

# E Q U I T Y O N E

EQUITY ONE LIMITED | ANNUAL REPORT 2021/22

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

# Chairman's Statement

## Dear Shareholder

On behalf of the Board, it is with great pleasure that I welcome you to the 40th Annual General Meeting of the Company. Herewith I present to you the Annual Report and Audited Financial Statements for the financial year ended 31st March 2022.

Over the past three years and counting, Sri Lanka faced rather unfortunate circumstance of having to navigate through extremely rough waters, with new challenges being presented in quick succession, prior to even the dust completely settling on the previous one. The 2018 political turmoil was followed by the unfortunate Easter Sunday terrorist attacks of 2019. As we were just beginning to gain our balance back as a country, the pandemic came into being, with hitherto unprecedented socio-economic effects and challenges to life as we know it. Now, as we slowly recover from the pandemic and its aftermath, we are faced with the gravest economic crisis the country has experienced post-independence.

I believe it is high time that Sri Lanka brings about a complete overhaul of policy reforms across the board, regardless of political affiliations. The immediate requirement would be a well thought-out fiscal policy as a spring-board to get us out of the present economic trough, while minimising the burden on the poor. This needs to be followed by developing national policies with long-term visions designed to leave a better country for the generations to come. Most importantly, this should be done in all-party cohesion so that even if shifts in the power base occur, the policies will remain unchanged.

To this end, the government services require a complete revamp reflecting economic sense. A healthy balance must be struck between earning and non-earning infrastructure spending, along with solid revenue plans to convert them into profit centres. Subsidising for political gains needs to be avoided at all levels. Socially marginalised communities should be looked after via well thought-out and executed programmes. It is high time that Sri Lanka looks for new avenues to bring in value additions for our raw exports whilst venturing into out-of-the-ordinary modes to derive foreign earnings to the country. This will necessitate to have the required skillset in the country and the laws and regulations framework to back it up. Ease of doing business, political stability, and policy consistency needs to be drastically improved to even consider attracting impactful FDIs. Such

forward planning will spur the business environment, enable expansions, curtail unemployment and boost per capita income.

However, it can be said without a doubt that we all must prepare for the tough times ahead. In today's adverse economic backdrop of steep Rupee depreciation, abrupt inflation, high interest rates, and scarcity of essential goods for day-to-day living, businesses too undoubtedly feel the pressure of costs creep-up and eroding margins, which naturally redirect short-term strategies towards rethinking and repositioning the status quo or even lean towards activating a survival plan.

These macro-pressures have created a brand-new set of challenges for your Company as well in terms of cost escalation of repairs and maintenance, increasing asset replacement costs, and operational costs along with high double-digit inflation. Further, the restrictive corporate discretionary spending power on tenancy rentals limits our approachable market in terms of attracting prospective tenants to fill vacancies in a timely manner. On a secondary level, prevailing fuel shortages, increasing of transport costs, and various other difficulties will extend the work-from-home trend beyond what COVID would have typically necessitated, thereby reducing the immediate market need for office premises.

Global supply chain disruptions due to COVID are yet to reach normalcy. To add to this misery, such disruptions are further aggravated by nations at war. In this context, our business too will face many challenges, including construction-related raw material scarcity, unprecedented levels of construction costs, and other operational cost increases, which will in turn impact our bottom line. Any new entrants who were planning to venture into the market, including those mid-way through constructions will find it difficult to justify increasing budgets in the immediate future and also will have to battle-out delays due to the aforementioned supply disruptions.

However, in the lead-up to the present high interest environment, the local real estate market performed well, with both commercial and residential properties gaining in value. Further, condominium and housing markets continued to show traction as investors and homeowners used them as safe asset classes and to hedge against possible increases in construction costs respectively. However, in the present high interest environment, the values built up thus far will possibly be put to test.

## Chairman's Statement

In contrast, the story played a little differently for the Colombo commercial spaces' leasing market. With the entirety of the past two years clouded with varying intensities of COVID, companies adopted a work-from-home culture wherever possible, resulting in the leasing market undergoing a period of hibernation. Towards the end of the financial year, corporates began to gradually return to normalcy, with the slowdown of the virus's spread, primarily due to the successful vaccination drive. However, the ongoing macro-economic pressures, particularly the high interest rates, will force many corporates to delay, or in some cases, even withdraw their premises' expansion or upgrading plans. The upcoming significant pipeline of commercial stock in and around the Central Business District will exert further pressure on the segment's ability to push for sustainable absorption levels.

However, as mentioned previously, the premiumisation of Colombo properties continues to bear fruit, evidenced by the gain in fair valuation of our investment properties of Rs. 437.2 Mn during the year further to the Rs. 60.6 Mn recorded in the preceding year.

With respect to the operational front, the Group achieved a revenue of Rs. 282.3 Mn, which is a marginal increase of Rs. 1.9 Mn over last year attributable to year-on-year upward rental revisions and the low base of comparable revenue due to the concessions offered to tenants in light of COVID during last year. Accompanied by the aforementioned fair valuation gain, the profit before tax of the Group increased by 143% to reach Rs. 616.5 Mn. An interim dividend of Rs. 1.00 per share was declared and paid for in the financial year ended 31st March 2022, translating into a payout of 41% on the operational net profit of the Company, excluding fair value gain on investment properties and related deferred taxation.

Considering the prevailing economic conditions, we can anticipate the real estate market to go through a period of turbulence going forward, as many ambiguities lead towards misalignments of thoughts. Disposal decisions could be due to a number of reasons including mortgage-pushed sales, need for liquidity, or invest at high market rates, etc. However, some localised buyers will view real estate as a safer asset class over financial instruments, while the continuing Rupee depreciation against the greenback invites foreign investors to invest in local real estate stock as bargain hunting. The shift of equilibrium these factors bring into the market will determine its course over the medium-term.

As my parting sentiments, I would like to offer my gratitude to the shareholders, valued tenants, regulatory authorities and other stakeholders for their enduring support to the Group. 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 commitment and contribution. Further, I extend my sincere thanks and best wishes to all our valued staff members for their invaluable contributions throughout the year.

Let's all do our part for a better tomorrow!

(Sgd.)

**D.C.R. Gunawardena**

Chairman

Colombo

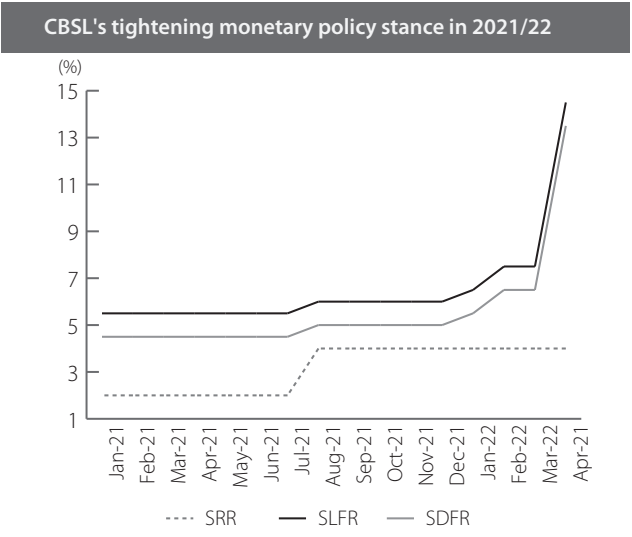
3rd June 2022

# Management Discussion and Analysis

## MACRO OVERVIEW

Following the 3.6% contraction experienced by the Sri Lankan economy in 2020 due to adversities brought around by COVID, the country recorded a rebound of 3.7% in 2021, as we drew closer towards putting the pandemic behind us. With the gradual easing of pandemic-related disturbances, and the push from pent-up demand, the industrial sector too contributed towards this recovery with a growth of 5.3%. The construction industry maintained its share of GDP at 6.1%, while recommencing growth at a slow rate of 1.9%, compared to the -13.2% constriction witnessed in the previous year.

The accommodative monetary policy stance practiced throughout 2020 in favour of reviving downed business sentiment at the onset of the pandemic continued until August of 2021, at which point CBSL commenced its monetary tightening stance on the idea of arresting inflationary pressures. Despite the total increase in policy interest rates being merely 50bps during 2021, following the economic pressures of early-2022, we have seen the CBSL taking corrective actions to increase policy rates by a further 850bps during the first four months of the year.



In an environment of subdued foreign exchange inflows, with sizeable external debt service commitments, and the Central Bank's intervention in the foreign exchange market

led the country's gross official reserves to further decline from USD 5.7 Mn to USD 3.1 Mn by the end of 2021. In spite of this effort, the Rupee depreciated against the US Dollar by 7% during 2021 to reach LKR 200.43 by the end of the year. However, our currency depreciated further by an alarming 70% during the period from January to April of 2022. With COVID taking its toll on international tourism, the USD 4 Bn industry was only able to bring in merely USD 0.5 Bn in 2021. Further, worker remittances too fell to USD 5.5 Bn in 2021 compared to the per-year average of USD 7 Bn it produced during the period from 2014 - 2019.

## INDUSTRY SNAPSHOT

On the commercial properties front, the drop witnessed in "Grade A" market absorption rates following the outbreak of COVID due to businesses downgrading and/or adopting remote working began experiencing recovery towards the end of the year. However, the recent influx of major office spaces to the market and the upcoming long-term commercial pipeline including Port City could weigh in on overall market vacancy rates and rental yields. Therefore, if we are to make Port City a success story and cascade its benefits towards the local economy with respect to real estate, retail, tourism, healthcare, education, and most importantly, knowledge and technical know-how transfers, we still have a considerable way to go in order to rebuild investor confidence and attract much sought after FDIs.

