



Equity One Limited
Annual Report 2019/2020

A Carson Cumberbatch Company

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

Chairman's Statement

Dear Shareholder,

I warmly welcome you to the 38th Annual General Meeting of the Company. On behalf of the board, I present to you the Annual Report and Audited Financial Statements for the financial year ended 31st March 2020.

The year elapsed has been very unforgiving towards many industries, commencing with the horrific Easter Sunday attacks. Subsequently, when Sri Lanka was nearing complete recovery we had to conclude the year with fears of a global pandemic on the horizon. This decelerated the demand and growth prospects and spiked operational costs across multiple sectors, including ours.

Nevertheless, the year was characterised by several exciting developments in the Colombo real estate market. The official declaration of the Port City as a part of Sri Lanka opened opportunities to investors, the inauguration of one of the landmark premium retail shopping experiences altered the city's skyline, and an influx of new commercial spaces added to the city's office stock significantly, while road infrastructure developments improved connectivity both into and within the city.

Yet, the Colombo real estate market is not without its challenges. During the year, we witnessed a sluggish demand for the city's newly completed residential projects with the premium segment bearing the lowest absorption of all. Furthermore, in recent years, financial institutions have seemingly opted for a more cautious approach in lending to construction related projects in an attempt to reduce their exposure to the sector. The ever-increasing cost of construction, relatively high interest rates and a shortage of skilled labour were among some of the industry's other challenges that exert pressure on the industry and its investment payback.

On the commercial spaces front, the projects nearing completion within the Central Business District will most likely lead to an oversupply of office spaces, weighing down on rental yields and occupancy rates across both Grade A and B segments in the medium term, unless demand picks up beyond organic growth. To elaborate, Sri Lanka should capitalise on its locational strengths to become a strong service-oriented economy equipped to host international corporates and facilitate their expansion, while encouraging local establishments to widen their horizons into the export market and thrive. This would require well-articulated strategy, careful planning and execution and the development of necessary infrastructure. Along with this, the improvement of ease of doing business through appropriate modifications to relevant economic policies, laws, and regulations is essential to position Sri Lanka as an attractive regional business hub.

Furthermore, the introduction of real estate specific investment vehicles and timely government incentives would go a long way in increasing the liquidity of the local real estate market. To this end, the recent reduction in policy interest rates coupled with the reduction in statutory reserves ratio with the intention of boosting credit flows across all industries to stimulate economic

growth was welcomed by many. Further, the recent inclusion of interest on housing loans to form part of the qualifying payments for personal income tax is a step in the right direction to increase house ownership. Additionally, the recent downward VAT revision on condominium sales encourages vertical living in times where we face the problem of land becoming progressively more expensive, making individual housing in the city unaffordable to many middle income earners. Such initiatives also help to unlock the true value of Government's high spend on urban infrastructure, making living in the bounds of the city increasingly appealing to many.

During the year under review, the Group was able to achieve a top line of Rs. 296 Mn, which is a 4.7% decrease YoY, as it was weighed down by the lower occupancy of 81% compared to 95% of the comparable year. However, the full impact of the occupancy reduction was mitigated to some extent through upward rental revisions. The Group's bottom-line before tax decreased by 69.9% YoY to be at Rs. 217.9 Mn, since the corresponding year had recorded a substantial fair valuation gain on the investment property vis-à-vis the current year. However, disregarding the revaluation impact for both years, the de-growth stands at only 4.3%. Accordingly, an interim dividend of Rs. 1.10 per share, translating into a 58% payout on net profit is proposed by the Board of Directors for shareholder approval at the forthcoming Annual General Meeting of the Company.

Considering all these factors, the prospects of real estate and construction sectors in the near term are at crossroads, and we are yet to witness the residual impact the COVID-19 pandemic will leave behind. Nevertheless, we can reasonably expect Sri Lanka to bounce back and achieve fast economic recovery. More importantly, I hope that Sri Lanka will set the right economic policies and other supporting infrastructure to drive the country to become the go-to regional business hub for the world business community in time to come.

As my parting words, I would like to extend my sincere thanks to the shareholders, valued tenants, regulatory authorities and other stakeholders for their unwavering faith and loyal support to the Group during these strenuous times. Further, I would also like to thank the members of the Audit Committee, Nomination Committee, Remuneration Committee, and the Related Party Transactions Review Committee for their invaluable contribution to the Group. Further, I offer my appreciation and best wishes to all our valued staff members for their efforts throughout the year to positively contribute towards Group performance.

Stay safe and stay well!

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

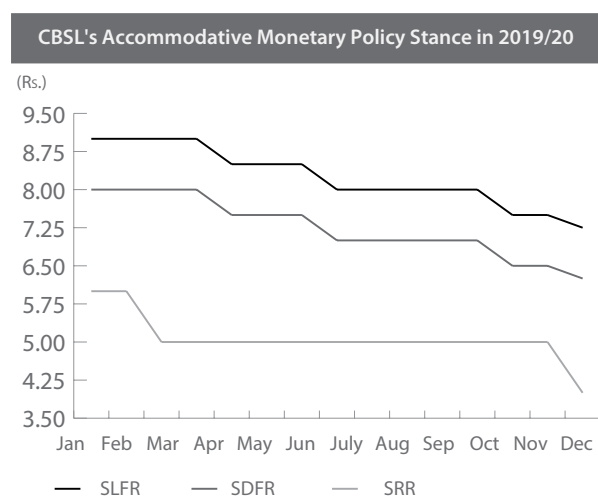
Colombo
20th July 2020

Management Discussion and Analysis

MACRO OVERVIEW

Affected by the devastating Easter Sunday incident, Sri Lanka recorded a slow economic growth of 2.3% in 2019 which was a step down from the previous year's 3.3%. Industrial sector has grown at a rate of 2.7% out of which construction industry has expanded at a rate of 4.0%, contributing a total of 6.9% to the country's GDP.

Following the April 2019 incident, the accommodative monetary policy stance adopted by the Central Bank of Sri Lanka throughout the year by reducing statutory reserve ratios of Licensed Commercial Banks (LCBs) and decreasing policy interest rates in May, August, and January of the FY 20 by 50bps at each instance supported its view to stimulate economic activity by boosting credit flows to the private sector. Furthermore, in an attempt to revive disrupted businesses due to the COVID-19 global pandemic, policy rates were further reduced by 25bps and statutory reserve ratio of LCBs by 1.0% in March 2020.



Sri Lanka witnessed strengthening of its gross official reserves from USD 6.9 Bn to USD 7.6 Bn during 2019 as a result of the two new International Sovereign Bonds, the receipt of the two tranches of the funds facility from IMF and the purchase of foreign exchange by the Central Bank from the domestic market. This increase was despite the heavy debt repayments that fell over the second half of the year. Moreover, the rupee appreciated against the US dollar marginally by 0.6% over 2019 mainly as a result of the significant contraction in trade deficit by USD 2.3 Bn YoY mainly through policy induced gold and vehicle importation reductions. This was in a year where the tourism sector of the country, which contributes

substantially towards foreign currency earnings, heavily underperformed almost for three whole quarters.

However, FDI inflows to the country saw a reduction from USD 2.1 Bn in 2018 to USD 1.2 Bn as scares over safety and security concerns of local business climate clouded over most parts of the year.

INDUSTRY SNAPSHOT

Over the years, we have seen steady growth in Colombo land prices making it a fruitful long-term investment vehicle. Colombo and its suburbs continued the trend through 2019 with a 10.4% overall growth with commercial lands value appreciating at 10.3% according to the Land Valuation Index compiled by CBSL. However, this is a slower growth as opposed to the 17.9% of 2018. Further, the growth of value added to GDP from real estate activity including ownership of dwellings has been sluggish at 2.4% when compared to 3.9% in 2018.

Real estate developers and property managers face the challenge of filling vacant spaces in the present market, as evidenced by the lower than average absorption of the new Grade A office spaces introduced recently. Based on the ongoing development activities, over the next few years, there is a sizeable stock of premium spaces to be introduced to the Central Business District (CBD) bounds, which will undoubtedly place further pressure on occupancy rates and rental yields over the medium term.

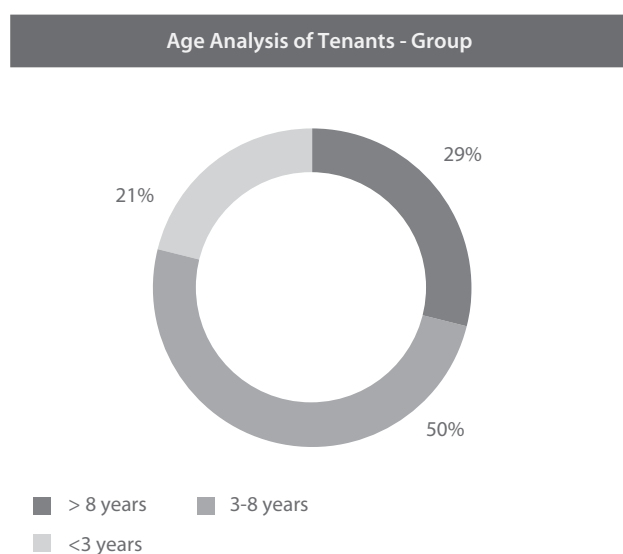
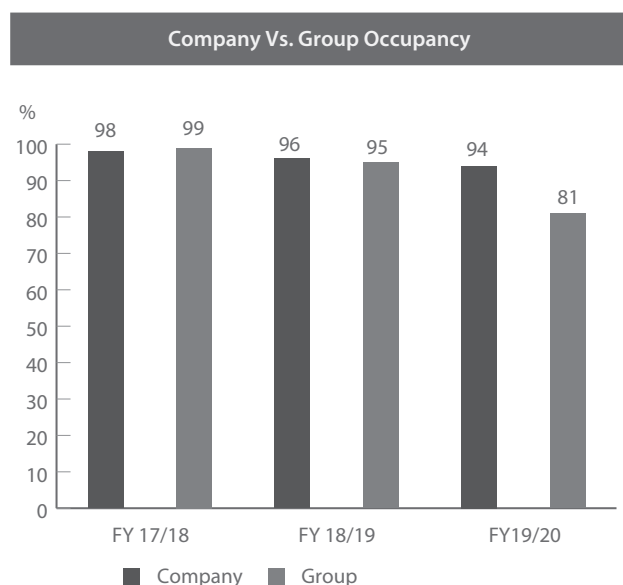
During the year, we witnessed one of the milestone events of declaration of the newly reclaimed 269Ha of land belonging to the upcoming Colombo Port City as part of Sri Lanka. With its International Financial City (IFC) expected to be up and running by 2023, the business capital of the country is on the verge of a further 12 Mn square feet of Grade A commercial space being added to its inventory. Based on the success of attracting sufficient foreign or local investors to occupy the added spaces, it would generate a significant amount of employment opportunities and positively contribute to spur the economic activity of the country over the long term.

