Income tax expense for the year (note15.2)	22,313	21,010	14,171	16,532
Over provision in respect of previous years	(416)	(584)	(311)	(575)
	21,897	20,426	13,860	15,957
Deferred taxation				
On origination and reversal of temporary differences (note 26.1)	27,146	7,820	3,761	3,053
	27,146	7,820	3,761	3,053
Current tax expense for the year	49,043	28,246	17,621	19,010

(All figures are in Sri Lankan Rupees thousands)

	For the year ended 31st March	Group 2016	Group 2015 Restated	Company 2016	Company 2015 Restated
15.2	**Reconciliation between accounting profit and taxable profit**				
	Accounting profit before taxation	679,371	411,984	404,277	243,317
	Aggregate disallowable expenses	11,274	4,314	7,012	3,046
	Aggregate allowable expenses	(66,821)	(55,181)	(16,318)	(5,318)
	Profits not charged to income tax	-	-	(14,676)	(6,804)
	Net gains arising from changes in fair value of investment properties	(537,498)	(279,741)	(327,102)	(174,888)
	Notional adjustments arising on application of LKAS/SLFRS	(6,039)	(7,240)	(2,581)	(310)
	Utilisation of tax losses (note 15.5 c)	(6,669)	(1,800)	-	-
	Taxable profit	73,618	72,336	50,612	59,043
	Income tax thereon (note 15.4 a & 15.5 b)	20,613	20,254	14,171	16,532
	Dividend tax	1,700	756	-	-
	Income tax expense for the year	22,313	21,010	14,171	16,532
15.3	**Movement in tax losses**				
	Tax losses brought forward	24,097	25,897	-	-
	Adjustment on finalization of liability	1,579	-	-	-
	Utilisation of tax losses during the year (note15.5.c)	(6,669)	(1,800)	-	-
	Tax losses carried forward	19,007	24,097	-	-

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% (2015 - 28%).

15.5 Group

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

(b) In terms of the provisions of the Inland Revenue Act, No.10 of 2006 and amendments thereto, the Companies within the Group are liable to taxation at a tax rate of 28% (2015 - 28%).

(c) Utilisation of tax losses are 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%.

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 outstanding during the year, as required by Sri Lanka Accounting Standard (LKAS 33) - "Earnings per share".

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

	Group		Company	
For the year ended 31st March	**2016**	**2015 Restated**	**2016**	**2015 Restated**
Amounts used as the numerator				
Profit attributable to the ordinary shareholders of the Company (Rs. '000)	610,893	366,792	386,656	224,307
Amounts used as the denominator				
Weighted average number of ordinary shares outstanding during the year (In thousands)	40,322	40,322	40,322	40,322
Earnings per share (Rs)	15.15	9.10	9.59	5.56

	Freehold land	Freehold building	Other equipment	Capital work-in Progress	Total as at 31st March 2016	Total as at 31st March 2015 Restated	Total as at 1st April 2014
17 Investment properties							
17.1 Group							
Balance as at the beginning of the year	1,902,139	618,740	116,648	13,770	2,651,297	2,341,157	2,633,522
Additions during the year	-	2,281	18,510	1,914	22,705	30,399	105,010
Transfer from capital work-in-progress	-	-	13,770	(13,770)	-	-	-
Changes in fair value of investment properties	495,355	58,227	(16,084)	-	537,498	279,741	68,761
Disposals during the year	-	-	-	-	-	-	(470,036)
Borrowing costs capitalized	-	-	-	-	-	-	3,900
	2,397,494	679,248	132,844	1,914	3,211,500	2,651,297	2,341,157
17.2 Company							
Balance as at the beginning of the year	1,127,650	197,061	20,634	13,770	1,359,115	1,165,597	1,632,016
Additions during the year	-	2,001	17,786	-	19,787	18,630	3,581
Transfer from capital work-in-progress	-	-	13,770	(13,770)	-	-	-
Changes in fair value of investment properties	315,150	15,667	(3,715)	-	327,102	174,888	-
Disposals during the year	-	-	-	-	-	-	(470,000)
	1,442,800	214,729	48,475	-	1,706,004	1,359,115	1,165,597

(All figures are in Sri Lankan Rupees thousands)

17.3 Investment properties of the Company and the Group are stated based on a valuation performed by Mr. S. Sivaskantha, F.I.V (Sri Lanka) of Perera Sivaskantha & Company, Incorporated valuers, as at 31st March 2016. The details of which are as follows;

