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Annual Report 2010/11

Equity One PLC

A Carson Cumberbatch Company

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Chairman's Statement

Dear Shareholders,

It is with great pleasure that I welcome you to the 29th Annual General Meeting of the Company. The Annual Report of the Company in your hand comprises a review of the Group's business and the Audited Financial Statements for the year ended 31st March 2011.

I have mentioned in my previous reports that our short to medium term focus is to reduce the current gearing level of the group which accumulated as a result of the losses incurred by the property development business. The said losses were incurred due to the slump in the property market in the years 2007 and 2008, in turn due to reasons which are both international and local. During the year we managed to progress towards our core objective of reducing the gearing level of the group. One of the set strategies to reduce the gearing level is to dispose the non-core land bank within the group. Accordingly during the year we were successful in disposing part of our non-core lands to raise funds to settle the borrowings. However the amount of funds raised were not sufficient to fully service and repay the bank borrowings, hence we continue to receive financial support from the parent company to repay our bank borrowings. The group currently has liabilities to the bank and the parent company, Carson Cumberbatch PLC amounting to Rs. 779.6 mn.

Further, as a strategy to overcome the continuous provisioning requirement and also to better position the sector to create value in the future to shareholders, we decided to amalgamate all the property development companies and Equity Five Limited with Equity One PLC. This restructuring option will eliminate the duplicated costs and pave way for the Company to enjoy other synergistic benefits in the future. With the amalgamation of these companies the requirement for continuous provisions on intercompany lending arising from the potential inability of subsidiary companies to settle the Company through internally generated funds has ceased.

During the year, the group recorded a turnover of Rs. 175.6 mn as against Rs. 178.9 mn recorded in the comparative financial year. The group recorded a net profit of Rs. 45 mn during the year compared to the net loss of Rs. 123.3 mn incurred in the corresponding period. The main contributors to the profit of the year was the gain from fair value adjustment of investment properties amounting to Rs. 30.5 mn and the reversal of deferred tax provision due to the change in future tax rates.

The Company registered a turnover of Rs. 69.8 mn against the Rs. 54.5 mn recorded in the previous financial year, arising mainly from the property rental income which is the core business line. Company recorded a net profit of Rs. 31.4 mn compared to the net loss of Rs. 118.3 mn in the corresponding period. The detailed analysis of financial performance is given in the review of operation.

We are at an important phase as far as our economy is concerned. Sri Lanka's economy continues to prosper in its endeavors and emerged as one of the fast growing economies in Asia. The nation re-emerged through the total defeat of a terrorist movement under the leadership of His Excellency the President, Mahinda Rajapaksa and his government two years ago, successfully moved toward a middle-income nation. Over the last few years Government launched many initiatives to develop the infrastructure of the country such as highways, ports, new airports etc. The results of these initiatives have gradually started reflecting in the economic growth and corporate profits. The economy grew by an impressive rate of 8% in the year 2010 contributed by all key sector of the economy. We also witnessed a significant growth in overall corporate profits capitalizing from the economic growth and the opening of vast northern and eastern province markets for trading and business activities.

The government initiatives on providing the necessary infrastructure for sustainable growth in local businesses and attract foreign direct investments to the country is highly commendable. During the year government also introduced reforms to monetary and fiscal policies to support private sector business growth. These developments in the economic environment will indeed provide lucrative opportunities for the properties owned by your company. Good properties within the Colombo city will be able demand premium rental and maintain high occupancy rates in years to come. Your company has rentable office and stores space of over 300,000 square feet in the city of Colombo. Our total land extent within and suburbs of Colombo extend to over 9 acres. These properties will offer substantial growth potential to the shareholders in the future. However it is important to note that the company will not be in a position to pay dividends to shareholders in short to medium term until we achieve our objective of settling the borrowings, which I have continuously reminded our shareholders. The strength of your company is the valuable property portfolio situated in the strategic locations of the city of Colombo. This property portfolio has significant growth potential in the long-term. Therefore shareholders who would like to hold the share for long-term will receive attractive gains with the economic and business development in the country which will eventually cascade down to the real estate market.

I would like to thank the shareholders for their patience in being with us during these periods. I thank all our tenants, business associates, financiers, regulatory authorities and stakeholders who worked with us during the year extending their support and co-operation to run our business. I would also like to thank the members of the staff who have worked tirelessly through out the year, despite the severe challenges the Group has encountered. I place on record my appreciation to the members of the audit committee for their guidance and my colleagues on the Board for their valuable inputs.

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

Colombo
5th May 2011

Business Review

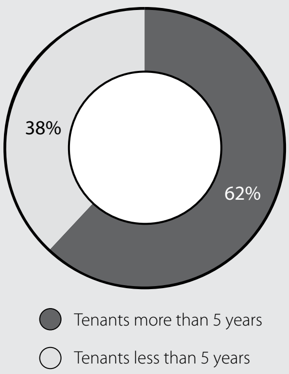
The group's total property portfolio in Colombo amounts to over 9 acres which had been accumulated over the years and retained during the rough times. Thus it is this ability and strategy to hold its position which would eventually determine the payback from these investments made by the Company over time. Being financed mostly through debt, the waiting period has proved to be difficult and costly for the group. Nevertheless we are confident that the value appreciation potential would eventually outweigh the cost of holding, making our properties a viable investment in the long-term. Accordingly as part of our ongoing strategy we continue to focus on divesting our non-core land bank to raise funds to settle borrowing of the group.