During the year we witnessed completion of the Southern Expressway Extension project, and Phase III of the Outer-Circular Highway project among several other infrastructure development activities. Due to improved connectivity, this will further have a positive impact on the demand for properties of the CBD. To complement the aforementioned physical infrastructure, it is vital that we strengthen our regulatory and policy infrastructure as well in order to attract

and retain the global investment community since none of these developments will amount to much in the eyes of the global investor if we fail to facilitate the required regulatory and policy framework for realisation of their true economic value.

OUR BUSINESS

The Company's occupancy for the FY 2019/20 witnessed a slight reduction from 96% of last year to 94%. However, the same for the Group was a decrease from 95% of previous year to 81%.



Accordingly, the total revenue of the Group decreased by 4.7% over the comparable financial year to reach Rs. 296 Mn. Direct costs for the year increased by 7.3% to be at Rs. 92.1 Mn, mainly as a result of the increase in rates related expenditure. The resultant Gross Profit of Rs. 203.9 Mn is a decrease of 9.3% over the comparable period.

The valuation carried out at the end of the financial year valued the Group's investment properties at a level similar to that of the previous year with a marginal impairment of Rs. 2.4 Mn, as opposed to the gain recognised in the comparable year of Rs. 492.9 Mn.

Accordingly, the Group recorded a profit from operations of Rs. 189.2 Mn, which is a reduction of 73.2% YoY. However, upon eliminating the effects of the aforementioned fair valuation of both the current as well as the comparable periods, and with the increase in net finance income by Rs. 11.8 Mn over the previous year as a result of the increase in cash and cash equivalents available for interest-earning investment, the decrease in profit before tax was Rs. 9.9 Mn or 4.3%, which is a direct reflection of the revenue decrease.

The Group recorded a profit after tax of Rs. 160.6 Mn, which is a decrease of 68.5% over the comparable year's Rs. 509.3 Mn mainly due to the aforementioned valuation gains recorded in the corresponding year.

On a standalone basis, Equity One Limited underwent a marginal reduction in revenue of 1.4% to be at Rs. 139.1 Mn mainly as a result of the aforementioned reduction in occupancy. The valuation exercise resulted in a marginal impairment of the Company's two investment properties of Rs. 3.5 Mn as opposed to the Rs. 273.7 Mn gain recorded in the comparable year due to similar reasons to that of the Group. The net finance income of the Company witnessed a reduction of Rs. 37.9 Mn or 69.4% YoY primarily as a result of non-receipt of interim dividend income from Equity Two PLC, which is expected to be received as a final dividend for the year under review.

This led the Company to record a profit before tax of Rs. 104.5 Mn, which is a 75.3% reduction YoY. Similarly, eliminating the effects of the aforementioned fair valuation of both the current as well as the comparable periods, the decrease in profit before tax is Rs. 40.7 Mn or 27.4%, the main reason being the aforementioned loss of dividend income from Equity Two PLC. Accordingly, the profit after tax of Rs. 76.4 Mn is a reduction of 75.7% over the preceding year's Rs. 314.4 Mn.

Management Discussion and Analysis

Accordingly, dividend per share of Rs. 1.10 is proposed for the financial year ended 31st March 2020 to be approved at the forthcoming Annual General Meeting of the Company. This translates to a 58% payout from the Company's profit.

FUTURE OUTLOOK

As we pass through the times saddled with doubts over when will the prevailing pandemic end, the prospects of the local real estate market too remain uncertain with regard to the exact magnitude of the pandemic's impact over the medium term, depending on the time it takes to recover. This may also result in delays and cost overruns of development projects due to temporary halt of construction work, pushing some of the more cash-tight developers under a pile of debt.

The immediate effect of the pandemic felt by us as a business was somewhat cushioned given the very nature of our operations being to rent business spaces for longer term. However, as a considerate property manager, during these strenuous times, we understand that some of our tenants might be facing difficulties in meeting their financial obligations due to tightened business prospects. As such, we have extended our support to identify the tenants most affected by the year's events, and renegotiated their immediate rent commitments and/or offered deferred payment plans. In terms of medium term impact, depending on the time it takes for the economic and business constituents to bounce back to pre-pandemic levels, we expect the task of sourcing new tenants for vacant spaces of our premises to be a challenging one. Nevertheless, considering the prime locations of our properties and with the superior and customised service on offer, we look confidently to achieve optimum operational capacity yet again in the future.

Carsons Management Services (Private) Limited
Managers

20th July 2020

Profiles of 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.

AJITH WEERATUNGE

Ajith Weeraturunge is a Director of the Carson Cumberbatch Group's Management Company, Carsons Management Services (Private) Limited.

He is also a Director of Group's Real Estate Sector Equity One Limited and Equity Two PLC, 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 was recently appointed as a director of Group's plantation sector holding company, Goodhope Asia Holdings Ltd.

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.

ERANJITH WIJENAIKE

Eranjith Wijenaike is a Director of Equity Two PLC; Equity One Limited and Managing Director of Central Finance Company PLC. He is also a Director of Tea Smallholder Factories PLC, 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.

SUBRAMANIAM MAHENDRARAJAH

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

NALAKE FERNANDO –

Vacated office on 14th June 2020

Nalake Fernando is a Director of Carsons Management Services (Private) Limited. He ceased to be a Director of the Property Management Companies of the Carson Cumberbatch Group, namely Equity One Limited and Equity Two PLC with effect from 14th June 2020. He is a Director of Association for Individuals with Learning Differences. He was the Country Representative for Sri Lanka of Dalekeller & Associates Ltd, Designers and Skidmore Owings & Merrill Architects. He was also a Director of SKC Management Services Ltd.

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

DONALD FERNANDO -

Vacated office on 14th June 2020

Donald Fernando is the Managing Director of Fernando Rajapakse Associates (Private) Limited - Consulting Engineers and Project Managers and Director, Saramanda Lanka (Guarantee) Limited. He ceased to be a Director of Equity One Limited and Equity Two PLC with effect from 14th June 2020.

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 a 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.

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

The Board of Directors of Equity One Limited have pleasure in presenting to the Shareholders their Report together with the Audited Financial Statements for the year ended 31st March 2020.

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

The Annual Report was approved by the Board of Directors on 20th July 2020.

1. General

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

2. The Principal Activities Of The Company And Its Subsidiaries

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

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

3. Review of Operations and Future Developments

The Chairman's Statement and Management Discussion & Analysis on pages 01 to 04 provide an overall assessment of the business performance of the

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

4. Financial Statements

The consolidated financial statements which comprise the Statement of Profit or Loss and other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Notes to the financial statements of the Company and the Group for the year ended 31st March 2020 are set out on pages 15 to 53. These financial statements do comply with the requirements of the Companies Act, No. 07 of 2007.

4.1. Revenue

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

4.2. Financial results and appropriation

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

(In Rupees thousands)	Group		Company	
For the year ended 31st March	2020	2019	2020	2019
Profit / (loss) for the year	160,621	509,311	76,408	314,409
Other comprehensive income/ (expenses) for the year	(119)	110	(71)	(11)
Total comprehensive income for the year	160,502	509,421	76,337	314,398
Retained earnings as at the beginning of the year	351,340	240,869	17,093	(73,362)
Retained earnings before appropriations/ adjustments	511,842	750,290	93,430	241,036
Forfeited dividends	12	-	12	-
Dividends paid	-	(30,242)	-	(30,242)
Transfer to fair value adjustment reserve	8,285	(347,436)	5,022	(193,701)
Total comprehensive income attributable to NCI	(9,173)	(21,272)	-	-
Retained earnings as at the end of the year	510,966	351,340	98,464	17,093

4.3. Significant accounting policies

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

4.4. Investment Properties

The Company and the Group has 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 2020 by Mr. S. Sivaskantha, F. I. V (Sri Lanka) of Perera Sivaskantha and Company, incorporated Valuers. The details of the movements in fair value of investment properties of the Company and the Group during the year and their carrying value as at 31st March 2020 are presented in Note 18 to the financial statements

4.5. Property, plant and equipment

Details of property, plant and equipment are given in note 19 to the financial statements.

4.6. Capital Expenditure

The details of capital expenditure of the Group are given in Notes 18, 19, and 33 to the Financial Statements.

4.7. Reserves

The movements of total reserves of both the Company and Group are set out in the Statement of Changes in Equity and Notes 25 and 26 to the financial statements.

5. Statement Of Directors' Responsibilities

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

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

The financial statements comprise of inter alia:

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

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

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

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

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

These financial statements have been prepared on a going concern basis since the Directors are of the view that the Company and the Group have adequate resources to continue in operation in the foreseeable

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

future from the date of approving these financial statements. The Directors are also of the view that they have discharged their responsibilities as set out in this statement.

The Directors confirm that to the best of their knowledge,

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

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

6. Outstanding Litigation

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

7. Interests Register

The Company maintains an 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. 07 of 2007 have been entered in the Interests Register during the year under review.

The Interests Register is available for inspection as required under the Companies Act.

7.1. Remuneration of Directors

Directors' remuneration, for the financial year ended 31st March 2020 is given in Note 13 to the Financial Statements.

7.2. Directors' Interest in Contracts and Shares

Directors' Interest in contracts of the Company and the Group are disclosed in note 35 to the financial statements and have been declared at Meetings of the Board of Directors. The Directors have had no direct or indirect interest in any other contracts or proposed

contracts in relation to the business of the Company nor in the ordinary shares of the Company as of 31st March 2020.

8. Directors

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

8.1. Directors to Retire by Rotation

In terms of Articles 71, 72 and 73 of the Articles of Association of the Company, Mr. D. C. R. Gunawardena retires by rotation and being eligible offers himself for reelection.