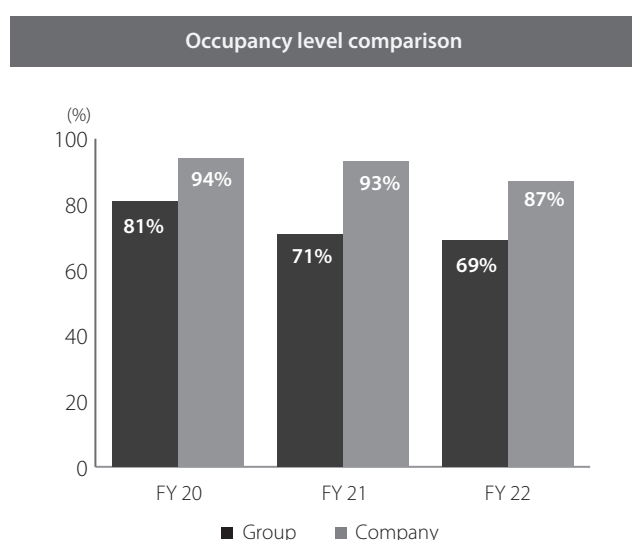
When considering urban land values, the slowdown witnessed in Colombo land price growth in 2020 has bounced back strongly in the first half of 2021 with a 6.8% gain over the six months backed by the 6.1% growth in commercial land values according to the CBSL's Land Value Index. Following the low interest rate environment that prevailed during the year and inflationary pressures, investors favoured real estate investment avenues while house hunters were in a position to borrow at affordable rates to invest in real estate. This is evident in the 49% uptick witnessed in condominium property volumes by the final quarter of 2021 compared to a year ago, particularly seen in the growth of mid-to-luxury properties. However, in the low interest environment that prevailed during 2021, banking industry loans and advances to the Construction industry grew at 8.5% to reach LKR 1,608 Bn by the end of the year.

## Management Discussion and Analysis

The unprecedented LKR depreciation towards the latter part of the financial year and global supply chain disruptions that continue to-date have resulted in drastic effects on construction costs and raw material availability, delaying ongoing development project timelines further. The prices of most construction raw material have increased exorbitantly over the final quarter of FY22, making city living further unaffordable to many. With decent road networks in and around Colombo suburbs and the expressway network seamlessly connecting outstation areas to the capital city, it is only rational that individuals tend to invest off-Colombo. To this end, over the medium to long-term, we believe suburban and off-Colombo real estate, especially residential, will continue to gain traction and would result in multiple potential hubs. The completion of the Mirigama-Kurunegala section of the Central Expressway, kicking off the preliminary construction activities of the Pothuhera-Galagedara section, and the progress made in land acquisition and resettlement for the Kurunegala-Dambulla section of the expressway are key highlights of the year.

### OUR BUSINESS

Occupancy of the investment properties of the Company decreased marginally from 93% to 87% over the financial year while the same for the Group was a slight drop from 71% to 69% following lapsing of tenancy agreements. In spite of the occupancy drop and an IFRS accounting adjustment warranting a decrease in revenue of Rs. 9.1 Mn compared to last year, the Group achieved a Rs. 282.3 Mn top-line, which is Rs. 1.9 Mn more than 2021. This is mainly owing to year-on-year upward rental revisions and the low base of comparable revenue due to the concessions offered to tenants in light of COVID during the previous year.



Direct costs of the Group increased by 22% mainly on the back of staff-related expenses, repairs and maintenance, and security, realising a gross profit of Rs. 181.7 Mn, which is 8% less than that of the previous year.

As per the investment property valuation exercise performed at the end of the financial year, the Group's investment properties saw a fair valuation gain of Rs. 437.2 Mn further to the Rs. 60.6 Mn recognised last year.

As a result, the Group recorded a profit from operating activities of Rs. 602.7 Mn, which is a 150% growth from previous year, driven mainly by the aforementioned fair valuation gain. The net finance income of the Group witnessed a slight increase of Rs. 1.1 Mn over the comparable year to reach Rs. 13.8 Mn. Disregarding the valuation gains of both years, the profit before tax of the Group decreased by 7% to reach Rs. 179.3 Mn.

During the year under review, the Group recorded a deferred tax charge of Rs. 105.3 Mn, primarily on the fair valuation gain of the investment properties, as opposed to the reversal of Rs. 136 Mn recorded last year, which was the result of the reduction in applicable tax rate from 28% to 24%. Resultantly, the Group recorded a profit after tax of Rs. 468.6 Mn, which is a 36% growth from the comparable year.

On a standalone basis, the revenue of your Company reduced by 4% to reach Rs. 143.9 Mn due to reasons similar to that of the Group. The direct costs of the Company increased by 25% to Rs. 47.0 Mn mainly as a result of staff-related expenses. The valuation exercise resulted in a fair valuation gain of the Company's investment properties to the value of Rs. 320.3 Mn, further to the Rs. 32.9 Mn recognised in the preceding year. The net finance income of the Company witnessed a YoY contraction of Rs. 21.1 Mn primarily due to the loss of dividend income by Equity Two PLC by Rs. 23.4 Mn compared to last year. This led the Company to record a profit before tax of Rs. 441.7 Mn; which is a 132% increase over the previous year. Similarly, eliminating the effects of the fair valuation exercise for both the current as well as the comparable periods, the profit before tax contracted by 23% over the last year to settle at Rs. 121.4 Mn. Due to reasons similar to that of the Group, the Company recorded a deferred tax charge of Rs. 77.6 Mn as opposed to the reversal of Rs. 78.1 Mn recorded last year. Accordingly, the Company's profit after tax of Rs. 340.5 Mn is an increase of 43% over the preceding year's Rs. 238.9 Mn.

Consequently, an interim dividend of Rs. 1.00 per share was declared and paid for the financial year ended 31st March 2022, translating into a payout of 41% on net profit of the Company, excluding fair value gain on investment properties and related deferred tax.

## **FUTURE OUTLOOK**

With dwindling economic conditions, eroding business confidence, tightening margins and rising interest costs, we are essentially facing a short to medium-term stance adopted by corporates to tighten sub-critical expenditure. Therefore, the demand for upgrades or expansion of business premises will likely remain low in the coming period, making it all the more challenging for us to source prospective tenants for our vacancies. However, we believe our premium-location value proposition will continue to bear fruits for us, which we will leverage to optimise rental yields.

**Carsons Management Services (Private) Limited**  
Managers

3rd June 2022

# Profiles of Directors

## **CHANDIMA GUNAWARDENA (CHAIRMAN)**

Chandima Gunawardena serves as a Non-Independent, Non-Executive Director of most of the Carsons Group Companies in Sri Lanka and overseas. He is also a Director of Bukit Darah PLC.

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

Mr. Gunawardena has over 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 Weeratunge is an Executive Director of Carsons Management Services (Private) Limited, which is the management arm of Carson Cumberbatch PLC.

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

He carries over 40 years of finance related experience in several leading companies in the mercantile sector.

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

## **ERANJITH WIJENAIKE**

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

## **SUBRAMANIAM MAHENDRARAJAH**

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

## **NALAKE FERNANDO**

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

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

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

**SIVANANDAN MARIMUTHU**

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

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

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

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

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

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

The Board of Directors of Equity One Limited have pleasure in presenting to the Shareholders their Report together with the Audited Financial Statements for the year ended 31st March 2022.

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 3rd June 2022.

## 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.

## 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	2022	2021	2022	2021
Profit for the year	468,601	343,806	340,544	238,936
Other comprehensive income/ (expenses) for the year	1,351	(388)	624	(177)
Total comprehensive income for the year	469,952	343,418	341,168	238,759
Retained earnings as at the beginning of the year	565,055	510,966	141,533	98,464
Retained earnings before appropriations/ adjustments	1,035,007	854,384	482,701	337,223
Forfeited dividends	56	-	30	-
Dividends paid	(40,322)	(84,676)	(40,322)	(84,676)
Transfer to fair value adjustment reserve	(326,189)	(191,690)	(242,762)	(111,014)
Total comprehensive income attributable to NCI	(11,758)	(12,963)	-	-
Retained earnings as at the end of the year	656,794	565,055	199,647	141,533

## 3. REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman's Statement and Management Discussion & Analysis on pages 01 to 05 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 2022 are set out on pages 17 to 58. 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.

#### **4.3. Significant accounting policies**

The significant accounting policies adopted in the preparation of these financial statements are given on pages 21 to 32.

#### **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 in March 2022 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 2022 are presented in Note 17 to the financial statements

#### **4.5. Property, plant and equipment**

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

#### **4.6. Capital Expenditure**

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

#### **4.7. Reserves**

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

### **5. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

The financial statements comprise of inter alia:

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

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

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

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

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

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

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

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, No. 07 of 2007.

### 7.1. Remuneration of Directors

Directors' remuneration, for the financial year ended 31st March 2022 is given in Note 13.3 to the Financial Statements.

### 7.2. Directors' Interest in Contracts and Shares

Directors' Interest in contracts of the Company and the Group are disclosed in note 34 to the financial statements and have been declared at Meetings of the Board of Directors. The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company nor in the ordinary shares of the Company as of 31st March 2022.

## 8. DIRECTORS

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

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

Messrs. P. D. D. Fernando, K.C.N. Fernando and D. C. R. Gunawardena who were over 70 years of age were re-appointed as Directors of the Company in terms of Section 210 of the Companies Act, No.07 of 2007 at the Annual General Meeting (AGM) held on 28th July 2021 for a further period of one year commencing from the conclusion of the said AGM. i.e. till 27th July 2022.

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

### 8.2 Director to Retire by Rotation

In terms of Articles 71, 72 and 73 of the Articles of Association of the Company, Mr. A. P. Weeratunge retires by rotation and being eligible offers himself for reelection.

### 8.3 Board of Directors

The following Directors held office during the period under review.

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

Mr. K.C.N. Fernando

Mr. E.H. Wijenaike

Mr. A.P. Weeratunge

Mr. S. Mahendrarajah

Mr. P.D.D. Fernando

Mr. S. Marimuthu

## 9. INDEPENDENT AUDITORS

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

A sum of Rs. 392,500/- and Rs. 769,000/- was paid to them by the Company and the Group respectively, as audit fees for the year ended 31st March 2022 (2021 - Rs. 357,000/- and Rs. 699,000/-). 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 15 to 16 of the Annual Report.

**10. SIGNIFICANT EVENTS DURING THE YEAR**

**10.1. Company**

Carson Cumberbatch PLC (CCPLC), the parent company made a Voluntary Offer to acquire 419,762 ordinary shares being 1.04% of the shares in issue held by the public shareholders, in the remaining issued shares of Equity One Limited from its non-controlling shareholders at Rs.110/- per share.

The Offer document setting out the terms and conditions to the Offer was posted to the Shareholders of Equity One Limited on 22nd July 2021. As at the closing date of the Offer, i.e, 20th August 2021, twelve (12) Shareholders had accepted the Offer amounting to 11,442 ordinary shares.

Subsequent to the conclusion of the Offer and transfer of shares, CCPLC's holding in Equity One Limited increased to 39,913,410 ordinary shares being 98.99% whilst the shares remaining in the hands of public shareholders reduced to 408,320 being 1.01%.