17.4 Details of investment properties

Property and location	Tenure of property	Description	Method of valuation	Net rentable area	Land extent (Hectares)	Historical cost	Fair value 2016	Fair value 2015 Restated	Fair value 1st April 2014
Equity One PLC.									
Dharmapala Mw., Colombo 7	Freehold	Office space	Market approach	44,647	0.238	115,855	1,080,089	787,828	733,347
Vauxhall Lane, Colombo 2	Freehold	Warehouse space	Market approach	32,408	0.455	226,917	625,915	571,287	432,250
Equity Two PLC.									
No. 61 Janadhipathi Mawatha, Colombo 01	Freehold	Office space	Market approach	41,124	0.072	128,364	420,533	371,827	331,276
No. 55 Janadhipathi Mawatha Colombo 01	Freehold	Office space	Market approach	44,046	0.146	427,629	716,164	635,962	566,550
Equity Three (Private) Limited.									
George R. De Silva Mw., Colombo 13	Freehold	Office space	Market approach	31,237	0.208	69,256	368,799	284,393	277,734
							3,211,500	2,651,297	2,341,157

As at 31st March	Group 2016	Group 2015	Company 2016	Company 2015
17.5 Analysis of capital work-in-progress - Additions				
Investment properties - Other equipment	1,914	13,770	-	13,770
	1,914	13,770	-	13,770

17.6 No items of investment properties of the Company and the Group were pledged as security for liabilities as at the reporting date.

17.7 There were no restrictions to the title of the investment properties of the Company and the Group, as at the reporting date.

17.8 Capitalization of borrowing costs into investment properties

No borrowing cost capitalized for the year ended 31st March 2016 (2015 - Rs. Nil).

17.9 Contractual obligations to construct and develop investment properties

No contractual obligations to construct and develop investment properties have been entered as at the reporting date.

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

18 Property, plant and equipment

18.1 Group / Company

	Machinery and equipment	Furniture and fittings	Motor vehicles	Total as at 31st March 2016	Total as at 31st March 2015
Cost					
As at the beginning of the year	1,761	657	13,750	16,168	16,005
Additions during the year	265	24	9,200	9,489	278
Disposals during the year	-	-	(13,750)	(13,750)	(115)
As at the end of the year	2,026	681	9,200	11,907	16,168
Accumulated Depreciation					
As at the beginning of the year	1,164	544	13,750	15,458	15,274
Charge for the year	402	39	2,300	2,741	299
Depreciation on disposal	-	-	(13,750)	(13,750)	(115)
As at the end of the year	1,566	583	2,300	4,449	15,458
Carrying amount as at the end of the year	460	98	6,900	7,458	710

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

As at 31st March	Group 2016	Group 2015	Company 2016	Company 2015
Machinery and equipment	873	796	873	796
Furniture and fittings	285	285	285	285
	1,158	1,081	1,158	1,081

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

(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Company 2016	Company 2015
19 Investments in subsidiaries		
Investments in subsidiaries (note 19.1)	552,048	552,048
	552,048	552,048

As at 31st March	2016 No. of shares	2016 Cost	2015 No. of shares	2015 Cost
19.1 Quoted				
Equity Two PLC	27,532,525	448,834	27,532,525	448,834
		448,834		448,834
Unquoted				
Equity Three (Private) Limited	5,399,997	103,214	5,399,997	103,214
		103,214		103,214
Total investment in subsidiaries		552,048		552,048

As at 31st March	Group 2016	Group 2015	Company 2016	Company 2015
20 Trade and other receivables				
Financial				
Trade receivables	23,298	16,859	6,827	4,243
Other receivables	2,584	4,170	442	443
Amounts due from related companies (note 32.4)	-	-	15,857	49,182
Loans given to company officers (note 20.1)	897	472	368	246
	26,779	21,501	23,494	54,114
Non-financial				
Prepaid expenses	1,451	229	605	85
Advance payments	771	103	771	17
	2,222	332	1,376	102
	29,001	21,833	24,870	54,216
20.1 Loans given to company officers				
Balance as at the beginning of the year	472	1,097	246	302
Loans granted during the year	1,435	543	528	347
Recovered during the year	(1,010)	(1,168)	(406)	(403)
Balance as at the end of the year	897	472	368	246

As at 31st March	Group 2016	Group 2015	Company 2016	Company 2015
21 Cash and cash equivalents				
Cash at bank and in hand	10,539	15,162	3,181	4,901
Placements in government securities	-	13,776	-	5,527
Cash and cash equivalents for the purpose of cash flow statement	10,539	28,938	3,181	10,428

As at 31st March	Group 2016	Group 2015	Company 2016	Company 2015
22 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

As at 31st March	Group 2016	Group 2015	Company 2016	Company 2015
23 Capital reserves				
Capital accretion reserve	158	158	158	158
Machinery replacement reserve	5,109	5,109	5,109	5,109
Other capital reserves	7,969	7,969	7,969	7,969
	13,236	13,236	13,236	13,236

23.1 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.