8.2. Directors' Vacation of Office

Messrs. K.C.N. Fernando and P.D.D. Fernando who were re-appointed to the Board at the Annual General Meeting (AGM) held on 14th June 2019 for a period of one year till 14th June 2020, have vacated the office of Directors with effect from 14th June 2020 in terms of Section 210(2) (b) of the Companies Act, No. 07 of 2007. The Company was unable to convene the AGM on or before the 14th of June 2020 to consider the re-appointment of the said Directors, due to the prevailing COVID-19 pandemic situation in the country.

8.3. Proposed Appointment to the Board of Directors

The Nomination Committee of the Company and the Board have recommended the appointment of Messrs. K.C.N. Fernando and P.D.D. Fernando who are over 70 years of age, to the Board of the Company pursuant to Article 67 of the Articles of Association of the Company, subject to obtaining the approval of the Shareholders of the Company at the forthcoming Annual General Meeting scheduled to be held on 4th September 2020.

In terms of Section 211 of the Companies Act, No. 07 of 2007, the approval of the Shareholders is sought by way of Ordinary Resolutions for the appointment of Messrs. K.C.N. Fernando and P.D.D. Fernando as Directors of the Company with immediate effect for a period of one year and that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to them.

The requisite Resolutions to give effect to the above is set out in the Notice convening the Annual General Meeting of the Company.

8.4 Board of Directors

The following Directors held office during the period under review.

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

Mr. E.H. Wijenaike

Mr. A.P. Weeratunge

Mr. S. Mahendrarajah

Mr. P.D.D. Fernando - Vacated office w.e.f. 14th June 2020

Mr. K.C.N. Fernando - Vacated office w.e.f. 14th June 2020

9. Independent Auditors

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

A sum of Rs. 357,000/- and Rs. 699,000/- was paid to them by the Company and the Group respectively, as audit fees for the year ended 31st March 2020 (2019 - Rs. 340,000/- and Rs. 666,000/-). Fees paid to Auditors on audit related services are given in Note 13 to the financial statements.

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

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

9.1. Auditors' relationship or any interest with the Company

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

9.2. Independent Auditors' Report

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

10. SIGNIFICANT EVENTS DURING THE YEAR

10.1. Company

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

10.2. Subsidiaries

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

11. Internal Control And Risk Management

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

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

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

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

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

12. Human Resources

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

The number of persons employed by the Company and the Group as at 31st March 2020 were 12 and 18 (2019 - 12 and 17) respectively.

13. Equitable Treatment to Shareholders

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

14. Dividends

Subject to the approval of the Shareholders at the Annual General Meeting, the Board of Directors recommended a Final Dividend of Rs. 1.10 per ordinary share amounting to Rs. 44,353,903/- for the year ended 31st March 2020. The dividend payable has not been accounted for until it is approved at the forthcoming Annual General Meeting.

15. Solvency Test

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

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

16. Stated Capital

The stated capital of the Company as at 31st March 2020 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.

17. Statutory Payments

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

18. Going Concern

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

19. Environmental Protection

The Company and the Group are sensitive to the needs of the environment and makes every endeavour to comply with the relevant environmental laws, regulations and best practices applicable in the country. After making adequate inquiries from the management, the Directors are satisfied that the Company and its subsidiaries operate in a manner that 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.

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 2020.

21. Events After The Reporting Date

Subsequent to the reporting date, no circumstances have arisen, which would require adjustments to or disclosures in the financial statements, other than those disclosed in note 37 to the Financial Statements.

22. Contingent Liabilities And Capital Commitment

The contingent liabilities and commitments made as at 31st March 2020 are given in note 33 to the Financial Statements.

23. Corporate Donations

There were no donations made during the year ended 31st March 2020 (2019 - Nil).

24. Impact of COVID-19 Pandemic

The business impact of the COVID-19 pandemic to the Group is given in Note 38 to the Financial statements.

25. Annual Report

The Board of Directors have approved the Audited consolidated financial statements of the Company and the Group together with the Reviews and other Reports which form part of the Annual Report on 20th July 2020. The Annual Report would be submitted to the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies within the given time frames.

26. Annual General Meeting

The 38th Annual General Meeting of the Company will be held on Friday, the 4th of September 2020 at 2.00 p.m. at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7, Sri Lanka by means of audio or audio and visual technology.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 55 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)

D. C. R. Gunawardena
Chairperson

(Sgd.)

S. Mahendrarajah
Director

(Sgd.)

K. D. De Silva (Mrs.)

Director

Carsons Management Services (Private) Limited
Secretaries

Colombo

20th July 2020

Financial Calendar

FINANCIAL CALENDAR

Financial year end	31st March 2020
Notice of Annual General Meeting	20th July 2020
38th Annual General Meeting	4th September 2020

Independent Auditor's 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
Internet : www.kpmg.com/lk

To the Shareholders of Equity One Limited Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Equity One Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 15 to 53 of this annual report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyrathne FCA	S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan FCA	M.N.M. Shameel ACA	Ms. C.T.K.N. Perera ACA
A.M.R.P. Alahakoon ACA		

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. P.M.K. Sumanasekara FCA

Independent Auditor's Report



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

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

A handwritten signature of the KPMG firm, written in a stylized, cursive font.

Chartered Accountants
Colombo, Sri Lanka

20 July 2020

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		Company	
		2020	2019	2020	2019
Revenue	11	296,001	310,677	139,111	141,140
Direct costs		(92,072)	(85,802)	(44,539)	(42,289)
		203,929	224,875	94,572	98,851
Other income	12	8,935	8,480	5,817	4,766
Net gain arising from changes in fair value of investment properties	18	(2,412)	492,933	(3,528)	273,739
		210,452	726,288	96,861	377,356
Administrative and other operating expenses		(21,211)	(19,162)	(10,709)	(10,151)
Results from operating activities	13	189,241	707,126	86,152	367,205
Finance income	14.1	35,478	24,120	20,829	58,780
Finance costs	14.2	(8,402)	(8,825)	(4,082)	(4,167)
Net finance income	14	27,076	15,295	16,747	54,613
Investment property written off due to fire related damages net of insurance receipts	15	1,613	708	1,613	708
Profit before taxation		217,930	723,129	104,512	422,526
Income tax expense	16.1	(51,361)	(68,306)	(26,466)	(28,175)
Deferred taxation	16.1	(5,948)	(145,512)	(1,638)	(79,942)
Profit for the year		160,621	509,311	76,408	314,409
Profit for the year attributable to:					
Equity holders of the parent		151,443	488,053	76,408	314,409
Non controlling interest		9,178	21,258	-	-
		160,621	509,311	76,408	314,409
Other comprehensive income					
Items that will never be reclassified into profit and loss					
Actuarial (loss) / gain from valuation of employee benefits	29.3	(165)	153	(98)	(15)
Related tax on employee benefits		46	(43)	27	4
Other comprehensive income / (expense) for the year		(119)	110	(71)	(11)
Total comprehensive income for the year		160,502	509,421	76,337	314,398
Total comprehensive income attributable to:					
Equity holders of the parent		151,329	488,149	76,337	314,398
Non controlling interest		9,173	21,272	-	-
		160,502	509,421	76,337	314,398
Earnings per share (Rs.)	17	3.76	12.10	1.89	7.80

The notes from pages 19 to 53 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Financial Position

(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Note	Group		Company	
		2020	2019	2020	2019
ASSETS					
Non-current assets					
Investment properties	18	4,462,950	4,426,872	2,422,343	2,420,612
Property, plant and equipment	19	386	2,101	386	2,101
Investment in subsidiaries	20	-	-	552,048	552,048
Investment in fixed deposits		25,554	5,152	25,554	5,152
Total non-current assets		4,488,890	4,434,125	3,000,331	2,979,913
Current assets					
Trade and other receivables	21	46,907	35,455	51,365	15,222
Fair value through profit or loss financial assets	22	47,540	40,150	20,351	36,755
Investment in fixed deposits		205,936	234,944	114,827	109,257
Current tax assets		-	162	-	-
Cash and cash equivalents	23	187,535	31,834	82,433	7,717
Total current assets		487,918	342,545	268,976	168,951
Total assets		4,976,808	4,776,670	3,269,307	3,148,864
EQUITY AND LIABILITIES					
EQUITY					
Stated capital	24	1,085,584	1,085,584	1,085,584	1,085,584
Capital reserves	25	13,236	13,236	13,236	13,236
Revenue reserves	26	2,399,478	2,248,137	1,456,332	1,379,983
Total equity attributable to equity holders of the parent		3,498,298	3,346,957	2,555,152	2,478,803
Non controlling interest		146,305	137,132	-	-
Total equity		3,644,603	3,484,089	2,555,152	2,478,803
Non-current liabilities					
Refundable rental deposits	27	73,164	87,369	38,002	41,722
Deferred tax liability	28	1,061,593	1,055,691	606,853	605,242
Employee benefits	29	3,201	3,302	1,727	2,146
Total non-current liabilities		1,137,958	1,146,362	646,582	649,110
Current liabilities					
Trade and other payables	30	77,940	127,120	6,658	7,748
Deferred revenue	31	15,478	19,099	6,589	5,469
Loans and borrowings	32	100,337	-	50,169	-
Current tax liabilities		492	-	4,157	7,734
Total current liabilities		194,247	146,219	67,573	20,951
Total liabilities		1,332,205	1,292,581	714,155	670,061
Total equity and liabilities		4,976,808	4,776,670	3,269,307	3,148,864
Net assets per share (Rs.)		86.76	83.01	63.37	61.48

The Notes from pages 19 to 53 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

Director Finance

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 20th July 2020

Approved and signed on behalf of the managers,

Approved and signed on behalf of the board,

(Sgd.)

A.P. Weeratunge

Director

Carsons Management Services (Private) Limited

(Sgd.)

D.C.R. Gunawardena

Chairman

(Sgd.)