**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.

**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 2022 were 10 and 16 (2021-12 and 18) respectively.

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

## 13. **EQUITABLE TREATMENT TO SHAREHOLDERS**

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

## 14. **DIVIDENDS**

The Company paid a First Interim Dividend of Rs.1/- per ordinary share for the year ended 31st March 2022 amounting to Rs.40,321,730/- on 31st March 2022.

## 15. **SOLVENCY TEST**

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

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

## 16. **STATED CAPITAL**

The stated capital of the Company as at 31st March 2022 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 2022.

## 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 36 to the Financial Statements.

## 22. **CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

The contingent liabilities and commitments made as at 31st March 2022 are given in note 32 to the Financial Statements.

## 23. **CORPORATE DONATIONS**

There were no donations made during the year ended 31st March 2022 (2021 - Nil).

## 24. **IMPACT OF COVID-19 PANDEMIC AND CHALLENGING ECONOMIC ENVIRONMENT**

The business impact of the COVID-19 pandemic and challenging economic environment to the Group is given in Note 37 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 3rd June 2022. 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**

As permitted by Article 42(b) of the Articles of Association of the Company, the 40th Annual General Meeting of the Company will be held on Wednesday, 29th June 2022 at 4.00 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 61 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)

**D. C. R. Gunawardena**

Chairman

(Sgd.)

**K. C. N. Fernando**

Director

(Sgd.)

**K. D. De Silva (Mrs.)**

Director

Carsons Management Services (Private) Limited

Secretaries

Colombo

3rd June 2022

# Financial Calendar

Financial year end	31st March 2022
39th Annual General Meeting	28th July 2021
40th Annual General Meeting	29th June 2022



# 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](http://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, 2022, 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 17 to 58 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, 2022, 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.

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

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P. Y. S. Perera FCA	C. P. Jayatilake FCA	T. J. S. Rajakarier FCA
W. J. C. Perera FCA	Ms. S. Joseph FCA	Ms. S.M.B. Jayasekara FCA
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 FCA	Ms. C.T.K.N. Perera ACA	A.M.R.P. Alahakoon ACA
Ms. P.M.K. Sumanasekara FCA		

**Principals:** S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W. A. A. Weerasekara CFA, ACMA, MRICS

## Independent Auditor's Report



### **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 in black ink, appearing to read 'KPMG', located below the 'Report on Other Legal and Regulatory Requirements' section.

### **Chartered Accountants**

Colombo, Sri Lanka

3rd June 2022

# 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	
		2022	2021	2022	2021
<b>Revenue</b>	11	282,287	280,421	143,895	150,104
Direct costs		(100,594)	(82,403)	(47,035)	(37,569)
Other income	12	181,693	198,018	96,860	112,535
Net gain arising from changes in fair value of investment properties	17	4,828	4,621	3,865	3,430
		437,205	60,557	320,339	32,911
Administrative and other operating expenses		623,726	263,196	421,064	148,876
		(21,053)	(21,837)	(11,621)	(12,287)
<b>Results from operating activities</b>	13	602,673	241,359	409,443	136,589
Finance income	14.1	20,112	25,525	34,550	60,138
Finance costs	14.2	(6,315)	(12,794)	(2,297)	(6,743)
<b>Net finance income</b>	14	13,797	12,731	32,253	53,395
<b>Profit before taxation</b>		616,470	254,090	441,696	189,984
Income tax expense	15.1	(42,556)	(46,275)	(23,554)	(29,175)
Deferred taxation	15.1	(105,313)	135,991	(77,598)	78,127
<b>Profit for the year</b>		468,601	343,806	340,544	238,936
<b>Profit for the year attributable to:</b>					
Equity holders of the parent		456,925	330,820	340,544	238,936
Non controlling interest		11,676	12,986	-	-
		468,601	343,806	340,544	238,936
<b>Other comprehensive income</b>					
<b>Items that will never be reclassified into profit and loss</b>					
Actuarial (loss) / gain from valuation of employee benefits	28.3	1,777	(511)	821	(233)
Related tax on employee benefits	27.1	(426)	123	(197)	56
<b>Other comprehensive income / (expense) for the year</b>		1,351	(388)	624	(177)
<b>Total comprehensive income for the year</b>		469,952	343,418	341,168	238,759
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		458,194	330,455	341,168	238,759
Non controlling interest		11,758	12,963	-	-
		469,952	343,418	341,168	238,759
<b>Earnings per share (Rs.)</b>	16	11.33	8.20	8.45	5.93

The notes from pages 21 to 58 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	
		2022	2021	2022	2021
ASSETS					
Non-current assets					
Investment properties	17	4,992,238	4,545,012	2,782,479	2,455,404
Property, plant and equipment	18	854	524	854	524
Investment in subsidiaries	19	-	-	552,048	552,048
Total non-current assets		4,993,092	4,545,536	3,335,381	3,007,976
Current assets					
Trade and other receivables	20	84,225	77,014	141,657	119,614
Fair value through profit or loss financial assets	21	95,955	5,303	52,236	834
Investment in fixed deposits		153,843	355,015	79,163	200,006
Cash and cash equivalents	22	149,809	14,926	72,793	6,976
Total current assets		483,832	452,258	345,849	327,430
Total assets		5,476,924	4,997,794	3,681,230	3,335,406
EQUITY AND LIABILITIES					
EQUITY					
Stated capital	23	1,085,584	1,085,584	1,085,584	1,085,584
Capital reserves	24	13,236	13,236	13,236	13,236
Revenue reserves	25	3,063,185	2,645,257	1,911,291	1,610,415
Total equity attributable to equity holders of the parent		4,162,005	3,744,077	3,010,111	2,709,235
Non controlling interest		163,574	154,067	-	-
Total equity		4,325,579	3,898,144	3,010,111	2,709,235
Non-current liabilities					
Refundable rental deposits	26	86,698	88,862	40,065	46,850
Deferred tax liability	27	1,031,218	925,479	606,465	528,670
Employee benefits	28	2,728	4,448	1,443	2,349
Total non-current liabilities		1,120,644	1,018,789	647,973	577,869
Current liabilities					
Trade and other payables	29	10,910	29,061	7,752	7,847
Deferred revenue	30	14,449	17,418	9,436	8,762
Loans and borrowings	31	-	21,006	-	21,006
Current tax liabilities		5,342	13,376	5,958	10,687
Total current liabilities		30,701	80,861	23,146	48,302
Total liabilities		1,151,345	1,099,650	671,119	626,171
Total equity and liabilities		5,476,924	4,997,794	3,681,230	3,335,406
Net assets per share (Rs.)					
		103.22	92.85	74.65	67.19

The notes from pages 21 to 58 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 3rd June 2022.

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.)

**K.C.N. Fernando**

Director

Colombo

3rd June 2022

# Statement of Changes in Equity

(All figures are in Sri Lankan Rupees thousands)

	Stated capital	Capital reserves			Revenue reserves			Total equity attributable to equity holders of the parent	Non controlling interest	Total equity
		Capital accretion reserve	Machinery replacement reserve	Other capital reserves	General reserve	Fair value adjustment reserve	Retained earnings			
<b>Group</b>										
Balance as at 1st April 2020	1,085,584	158	5,109	7,969	39	1,888,473	510,966	3,498,298	146,305	3,644,603
Profit for the year	-	-	-	-	-	191,690	139,130	330,820	12,986	343,806
Other comprehensive expense for the year	-	-	-	-	-	-	(365)	(365)	(23)	(388)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	191,690	138,765	330,455	12,963	343,418
Final dividend 2019/20	-	-	-	-	-	-	(44,354)	(44,354)	(2,947)	(47,301)
First interim dividend 2020/21	-	-	-	-	-	-	(40,322)	(40,322)	(2,254)	(42,576)
<b>Balance as at 31st March 2021</b>	<b>1,085,584</b>	<b>158</b>	<b>5,109</b>	<b>7,969</b>	<b>39</b>	<b>2,080,163</b>	<b>565,055</b>	<b>3,744,077</b>	<b>154,067</b>	<b>3,898,144</b>
Balance as at 1st April 2021	1,085,584	158	5,109	7,969	39	2,080,163	565,055	3,744,077	154,067	3,898,144
Profit for the year	-	-	-	-	-	326,189	130,736	456,925	11,676	468,601
Other comprehensive income for the year	-	-	-	-	-	-	1,269	1,269	82	1,351
<b>Total comprehensive income for the year</b>	-	-	-	-	-	326,189	132,005	458,194	11,758	469,952
Forfeited dividends	-	-	-	-	-	-	56	56	3	59
First interim dividend 2021/22	-	-	-	-	-	-	(40,322)	(40,322)	(2,254)	(42,576)
<b>Balance as at 31st March 2022</b>	<b>1,085,584</b>	<b>158</b>	<b>5,109</b>	<b>7,969</b>	<b>39</b>	<b>2,406,352</b>	<b>656,794</b>	<b>4,162,005</b>	<b>163,574</b>	<b>4,325,579</b>

	Stated capital	Capital reserves			Revenue reserves			Total equity
		Capital accretion reserve	Machinery replacement reserve	Other capital reserves	General reserve	Fair value adjustment reserve	Retained earnings	
<b>Company</b>								
Balance as at 1st April 2020	1,085,584	158	5,109	7,969	39	1,357,829	98,464	2,555,152
Profit for the year	-	-	-	-	-	111,014	127,922	238,936
Other comprehensive expense for the year	-	-	-	-	-	-	(177)	(177)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	111,014	127,745	238,759
Final dividend 2019/20	-	-	-	-	-	-	(44,354)	(44,354)
First interim dividend 2020/21	-	-	-	-	-	-	(40,322)	(40,322)
<b>Balance as at 31st March 2021</b>	<b>1,085,584</b>	<b>158</b>	<b>5,109</b>	<b>7,969</b>	<b>39</b>	<b>1,468,843</b>	<b>141,533</b>	<b>2,709,235</b>
Balance as at 1st April 2021	1,085,584	158	5,109	7,969	39	1,468,843	141,533	2,709,235
Profit for the year	-	-	-	-	-	242,762	97,782	340,544
Other comprehensive income for the year	-	-	-	-	-	-	624	624
<b>Total comprehensive income for the year</b>	-	-	-	-	-	242,762	98,406	341,168
Forfeited dividends	-	-	-	-	-	-	30	30
First interim dividend 2021/22	-	-	-	-	-	-	(40,322)	(40,322)
<b>Balance as at 31st March 2022</b>	<b>1,085,584</b>	<b>158</b>	<b>5,109</b>	<b>7,969</b>	<b>39</b>	<b>1,711,605</b>	<b>199,647</b>	<b>3,010,111</b>