During the year, as a strategy to better position the sector and to create future value to shareholders, we amalgamated all the property development companies and Equity Five Limited with the sector parent Company Equity One PLC. This restructuring option will eliminate the duplicated costs and pave way for the Company to enjoy other synergistic benefits in the future. Consequently, Equity Nine (Private) Limited, Equity Developers (Private) Limited, Equity Property Developers (Private) Limited, Carsons Real Estate Management Services (Private) Limited and Equity Five Limited were amalgamated to Equity One PLC with effect from 30th November 2010. This restructure will also eliminate the requirement to make continuous provisions for intercompany lending arising from the potential inability of subsidiary companies to settle the parent Company from their internally generated funds.

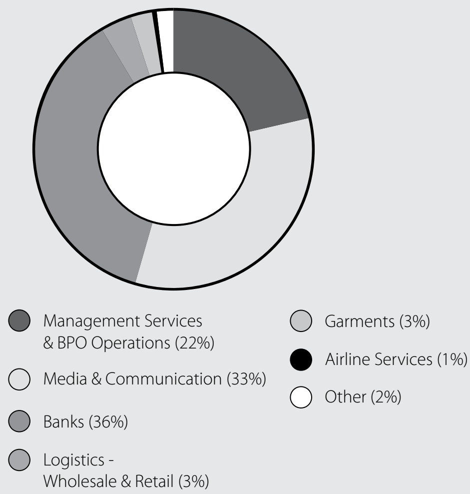
The rental properties of the sector continued to have close upon 90% occupancy and were able to secure regular rental growth. The two properties directly owned by the company have maintained an average occupancy of 76% at Dharmapala Mawatha and 95% at Vauxhall Lane. Our core strength in rental business is our high-end tenant profile from leading local and multinational businesses. More than 62% of tenants have been with us for more than 5 years. We strive to maintain our customer service at the highest level by keeping our properties' utility value up to date giving attention to regular maintenance programs that keep the buildings in good order.

During the year group recorded a turnover of Rs. 175.6 mn as against Rs. 178.9 mn recorded in the previous financial year. The revenue of the group comprises of rental income and sale of residential land plots of its Kotte project. The total revenue from renting of investments properties was Rs. 99.6mn compared Rs. 85.6 mn recorded in the corresponding period. This is an increase of 16.4% compared to corresponding period arising from increase in occupancies and annual rent reviews. During the year all the remaining plots of the Kotte project were disposed for a total consideration of Rs. 84.4 mn out of which Rs. 51.5 mn was recorded during the year as revenue and the

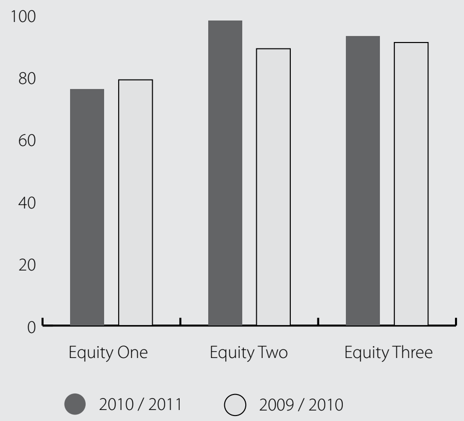
Age Analysis of Tenants



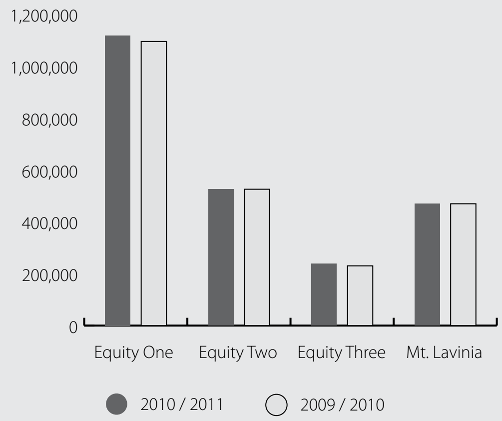
Tenants Profile Based on Revenue



Occupancy



Property Values



balance amounting to Rs. 32.9 mn will be recorded in the forthcoming financial year, as the basis for accounting revenue as per the accounting policies is upon the signing of Transfer Deed with the customer. The sales proceeds to be collected will be fully utilized to service and repay the bank borrowings. The current borrowings of the group amounted to Rs. 779.6 mn which comprise of Rs. 142 mn as borrowings from banks and Rs. 637.6 mn as borrowing from related companies. The direct cost of the group comprise of cost of residential land plots sold during the year and other direct cost amounting to Rs. 145 mn for the year compared to Rs. 172.9 mn in the previous year. The significant variance between the years is due to the difference in the number of land plots sold. Group recorded a net profit of Rs. 45 mn compared to the net loss of Rs. 123.2 mn recorded in the previous year. The main contributions for the profit are from reduction in finance cost due to the settlement of bank borrowings, gains on fair value adjustment of investment properties amounting to Rs. 30.5 mn and reversal of deferred tax provisions due to the reduction of future tax rates. The deferred tax reversal amounts to Rs. 47.3 mn. The administration cost of the group is reduced by 27% during the year as a result of elimination of duplicated cost with the amalgamation of subsidiaries discussed above.