S. Mahendrarajah

Director

Colombo

20th July 2020

Statement of Changes in Equity

(All figures are in Sri Lankan Rupees thousands)

Group	Stated capital	Capital reserves			Revenue reserves			Total equity attributable to equity holders of the parent	Non controlling interest	Total equity
		Capital accretion reserve	Machinery replacement reserve	Other capital reserves	General reserve	Fair value adjustment reserve	Retained earnings			
Balance as at 1st April 2018	1,085,584	158	5,109	7,969	39	1,549,322	240,869	2,889,050	120,333	3,009,383
Profit for the year	-	-	-	-	-	347,436	140,617	488,053	21,258	509,311
Other comprehensive income for the year	-	-	-	-	-	-	96	96	14	110
Total comprehensive income for the year	-	-	-	-	-	347,436	140,713	488,149	21,272	509,421
First interim dividend 2018/19	-	-	-	-	-	-	(30,242)	(30,242)	(4,473)	(34,715)
Balance as at 31st March 2019	1,085,584	158	5,109	7,969	39	1,896,758	351,340	3,346,957	137,132	3,484,089
Balance as at 1st April 2019	1,085,584	158	5,109	7,969	39	1,896,758	351,340	3,346,957	137,132	3,484,089
Profit for the year	-	-	-	-	-	(8,285)	159,728	151,443	9,178	160,621
Other comprehensive expense for the year	-	-	-	-	-	-	(114)	(114)	(5)	(119)
Total comprehensive income for the year	-	-	-	-	-	(8,285)	159,614	151,329	9,173	160,502
Forfeited dividends	-	-	-	-	-	-	12	12	-	12
Balance as at 31st March 2020	1,085,584	158	5,109	7,969	39	1,888,473	510,966	3,498,298	146,305	3,644,603

Company	Stated capital	Capital reserves			Revenue reserves			Total equity
		Capital accretion reserve	Machinery replacement reserve	Other capital reserves	General reserve	Fair value adjustment reserve	Accumulated loss/retained earnings	
Balance as at 1st April 2018	1,085,584	158	5,109	7,969	39	1,169,150	(73,362)	2,194,647
Profit for the year	-	-	-	-	-	193,701	120,708	314,409
Other comprehensive expense for the year	-	-	-	-	-	-	(11)	(11)
Total comprehensive income for the year	-	-	-	-	-	193,701	120,697	314,398
First interim dividend 2018/19	-	-	-	-	-	-	(30,242)	(30,242)
Balance as at 31st March 2019	1,085,584	158	5,109	7,969	39	1,362,851	17,093	2,478,803
Balance as at 1st April 2019	1,085,584	158	5,109	7,969	39	1,362,851	17,093	2,478,803
Profit for the year	-	-	-	-	-	(5,022)	81,430	76,408
Other comprehensive expense for the year	-	-	-	-	-	-	(71)	(71)
Total comprehensive income for the year	-	-	-	-	-	(5,022)	81,359	76,337
Forfeited dividends	-	-	-	-	-	-	12	12
Balance as at 31st March 2020	1,085,584	158	5,109	7,969	39	1,357,829	98,464	2,555,152

The notes from pages 19 to 53 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Cash Flows

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	Note	Group		Company	
		2020	2019	2020	2019
Cash flows from operating activities					
Profit before taxation		217,930	723,129	104,512	422,526
Adjustments for:					
Finance costs	14.2	8,402	8,825	4,082	4,167
Interest income	14.1	(22,293)	(19,547)	(14,167)	(10,986)
Net change in fair value of fair value through profit or loss financial assets	14.1	(13,185)	(4,573)	(6,662)	(2,989)
Dividend income	14.1	-	-	-	(44,805)
Investment property written off due to fire related damages	15	-	(708)	-	(708)
Net gains arising from changes in fair value of investment properties		2,412	(492,933)	3,528	(273,739)
Depreciation on property, plant and equipment	19	1,909	1,839	1,909	1,839
Amortization of deferred revenue	31	(8,447)	(9,044)	(4,048)	(4,295)
Provision for employee benefits	29	642	622	391	340
Operating profit before working capital changes		187,370	207,610	89,545	91,350
(Increase) / decrease in trade and other receivables		(11,452)	9,354	1,585	5,995
Increase / (decrease) in trade and other payables		(49,168)	90,155	(1,078)	(11,690)
Operating profit after working capital changes		126,750	307,119	90,052	85,655
Rental deposits received	27	4,019	11,792	4,019	6,980
Rental deposits refunded	27	(21,463)	(5,035)	(6,484)	(359)
Cash generated from operations		109,306	313,876	87,587	92,276
Income tax paid		(50,707)	(93,584)	(30,043)	(25,136)
Employee benefits paid	29	(908)	(678)	(908)	-
Net cash generated from / (used in) operating activities		57,691	219,614	56,636	67,140
Cash flows from investing activities					
Additions to the investment properties	18	(38,490)	(22,531)	(5,259)	(20,977)
Purchase of property, plant and equipment	19	(194)	(271)	(194)	(271)
Investment in fixed deposits		8,606	(240,096)	(25,972)	(114,409)
Net movement of amount due from related companies		-	-	(36,864)	-
Interest received		22,293	19,547	13,303	10,986
Net movement in fair value through profit or loss financial assets		5,795	69,227	23,066	45,092
Dividends received		-	-	-	44,805
Net cash generated from / (used in) investing activities		(1,990)	(174,124)	(31,920)	(34,774)
Cash flows from financing activities					
Short term loan obtained		100,000	-	50,000	-
Dividend paid		-	(34,367)	-	(30,170)
Net cash generated from / (used in) financing activities		100,000	(34,367)	50,000	(30,170)
Net increase / (decrease) in cash and cash equivalents		155,701	11,123	74,716	2,196
Cash and cash equivalents at the beginning of the year		31,834	20,711	7,717	5,521
Cash and cash equivalents at the end of the year	23	187,535	31,834	82,433	7,717

The notes from pages 19 to 53 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

1. Reporting Entity

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

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

The consolidated financial statements as at and for the year ended 31st March 2020 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 basis. There was 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 20 to the financial statements. Out of the two subsidiaries, Equity Two PLC is listed on the Colombo Stock Exchange.

The Group had 18 (2019 – 17) employees at the end of the financial year. The Company had 12 (2019 – 12) employees as at the reporting date.

2. Basis of Preparation

2.1 Statement of compliance

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on 20th July 2020.

2.2 Basis of measurement

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

- Investment properties are measured at fair value as explained in Note 18;
- Defined benefit obligations are measured at its present value, based on an actuarial valuation as explained in Note 29.

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.

This is the first set of the Group's annual financial statements in which SLFRS 16 Leases has been applied. The related changes to significant accounting policies are described in Note 3.4.

2.3 Going concern basis of accounting

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

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

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

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

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

2.5.1 Judgements

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

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

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

2.5.2 Assumptions and estimation uncertainties

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

- Note 29: Defined benefit plans

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

2.5.2.1 Measurement of fair values

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

The 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as much as

possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

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

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

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

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

- Note 18 – Investment Property
- Note 3.3 – Financial Instruments

2.5.2.2 COVID-19 Uncertainty

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Condensed Consolidated Financial Statements. The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn;
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn and consequent impact on property values, occupancy levels and rentals.

2.6 Materiality and aggregation

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

3. Significant Accounting Policies

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these financial statements.

Change in significant accounting policies

The Group has adopted SLFRS 16 with an initial application date of 1st April 2019.

SLFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying assets and lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

SLFRS 16, replaces existing leasing guidance, including LKAS 17: Leases, IFRIC 4: Determining whether an arrangement contains a lease, SIC -15: Operating Leases – Incentives and SIC-27: Evaluating the Substance of transactions involving the legal form of a lease.

SLFRS 16 does not have a material impact on the Group as the Group leases out its fully owned investment property. The Group is not required to make any adjustments on transition to SLFRS 16 for leases in which it acts as a lessor. Therefore, there was no adjustment made to the retained earnings on the transition as at 1st April 2019.

3.1 Basis of consolidation

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

3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has

rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Income and expenses acquired or disposed of during the year are included in the consolidated and separate statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the Subsidiary. The Company 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 listed above.

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

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

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

Set out below are the Group's principal subsidiaries as at 31st March 2020.

Name of entity	Place of business	% of Ownership interest held by the Group	Principal Activities
Equity Two PLC	Colombo/ Sri Lanka	88.8%	Real estate sector providing office premises on rental basis

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Name of entity	Place of business	% of Ownership interest held by the Group	Principal Activities
Equity Three (Pvt) Limited	Colombo/ Sri Lanka	100%	Real estate sector providing office premises on rental basis

3.1.2 Non-controlling interest

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

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

3.1.3 Loss of control

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

3.1.4 Goodwill

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

3.1.5 Transactions eliminated on consolidation

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

3.1.6 Accounting for Investment in subsidiaries

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

3.2 Foreign currency

3.2.1 Foreign currency transactions

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

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

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

3.3 Financial instruments

3.3.1 Recognition and initial measurement

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

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

3.3.2 Classification and subsequent measurement

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

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which

case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

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

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

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

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

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

Investment in unit trust by the Group is classified as FVTPL.

3.3.3 Financial assets – Business model assessment

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

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

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

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

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

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

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

3.3.5 Financial assets – subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.
Financial assets at Amortised Cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in the statement of profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the statement of profit or loss.

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

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

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

3.3.7 Derecognition

3.3.7.1 Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the

contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

3.3.7.2 Financial liabilities

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

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

3.3.8 Offsetting

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

3.3.9 Impairment

3.3.9.1 Non-derivative financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Group uses a simplified approach to measure loss allowances at the amount equal to lifetime ECLs. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that are relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

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

3.3.9.1.1 Credit-impaired financial assets

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

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

- significant financial difficulty of the debtors;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of the original contractual arrangement with the debtor

3.3.9.2 Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories 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. Impairment losses are recognised in the statement of profit or loss.

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

3.4 Leases

Policy applicable from 1st April 2019

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

This policy is applied to contracts entered into, or changed, on or after 01st April 2019.

3.4.1 As a Lessor

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

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

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

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

3.5 Stated capital

3.5.1 Ordinary shares

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

3.6 Property, plant and equipment

3.6.1 Recognition and measurement

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

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

- the cost of material and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- when the Company and the Group 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.

3.6.2 Subsequent costs

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

3.6.3 Depreciation

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

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

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

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

3.6.4 Disposal

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

3.7 Investment property

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

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

Investment properties are derecognized when either they have been disposed of or when the Investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

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

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company and the Group as an owner-occupied property becomes an investment property, the Company and the Group 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 recognised in the statement of 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 recognised in the statement of profit or loss.

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

3.8 Employee benefits

3.8.1 Short-term employee benefits

The Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees, and the obligation can be estimated reliably.

3.8.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal

or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the periods during which related services are rendered by employees.