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

As at 31st March	Group 2016	Group 2015 Restated	Group 1st April 2014	Company 2016	Company 2015 Restated	Company 1st April 2014
24 Revenue reserves						
General reserve (note 24.1)	39	39	39	39	39	39
Fair value adjustment reserve (note 24.2)	1,771,885	1,283,082	1,003,341	1,285,959	958,857	783,969
Accumulated loss	(119,477)	(219,809)	(292,643)	(295,213)	(334,835)	(370,061)
	1,652,447	1,063,312	710,737	990,785	624,061	413,947

24.1 General reserve

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

24.2 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 fair valuation 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.

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

(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Group 2016	Group 2015	Company 2016	Company 2015
25 Refundable rental deposits				
Balance as at the beginning of the year	55,943	50,492	22,237	19,769
Receipts during the year	19,140	5,888	10,924	1,176
Transferred to deferred revenue	(6,003)	(1,890)	(2,910)	(437)
Refunds during the year	(9,556)	(2,813)	(4,978)	(41)
Unwinding of interest on refundable deposits	4,138	4,266	1,336	1,770
	63,662	55,943	26,609	22,237

As at 31st March	Group 2016	Group 2015	Company 2016	Company 2015
26 Deferred tax liabilities				
Balance as at the beginning of the year	152,341	144,521	52,836	49,783
On origination of temporary differences (note 26.1)	27,146	7,820	3,761	3,053
Balance as at the end of year	179,487	152,341	56,597	52,836
26.1 Charge for the year				
On origination of temporary differences				
Investment properties	25,449	7,368	3,389	3,022
Employee benefits	271	(51)	372	31
Tax losses brought forward	1,426	503	-	-
Net deferred tax charged for the year	27,146	7,820	3,761	3,053
26.2 Deferred tax assets				
Tax effect on employee benefits	1,195	1,466	553	925
Tax effect on brought forward tax losses	5,322	6,748	-	-
Total deferred tax asset	6,517	8,214	553	925
26.3 Deferred tax liabilities				
Tax effect on investment properties and property, plant and equipment	186,004	160,555	57,150	53,761
Total deferred tax liability	186,004	160,555	57,150	53,761
Net deferred tax liability	179,487	152,341	56,597	52,836

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

As at 31st March	Group 2016	Group 2015	Company 2016	Company 2015
27 Employee benefits				
27.1 The movement in the liabilities recognised in the statement of financial position is as follows:				
Balance as at the beginning of the year	5,237	5,052	3,303	3,415
Current service cost	245	283	121	177
Interest cost	524	506	330	342
Actuarial (gains) / losses	28	107	(13)	80
Payments made during the year	(1,767)	(711)	(1,767)	(711)
Balance as at the end of the year	4,267	5,237	1,974	3,303
27.2 The amounts recognized in the statement of profit or loss are as follows;				
Current service cost	245	283	121	177
Interest cost	524	506	330	342
Charge for the year	769	789	451	519
27.3 The amounts recognized in the statement of other comprehensive income are as follows;				
Actuarial (gains) / losses	28	107	(13)	80
Charge for the year	28	107	(13)	80
Amounts recognized in the total comprehensive income	797	896	438	599

27.4 The Employee benefits as at 31 st March 2016 amounting to Rs.1,974,342/- and Rs.4,267,178/- (2015 - Rs.3,303,345 /- and Rs. 5,237,099 /-) for the Company and the Group respectively is made based on an actuarial valuation carried out by Mr. M. Poopalanathan (AIA) of Messrs. Actuarial and Management Consultants (Pvt) Ltd. As recommended by the Sri Lanka Accounting Standards (LKAS 19) - "Employee benefits" , the "Projected Unit Credit (PUC)" method has been used in this valuation.

The principal assumptions used are:

Rate of discount	10.5% p.a. (2015-10.0% 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.

(All figures are in Sri Lankan Rupees thousands)

27.5 Sensitivity analysis

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

	Group		Company	
As at 31st March	2016	2015	2016	2015
1% increase in discount rate	(146)	(180)	(53)	(88)
1% decrease in discount rate	168	199	58	97
1% increase in salary escalation rate	128	25	12	20
1% decrease in salary escalation rate	(214)	(370)	(113)	(189)

27.6 The above provision is not externally funded.

	Group		Company	
As at 31st March	2016	2015	2016	2015
28 Trade and other payables				
Financial				
Trade payables	547	21	-	-
Other payables	43,656	92,126	26,321	37,788
Amounts due to related companies (note 32.5)	80,674	121,174	83,174	127,686
	124,877	213,321	109,495	165,474
Non financial				
Provisions and accrued expenses	6,907	5,630	4,466	3,720
	6,907	5,630	4,466	3,720
	131,784	218,951	113,961	169,194