The notes from pages 21 to 58 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)

	Note	Group		Company	
For the year ended 31st March		2022	2021	2022	2021
<b>Cash flows from operating activities</b>					
Profit before taxation		616,470	254,090	441,696	189,984
Adjustments for:					
Finance costs	14.2	6,315	12,794	2,297	6,743
Interest income	14.1	(17,993)	(24,512)	(15,682)	(18,356)
Net change in fair value of fair value through profit or loss financial assets	14.1	(2,119)	(1,013)	(972)	(483)
Dividend income	14.1	-	-	(17,896)	(41,299)
Net gains arising from changes in fair value of investment properties	17	(437,205)	(60,557)	(320,339)	(32,911)
Depreciation on property, plant and equipment	18	315	186	315	186
Amortization of deferred revenue	30	(6,337)	(8,484)	(2,421)	(4,595)
Provision for employee benefits	28	207	736	65	389
<b>Operating profit before working capital changes</b>		159,653	173,240	87,063	99,658
(Increase) / decrease in trade and other receivables		(7,211)	(30,107)	(8,999)	(19,588)
Increase / (decrease) in trade and other payables		(18,224)	(50,041)	(51)	564
<b>Operating profit after working capital changes</b>		134,218	93,092	78,013	80,634
Rental deposits received	26	2,298	17,903	1,422	11,164
Rental deposits refunded	26	(7,370)	-	(7,370)	-
<b>Cash generated from operations</b>		129,146	110,995	72,065	91,798
Income tax paid		(50,590)	(33,391)	(28,283)	(22,645)
Employee benefits paid	28	(150)	-	(150)	-
<b>Net cash generated from / (used in) operating activities</b>		78,406	77,604	43,632	69,153
<b>Cash flows from investing activities</b>					
Additions to the investment properties	17	(10,021)	(21,505)	(6,736)	(150)
Purchase of property, plant and equipment	18	(645)	(324)	(645)	(324)
Net movement in investment in fixed deposits		193,755	(123,525)	113,816	(59,625)
Net movement of amount due from related companies		-	-	(13,044)	(44,180)
Interest received		25,410	24,512	22,709	13,875
Net movement in fair value through profit or loss financial assets		(88,533)	43,250	(50,430)	20,000
Dividends received		-	-	17,896	41,299
<b>Net cash generated from / (used in) investing activities</b>		119,966	(77,592)	83,566	(29,105)
<b>Cash flows from financing activities</b>					
Interest paid		(45)	(4,906)	(45)	(2,454)
Loans obtained / (settled)		(21,000)	(79,000)	(21,000)	(29,000)
Dividend paid		(42,444)	(88,715)	(40,336)	(84,051)
<b>Net cash generated from / (used in) financing activities</b>		(63,489)	(172,621)	(61,381)	(115,505)
Net increase / (decrease) in cash and cash equivalents		134,883	(172,609)	65,817	(75,457)
Cash and cash equivalents at the beginning of the year		14,926	187,535	6,976	82,433
<b>Cash and cash equivalents at the end of the year</b>	22	149,809	14,926	72,793	6,976

The notes from pages 21 to 58 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 2022 comprise financial information of the Company and its Subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

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

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

The Group and Company had 16 and 10 (2021 – 18 and 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 3rd June 2022.

### 2.2 Basis of measurement

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

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

### 2.3 Going concern basis of accounting

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

### 2.4 Functional and presentation currency

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

### 2.5 Use of estimates and judgments

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

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

#### 2.5.1 Judgements

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

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

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

# Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

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

## 2.5.2 Assumptions and estimation uncertainties

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

- Note 28: 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 Company and the Group regularly review significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

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

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

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

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

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

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

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

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

## 2.6 Materiality and aggregation

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

## 2.7 COVID-19 uncertainty

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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



### 3.1 Basis of consolidation

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

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

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

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

#### 3.1.1 Subsidiaries

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

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

continues to recognise the investment in Subsidiaries at cost.

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

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

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

Set out below are the Group's subsidiaries as at 31st March 2022.

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

#### 3.1.2 Non-controlling interest

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

# Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

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

## 3.1.3 Loss of control

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

## 3.1.4 Goodwill

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

## 3.1.5 Transactions eliminated on consolidation

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

## 3.1.6 Accounting for Investment in subsidiaries

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

## 3.2 Foreign currency

### 3.2.1 Foreign currency transactions

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

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

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

## 3.3 Financial instruments

### 3.3.1 Recognition and initial measurement

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

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

### 3.3.2 Classification and subsequent measurement

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

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

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

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

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

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

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

### 3.3.3 Financial assets – Business model assessment

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

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

- The frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales, and expectation about future sales activity.

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

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

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

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

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

### 3.3.5 Financial assets – subsequent measurement, and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.
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## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

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

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

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

### 3.3.7 Derecognition

#### 3.3.7.1 Financial assets

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

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

#### 3.3.7.2 Financial liabilities

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

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

#### 3.3.8 Offsetting

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

#### 3.3.9 Impairment

##### 3.3.9.1 Non-derivative financial assets

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

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

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

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

#### 3.3.9.2 Credit-impaired financial assets

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

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

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

#### **Write-off**

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

#### 3.3.9.3 Non-Financial Assets

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

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

### 3.4 Stated capital

#### 3.4.1 Ordinary shares

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

### 3.5 Leases

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

#### 3.5.1 As a Lessor

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

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

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

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

### 3.6 Property, plant and equipment

#### 3.6.1 Recognition and measurement

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

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

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

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

### 3.6.2 Subsequent costs

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

### 3.6.3 Depreciation

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

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

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

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

### 3.6.4 Disposal

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

## 3.7 Investment property

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

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

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

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

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

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

### **3.8 Employee benefits**

#### **3.8.1 Short-term employee benefits**

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

#### **3.8.2 Defined contribution plans**

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

##### **3.8.2.1 Employees' Provident Fund**

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

##### **3.8.2.2 Employees' Trust Fund**

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

#### **3.8.3 Defined benefit plans**

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

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

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

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

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

### **3.9 Provisions**

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

### **3.10 Contingent liabilities and contingent assets**

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

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

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



# Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

## 3.11 Revenue

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

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

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

### 3.11.1 Rental income

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

### 3.11.2 Other Income - on accrual basis

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

## 3.12 Expenditure Recognition

### 3.12.1 Operating expenses

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

### 3.12.2 Finance income and finance costs

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

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

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

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

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

## 3.13 Income tax expense

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

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

### 3.13.1 Current taxation

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

### 3.13.2 Deferred taxation

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

Deferred tax is not recognized for:

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



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

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

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

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

When one is available, the Company and the Group measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is

regarded as active, if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

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

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

## **4. RELATED PARTY TRANSACTIONS**

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

## **5. EVENTS AFTER THE REPORTING PERIOD**

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

## **6. STATEMENT OF CASH FLOWS**

Interest paid and dividend paid are classified as financing

# Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

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

## 6.1 Cash and cash equivalents

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

## 7. EARNINGS PER SHARE

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

## 8. DIVIDENDS ON ORDINARY SHARES

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

## 9. SEGMENT REPORTING

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

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

## 10. NEW ACCOUNTING STANDARDS ISSUED BUT

### NOT YET EFFECTIVE

A number of new standards are effective for the Company and the Group annual periods beginning after 1st April 2022 and earlier application is permitted; however, the Company and the Group has not early adopted the new or amended standards in preparing these financial statements.

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

- 1) Onerous contracts - Cost of fulfilling a contract (Amendments to LKAS 37) – The amendments apply for annual reporting periods beginning on or after 01 January 2022.
- 2) Annual improvements to SLFRS Standards 2018- 2020 – The amendments are effective for annual reporting periods beginning on or after 01 January 2022.
- 3) Property, plant and equipment: Proceeds before Intended Use (Amendments to LKAS 16) – The amendment applies to annual reporting periods beginning on or after 01 January 2022.
- 4) Reference to Conceptual Framework (Amendments to SLFRS 3) – The amendment applies to annual reporting periods beginning on or after 01 January 2022.
- 5) Classification of liabilities as current or non-current (Amendments to LKAS 1) – The amendment applies to annual reporting periods beginning on or after 01 January 2023.
- 6) Disclosure of Accounting Policies (Amendments to LKAS 1)- The amendment applies to annual reporting periods beginning on or after 01 January 2023.
- 7) Definition of Accounting Estimates (Amendments to LKAS 8)- The amendment applies to annual reporting periods beginning on or after 01 January 2023.
- 8) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)- The amendment applies to annual reporting periods beginning on or after 01 January 2023.

The Directors do not expect a significant impact on its financial statements resulting from the application of the above.

For the year ended 31st March		Group		Company	
		2022	2021	2022	2021
<b>11. REVENUE</b>					
Property rental income		282,287	280,421	143,895	150,104
		282,287	280,421	143,895	150,104

For the year ended 31st March		Group		Company	
		2022	2021	2022	2021
<b>12. OTHER INCOME</b>					
Parking fees from tenants		540	450	-	-
On other services provided to tenants		4,288	4,171	3,865	3,430
		4,828	4,621	3,865	3,430

For the year ended 31st March		Group		Company	
		2022	2021	2022	2021
<b>13. PROFIT FROM OPERATIONS</b>					
Profit from operations is stated after charging all expenses including the following:					
Auditors' remuneration - audit services		769	699	393	357
Auditors' remuneration - audit related services		140	244	70	123
Professional services cost (note 13.1)		621	510	302	257
Depreciation (note 13.2)		315	186	315	186
Support service fee		8,827	8,778	4,087	3,990
Personnel costs (note 13.3)		59,132	46,589	29,141	22,848
<b>13.1 Professional services cost</b>					
Valuation services		241	475	112	222
Other services		380	35	190	35
		621	510	302	257
<b>13.2 Depreciation</b>					
Depreciation is included in the Statement of Profit or Loss under the following headings:					
Administrative and other operating expenses		315	186	315	186
		315	186	315	186

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	Group		Company	
	2022	2021	2022	2021
<b>13.3 Personnel costs</b>				
Salaries, wages and other related expenses	55,628	42,604	27,415	20,798
Defined benefit plan cost - Employee benefits (note 28.2)	207	736	65	389
Defined contribution plan cost - EPF and ETF	3,297	3,249	1,661	1,661
	59,132	46,589	29,141	22,848
The above include:				
Directors' emoluments	-	-	-	-
Non-executive directors' fees	1,155	1,100	550	550
	1,155	1,100	550	550