3.8.2.1 Employees' Provident Fund

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

3.8.2.2 Employees' Trust fund

The Company & its Subsidiaries contribute 3% of the salary of each employee to the Employees' Trust fund.

3.8.3 Defined benefit plans

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

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

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

A provision has been made for retirement gratuities from the first year of service for all employees in conformity with the LKAS 19. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded.

3.9 Provisions

A provision is recognized 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.

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3.10 Contingent liabilities and contingent assets

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

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. In such event, the Company and the Group 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 their existence where inflows of economic benefits are probable, but not virtually certain. In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

3.11 Revenue

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

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

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

3.11.1 Rental income

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

3.11.2 Other Income - on accrual basis

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

3.12 Expenditure Recognition

3.12.1 Operating expenses

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

3.12.2 Finance income and finance costs

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

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

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

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

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

3.13 Income tax expense

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

3.13.1 Current taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting

date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. Current tax payable also includes any tax liability arising from the declaration of dividends.

3.13.2 Deferred taxation

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

Deferred tax is not recognized for:

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company and the Group 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 presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

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

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

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits

will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, based on the level of future taxable profit forecasts and tax planning strategies.

3.14 Fair Value Measurement

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

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

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

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

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

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

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4. Related party transactions

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

5. Events after the reporting period

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

6. Statement of Cash Flows

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

6.1 Cash and cash equivalents

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

7. Earnings Per Share

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

8. Dividends on Ordinary Shares

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

9. Segment Reporting

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

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

10. New Accounting Standards issued but not yet effective

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 1st January 2020. Accordingly, the Group has not applied the following new standards in preparing these financial statements.

1. Amendments to references to conceptual framework in Sri Lanka Financial Reporting Standards
2. Definition of a business (Amendments to SLFRS 3)
3. Definition of material (Amendments to LKAS 1 and LKAS 8)

The Group does not expect there will be a significant impact on its financial statements as a result of the above.

For the year ended 31st March		Group		Company	
		2020	2019	2020	2019
11. Revenue					
Property rental		296,001	310,677	139,111	141,140
		296,001	310,677	139,111	141,140
For the year ended 31st March		Group		Company	
		2020	2019	2020	2019
12. Other income					
Parking fees		605	600	-	-
On services provided to tenants		8,330	7,880	5,817	4,766
		8,935	8,480	5,817	4,766
For the year ended 31st March		Group		Company	
		2020	2019	2020	2019
13. Profit from operations					
Profit from operations is stated after charging all expenses including the following:					
Auditors' remuneration - audit services		699	666	357	340
Auditors' remuneration - audit related services		212	215	106	100
Professional services cost (note 13.1)		1,231	1,192	1,150	996
Depreciation (note 13.2)		1,909	1,839	1,909	1,839
Support Service fee		9,005	9,076	4,114	4,150
Personnel costs (note 13.3)		57,786	53,110	28,635	26,733
13.1 Professional services cost					
Valuation services		5	236	3	113
Other services		1,226	956	1,147	883
		1,231	1,192	1,150	996
13.2 Depreciation					
Depreciation is included in the statement of profit or loss under the following headings:					
Direct costs		1,725	1,725	1,725	1,725
Administrative and other operating expenses		184	114	184	114
		1,909	1,839	1,909	1,839
13.3 Personnel costs					
Salaries, wages and other related expenses		53,890	49,614	26,602	24,942
Defined benefit plan cost - Employee benefits (note 29.2)		642	622	391	340
Defined contribution plan cost - EPF and ETF		3,254	2,874	1,642	1,451
		57,786	53,110	28,635	26,733
The above include:					
Non-executive directors' fees		495	750	165	350
		495	750	165	350

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For the year ended 31st March		Group		Company	
		2020	2019	2020	2019
14. Net finance income / (costs)					
14.1 Finance income					
Interest income		22,293	19,547	13,303	10,986
Interest income on related party lendings		-	-	864	-
Net change in fair value of fair value through profit or loss financial assets		13,185	4,573	6,662	2,989
Dividend income		-	-	-	44,805
		35,478	24,120	20,829	58,780
14.2 Finance costs					
Interest expenses on short term loan		337	-	169	-
Unwinding of interest on refundable deposits (note 27)		8,065	8,825	3,913	4,167
		8,402	8,825	4,082	4,167
Net finance income/(costs)		27,076	15,295	16,747	54,613

For the year ended 31st March		Group		Company	
		2020	2019	2020	2019
15. Investment property written-off due to fire related damages					
Investment property written-off due to fire related damages		-	(14,478)	-	(14,478)
Receipts on Insurance claim (note 15.1)		1,613	15,186	1,613	15,186
		1,613	708	1,613	708

- 15.1** Due to the damage caused by the accidental fire incident on 23rd December 2018, at the Company's investment property situated at Vauxhall Lane, Rs. 14,477,907/- was written off during the financial year ended 31st March 2019. On the insurance claim submitted therein for property damages, the Company received a total settlement of Rs. 16.8 mn in two tranches of Rs. 15.2 mn in financial year 2018/19 and Rs. 1.6 mn in financial year 2019/20.

For the year ended 31st March		Group		Company	
		2020	2019	2020	2019
16. Current taxation					
16.1 Income tax expense					
Income tax expense for the year (note 16.2)		52,707	68,825	27,573	28,498
Over provision in respect of previous years		(1,346)	(519)	(1,107)	(323)
		51,361	68,306	26,466	28,175
Deferred taxation					
On origination and reversal of temporary differences (note 28.1)		5,948	145,512	1,638	79,942
		5,948	145,512	1,638	79,942
Current tax expense for the year		57,309	213,818	28,104	108,117

For the year ended 31st March		Group		Company	
		2020	2019	2020	2019
16.2	Reconciliation between accounting profit and taxable profit				
	Accounting profit before taxation	217,930	723,129	104,512	422,526
	Aggregate disallowable expenses	9,847	8,343	7,213	6,804
	Aggregate allowable expenses	(25,858)	(25,363)	(11,373)	(10,097)
	Non - taxable receipts / gains	-	-	-	(44,805)
	Net gain arising from changes in fair value of investment properties	2,412	(492,933)	3,528	(273,739)
	Notional adjustments arising on application of LKAS/SLFRS	(9,120)	3,979	(1,759)	1,091
	Finance Income	(35,478)	(24,120)	(20,829)	(13,975)
	Adjusted Business Income	159,733	193,035	81,292	87,805
	Investment Income - Interest Income	35,478	24,120	20,829	13,975
	Total Taxable Income	195,211	217,155	102,121	101,780
	Income tax thereon (note 16.3)	52,708	60,803	27,573	28,498
	Dividend tax	-	8,022	-	-
	Income tax expense for the year	52,707	68,825	27,573	28,498

- 16.3** a) The income tax provision of the Group and the Company is calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the notices issued by the Department of Inland Revenue on the instructions of the Ministry of Finance on 12th February 2020 notice-No. PN/IT/2020-03 on the subject "Implementation of Proposed Changes to the Inland Revenue Act, No. 24 of 2017" and amended by the notice-No. PN/IT/2020-03 (Revised) issued by the Department of Inland Revenue dated on 8th April 2020.

As the proposed changes are effective from 01st January 2020, the Department of Inland Revenue has issued a notice No. PN/IT/2020-06 dated 06th May 2020, providing instructions on the subject "Computation of Income Tax Payable and Payments for the Year of Assessment 2019/2020". As per the said instructions issued, taxable income computed for the full year needs to be apportioned over the two periods by applying the pro rata basis based on the time (i.e. 9 months and 3 months) and the relevant tax rates for two periods should be applied accordingly. The Group and the Company have computed the current tax based on the above instructions and remitted the tax payments on the same basis. The Group and the Company have adopted the above on the basis that formal amendments to the Inland Revenue Act No. 24 of 2017 would be made in the near future.

In terms of above, the income tax provision of the Group and the Company have been calculated on adjusted profit at the standard rate of 28% up to 31st December 2019 and 24% thereafter.

However, the legislative process relating to amendment to the laws need to be completed in order for the tax rate to be considered as substantively enacted as at the reporting date. Therefore, the difference between computing current tax liability for the fourth quarter using the proposed rate of 24% and the existing rate of 28% amounts to Rs. 1,021,213/- for the Company and Rs.1,952,119/- for the Group respectively.

- b) As per the directive issued by the Ministry of Finance in accordance to the section 57 & 59, of the Inland Revenue Act, No. 24 of 2017, unit trusts are considered as pass-through vehicles. Accordingly, income derived from a unit trust is identified in the Group and the Company accounts using the same source and character as identified by the unit trust. The Group and the Company as a beneficiary, is therefore required to pay income tax on interest income derived through Fixed Income Unit Trust.
- c) Deferred tax has been computed using a tax rate of 28%, which is the substantively enacted rate as at the reporting date, because, the Inland Revenue department notice-No. PN/IT/2020-03 (Revised) has not been enacted as of the reporting date (2019-28%).

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(All figures are in Sri Lankan Rupees thousands)

17. Earnings per share

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

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

For the year ended 31st March	Group		Company	
	2020	2019	2020	2019
Amounts used as the numerator				
Profit attributable to the ordinary shareholders of the Company	151,443	488,053	76,408	314,409
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)	3.76	12.10	1.89	7.80

17.1 Diluted earnings per share

There were no potentially dilutive ordinary shares as at 31 March 2020 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would require restatement of earnings per share.