	Group		Company	
As at 31st March	2016	2015	2016	2015
29 Deferred revenue				
Balance as at the beginning of the year	8,904	11,315	1,297	2,534
Amount transferred from refundable deposits	6,003	1,890	2,910	437
Amortization of deferred revenue	(3,665)	(4,301)	(1,334)	(1,674)
Balance as at the end of the year	11,242	8,904	2,873	1,297

As at 31st March	Group 2016	Group 2015	Company 2016	Company 2015
30 Commitments and contingencies				
30.1 Capital expenditure commitments				
Capital expenditure contracted for at the end of the reporting period but not yet incurred	-	17,011	-	17,011

There were no significant financial commitments for the Company and the Group as at 31st March 2016.

30.2 Contingent liabilities

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

30.3 Litigation and claims

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

31 Financial instruments

Financial risk management - Overview

The Group has exposure to the following risks arising from financial instruments:
- Credit risk
- Market risk
- Liquidity risk

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

Risk management framework

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

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

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

31.1 Credit risk

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

(All figures are in Sri Lankan Rupees thousands)

31.1.1 Exposure to credit risk

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

	Group	
As at 31st March	2016	2015
Credit risk		
Trade and other receivables	26,779	21,501
Cash and cash equivalents	10,539	28,938
	37,318	50,439

Trade receivables

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

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

	Group	
As at 31st March	2016	2015
Refundable rental deposits		
Carrying value	63,662	55,943
Face value	75,591	66,007

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

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

31.1.2 The aging of Trade receivables at the end of the reporting period that were not impaired was as follows.

	Group	
As at 31st March	2016	2015
Revenue on lease agreements recognized on straight line basis	23,213	16,701
1–30 days	85	69
31–90 days	-	89
	23,298	16,859

31.1.3 No allowance for impairment in respect of trade receivables has been made as at the year end (2015-Nil).

Other receivables

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

Cash and cash equivalents

The Group held cash and cash equivalents of Rs.10.5mn as at 31st March 2016 (2015: Rs 28.9mn),which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AAA(lka) to AA-(lka), based on Fitch Ratings.

As at 31st March	Group 2016	Group 2015
Cash at Bank	10,539	15,162
Placements in government securities	-	13,776
	10,539	28,938

Investments in Government securities primarily comprises of investments in government treasury bills, extending to a period less than 3 months.

31.2 Liquidity risk

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

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

In addition, the Group has unutilised overdraft facility of Rs. 100mn as at 31st March 2016 and has access to short-term financing facilities extended from the parent company, Carson Cumberbatch PLC, if required.

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

As at 31st March 2016	Carrying amount	Contractual cash flows Total	3 months or less	4-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Refundable rental deposits	63,662	75,591	2,284	702	30,333	38,033	4,239
Trade Payables	547	547	547	-	-	-	-
Other payables	43,656	43,656	12,323	13,783	16,200	1,350	-
Amount due to related Companies	80,674	80,674	80,674	-	-	-	-
	188,539	200,468	95,828	14,485	46,533	39,383	4,239

As at 31st March 2015	Carrying amount	Contractual cash flows Total	3 months or less	4-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Refundable rental deposits	55,943	66,007	13,916	12,475	1,745	37,271	600
Trade Payables	21	21	21	-	-	-	-
Other payables	92,126	92,126	13,158	36,360	33,158	9,450	-
Amount due to related Companies	121,174	121,174	121,174	-	-	-	-
	269,264	279,328	148,269	48,835	34,903	46,721	600

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

(All figures are in Sri Lankan Rupees thousands)

31.2.2 Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains a portion of its assets in highly liquid form - demand deposits and placements in government securities in order to meet its contractual obligations during the normal course of its operations. As at the reporting date, the Group maintains " cash and cash equivalents" amounting to Rs 10.5mn (2015- Rs 28.9mn).

A significant portion of the Groups current liabilities comprise of the amount due to the parent company, Carson Cumberbatch PLC. The Group has classified such balances in to current liabilities, on the basis that the contractual arrangements entered in to by the companies do not facilitate an unconditional right to defer settlement of the liability. However, the Board of Directors is confident that such balances would not be demanded by the parent company, which would otherwise result in a significant risk to the Group, in terms of liquidity.

31.3 Market risk

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

31.3.1 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate, due to changes in foreign exchange rates. The Group do not engage in transactions associated with foreign currencies in its ordinary course of operations, hence the related risk is avoided. However, the Group is exposed to currency risk, primarily arising from its capex related transactions.