For the year ended 31st March	Group		Company	
	2022	2021	2022	2021
<b>14. NET FINANCE INCOME</b>				
<b>14.1 Finance income</b>				
Interest income	17,993	24,512	9,488	13,875
Interest income on related party lendings	-	-	6,194	4,481
Net change in the fair value through profit or loss financial assets	2,119	1,013	972	483
Dividend income	-	-	17,896	41,299
	20,112	25,525	34,550	60,138
<b>14.2 Finance costs</b>				
Interest expenses on short term bank borrowings	39	4,575	39	2,291
Unwinding of interest on refundable deposits (note 26)	6,276	8,219	2,258	4,452
	6,315	12,794	2,297	6,743
Net finance income	13,797	12,731	32,253	53,395

For the year ended 31st March	Group		Company	
	2022	2021	2022	2021
<b>15 CURRENT TAXATION</b>				
<b>15.1 Income tax expense</b>				
Income tax expense for the year (note 15.2)	43,138	47,712	23,966	30,091
Under / (over) provision in respect of previous years	(582)	(1,437)	(412)	(916)
	42,556	46,275	23,554	29,175
<b>Deferred Taxation</b>				
On origination and reversal of temporary differences (note 27.1)	105,313	(135,991)	77,598	(78,127)
	105,313	(135,991)	77,598	(78,127)
Current tax expense for the year	147,869	(89,716)	101,152	(48,952)

For the year ended 31st March		Group		Company	
		2022	2021	2022	2021
<b>15.2</b>	<b>Reconciliation between accounting profit and taxable profit</b>				
	Accounting profit before taxation	616,470	254,090	441,696	189,984
	Aggregate disallowable expenses	5,316	7,397	4,003	5,769
	Aggregate allowable expenses	(25,426)	(25,744)	(2,921)	(3,427)
	Dividend income	(17,896)	(41,299)	(17,896)	(41,299)
	Net gain arising from changes in fair value of investment properties	(437,205)	(60,557)	(320,339)	(32,911)
	Notional adjustments arising on application of LKAS/SLFRS	(13,409)	(20,519)	(15,123)	(16,829)
	Finance income	(26,305)	(30,166)	(16,654)	(18,929)
	Tax losses incurred during the year (note 15.5 (c))	23,577	20,060	-	-
	Transactions adjusted on consolidation	17,896	41,299	-	-
	Utilisation of tax losses (note 15.5 (c))	(20)	(21)	-	-
	Adjusted business income	142,998	144,540	72,766	82,358
	Investment income - interest Income	26,305	30,166	16,654	18,929
	Investment income - dividend Income	17,896	41,299	17,896	41,299
	<b>Total taxable Income</b>	<b>187,199</b>	<b>216,005</b>	<b>107,316</b>	<b>142,586</b>
	Income tax on business profit (notes 15.4 (a),15.5 (b))	34,324	34,690	17,464	19,766
	Income tax on interest income (note 15.4 (a),15.5 (b))	6,309	7,240	3,997	4,543
	Income tax on dividend income (note 15.5 (b))	2,505	5,782	2,505	5,782
	<b>Income tax expense for the year</b>	<b>43,138</b>	<b>47,712</b>	<b>23,966</b>	<b>30,091</b>
<b>15.3</b>	<b>Analysis of tax losses</b>				
	Tax losses brought forward	20,039	-	-	-
	Tax loss incurred during the year	23,577	20,060	-	-
	Adjustment on finalization of tax liability	152	-	-	-
	Utilization of tax losses during the year (note 15.5 (c))	(20)	(21)	-	-
	Tax losses carried forward	43,748	20,039	-	-

#### 15.4 Company

- (a) In terms of the provisions of the Inland Revenue Act, No 24 of 2017 and amendments thereto, the Company is liable to taxation at 24% (2021: 24%).
- (b) As per the First Schedule of the Inland Revenue Act No 24 of 2017 and amendments thereto, Dividend income received by the Company is liable to income tax at 14%. (2021: 14%).

#### 15.5 Group

- (a) Group tax expenses is based on the taxable profit of individual companies within the Group. At present, the tax laws of Sri Lanka do not provide for Group taxation.
- (b) In terms of the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments thereto, companies within the Group are liable to taxation at a tax rate of 24% (2021: 24%).

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

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

### 15.6 Surcharge tax

As per the provisions of Surcharge Tax Act No. 14 of 2022, although Equity One Limited, the Company, and its subsidiaries did not become liable to pay surcharge tax as stand-alone entities, the Company and the Group are liable for surcharge tax on the basis that the companies are part of the Carson Cumberbatch PLC group, of which the aggregate taxable income exceeded the threshold as stipulated in the aforesaid Act. Accordingly, the Company and the Group are liable for the surcharge tax of Rs. 24,892,651/- and Rs. 43,070,292/-, out of the taxable income of Rs. 99,570,602/- and Rs. 172,281,168/-, respectively pertaining to the year of assessment 2020/21.

The said Surcharge Tax Bill was approved by the parliament on 8th April 2022, hence cannot be considered as enacted as at the reporting date. Accordingly, the Company and the Group have not provided for the surcharge tax liability in the financial statements for the year ended 31st March 2022 in accordance with the 'Statement of Alternative Treatment on Accounting for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022' issued by the Institute of Chartered Accountants of Sri Lanka on 22nd April 2022.

### 15.7 Value Added Tax (VAT)

In accordance with the Gazette No. 2282/26 enacted on 31st May 2022, Value Added Tax (VAT) as per the Value Added Tax Act No. 14 of 2002 as amended by Act No. 6 of 2005, has been increased to 12% from 8% effective from 1st June 2022.

## 16 EARNINGS PER SHARE

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

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

For the year ended 31st March	Group		Company	
	2022	2021	2022	2021
<b>Amounts used as the numerator</b>				
Profit attributable to the ordinary shareholders of the Company	456,925	330,820	340,544	238,936
<b>Amounts used as the denominator</b>				
Weighted average number of ordinary shares outstanding during the year (In thousands)	40,322	40,322	40,322	40,322
<b>Earnings per share (Rs.)</b>	<b>11.33</b>	<b>8.20</b>	<b>8.45</b>	<b>5.93</b>

### 16.1 Diluted earnings per share

There were no potentially dilutive ordinary shares as at 31 March 2022 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would require restatement of earnings per share.

For the year ended 31st March				Freehold land	Freehold building	Other equipment	Total as at 31st March 2022	Total as at 31st March 2021	
17	INVESTMENT PROPERTIES								
17.1	Group								
	Balance as at the beginning of the year	3,702,203	744,644	98,165	4,545,012	4,462,950			
	Additions during the year	-	6,736	3,285	10,021	21,505			
	Changes in fair value of investment properties (note 17.4)	360,356	97,498	(20,649)	437,205	60,557			
		4,062,559	848,878	80,801	4,992,238	4,545,012			
17.2	Company								
	Balance as at the beginning of the year	2,164,021	260,390	30,993	2,455,404	2,422,343			
	Additions during the year	-	6,736	-	6,736	150			
	Changes in fair value of investment properties (note 17.4)	270,585	53,672	(3,918)	320,339	32,911			
		2,434,606	320,798	27,075	2,782,479	2,455,404			

**17.3 Details of investment properties**

Property and location	Method of valuation	Land Extent (Perch)	Historical cost	Fair value 2022	Fair value 2021
<b>Equity One Limited</b>					
Dharmapala Mawatha, Colombo 7	Investment approach	94	127,174	1,726,672	1,524,620
Vauxhall Lane, Colombo 2	Market/ Depreciated replacement cost	180.05	237,348	1,055,807	930,785
<b>Equity Two PLC</b>					
No. 61 Janadhipathi Mawatha, Colombo 01	Investment approach	28.51	133,051	583,587	561,075
No. 55 Janadhipathi Mawatha, Colombo 01	Investment approach	57.55	429,780	978,172	950,521
<b>Equity Three (Private) Limited</b>					
George R. De Silva Mawatha, Colombo 13	Market/ Depreciated replacement cost	82.13	90,228	648,000	578,011
				4,992,238	4,545,012

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

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

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

### 17.4 Fair value hierarchy

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

The fair value measurement for the investment properties has 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.

Description	Location	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Land & Building	Colombo	Investment Approach		The estimated fair value would increase/ (decrease) if –
			Contractual rentals agreed with the tenants.	Contractual rentals were higher/ (lower)
			Occupancy rate: 70% - 90%	Occupancy rate was higher/ (lower)
			Capitalization rate: 5% - 6.25%	Capitalization rate was (higher) / lower
			Repair and insurance: 20%	Repair and insurance was (higher) / lower
			Valuer has used market price per perch for excess land in existing location using a range of prices for similar lands based on adjusted fair value taking into account of other valuation considerations. Market price per perch range between Rs. 9,500,000/- to Rs. 13,600,000/-	Market value per perch was higher/ (lower)



Description	Location	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Land & Building	Colombo	Market/ Depreciated replacement cost approach	Construction cost per square feet Rs. 4,750 - Rs. 7,000.	Cost per square feet was higher/ (lower)
		In this approach, the market value of a property is estimated as a function of the current cost to purchase or replace the property. Accordingly, adjustments are made to account for all forms of depreciation (physical, functional, and economic; as applicable) to determine the market value of the property.	Valuer has used market price per perch for entire land in existing location using a range of prices for similar lands based on adjusted fair value taking in to account of other valuation considerations. Market price per perch range between Rs. 5,000,000/- to Rs. 6,600,000/-	Market value per perch was higher/ (lower)
			Depreciation rate for the usage of assets 67.5% - 72.5%	Depreciation rate for usage (higher) / lower

### Sensitivity Analysis

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

As at 31st March	Group		Company	
	Increase	Decrease	Increase	Decrease
<b>Discount rate</b>				
2022: 1% movement	(384,485)	557,282	(219,559)	329,668
2021: 1% movement	(357,128)	519,115	(189,913)	285,155
<b>Occupancy rate</b>				
2022: 10% movement	314,083	(314,094)	146,516	(146,516)
2021: 10% movement	298,501	(298,496)	134,184	(134,191)
<b>Repairs and Insurance</b>				
2022: 10% movement	(464,678)	464,678	(243,864)	243,864
2021: 10% movement	(427,529)	427,529	(210,936)	210,936
<b>Construction cost per sqft</b>				
2022: Rs. 1,000 movement	19,751	(19,751)	8,896	(8,896)
2021: Rs. 1,000 movement	19,751	(19,751)	8,896	(8,896)

### Leases as Lessor

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

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

Rental income recognised by the Group and the Company during the year was Rs. 282.3 Mn and Rs. 143.9 Mn (2021 Rs. 280.4 Mn and Rs. 150.1 Mn), respectively.