	Freehold land	Freehold building	Other equipment	Capital work in Progress	Total as at 31st March 2020	Total as at 31st March 2019
18. Investment properties						
18.1 Group						
Balance as at the beginning of the year	3,589,251	737,670	99,951	-	4,426,872	3,925,886
Additions during the year	-	7,212	3,771	27,507	38,490	22,531
Written-off due to fire related damages	-	-	-	-	-	(14,478)
Changes in fair value of investment properties (note 18.4)	19,870	(1,618)	(20,664)	-	(2,412)	492,933
	3,609,121	743,264	83,058	27,507	4,462,950	4,426,872
18.2 Company						
Balance as at the beginning of the year	2,117,729	255,575	47,308	-	2,420,612	2,140,374
Additions during the year	-	3,982	1,277	-	5,259	20,977
Written-off due to fire related damages	-	-	-	-	-	(14,478)
Changes in fair value of investment properties (note 18.4)	8,175	(2,556)	(9,147)	-	(3,528)	273,739
	2,125,904	257,001	39,438	-	2,422,343	2,420,612

18.3 Details of investment properties

Property and location	Method of valuation	Land Extent (Perch)	Historical cost	Fair value 2020	Fair value 2019
Equity One Limited.					
Dharmapala Mw., Colombo 7	Investment approach	94.00	120,288	1,488,322	1,486,592
Vauxhall Lane, Colombo 2	Market /Depreciated replacement cost	180.05	237,348	934,020	934,020
Equity Two PLC.					
No. 61 Janadhipathi Mawatha, Colombo 01	Investment approach	28.51	129,443	561,511	556,535
No. 55 Janadhipathi Mawatha, Colombo 01	Investment approach	57.55	429,779	948,173	946,304
Equity Three (Private) Limited.					
George R. De Silva Mw., Colombo 13	Market /Depreciated replacement cost	82.13	69,256	530,924	503,421
				4,462,950	4,426,872

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

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

18.4 Fair value hierarchy

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

Under prevailing circumstances, it is premature to ascertain the full impact COVID-19 would have on the real estate market as the pandemic continues to evolve. However, all the available information in the market have been taken into account in determining the fair value of the properties as at the reporting date by the Property Valuer.

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

Valuation techniques and significant unobservable inputs

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

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

18.4 Fair value hierarchy (Contd.)

Description	Location	Valuation technique	Significant Unobservable inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Land & Building	Colombo	Investment Approach	Contractual rentals agreed with the tenants. Occupancy Rate 70% - 85% Capitalization rate 5- 6% Repair and insurance 20% Valuer has used market price per perch for excess land in existing location using a range of prices for similar lands based on adjusted fair value taking into account of other valuation considerations.	The estimated fair value would increase/ (decrease) if – Contractual rentals were higher/ (lower) Occupancy rate was higher/(lower) Capitalization rate was (higher)/ lower Repair and insurance was (higher)/ lower Market value per perch was higher/ (lower)
Land & Building	Colombo	Market/ Depreciated replacement cost approach	Construction cost per square feet Rs. 4,000 - Rs. 7,000. Market price per perch-valuer has used a range of prices for respective lands based on an adjusted fair value taking into account of other valuation considerations. Depreciation rate for the usage of assets 35% - 70%.	Cost per square feet was higher/ (lower) Market value per perch was higher/ (lower) Depreciation rate for usage (higher)/ lower

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

18.6 There were no restrictions on titles of the investment properties of the Company and the Group, as at the reporting date.

18.7 Capitalization of borrowing costs into investment properties

No borrowing cost capitalized for the year ended 31st March 2020 (2019 - Rs. Nil).

18.8 Contractual obligations to construct and develop investment properties

During the year, subsidiary company Equity Three Limited commenced a comprehensive refurbishment program for its main building located in Colombo 13 including installation of Central Air conditioning System. The cost incurred on the aforementioned refurbishment program as at 31st March 2020 amounted to Rs. 27.5Mn recorded in Capital Work in progress under investment property. Estimated cost of completion of the project is approximately Rs. 62Mn.

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

19. Property, plant and equipment

19.1 Group / Company

	Machinery and equipment	Furniture and fittings	Motor vehicles	Total as at 31 March 2020	Total as at 31 March 2019
Cost					
As at the beginning of the year	2,541	681	9,200	12,422	12,151
Additions during the year	194	-	-	194	271
As at the end of the year	2,735	681	9,200	12,616	12,422
Accumulated Depreciation					
As at the beginning of the year	2,184	662	7,475	10,321	8,482
Charge for the year	180	4	1,725	1,909	1,839
As at the end of the year	2,364	666	9,200	12,230	10,321
Carrying amount as at the end of the year	371	15	-	386	2,101

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

	Group		Company	
As at 31st March	2020	2019	2020	2019
Machinery and equipment	2,026	2,014	2,026	2,014
Furniture and fittings	641	641	641	641
Motor vehicles	9,200	-	9,200	-
	11,867	2,655	11,867	2,655

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

	Company	
As at 31st March	2020	2019
20. Investments in subsidiaries		
Investments in subsidiaries (note 20.1)	552,048	552,048
	552,048	552,048

	2020		2019	
As at 31st March	No. of shares	Cost	No. of shares	Cost
20.1 Details of investment in subsidiaries				
Quoted				
Equity Two PLC	27,532,525	448,834	27,532,525	448,834
		448,834		448,834
Unquoted				
Equity Three (Private) Limited	5,399,997	103,214	5,399,997	103,214
		103,214		103,214
Total investment in subsidiaries		552,048		552,048

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(All figures are in Sri Lankan Rupees thousands)

As at 31st March		Group		Company	
		2020	2019	2020	2019
21.	Trade and other receivables				
	Financial				
	Trade receivables	34,672	13,267	12,591	3,695
	Other receivables	10,066	19,424	825	9,629
	Amounts due from related companies (35.4)	-	-	36,864	-
	Loans given to company staff (note 21.1)	708	1,551	554	1,128
		45,446	34,242	50,834	14,452
	Non-financial				
	Prepaid expenses	989	960	531	517
	Advance payments	472	253	-	253
		1,461	1,213	531	770
		46,907	35,455	51,365	15,222
21.1	Loans given to company staff				
	Balance as at the beginning of the year	1,551	690	1,128	197
	Loans granted during the year	977	1,938	817	1,517
	Settlements during the year	(1,820)	(1,077)	(1,391)	(586)
	Balance as at the end of the year	708	1,551	554	1,128
As at 31st March		Group		Company	
		2020	2019	2020	2019
22.	Fair value through profit or loss financial assets				
	Investments in Units Trust (note 22.1)	47,540	40,150	20,351	36,755
		47,540	40,150	20,351	36,755
22.1					
As at 31st March 2020		Group		Company	
No. of units		Cost	Fair value	No. of units	Fair value
Investments in Units Trust					
Guardian Acuity Money Market Fund					
2,446,551		46,534	47,540	1,047,314	19,924
		46,534	47,540		20,351
As at 31st March 2019		Group		Company	
No. of units		Cost	Fair value	No. of units	Fair value
Guardian Acuity Money Market Fund					
2,282,926		40,074	40,150	2,089,893	36,711
		40,074	40,150		36,755

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

22.2	Fair value hierarchy	Level 1	Level 2	Level 3	Total
	Group				
	As at 31st March 2020				
	Investments in Units Trust	-	47,540	-	47,540
		-	47,540	-	47,540
	As at 31st March 2019				
	Investments in Units Trust		40,150		40,150
		-	40,150	-	40,150
	Company				
	As at 31st March 2020				
	Investments in Units Trust	-	20,351	-	20,351
		-	20,351	-	20,351
	As at 31st March 2019				
	Investments in Units Trust		36,755		36,755
		-	36,755	-	36,755

	As at 31st March	Group		Company	
		2020	2019	2020	2019
23.	Cash and cash equivalents				
	Cash at bank and in hand	187,535	31,834	82,433	7,717
	Cash and cash equivalents for the purpose of cash flow statement	187,535	31,834	82,433	7,717

	As at 31st March	Group		Company	
		2020	2019	2020	2019
24.	Stated capital				
	Issued and fully paid				
	As at the beginning of the year (40,321,730 ordinary shares)	1,085,584	1,085,584	1,085,584	1,085,584
	As at the end of the year (40,321,730 ordinary shares)	1,085,584	1,085,584	1,085,584	1,085,584

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share on a show of hands by individuals present in person or by proxy at a meeting of shareholders or one vote per share in the case of a poll.

	As at 31st March	Group		Company	
		2020	2019	2020	2019
25.	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

25.1 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.

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(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Group		Company	
	2020	2019	2020	2019
26. Revenue reserves				
General reserve (note 26.1)	39	39	39	39
Fair value adjustment reserve (note 26.2)	1,888,473	1,896,758	1,357,829	1,362,851
Retained earnings	510,966	351,340	98,464	17,093
	2,399,478	2,248,137	1,456,332	1,379,983

26.1 General reserve

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

26.2 Fair value adjustment reserve

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

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

As at 31st March	Group		Company	
	2020	2019	2020	2019
27. Refundable rental deposits				
Balance as at the beginning of the year	87,369	87,695	41,722	33,088
Receipts during the year	4,019	11,792	4,019	6,980
Transferred to deferred revenue	(4,826)	(15,908)	(5,168)	(2,154)
Refunds during the year	(21,463)	(5,035)	(6,484)	(359)
Unwinding of interest on refundable deposits	8,065	8,825	3,913	4,167
	73,164	87,369	38,002	41,722

As at 31st March	Group		Company	
	2020	2019	2020	2019
28. Deferred tax liabilities				
Balance as at the beginning of the year	1,055,691	910,136	605,242	525,304
Charge for the year (note 28.1)	5,902	145,555	1,611	79,938
Balance as at the end of year	1,061,593	1,055,691	606,853	605,242

As at 31st March		Group		Company	
		2020	2019	2020	2019
28.1	Charge for the year				
	The amounts recognised in the statement of profit or loss are as follows;				
	Investment properties	5,873	145,497	1,494	80,038
	Employee benefits	75	15	144	(96)
		5,948	145,512	1,638	79,942
	The amount recognised in the statement of other comprehensive income is as follows;				
	Employee benefits	(46)	43	(27)	(4)
		(46)	43	(27)	(4)
	Net deferred tax charged for the year	5,902	145,555	1,611	79,938
28.2	Deferred tax asset				
	Tax effect on employee benefits	896	925	484	601
	Total deferred tax asset	896	925	484	601
28.3	Deferred tax liabilities				
	Tax effect on investment properties and property, plant and equipment	1,062,489	1,056,616	607,337	605,843
	Total deferred tax liability	1,062,489	1,056,616	607,337	605,843
	Net deferred tax liability	1,061,593	1,055,691	606,853	605,242
28.4	The deferred tax effect on undistributed reserves of subsidiaries has not been recognised since the Company has the ability to control the timing of the reversal of these temporary differences.				

As per the Inland Revenue Act No. 24 of 2017 applicable from 1st April 2018, gains on sale of business assets including lands which are used in the production of income are made liable for taxation at 28%. Accordingly, a deferred tax liability of Rs. 1.5 mn and 5.9 mn (2019 - Rs. 80 mn and 145.5 mn) on the temporary differences arising from gain on fair valuation of investment properties have been accounted during the year for the Company and the Group respectively.