Therefore a sensitivity analysis on the Groups currency risk exposure may not be representative of the risks for which the Group is exposed to throughout the period, given its incidental nature.

31.3.2 Interest rate risk

The Group's interest bearing financial assets / liabilities are factored on variable rates of interest, accordingly the Group's exposure to interest rate risk is given below, which is not significant.

Profile

As at the end of the reporting period the interest rate profile of the Group's interest-bearing financial instruments as reported to the Management of the Group was as follows.

	Group	
As at 31st March	**2016**	**2015**
Variable rate instruments		
Financial assets	897	14,248
Financial liabilities	-	-
	897	14,248

Sensitive analysis for variable rate instruments

A change of 1% in interest rates at the end of the reporting period would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Group	Profit / (loss) Increase in 1%	Profit / (loss) Decrease in 1%
31st March 2016		
Variable rate instruments	9	(9)
31st March 2015		
Variable rate instruments	142	(142)

31.4 Accounting classifications and fair values

The Group do not designate any of its financial assets / liabilities at fair value, hence a classification between fair value hierarchy does not apply.

31.5 Fair values vs. Carrying amounts

31st March 2016	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	-	-	10,539	-	-	10,539	10,539
Trade and other receivables	-		26,779	-	-	26,779	26,779
	-	-	37,318	-	-	37,318	37,318
Refundable rental deposits	-	-	-	-	63,662	63,662	63,662
Trade and other payables	-	-	-	-	124,877	124,877	124,877
	-	-	-	-	188,539	188,539	188,539

31st March 2015	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	-	-	28,938	-	-	28,938	28,938
Trade and other receivables	-		21,501	-	-	21,501	21,501
	-	-	50,439	-	-	50,439	50,439
Refundable rental deposits	-	-	-	-	55,943	55,943	55,943
Trade and other payables	-	-	-	-	213,321	213,321	213,321
	-	-	-	-	269,264	269,264	269,264

(All figures are in Sri Lankan Rupees thousands)

32 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 24 (LKAS 24) "Related party disclosures ", the details of which are reported below.

32.1 Parent and ultimate controlling entity

In the opinion of the Directors, Carson Cumberbatch PLC is the parent company of Equity One PLC and Bukit Darah PLC is the Ultimate Parent and Controlling entity of Equity One PLC.

32.2 Transactions with Key Management Personnel (KMP)

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

			Group		Company	
	For the year ended 31st March		2016	2015	2016	2015
32.2.1	**Key management personnel compensation**					
	Short-term employee benefits	- Directors fees	1,100	1,125	700	675
		- Nomination committee fees	100	100	100	100
	Post-employment benefits		-	-	-	-
	Termination benefits		-	-	-	-
	Other long-term benefits		-	-	-	-
			1,200	1,225	800	775

No other transactions have taken place during the year, other than those disclosed above, between the company and its KMP.

32.3 Transactions with related companies

Name and the nature of the relationship	Name/s of the common Director/s	Nature of transactions	Value of the transaction			
			Group		Company	
			2016	2015	2016	2015
Parent company						
Carson Cumberbatch PLC	D. C. R. Gunawardena	Settlements made on short-term advances obtained	40,500	53,500	40,500	53,500
Subsidiaries						
Equity Two PLC	D. C. R. Gunawardena K. C. N. Fernando A.P. Weeratunge E.H. Wijenaike P. D. D. Fernando	Settlements made on short-term advances obtained including interest	-	-	36,250	5,100
		Interest received on short-term advances provided	-	-	2,925	4,053
Equity Three (Private) Limited	K. C. N. Fernando	Short-term advances obtained	-	-	5,500	6,140
		Settlements made on short-term advances obtained	-	-	9,512	6,804
		Dividend received	-	-	9,720	6,804
Fellow subsidiaries						
Carsons Management Services (Private) Limited (CMSL)	K. C. N. Fernando A. P. Weeratunge	Support service fee paid	2,441	2,143	1,523	1,224
		Secretarial fees paid	878	784	411	367
		Computer charges paid	582	582	306	306
		Rental income received	23,581	22,231	8,100	6,750
Guardian Fund Management Limited	A. P. Weeratunge	Rental income received	5,176	3,376	-	-
Others		Rental income received	-	68	-	68

Rent charged from related companies are based on the rent agreements signed between respective companies on an arm's length basis.

Support service fee and other expenses charged are based on the respective services provided by Carsons Management Services (Private) Limited (CMSL) as per the service agreements signed between the companies on an arm's length basis.

Related company lending have been charged interest at AWPLR + 1% , where applicable.

Amount borrowed by the company from Carson Cumberbatch PLC is on interest free basis.