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

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

As at 31st March	Group		Company	
	2022	2021	2022	2021
Less than one year	201,594	216,581	75,499	81,993
One to two years	118,846	193,188	69,786	66,586
Two to three years	111,990	108,579	109,529	62,919
Three to four years	154,846	73,041	153,160	70,580
Four to five years	107,775	68,319	105,950	66,633
More than five years	249,307	297,559	244,045	290,472
	944,358	957,267	757,969	639,183

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

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

### 17.6 Capitalization of borrowing costs into investment properties

No borrowing cost capitalized for the year ended 31st March 2022 (2021 - Rs. Nil).

### 17.7 Contractual obligations to construct and develop investment properties

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

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

	Machinery and equipment	Furniture and fittings	Motor vehicles	Total as at 31st March 2022	Total as at 31st March 2021
<b>18 PROPERTY, PLANT AND EQUIPMENT</b>					
<b>18.1 Group / Company</b>					
<b>Cost</b>					
As at the beginning of the year	3,059	681	9,200	12,940	12,616
Additions during the year	645	-	-	645	324
As at the end of the year	3,704	681	9,200	13,585	12,940
<b>Accumulated depreciation</b>					
As at the beginning of the year	2,546	670	9,200	12,416	12,230
Charge for the year	312	3	-	315	186
As at the end of the year	2,858	673	9,200	12,731	12,416
Carrying amount as at the end of the year	846	8	-	854	524

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

	<b>Group</b>		<b>Company</b>	
<b>For the year ended 31st March</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Machinery and equipment	2,421	2,271	2,421	2,271
Furniture and fittings	657	641	657	641
Motor vehicles	9,200	9,200	9,200	9,200
	12,278	12,112	12,278	12,112

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

	<b>Company</b>	
<b>For the year ended 31st March</b>	<b>2022</b>	<b>2021</b>
<b>19 INVESTMENTS IN SUBSIDIARIES</b>		
Investments in subsidiaries (note 19.1)	552,048	552,048
	552,048	552,048

	<b>2022</b>		<b>2021</b>	
<b>As at 31st March</b>	<b>No. of shares</b>	<b>Cost</b>	<b>No. of shares</b>	<b>Cost</b>
<b>19.1 Details of investment in subsidiaries</b>				
<b>Quoted</b>				
Equity Two PLC	27,532,525	448,834	27,532,525	448,834
		448,834		448,834
<b>Unquoted</b>				
Equity Three (Private) Limited	5,399,997	103,214	5,399,997	103,214
		103,214		103,214
<b>Total investment in subsidiaries</b>		552,048		552,048

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As at 31st March		Group		Company	
		2022	2021	2022	2021
<b>20.</b>	<b>TRADE AND OTHER RECEIVABLES</b>				
	<b>Financial</b>				
	Trade receivables	70,806	63,208	46,087	35,495
	Other receivables	9,683	9,946	443	706
	Amounts due from related companies (note 34.4)	-	-	94,088	81,044
	Loans given to company staff (note 20.1)	222	769	71	508
		80,711	73,923	140,689	117,753
	<b>Non-financial</b>				
	Prepaid expenses	1,985	2,607	968	1,861
	Advance payments	1,529	484	-	-
		3,514	3,091	968	1,861
		84,225	77,014	141,657	119,614
<b>20.1.</b>	<b>Loans given to company staff</b>				
	Balance as at the beginning of the year	769	708	508	554
	Loans granted during the year	345	1,000	120	540
	Settlements during the year	(892)	(939)	(557)	(586)
	Balance as at the end of the year	222	769	71	508

As at 31st March		Group		Company	
		2022	2021	2022	2021
<b>21.</b>	<b>FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS</b>				
	Investments in Units Trust (note 21.1)	95,955	5,303	52,236	834
		95,955	5,303	52,236	834

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

		Group		Company		
As at 31st March 2021	No. of units	Cost	Fair value	No. of units	Cost	Fair value
Guardian Acuity Money Market Fund	259,308	5,269	5,303	40,779	822	834
		5,269	5,303		822	834

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

	Level 1	Level 2	Level 3	Total
<b>21.2 Fair value hierarchy</b>				
<b>Group</b>				
<b>As at 31st March 2022</b>				
Investments in Unit Trust	-	95,955	-	95,955
	-	95,955	-	95,955
<b>As at 31st March 2021</b>				
Investments in Unit Trust		5,303		5,303
	-	5,303	-	5,303
<b>Company</b>				
<b>As at 31st March 2022</b>				
Investments in Unit Trust	-	52,236	-	52,236
	-	52,236	-	52,236
<b>As at 31st March 2021</b>				
Investments in Unit Trust		834	-	834
	-	834	-	834

	Group		Company	
As at 31st March	2022	2021	2022	2021
<b>22. CASH AND CASH EQUIVALENTS</b>				
Cash at bank and in hand	34,630	14,926	19,127	6,976
Placements with banking and financial institutions	115,179	-	53,666	-
Cash and cash equivalents for the purpose of cash flow statement	149,809	14,926	72,793	6,976

	Group		Company	
As at 31st March	2022	2021	2022	2021
<b>23. STATED CAPITAL</b>				
<b>Issued and fully paid</b>				
As at the beginning of the year (40,321,730 ordinary shares)	1,085,584	1,085,584	1,085,584	1,085,584
As at the end of the year (40,321,730 ordinary shares)	1,085,584	1,085,584	1,085,584	1,085,584

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

	Group		Company	
As at 31st March	2022	2021	2022	2021
<b>24. CAPITAL RESERVES</b>				
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

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

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

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

As at 31st March	Group		Company	
	2022	2021	2022	2021
<b>25. REVENUE RESERVES</b>				
General reserve (note 25.1)	39	39	39	39
Fair value adjustment reserve (note 25.2)	2,406,352	2,080,163	1,711,605	1,468,843
Retained earnings	656,794	565,055	199,647	141,533
	3,063,185	2,645,257	1,911,291	1,610,415

**25.1 General reserve**

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

**25.2 Fair value adjustment reserve**

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

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

As at 31st March	Group		Company	
	2022	2021	2022	2021
<b>26. REFUNDABLE RENTAL DEPOSITS</b>				
Balance as at the beginning of the year	88,862	73,164	46,850	38,002
Receipts during the year	2,298	17,903	1,422	11,164
Transferred to deferred revenue (note 30)	(3,368)	(10,424)	(3,095)	(6,768)
Refunds during the year	(7,370)	-	(7,370)	-
Unwinding of interest on refundable deposits (note 14.2)	6,276	8,219	2,258	4,452
	86,698	88,862	40,065	46,850

As at 31st March		Group		Company	
		2022	2021	2022	2021
<b>27.</b>	<b>DEFERRED TAX LIABILITIES</b>				
	Balance as at the beginning of the year	925,479	1,061,593	528,670	606,853
	Charge for the year (note 27.1)	105,739	(136,114)	77,795	(78,183)
	Balance as at the end of year	1,031,218	925,479	606,465	528,670
<b>27.1</b>	<b>Charge for the year</b>				
	<b>The amounts recognised in the Statement of Profit or Loss are as follows:</b>				
	Investment properties and property, plant and equipment	111,016	(131,133)	77,577	(78,103)
	Employee benefits	(13)	(49)	21	(24)
	Tax losses	(5,690)	(4,809)	-	-
		105,313	(135,991)	77,598	(78,127)
	<b>The amount recognised in the Statement of Other Comprehensive Income is as follows:</b>				
	Employee benefits	426	(123)	197	(56)
		426	(123)	197	(56)
	Net deferred tax charged for the year	105,739	(136,114)	77,795	(78,183)
As at 31st March		Group		Company	
		2022	2021	2022	2021
<b>27.2</b>	<b>Deferred tax asset</b>				
	Tax effect on employee benefits	655	1,068	346	564
	Tax effect on tax losses	10,499	4,809	-	-
	Total deferred tax asset	11,154	5,877	346	564
<b>27.3</b>	<b>Deferred tax liabilities</b>				
	Tax effect on investment properties and property, plant and equipment	1,042,372	931,356	606,811	529,234
	Total deferred tax liability	1,042,372	931,356	606,811	529,234
	Net deferred tax liability	1,031,218	925,479	606,465	528,670

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

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

### 27.4 Taxation on fair value gains and the impact on the rate reduction

As per the Inland Revenue Act No. 24 of 2017, gains on sale of business assets including lands which are used in the production of income are liable for taxation at 24%. As per the "Guideline on Application of Tax Rates in Measurement of Current Tax and Deferred Tax in LKAS 12" issued by Financial Reporting Standard Implementation and Interpretation Committee (FRSIIIC), a deferred tax liability reversal of Rs. 136.1 Mn and Rs. 78.1 Mn on the temporary differences were adjusted for the Company and the Group, respectively for the year ended 31st March 2021 due to reduction in tax rate to 24% from 28%.

As at 31st March	Group		Company	
	2022	2021	2022	2021
<b>28. EMPLOYEE BENEFITS</b>				
<b>28.1 The movement in the liabilities recognised in the Statement of Financial Position is as follows:</b>				
Balance as at the beginning of the year	4,448	3,201	2,349	1,727
Current service cost	202	400	98	182
Past service credit	(329)	-	(209)	-
Interest cost	334	336	176	207
Actuarial (gains) / losses	(1,777)	511	(821)	233
Payments made during the year	(150)	-	(150)	-
Balance as at the end of the year	2,728	4,448	1,443	2,349
<b>28.2 The amounts recognised in the Statement of Profit or Loss are as follows:</b>				
Current service cost	202	400	98	182
Past service credit	(329)	-	(209)	-
Interest cost	334	336	176	207
Charge for the year	207	736	65	389
<b>28.3 The amount recognised in the Statement of Other Comprehensive Income is as follows:</b>				
Actuarial (gains) / losses	(1,777)	511	(821)	233
(Gain) / charge for the year	(1,777)	511	(821)	233
Amounts recognized in the total comprehensive income	(1,570)	1,247	(756)	622

**28.4** Liability on employee benefits as at 31st March 2022 amounting to Rs. 1,443,436/- and Rs. 2,728,084/- (2021 - Rs. 2,349,104/- and Rs. 4,448,269/-) for the Company and the Group respectively is made based on an actuarial valuation carried out by Mr. M. Poopalanathan (AIA) of Messrs. Actuarial and Management Consultants (Pvt) Ltd. As recommended by the Sri Lanka Accounting Standards (LKAS 19) - 'Employee benefits', the 'Projected Unit Credit (PUC)' method has been used in this valuation.