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(All figures are in Sri Lankan Rupees thousands)

As at 31st March		Group		Company	
		2020	2019	2020	2019
29.	Employee benefits				
29.1	The movement in the liabilities recognised in the Statement of financial position is as follows:				
	Balance as at the beginning of the year	3,302	3,511	2,146	1,791
	Current service cost	279	368	236	152
	Interest cost	363	254	155	188
	Actuarial (gains) / losses	165	(153)	98	15
	Payments made during the year	(908)	(678)	(908)	-
	Balance as at the end of the year	3,201	3,302	1,727	2,146
29.2	The amount recognised in the statement of profit or loss are as follows;				
	Current service cost	279	368	236	152
	Interest cost	363	254	155	188
	Charge for the year	642	622	391	340
29.3	The amount recognised in the statement of other comprehensive income is as follows;				
	Actuarial (gains) / losses	165	(153)	98	15
	(Gain) / charge for the year	165	(153)	98	15
	Amounts recognized in the total comprehensive income	807	469	489	355

- 29.4** Liability on employee benefits as at 31st March 2020 amounting to Rs. 1,727,493/- and Rs. 3,200,524/- (2019 - Rs.2,146,234/- and Rs.3,301,908/-) for the Company and the Group respectively are 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. (2019 - 11% p.a)
Rate of pay increase	10% p.a. (2019 - 10% p.a)
Retirement age	55 years
Mortality rate	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 Group is a going concern.	

29.5 Sensitivity Analysis

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

As at 31st March	Group		Company	
	2020	2019	2020	2019
1% increase in discount rate	(234)	(191)	(116)	(96)
1% decrease in discount rate	263	215	130	107
1% increase in salary escalation rate	280	230	143	118
1% decrease in salary escalation rate	(252)	(207)	(129)	(108)

29.6 The above provision is not externally funded.

As at 31st March	Group		Company	
	2020	2019	2020	2019
30. Trade and other payables				
Financial				
Trade payables	39	603	35	547
Other payables	70,294	119,835	945	2,214
	70,333	120,438	980	2,761
Non financial				
Provisions and accrued expenses	7,607	6,682	5,678	4,987
	7,607	6,682	5,678	4,987
	77,940	127,120	6,658	7,748

As at 31st March	Group		Company	
	2020	2019	2020	2019
31. Deferred revenue				
Balance as at the beginning of the year	19,099	12,235	5,469	7,610
Amount transferred from refundable deposits	4,826	15,908	5,168	2,154
Amortization of deferred revenue	(8,447)	(9,044)	(4,048)	(4,295)
Balance as at the end of the year	15,478	19,099	6,589	5,469

As at 31st March	Group		Company	
	2020	2019	2020	2019
32. Loans and borrowings				
Balance as at the beginning of the year	-	-	-	-
Loans obtained during the year	100,000	-	50,000	-
Accrued Interest	337	-	169	-
Repayments during the year	-	-	-	-
Balance as at the end of the year	100,337	-	50,169	-

The unsecured short term facilities were obtained from Commercial Bank of Ceylon PLC at interest rate equivalent to the market rate.

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(All figures are in Sri Lankan Rupees thousands)

33. Commitments and contingencies

33.1 Capital expenditure commitments

The significant financial commitments for the Company and the Group as at 31st March 2020 are as follows;

As at 31st March	Group		Company	
	2020	2019	2020	2019
Approved and contracted	36,330	-	-	-

33.2 Contingent liabilities

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

33.3 Litigations and claims

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

34. Financial instruments

Financial risk management - Overview

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Market risk
- Liquidity risk

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

Risk management framework

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

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

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

34.1 Credit risk

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

34.1.1 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.

As at 31st March	Group	
	2020	2019
Credit risk		
Trade and other receivables	45,446	34,242
Less; Revenue on lease agreements recognized on straight line basis	(20,777)	(12,040)
	24,669	22,202
Investment in fixed deposits	231,490	240,096
Fair value through profit or loss financial assets	47,540	40,150
Cash and cash equivalents	187,535	31,834
	491,234	334,282

34.1.2 Trade receivables

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

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

As at 31st March	Group	
	2020	2019
Refundable rental deposits		
Carrying value	73,164	87,369
Face value	89,866	107,310

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

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

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

As at 31st March	Group	
	2020	2019
Revenue on lease agreements recognized on straight line basis	20,777	12,040
1-30 days	11,716	321
31-90 days	2,179	906
	34,672	13,267

There were no circumstances that would require impairment in respect of trade and other receivable as at 31st March 2020 (2019 - Nil).

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

34.1.3 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.

34.1.4 Fair value through profit or loss financial assets - investment in unit trusts

The Group has invested in following unit trust;

Name of the fund	Fund category	Fund's investment instruments
Guardian Acuity Money Market Fund	Money market fund	Fixed income securities within the maturity period less than 365 days

Guardian Acuity Asset Management Limited, a joint venture company of Ceylon Guardian Investment Trust PLC and Acuity Partners Limited is the Investment Manager of the unit trust funds that the Group has invested in. The Group continuously monitors the performance, asset allocation, credit quality and maturity profiles of these funds in order to assess and mitigate the credit risk.

34.1.5 Investment in fixed deposits

The Group and Company have invested in fixed deposits with banking and financial institutions. The Group and Company continuously monitor the stability and credit worthiness including credit ratings of these financial institutions in order to assess and mitigate the credit risk.

34.1.6 Cash and cash equivalents

The Group held cash and cash equivalents of Rs. 187.5 mn as at 31st March 2020 (2019: Rs 31.8 mn), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banking and financial institution counterparties, which are rated AAA(lka) to AA-(lka), based on Fitch Ratings.

As at 31st March	Group	
	2020	2019
Cash and cash equivalents	187,535	31,834
	187,535	31,834

34.2 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 access to short-term financing facilities extended from the parent company, Carson Cumberbatch PLC, if required.

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

As at 31st March 2020	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	73,164	89,866	3,126	17,621	32,590	31,595	4,934
Trade Payables	39	39	39	-	-	-	-
Loans and borrowings	100,337	100,337	100,337	-	-	-	-
Other payables	70,294	70,294	11,526	58,768	-	-	-
	243,834	260,536	115,028	76,389	32,590	31,595	4,934

As at 31st March 2019	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	87,369	107,310	18,502	23,921	21,354	38,449	5,084
Trade Payables	603	603	603	-	-	-	-
Other payables	119,835	119,835	119,835	-	-	-	-
	207,807	227,748	138,940	23,921	21,354	38,449	5,084

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

34.2.2 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 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. 187.5 mn (2019 - Rs 31.8 mn), in fixed deposit amounting to Rs. 231.5 mn (2019 - 240.1 mn) and investments in fair value through profit or loss - unit trust amounting to Rs. 47.5 mn (2019 - Rs. 40.2 mn).

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

Other payables mainly consist of rent received in advance, therefore not expected to settle and will be set off against future rental income.

34.3 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.

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

34.3.1. 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.

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.

As at 31st March	Group	
	2020	2019
Variable rate instruments		
Financial liabilities	100,337	-
	100,337	-

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 by 1%	Decrease by 1%
31st March 2020		
Variable rate instruments	(1,003)	1,003
31st March 2019		
Variable rate instruments	-	-

34.4 Accounting classifications and fair values

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

34.5 Fair value vs. Carrying amount

As at 31st March 2020	Financial assets at fair value through profit and loss	Financial assets at amortized cost	Financial assets at fair value through Other Comprehensive Income	Financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	187,535	-	-	187,535	187,535
Investment in fixed deposits	-	231,490	-	-	231,490	231,490
Fair value through profit or loss financial assets	47,540	-	-	-	47,540	47,540
Trade and other receivables	-	45,446	-	-	45,446	45,446
	47,540	464,471	-	-	512,011	512,011
Refundable rental deposits	-	-	-	73,164	73,164	73,164
Trade and other payables	-	-	-	70,333	70,333	70,333
Loans and borrowings	-	-	-	100,337	100,337	100,337
	-	-	-	243,834	243,834	243,834

As at 31st March 2019	Financial assets at fair value through profit and loss	Financial assets at amortized cost	Financial assets at fair value through Other Comprehensive Income	Financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	31,834	-	-	31,834	31,834
Investments in fixed deposits	-	240,096	-	-	240,096	240,096
Fair value through profit or loss financial assets	40,150	-	-	-	40,150	40,150
Trade and other receivables	-	34,242	-	-	34,242	34,242
	40,150	306,172	-	-	346,322	346,322
Refundable rental deposits	-	-	-	87,369	87,369	87,369
Trade and other payables	-	-	-	120,438	120,438	120,438
	-	-	-	207,807	207,807	207,807

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

35. Related party transactions.

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

35.1 Parent and ultimate controlling entity

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

35.2 Transactions with Key Management Personnel (KMP)

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

For the year ended 31st March		Group		Company	
		2020	2019	2020	2019
35.2.1	Key Management Personnel compensation				
	Short-term employee benefits - Directors fees	495	750	165	350
	- Nomination committee fees	-	-	-	-
	Post-employment benefits	-	-	-	-
	Termination benefits	-	-	-	-
	Other long-term benefits	-	-	-	-
		495	750	165	350

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

35.3 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	
			2020	2019	2020	2019
Subsidiaries						
Equity Two PLC	D. C. R. Gunawardena	Dividend received (net of dividend tax)	-	-	-	35,517
	K. C. N. Fernando					
	A.P. Weeratunge		-	-	-	
	E.H. Wijenaike					
Equity Three (Private) Limited	P. D. D. Fernando		-	-	-	
	K. C. N. Fernando	Short-term advances obtained	-	-	-	11,500
		Settlements made on short-term advances obtained	-	-	-	11,500
		Short-term loan provided	-	-	54,500	-
		Settlements on short-term loans	-	-	18,500	-
		Interest on short term loan provided	-	-	864	-
		Dividend received	-	-	-	9,288
Fellow subsidiaries						
Carsons Management Services (Private) Limited (CMSL)	K. C. N. Fernando	Support service fee paid	9,005	9,076	4,114	4,150
	A. P. Weeratunge	Secretarial fees paid	961	967	450	453
		Computer charges paid	578	582	304	306
		Rental income received	23,320	27,346	1,350	8,100
		Parking fees received	420	420	-	-
Guardian Fund Management Limited	A. P. Weeratunge	Rental income received	7,246	6,211	-	-
		Parking fees received	125	120	-	-

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

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

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

Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Group		Company	
	2020	2019	2020	2019
35.4 Amounts due from related companies				
Equity Three (Private) Limited	-	-	36,864	-
	-	-	36,864	-

35.5 Group entities

As at 31st March	% of equity interest	
	2020	2019
Equity Two PLC	88.8%	88.8%
Equity Three (Private) Limited	100.0%	100.0%

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

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

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

There were no transactions with CFM during the year.