(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Group 2016	Group 2015	Company 2016	Company 2015
32.4 Amounts due from related companies				
Equity Two PLC	-	-	15,857	49,182
	-	-	15,857	49,182
32.5 Amounts due to related companies				
Carson Cumberbatch PLC	80,674	121,174	80,674	121,174
Equity Three (Private) Limited	-	-	2,500	6,512
	80,674	121,174	83,174	127,686

32.6 Group entities

As at 31st March	% of equity interest 2016	% of equity interest 2015
Equity Two PLC	88.8%	88.8%
Equity Three (Private) Limited	100.0%	100.0%

33 Dividend per share

For the year ended 31st March	Company 2016	Company 2015
Dividend paid	6,048	14,113
Dividend proposed*	4,048	6,048
Dividend per share (Rs.)	0.15	0.15

*The proposed dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and according to the Sri Lanka Accounting Standard (LKAS 10) - "Events after the reporting period", the liability on the proposed dividend has not been provided for in the financial statements.

34 Events after the reporting date.

After satisfying the Solvency Test in accordance with section 57 of the Companies Act, No. 7 of 2007, the Directors have recommended the payment of a first and final dividend of 15 cents per ordinary share (2015 - 15 cents) for the year ended 31st March 2016 amounting to Rs 6,048,259.50 (2015 - 6,048,259.50/-) which is to be approved at the forthcoming Annual General Meeting. In accordance with Sri Lanka Accounting Standard (LKAS 10) - "Events after the reporting period" this proposed first and final dividend has not been recognised as a liability as at 31st March 2016.

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

35 Comparative Figures

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

Prior year adjustment on Investment properties

Vauxhall Lane property owned by the Company carrying a land extent of 207.05 perches in the books historically contained a 27 perches for road allocation. It was determined during the year that this road allocation did not carry soil rights for the Company but only carried right-of-way which is shared with a third party property. Accordingly the valuation assigned to this road allocation was removed from the prior year valuations as given below. Accordingly the comparative figures have been restated to provide a better presentation as required by LKAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly the Financial statement impact is given below.

The impact to the financial statements:

35.1 Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Group 2015	Company 2015
35.1.1 Net gains arising from changes in fair value of investment properties		
Balance for the year ended 31st March 2015 as previously reported	299,991	195,138
Restated balance for the year ended 31st March 2015	279,741	174,888
Adjustment	(20,250)	(20,250)

For the year ended 31st March	Group 2015	Company 2015
35.1.2 Total Comprehensive Income		
As previously reported for the year ended 31st March 2015	403,881	244,477
Adjustment made on changes in fair value of investment properties	(20,250)	(20,250)
Restated amount for the year ended 31st March 2015	383,631	224,227

35.2 Statement of Financial Position

As at 31st March	Group 2015	Company 2015
35.2.1 Investment properties		
Balance as at 31st March 2015 as previously reported	2,732,297	1,440,115
Restated balance as at 31st March 2015	2,651,297	1,359,115
Adjustment	(81,000)	(81,000)

(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Group 2014	Company 2014
35.2.2 Investment properties		
Balance as at 31st March 2014 as previously reported	2,401,907	1,226,347
Restated balance as at 31st March 2014	2,341,157	1,165,597
Adjustment	(60,750)	(60,750)

35.3 Reconciliation of fair value adjustment reserve

	Group		Company	
As at 31st March	2015	01st April 2014	2015	01st April 2014
As per previously reported	1,364,082	1,064,091	1,039,857	844,719
Prior year adjustment on investment properties 2013/2014 (note 35.2.2)	(60,750)	(60,750)	(60,750)	(60,750)
Prior year adjustment on investment properties 2014/2015 (note 35.1.1)	(20,250)	-	(20,250)	-
Restated balance	1,283,082	1,003,341	958,857	783,969

36 De-Listing of Equity One PLC

On 2nd November 2015 the Board of Directors of Equity One PLC announced its decision to de-list the shares of the Company from the Official List of the Colombo Stock Exchange (CSE), subject to obtaining shareholder and regulatory approval, considering the minimum public float rules stipulated by the Securities & Exchange Commission of Sri Lanka (SEC).

Accordingly, the special resolution to de-list the shares of Equity One PLC from the Official List of the Colombo Stock Exchange was passed at the Extraordinary General Meeting of the Company, held on the 30th of November 2015, with more than 75% of the shareholders present at the meeting voting in favour of the said resolution.

Upon obtaining shareholder approval, an application for de-listing was made to the Securities & Exchange Commission of Sri Lanka on the 11th of December 2015 for approval of the same, the Company is awaiting a final decision from SEC as of 24th June 2016.