**The principal assumptions used are:**

Rate of discount	15.2% p.a. (2021 - 7.5% p.a.)
Rate of pay increase	10% p.a. (2021 - 10% p.a.)
Retirement age	60 years (2021: 55 years)
Mortality	A 67/70 mortality table, issued by the Institute of Actuaries, London was used.
Withdrawal rate	5% for age up to 54 and thereafter zero (2021: 5% for age up to 49 and thereafter zero)
The Group is a going concern.	

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



### 28.5 Sensitivity Analysis

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

As at 31st March	Group		Company	
	2022	2021	2022	2021
1% increase in discount rate	(186)	(353)	(92)	(170)
1% decrease in discount rate	209	402	103	194
1% increase in salary escalation rate	232	413	117	205
1% decrease in salary escalation rate	(209)	(369)	(106)	(184)

### 28.6 Maturity analysis of the payments

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

As at 31st March	Group		Company	
	2022	2021	2022	2021
Less than one year	220	144	116	55
One to two years	395	295	207	115
Two to five years	371	1,461	141	1,268
Five to ten years	978	1,439	764	190
More than ten years	764	1,109	215	721
Total	2,728	4,448	1,443	2,349

### 28.7 The above provision is not externally funded.

As at 31st March	Group		Company	
	2022	2021	2022	2021
<b>29. TRADE AND OTHER PAYABLES</b>				
<b>Financial</b>				
Trade payables	447	240	187	105
Other payables	2,238	2,068	1,458	1,513
	2,685	2,308	1,645	1,618
<b>Non financial</b>				
Other payables	-	18,058	-	-
Provisions and accrued expenses	8,225	8,695	6,107	6,229
	8,225	26,753	6,107	6,229
	10,910	29,061	7,752	7,847

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Group		Company	
	2022	2021	2022	2021
<b>30. DEFERRED REVENUE</b>				
Balance as at the beginning of the year	17,418	15,478	8,762	6,589
Amount transferred from refundable deposits (note 26)	3,368	10,424	3,095	6,768
Amortization of deferred revenue	(6,337)	(8,484)	(2,421)	(4,595)
Balance as at the end of the year	14,449	17,418	9,436	8,762
<b>31 LOANS AND BORROWINGS</b>				
Balance as at the beginning of the year	21,006	100,337	21,006	50,169
Loans obtained during the year	-	21,000	-	21,000
Accrued Interest	39	4,575	39	2,291
Repayments during the year	(21,045)	(104,906)	(21,045)	(52,454)
Balance as at the end of the year	-	21,006	-	21,006

The unsecured short term facilities were obtained from Commercial Bank of Ceylon PLC at an interest rate equivalent to the market rate based on AWPLR. The loan was fully settled during the year.

## 32 COMMITMENTS AND CONTINGENCIES

### 32.1 Capital expenditure commitments

There were no significant financial commitments for the Company and the Group as at 31st March 2022.

### 32.2 Contingent liabilities

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

### 32.3 Litigations and claims

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

## 33 FINANCIAL INSTRUMENTS

### Financial risk management - Overview

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

- Credit risk
- Market risk
- Liquidity risk

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

### Risk management framework

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

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

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

### 33.1 Credit risk

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

#### 33.1.1 Exposure to credit risk

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

As at 31st March	Group		Company	
	2022	2021	2022	2021
<b>Credit risk</b>				
Trade and other receivables	80,711	73,923	140,689	117,753
Less: Revenue on lease agreements recognized on straight line basis	(54,380)	(41,032)	(36,863)	(21,903)
	26,331	32,891	103,826	95,850
Investment in fixed deposits	153,843	355,015	79,163	200,006
Fair value through profit or loss financial assets	95,955	5,303	52,236	834
Cash and cash equivalents	149,809	14,926	72,793	6,976
	425,938	408,135	308,018	303,666

#### 33.1.2 Trade receivables

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

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

As at 31st March	Group		Company	
	2022	2021	2022	2021
<b>Refundable rental deposits</b>				
Carrying value	86,698	88,862	40,065	46,850
Face value	102,696	107,769	50,297	56,245

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

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		Company	
	2022	2021	2022	2021
Trade receivables	70,806	63,208	46,087	35,495
Less: Revenue on lease agreements recognized on straight line basis	(54,380)	(41,032)	(36,863)	(21,903)
Net trade receivables	16,426	22,176	9,224	13,592
1–30 days	12,250	8,194	5,159	3,367
31–90 days	2,526	13,982	2,422	10,225
Over 90 days	1,650	-	1,643	-
	16,426	22,176	9,224	13,592

There were no circumstances that would require impairment in respect of trade and other receivable as at the year end (2021 - Nil).

### 33.1.3 Other receivables

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

### 33.1.4 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.

### 33.1.5 Investment in fixed deposits

The Company and the Group have invested in fixed deposits with banking and financial institutions. The Company and the Group continuously monitor the stability and credit worthiness including credit ratings of these financial institutions in order to assess and mitigate the credit risk. The Company and the Group held fixed deposits of Rs. 79.2 Mn and Rs. 153.8 Mn as at 31st March 2022, respectively, which represents its maximum credit exposure on these assets. The fixed deposits are held with the banking and financial institution counterparties, with maturity profile of 1 year or less, which are rated AA-(lka) to A+(lka), based on Fitch Ratings.

### 33.1.6 Cash and cash equivalents

The Group and the Company held cash and cash equivalents of Rs. 149.8 Mn and Rs. 72.8 Mn as at 31st March 2022 respectively (2021: Rs. 14.9 Mn and Rs 7 Mn), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AAA(lka) to A(lka) based on Fitch Ratings.

As at 31st March	Group		Company	
	2022	2021	2022	2021
Cash at bank and in hand	34,630	14,926	19,127	6,976
Placements with banking and financial institutions	115,179	-	53,666	-
	149,809	14,926	72,793	6,976

### 33.2 Liquidity risk

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

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

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

##### Group

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

As at 31st March 2021	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	88,862	107,769	13,897	27,793	8,861	46,113	11,105
Trade payables	240	240	240	-	-	-	-
Loans and borrowings	21,006	21,006	21,006	-	-	-	-
Other payables	2,068	2,068	2,068	-	-	-	-
	112,176	131,083	37,211	27,793	8,861	46,113	11,105

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

### Company

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

As at 31st March 2021	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	46,850	56,245	13,897	24,668	1,643	4,934	11,103
Trade payables	105	105	105	-	-	-	-
Loans and borrowings	21,006	21,006	21,006	-	-	-	-
Other payables	1,513	1,513	1,513	-	-	-	-
	69,474	78,869	36,521	24,668	1,643	4,934	11,103

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

### 33.2.2 Management of liquidity risk

The Group maintains a portion of its assets in highly liquid form - demand deposits, placements in government securities and investments in unit trusts 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. 149.8 Mn (2021 - Rs. 14.9 Mn), fixed deposits amounting to Rs. 153.8 Mn (2021 - Rs. 355 Mn) and investments in fair value through profit or loss - unit trust amounting to Rs. 96 Mn (2021 - Rs. 5.3 Mn).

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

### 33.3 Market risk

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

### 33.3.1 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		Company	
	2022	2021	2022	2021
<b>Variable rate instruments</b>				
Financial liabilities	-	21,006	-	21,006
	-	21,006	-	21,006

#### 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	Group		Company	
	Profit / (loss)		Profit / (loss)	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
<b>31st March 2022</b>				
Variable rate instruments	-	-	-	-
<b>31st March 2021</b>				
Variable rate instruments	(210)	210	(210)	210

### 33.4 Accounting classifications and fair values

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

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

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

As at 31st March 2021	Financial assets at fair value through profit and loss	Financial assets at amortized cost	Financial assets at fair value through Other Comprehensive Income	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	14,926	-	-	-	14,926	14,926
Investments in fixed deposits	-	355,015	-	-	-	355,015	355,015
Fair value through profit or loss financial assets	5,303	-	-	-	-	5,303	5,303
Net trade receivables	-	22,176	-	-	-	22,176	22,176
	5,303	392,117	-	-	-	397,420	397,420
Refundable rental deposits	-	-	-	-	88,862	88,862	88,862
Trade and other payables	-	-	-	-	2,308	2,308	2,308
Loans and borrowings	-	-	-	-	21,006	21,006	21,006
	-	-	-	-	112,176	112,176	112,176



### 34 RELATED PARTY TRANSACTIONS

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

#### 34.1 Parent and ultimate controlling entity

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

#### 34.2 Transactions with Key Management Personnel (KMP)

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

For the year ended 31st March		Group		Company	
		2022	2021	2022	2021
34.2.1	<b>Key Management Personnel compensation</b>				
	Short-term employee benefits - Directors fees	1,155	1,100	550	550
	- Nomination committee fees	-	-	-	-
	Post-employment benefits	-	-	-	-
	Termination benefits	-	-	-	-
	Other long-term benefits	-	-	-	-
		1,155	1,100	550	550

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

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

### 34.3 Transactions with related companies

Name and the nature of the relationship	Name/s of the common Director/s	Nature of transactions	Value of the transaction			
			Group	2022	2021	Company
<b>Parent company</b>						
Carson Cumberbatch PLC	D. C. R. Gunawardena	Dividend paid	-	-	-	83,794
<b>Subsidiaries</b>						
Equity Two PLC	D. C. R. Gunawardena	Dividend received	-	-	-	41,299
	K. C. N. Fernando					
	A.P. Weeratunge	Cost reimbursement received	-	-	-	8,022
	E.H. Wijenaikie					
	P. D. D. Fernando					
Equity Three (Private) Limited	K. C. N. Fernando	Short-term loan provided	-	-	-	39,700
		Interest on short term loans provided	-	-	-	4,481
		Cost reimbursement received	-	-	-	2,770
<b>Fellow subsidiaries</b>						
Carsons Management Services (Private) Limited (CMSL)	K. C. N. Fernando	Support service fees paid	8,827	8,778	4,087	3,990
	A. P. Weeratunge	Secretarial fees paid	948	948	444	444
		Computer charges paid	570	570	300	300
		Rental income received	24,935	20,597	-	-
		Parking fees received	420	350	-	-
Guardian Fund Management Limited	A. P. Weeratunge	Rental income received	8,281	6,793	-	-
		Parking fees received	120	100	-	-
Agro Harapan Lestari (Private) Limited	-	Rental income received	2,326	-	2,326	-

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

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

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

As at 31st March		Group		Company	
		2022	2021	2022	2021
<b>34.4</b>	<b>Amounts due from related companies</b>				
	Equity Three (Private) Limited	-	-	94,088	81,044
		-	-	94,088	81,044

As at 31st March		% of equity interest	
		2022	2021
<b>34.5</b>	<b>Group entities</b>		
	Equity Two PLC	88.8%	88.8%
	Equity Three (Private) Limited	100.0%	100.0%

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

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

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

There were no transactions with CMF during the year.