36. Dividend per share

For the year ended 31st March	Company	
	2020	2019
Dividends paid during the year		
First interim dividend	-	30,242
Dividends proposed during the year		
First interim dividend		
Total dividend	-	30,242
Dividend per share (Rs.)	-	0.75
Proposed Final dividend*		
Total dividend	44,354	-
Dividend per share (Rs.)	1.10	-
Total Dividend per share (Rs.)	1.10	0.75

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 Rs.1.10 per ordinary share for the year ended 31st March 2020 amounting to Rs. 44,353,903/- 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 2020.

37. 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 Rs.1.10 per ordinary share for the year ended 31st March 2020 amounting to Rs. 44,353,903/- 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 2020.

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

38. Impact due to COVID - 19

Considering the nature of the business we are in – long term letting of business spaces – the immediate impact of the ongoing pandemic on the business of the Company is limited. However, we have offered concessions for several affected, long-term tenants of our premises in the form of short-term rent revisions or deferred payment plans.

However, in terms of medium term impact, since the demand for our business is highly dependent on the market conditions of other industries and businesses and considering the subdued economic activities projected, we expect sourcing of new tenants for the existing vacant space of the Company to take longer than under normal circumstances and would be much more challenging. In such event, the management will continue to take appropriate and timely actions as and when required.

In preparing these Financial Statements, the Company has considered the "Guidance Notes on Accounting Considerations of the COVID-19 Outbreak (updated on 11th May 2020)" issued by The Institute of Chartered Accountants of Sri Lanka.

39. Comparative Figures

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

40. 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		2020	2019	2018	2017	2016
Trading results						
Revenue		296,001	310,677	289,025	254,744	233,510
Profit before taxation		217,930	723,129	894,153	156,674	679,371
Income tax expenses		(57,309)	(213,818)	(774,521)	(51,045)	(49,043)
Profit for the year		160,621	509,311	119,632	105,629	630,328
Shareholders' funds						
Stated capital		1,085,584	1,085,584	1,085,584	1,085,584	1,085,584
Reserves		2,412,714	2,261,373	1,803,466	1,728,970	1,665,683
Minority interest		146,305	137,132	120,333	112,505	111,141
Total equity		3,644,603	3,484,089	3,009,383	2,927,059	2,862,408
Assets employed						
Current assets		487,918	342,545	155,138	45,880	39,540
Current liabilities		(194,247)	(146,219)	(73,968)	(66,596)	(148,674)
Working capital		293,671	196,326	81,170	(20,716)	(109,134)
Non-current assets		4,488,890	4,434,125	3,929,555	3,221,806	3,218,958
Assets employed		4,782,561	4,630,451	4,010,725	3,201,090	3,109,824
Non-current liabilities		(1,137,958)	(1,146,362)	(1,001,342)	(274,031)	(247,416)
Net assets		3,644,603	3,484,089	3,009,383	2,927,059	2,862,408
Cash flow statement						
Net cash inflows / (outflows) from:						
Operating activities		70,876	224,187	172,283	128,714	58,886
Investing activities		(15,175)	(178,697)	(125,806)	(3,576)	(30,145)
Financing activities		100,000	(34,367)	(37,751)	(123,692)	(47,140)
Net increase / (decrease) in cash & cash equivalents		155,701	11,123	8,726	1,446	(18,399)
Ratios and statistics						
Dividend per share*	(Rs.)	1.10	0.75	0.75	0.75	0.15
Dividend yield	(%)	N/A	N/A	N/A	N/A	0.31
Dividend payout	(%)	58.05	9.62	41.04	30.92	1.56
Return on shareholders' funds	(%)	4.33	14.58	3.63	3.52	22.20
Earnings per share	(Rs.)	3.76	12.10	2.60	2.46	15.15
Earnings yield	(%)	N/A	N/A	N/A	N/A	31.11
P/E ratio	(times)	N/A	N/A	N/A	N/A	3.21
Market price per share**	(Rs.)	N/A	N/A	N/A	N/A	48.70
Net assets per share	(Rs.)	86.76	83.01	71.65	69.80	68.23
Current ratio	(times)	2.51	2.34	2.10	0.69	0.27
Market capitalization	(Rs. '000)	N/A	N/A	N/A	N/A	1,963,668

Notes :

* Based on proposed / interim dividends.

** The market price per share as at 31 March

Market price per share as at 31st March 2020 was not available since company was de-listed from the Official List of the Colombo Stock Exchange (CSE) on 2nd November 2016.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the THIRTY EIGHTH Annual General Meeting of EQUITY ONE LIMITED will be held on Friday, 4th September 2020 at 2.00 p.m. at the 8th Floor, No.65C, Dharmapala Mawatha, Colombo 7, by means of audio or audio and visual technology for the following purposes:

1. To appoint Mr. P.D.D. Fernando as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following Resolution :

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable to Mr. P.D.D. Fernando who is 77 years of age and that he be appointed as a Director of the Company with immediate effect for a period of one year.

2. To appoint Mr. K.C.N. Fernando as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable to Mr. K.C.N. Fernando who is 74 years of age and that he be re-appointed as a Director of the Company with immediate effect for a period of one year.

3. To consider the Annual Report of the Board of Directors including the Financial Statements of the Company for the financial year ended 31st March 2020 together with the Report of the Auditors thereon.
4. To declare a dividend as recommended by the Directors.
5. To re-elect Mr. D. C. R. Gunawardena who retires by rotation in terms of Articles 71, 72 and 73 of the Articles of Association of the Company.
6. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 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,
20th July 2020

Notes

1. This Notice and the submission of the Form of Proxy should be read in conjunction with the '**Procedure to be followed at the Annual General Meeting of the Company scheduled for 4th September 2020**', which is enclosed with the Notice convening the AGM.
2. The notice convening the AGM together with the procedure to be followed at the AGM will be posted to the Shareholders. The documents will also be made available on the Group's website www.carsoncumberbatch.com and you may access same directly through the URL link http://www.carsoncumberbatch.com/investor_information/investor_information_equity_one_plc.php
3. A member is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.
4. The completed Form of Proxy must be submitted to the Company **not later than 4.45 p.m. on 2nd September 2020** or via email to EQITAGM2020@carcumb.com or by fax to +94 11-2337671 or handed over or posted to the Registered Office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
5. A person representing a Corporation is required to submit a certified copy of the resolution authorizing him/her to act as the representative of the Corporation. A representative need not be a member.
6. The transfer books of the Company will remain open.

Handwriting practice lines consisting of 20 horizontal dotted lines.

Form of Proxy

*I/We

of

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

hereby appoint

of

bearing NIC No./Passport No or failing him/her

Don Chandima Rajakaruna Gunawardena

or failing him,

Eranjith Harendra Wijenaik

or failing him,

Ajith Prashantha Weeratunge

or failing him,

Subramaniam Mahendrarajah

as *my/our proxy to attend at the Thirty Eighth Annual General Meeting of the Company to be held on Friday, 4th September 2020 at 2.00 p.m., at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 07, Sri Lanka, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
i. To appoint Mr. P.D.D. Fernando who is over Seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
ii. To appoint Mr. K.C.N. Fernando who is over Seventy years of age as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
iii. To declare Rs.1.10 per share as a final dividend for the financial year ended 31st March 2020 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
iv. To re-elect Mr. D.C.R. Gunawardena who retires by rotation in terms of Articles 71, 72 and 73 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
v. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 7 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed thisday of Two Thousand and Twenty.

.....
Signature/s

Note:

- * Please delete the inappropriate words.
- A shareholder entitled to attend and vote at a general meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the Company. A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the general meeting of the shareholders.
- A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
- Instructions are noted on the reverse hereof.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address, and sign in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 53 of the Articles of Association of the Company:
 - (I) Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a Shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting.
 - (II) The instrument appointing a proxy shall be in writing and:
in the case of an individual shall be signed by the appointor or by his attorney; and
in the case of a Corporation shall be either under its common seal or signed by its attorney or by an authorised officer on behalf of the Corporation.
4. In terms of Article 49 of the Articles of Association of the Company:

Where there are joint-holders of any share any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by Proxy as if he were solely entitled thereto and if more than one (01) of such joint-holders be so present at any meeting one (01) of such persons so present whose name stands first in the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.
5. To be valid the completed Form of Proxy should be submitted to the Company **not later than 4.45 p.m. on 2nd September 2020** or via **email to EQITAGM2020@carcumb.com** or by fax to +94 11-2337671 or handed over or posted to the Registered Office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
6. Shareholders who are unable to participate at the meeting through the online meeting platform (i.e. Zoom platform) may appoint a proxy as his/her/its proxy by forwarding the duly completed Form of Proxy **not later than 4.45 p.m. on 2nd September 2020**, clearly indicating their vote under each matter set out in the Form of Proxy as per the instructions set out in the 'Procedure to be followed at the Annual General Meeting of the Company scheduled for 4th September 2020', attached with this Notice.
7. Shareholders could also appoint a member of the Board to act as their proxy if they so choose. The Shareholders who wish to appoint a Director as his/her/its proxy must forward the duly completed Form of Proxy clearly indicating their vote under each matter set out in the Form of Proxy and forward same together with the **Registration Form (Annexure 1)**, attached herewith to the Company.

Please fill in the following details:

Name :

Address :
.....

Jointly with :

Share folio No. :

NIC No. :

Corporate Information

Name of the Company

Equity One Limited
(A Carson Cumberbatch Company)

Company Registration No.

PQ 19 PB

Legal Form

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

Parent and Controlling Entity

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

Directors

Mr. D. C. R. Gunawardena (Chairman)
Mr. E. H. Wijenaike
Mr. A. P. Weeratunge
Mr. S. Mahendrarajah
Mr. K.C.N. Fernando – Vacated Office on 14th June 2020
Mr. P.D.D. Fernando – Vacated Office on 14th June 2020

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

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