37 Directors' responsibility

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

Five Year Summary

(All figures are in Sri Lankan Rupees thousands)

For the year ended/As at 31st March		2016	2015 Restated	2014	2013	2012
Trading results						
Revenue		233,510	210,753	174,144	126,040	132,697
Profit before taxation		679,371	411,984	244,163	160,530	92,860
Income tax expenses		(49,043)	(28,246)	(51,630)	(13,860)	(2,431)
Profit for the year		630,328	383,738	192,533	146,670	90,429
Shareholders' funds						
Stated capital		1,085,584	1,085,584	1,085,584	1,085,584	1,085,584
Reserves		1,665,683	1,076,548	784,723	605,219	463,555
Minority interest		111,141	92,348	75,405	66,598	61,655
Total equity		2,862,408	2,254,480	1,945,712	1,757,401	1,610,794
Assets employed						
Current assets		39,540	50,771	40,175	34,156	46,639
Current liabilities		(148,674)	(234,777)	(297,036)	(830,296)	(778,345)
Working capital		(109,134)	(184,006)	(256,861)	(796,140)	(731,706)
Non-current assets		3,218,958	2,652,007	2,402,638	2,697,887	2,485,270
Assets employed		3,109,824	2,468,001	2,145,777	1,901,747	1,753,564
Non-current liabilities		(247,416)	(213,521)	(200,065)	(144,346)	(142,770)
Net assets		2,862,408	2,254,480	1,945,712	1,757,401	1,610,794
Cash flow statement						
Net cash inflows / (outflows) from:						
Operating activities		58,886	104,136	206,368	61,485	46,882
Investing activities		(30,145)	(29,631)	446,347	(111,837)	(29,679)
Financing activities		(47,140)	(67,616)	(639,166)	42,403	(24,764)
Net increase / (decrease) in cash & cash equivalents		(18,399)	6,889	13,549	(7,949)	(7,561)
Ratios and statistics						
Dividend per share*	(Rs.)	0.15	0.15	0.35	0.11	-
Dividend yield	(%)	0.31	0.36	1.27	0.39	-
Dividend payout	(%)	0.99	1.65	7.68	3.13	-
Return on shareholders' funds	(%)	22.20	16.97	9.90	8.37	5.52
Earnings per share	(Rs.)	15.15	9.10	4.56	3.51	2.13
Earnings yield	(%)	31.11	21.67	16.52	12.49	8.00
P/E ratio	(times)	3.21	4.62	6.05	8.01	12.50
Market price per share**	(Rs.)	48.70	42.00	27.60	28.10	26.50
Net assets per share	(Rs.)	68.23	53.62	46.38	41.93	38.42
Current ratio	(times)	0.27	0.22	0.14	0.04	0.06
Market capitalization	(Rs. '000)	1,963,668	1,693,513	1,112,879	1,133,040	1,068,525

Notes :

* Based on proposed dividends.

** The market price per share as at 31st March

Market price per share as at 31st March 2016 was not available with the trading suspension on 02nd November 2015 due to Company announcing its decision to de-list the shares of the Company from the Official List of the Colombo Stock Exchange (CSE). Accordingly market price per share for 2016 is based on the last tared price on 30th October 2015.

Statement of value added

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	Group 2015		2015	
Revenue	233,510		210,753	
Other income	4,258		4,054	
Finance income	1,261		1,021	
	239,029		215,828	
Cost of materials and services bought from outside	(27,023)		(24,273)	
Value added	212,001		191,555	
Distributed as follows:				
To employees				
as remuneration	43,819	21	37,801	20
To government				
as taxation*	21,897	10	20,426	11
To providers of capital				
as dividend **	6,048	3	14,113	7
as minority interest	19,435	9	16,946	9
Retained in the business				
as deferred taxation	27,146	13	7,820	4
as depreciation	2,741	1	299	-
as unwinding of discount	4,138	2	4,266	2
as retained profit net of provisions and fair value adjustment on investment properties	86,782	41	89,884	47
	212,006	100	191,555	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).

** Based on dividend paid.

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.

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

2 Shareholders base

2.1 Number of Shareholders

As at 31st March	2016	2015
Number of Shareholders	727	669

2.2 Distribution and composition of shareholders

The number of shares held by non - residents as at 31st March 2016 was 12,201 (2015 – 12,453) which amounts to 0.03% (2015 - 0.03%) of the total number of Ordinary Shares.