For the year ended 31st March		Company	
		2022	2021
<b>35</b>	<b>DIVIDEND PER SHARE</b>		
	<b>Dividends paid during the year</b>		
	Final dividend (2019/20)	-	44,354
	Interim dividend	40,322	40,322
	Final / interim dividends	40,322	84,676
	<b>Dividends proposed during the year</b>		
	First interim dividend	40,322	40,322
	Dividend per share (Rs.)	1.00	1.00

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

### 36 EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosures in the financial statements, other than disclosed in note 15.6 and 15.7.

### 37 GOING CONCERN

Considering the nature of the business the Group is in - long term letting of commercial space - the immediate impact of the Covid - 19 pandemic on the business of the Group is limited. In terms of medium term impact, since the demand for the Group's business is highly dependent on the market conditions of other industries and businesses and considering the subdued economic activities projected, the Group expects sourcing of new tenants for the existing vacant space of the Group to take longer than under normal circumstances and would be much more challenging.

Further, the challenging economic environment faced by Sri Lanka due to the current shortage of foreign currency reserves and political instability may create economic uncertainties and thus impact the normal operations of the businesses in the country. The Group is closely monitoring the economic environment of the country and the Group's operating activities are being accordingly adjusted to ensure its business continuity. However, despite the economic uncertainties, the Company and the Group recorded a profit of Rs. 340.5 Mn and Rs. 468.6 Mn for the year ended 31 March 2022, respectively. The Company and the Group have a positive net asset balance of Rs 3,010.1 Mn and Rs. 4,325.6 Mn as at 31 March 2022. Moreover, tenants rental payments have a minimal risk of default in the current economic environment due to obtaining refundable deposits and rental being payable in advance on a monthly basis as per the lease agreements.

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

### 38 COMPARATIVE FIGURES

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

### 39 DIRECTORS' RESPONSIBILITY

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

# Five Year Summary

(All figures are in Sri Lankan Rupees thousands)

For the year ended/As at 31st March	2022	2021	2020	2019	2018
<b>Trading results</b>					
Revenue	282,287	280,421	296,001	310,677	289,025
Profit before taxation	616,470	254,090	217,930	723,129	894,153
Income tax expenses	(147,869)	89,716	(57,309)	(213,818)	(774,521)
<b>Profit for the year</b>	<b>468,601</b>	<b>343,806</b>	<b>160,621</b>	<b>509,311</b>	<b>119,632</b>
<b>Shareholders' funds</b>					
Stated capital	1,085,584	1,085,584	1,085,584	1,085,584	1,085,584
Reserves	3,076,421	2,658,493	2,412,714	2,261,373	1,803,466
Minority interest	163,574	154,067	146,305	137,132	120,333
<b>Total equity</b>	<b>4,325,579</b>	<b>3,898,144</b>	<b>3,644,603</b>	<b>3,484,089</b>	<b>3,009,383</b>
<b>Assets employed</b>					
Current assets	483,832	452,258	487,918	342,545	155,138
Current liabilities	(30,701)	(80,861)	(194,247)	(146,219)	(73,968)
Working capital	453,131	371,397	293,671	196,326	81,170
Non-current assets	4,993,092	4,545,536	4,488,890	4,434,125	3,929,555
Assets employed	5,446,223	4,916,933	4,782,561	4,630,451	4,010,725
Non-current liabilities	(1,120,644)	(1,018,789)	(1,137,958)	(1,146,362)	(1,001,342)
<b>Net assets</b>	<b>4,325,579</b>	<b>3,898,144</b>	<b>3,644,603</b>	<b>3,484,089</b>	<b>3,009,383</b>
<b>Cash flow statement</b>					
<b>Net cash inflows / (outflows) from:</b>					
Operating activities	78,406	77,604	57,691	224,187	172,283
Investing activities	119,966	(77,592)	(1,990)	(178,697)	(125,806)
Financing activities	(63,489)	(172,621)	100,000	(34,367)	(37,751)
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	<b>134,883</b>	<b>(172,609)</b>	<b>155,701</b>	<b>11,123</b>	<b>8,726</b>
<b>Ratios and statistics</b>					
Dividend per share*	(Rs.) 1.00	1.00	1.10	0.75	0.75
Dividend payout	(%) 11.83	16.86	58.20	9.62	41.04
Return on shareholders' funds	(%) 10.98	8.83	4.33	14.58	3.63
Earnings per share	(Rs.) 11.33	8.20	3.76	12.10	2.60
Net assets per share	(Rs.) 103.22	92.85	86.76	83.01	71.65
Current ratio	(times) 15.76	5.59	2.51	2.34	2.10

## Notes :

\* Based on proposed / interim dividends.

## Notes

# Notice of Meeting

**NOTICE** is hereby given that the 40th Annual General Meeting of **EQUITY ONE LIMITED** will be held at the 8th Floor of No.65C, Dharmapala Mawatha, Colombo 7, Sri Lanka on **Wednesday, 29th June 2022 at 4.00 p.m.** by means of audio or audio and visual technology for the following purposes

1. To consider the Annual Report of the Board of Directors including the financial statements of the Company for the financial year ended 31st March 2022, together with the Report of the Auditors thereon
2. To re-elect Mr. A. P. Weeratunge, who retires by rotation in terms of Articles 71, 72 and 73 of the Articles of Association of the Company.
3. To re-appoint Mr. P. D. D. Fernando as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution;

**"IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. P. D. D. Fernando who is 79 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

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

**"IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. K. C. N. Fernando who is 75 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

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

**"IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. D. C. R. Gunawardena who is 71 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

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

By Order of the Board

(Sgd.)

**K. D. De Silva (Mrs)**

Director

Carsons Management Services (Private) Limited  
Secretaries

Colombo

3rd June 2022

## Notice of Meeting

### 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 29th June 2022’**, which is enclosed with the Annual Report.
2. The Annual Report 2021/22 and the Notice convening the Annual General Meeting (AGM), together with the Procedure to be followed at the AGM will be posted to the Shareholders, provided that, the postal department is in operation at the time of posting the said documents. In the event restrictions are imposed to control the COVID-19 pandemic and the postal operations are curtailed at the time of posting, the Notice convening the AGM will be published in one issue of a daily newspaper/e-newspaper in Sinhala, English and Tamil languages.  
  
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/annual\_reports\_2021\_2022/eq1-annual-report-2021-22.pdf**
3. As permitted by Article 42(b) of the Articles of Association of the Company, the Board of Directors decided on 3rd June 2022 to convene the AGM of the Company through an “audio-visual” technology in view of protecting public health and safety.
4. Shareholders who wish to participate at the AGM through the online platform are kindly requested to complete and forward the **“Registration Form (Annexure 1)”** as morefully explained in the said **“Procedure to be followed at the Annual General Meeting of the Company scheduled for 29th June 2022”** enclosed with the Annual Report.
5. 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.
6. The completed **Form of Proxy and Registration Form (Annexure 1)**, as relevant, must be submitted to the Company **not later than 4.45 p.m. on 27th June 2022**,
  - via email to **EONEAGM2022@carcumb.com**, or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
  - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
7. 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.
8. The transfer books of the Company will remain open



# Form of Proxy

\* I/We .....  
of .....  
being \*a Shareholder/Shareholders of **EQUITY ONE LIMITED**  
hereby appoint .....  
of .....bearing NIC No/ Passport No.  
..... or failing him/her.

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

As \*my/our proxy to attend the 40th Annual General Meeting of **EQUITY ONE LIMITED** to be held at the 8th Floor of No.65C, Dharmapala Mawatha, Colombo 7, Sri Lanka on Wednesday, 29th June 2022 at 4.00 p.m. by means of audio or audio and visual technology and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To re-elect Mr. A.P. Weeratunge, 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"/>
2. To re-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"/>
3. To re-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"/>
4. To re-appoint Mr. D. C. R. Gunawardena who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No.07 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....  
Signature/s

## Notes

- \*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:
    - a) in the case of an individual shall be signed by the appointor or by his attorney; and
    - b) in the case of a Corporation shall be either under its common seal or signed by its attorney or by an authorised officer on behalf of the Corporation.
4. In terms of Article 49 of the Articles of Association of the Company:

Where there are joint-holders of any share any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by Proxy as if he were solely entitled thereto and if more than one (01) of such joint-holders be so present at any meeting one (01) of such persons so present whose name stands first in the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.
5. To be valid the completed Form of Proxy together with the **Registration Form (Annexure 1)** should be submitted to the Company **not later than 4.45 p.m. on 27th June 2022**,
  - via email to [EONEAGM2022@carcumb.com](mailto:EONEAGM2022@carcumb.com) or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
  - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
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 27th June 2022, 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 29th June 2022'**, 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 & contact no. of Shareholder : .....

Folio No : .....

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

NIC No. of the Proxyholder : .....

# Corporate Information

## NAME OF THE COMPANY

Equity One Limited  
(A Carson Cumberbatch Company)

## COMPANY REGISTRATION NO.

PQ 19 PB

## LEGAL FORM

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

## PARENT AND CONTROLLING ENTITY

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

## DIRECTORS

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

## PLACE OF BUSINESS

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

## BANKERS

Standard Chartered Bank  
Hatton National Bank PLC  
Commercial Bank of Ceylon PLC  
Nations Trust Bank PLC  
DFCC Bank PLC

## 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](http://www.carsoncumberbatch.com)