Distribution	Residents			Non - Residents			Total		
of Shares	No. of share-holders	No. of Shares	%	No. of share-holders	No. of Shares	%	No. of share-holders	No. of Shares	%
1 - 1,000	547	119,399	0.30	5	2,464	0.01	552	121,863	0.31
1,001 - 10,000	144	465,841	1.15	3	9,737	0.02	147	475,578	1.17
10,001 - 100,000	24	522,719	1.30	-	-	-	24	522,719	1.30
100,001 - 1,000,000	3	383,318	0.95	-	-	-	3	383,318	0.95
Above 1,000,000	1	38,818,252	96.27	-	-	-	1	38,818,252	96.27
Total	719	40,309,529	99.97	8	12,201	0.03	727	40,321,730	100.00

	2016		
Categories of Shareholders	No. of Shareholders	No. of Shares	%
Individuals	685	1,170,955	2.90
Institutions	42	39,150,775	97.10
Total	727	40,321,730	100.00

3 Market performance - Ordinary shares

For the year ended 31st March	2016	2015
As at 31st March (Rs.)*	48.70	42.00
Highest (Rs.)	52.90	56.90
Lowest (Rs.)	40.00	27.00
Value of shares traded (Rs.)	16,224,628	53,044,539
No. of shares traded	564,364	1,249,160
Volume of transactions (Nos.)	483	1,899

* 2016 based on last traded price on 30th October 2015

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. 1,963,668,251/- as at 31st March , 2016 (2015 - Rs. 1,693,512,660/-).

5 Public shareholding

Percentage of Ordinary Shares held by the public as at 31st March 2016 was 3.72% (2015 - 3.72%) and the number of Public Shareholders were 725.

6 Dividend

The Directors have recommended a first & final dividend of 15 Cents per ordinary share for the year ended 31st March 2016 (2015 - 15 Cents)

7 Value of the properties - Land and building

Location	Extent (in hectares)	Number of Buildings	Market value 2016 Rs. '000	Date of professional valuation
Equity One PLC				
Dharmapala Mawatha, Colombo 07	0.238	1	1,031,614	March 2016
Vauxhall Lane, Colombo 02	0.455	3	625,915	March 2016
Equity Two PLC				
No. 61 Janadhipathi Mawatha, Colombo 01	0.072	1	410,824	March 2016
No. 55 Janadhipathi Mawatha Colombo 01	0.146	1	652,316	March 2016
Equity Three (Private) Limited				
George R. De Silva Mawatha, Colombo 13	0.2080	2	364,735	March 2016

8 Number of employees

The number of employees at the end of the year was 18 (2015 - 17) and 12 (2015 - 11) for the Group and the Company respectively.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the THIRTY FOURTH Annual General Meeting of EQUITY ONE PLC will be held on Thursday the 28th day of July 2016 at 2.30 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 2016, together with the Independent Auditors' Report thereon.

2. To declare a dividend as recommended by the Directors.

3. To re-elect Mr. E.H. Wijenaike who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.

4. To re-elect Mr. K.C.N. Fernando who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.

5. To re-appoint Mr. S. Nagendra who is over Seventy years of age as a Director of the Company 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 77 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

6. To re-appoint Mr. P.D. D. Fernando who is over Seventy years of age as a Director of the Company 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. P.D.D. Fernando who is 73 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

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

By Order of the Board

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

Colombo,
24th June 2016

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 4.45 p.m. on 26th July 2016.
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.

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	or failing him,
Sega Nagendra	or failing him,
Kurukulasuriya Calisanctus Nalake Fernando	or failing him,
Eranjith Harendra Wijenaike	or failing him,
Ajith Prashantha Weeratunge	or failing him,
Subramaniam Mahendrarajah	or failing him,
Panthiage Donald Dunstan Fernando	

as *my/our proxy to attend at the Annual General Meeting of the Company to be held on Thursday, the 28th day of July 2016 at 2.30 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 2016, together with the Independent Auditors' Report thereon.		
ii.	To declare 15 Cents per ordinary share as a First & Final dividend for the financial year ended 31st March 2016 as recommended by the Directors.		
iii.	To re-elect Mr. E. H. Wijenaike who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.		
iv.	To re-elect Mr. K. C. N. Fernando who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.		
v.	To re-appoint Mr. S. Nagendra who is over Seventy years of age as a Director of the Company.		
vi.	To re-appoint Mr. P.D.D. Fernando who is over Seventy years of age as a Director of the Company.		
vii.	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.		

Signed this.....................day of ……………..…………..………..Two Thousand and Sixteen.

....

Signature/s

Note:

a) * Please delete the inappropriate words.

b) 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.

c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.

d) Instructions are noted on the reverse hereof.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, 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 4.45 p.m. on 26th July 2016.

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 and Controlling Entity
In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Equity One PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Equity One 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. 65C, 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: +94-11-2039200
Fax No: +94-11-2039300

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

Corporate Website
www.carsoncumberbatch.com

Designed & produced by
emagewise
Printed by Printage (Pvt) Ltd