The company registered a turnover of Rs. 69.8 mn against Rs. 54.5 mn recorded in the previous year. This is an increase of 28% compared to previous year, contributed by annual rent reviews and revenue from sale of residential land plots of Kotte project which were accounted under the Company's financial statements as a result of the amalgamation of the property development companies during the year. The Administration cost of the company has also increased by Rs. 11.7 mn due to the costs of the said amalgamated companies now being accounted under the Company. However most of the costs are one-off or temporary in nature. Company recorded a net profit amounting to Rs. 31.4 mn compared to the net loss of Rs. 118.3 mn recorded in the corresponding period. The profit for the year included gain from fair value adjustment of investment properties amounting to Rs. 22.8 mn and deferred tax reversal of Rs. 19.8 mn.

This year is a remarkable year for the group's subsidiary company Equity Two PLC. For decades the access to the property was restricted only to permit holders as the property is situated within the high security zone of Colombo Fort. Even though the property is situated in prime location in Colombo City neighboring Colombo Port, Star Class Hotels, Central Bank, World Trade Center and many other government and private sector organizations, the restricted access weighed down its value proposition. Therefore the shareholders were continuously deprived of receiving real benefit from their investment. This issue of accessibility does not apply any longer for the property. Even though the main access road, Janadhipathi mawatha still remains closed, during the year alternate access roads to the property were fully opened for vehicular and pedestrian traffic. The rapid development activities surrounding the area are already evident and the Government's plans to develop the city of Colombo as a commercial and a tourist hub in the region would further the possible value appreciation. We now can see the Colombo Fort regaining its premier positioning in the City's business district, bringing with it commercial benefits to all stakeholders who own properties along this valuable stretch of land.

With the growth of economic activities, the oversupply of office space in the City is now getting mopped up and it won't be long before the demand for office space gathers pace. The city development plans by the government which have already commenced will lay the path for the growth of the real estate market. With the opening up of the road network, suburban property prices would command faster growth; while City properties will pick up when commercial activity grows and also when high income investors look for prime City properties as investments. Shifting of administrative and military installations away from the city centre leaving room for commercial property growth, planned proliferation of 5 star hotels on the sea-front would further help to change the mindset of the potential investors and the Colombo skyline along with it. Thus, our outlook for the future remains positive on this sector, given the anticipated growth in the economy. We will also continue to increase the revenue of the group by increasing the current occupancy levels by entering into new rent agreements and rent reviews whilst keeping a close tab of development taking place to deliver well deserved returns to the shareholders of the group.

Carsons Management Services (Private) Limited
Managers

5th May 2011

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

The details set out herein provide the pertinent information required by the Companies Act, No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and recommended best accounting practices. The Annual Report was approved by the Directors on 5th May 2011.

GENERAL

The Directors have pleasure in presenting to the Shareholders their report together with the audited financial statements for the year ended 31st March 2011 of Equity One PLC, a public limited liability company incorporated in Sri Lanka in 1981.

PRINCIPAL ACTIVITIES OF THE COMPANY

Equity One PLC and its subsidiaries are engaged in property rental and development activities within the Carson Cumberbatch Group focused on letting of office and warehouse space for commercial purposes and development of residential and commercial units for sale.

During the year the companies established for the operation of the property development activities within the sector together with Equity Five Limited were amalgamated into Equity One PLC.

There were no significant changes in the nature of the principal activities of the company and its subsidiaries, other than the above.

Segmental information over the operating segments are given on page 53 to the Annual Report.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman's Statement and Review of Operations on pages 2 to 6 provide an overall assessment of the business performance of the Company and the Group and its future developments.

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

FINANCIAL STATEMENTS

The Consolidated Financial Statements which include the Consolidated Balance Sheet and related statements of Income, Cash Flows and Changes in Equity along with Notes thereto as at 31st March 2011 are set out on pages 21 to 52 These financial statements do comply with the requirements of the Section 151, 153(2) and 153(7) of the Companies Act, No 7 of 2007.

Significant accounting policies

The accounting policies adopted in the preparation of the consolidated Financial Statements are given on pages 25 to 34. There have been no changes in the Accounting Policies adopted by the Company and the Group during the year under review.

Financial results

The financial results of the Company and the Group for the financial years ended were as follows;

(in Rs '000)	Group		Company	
For the year ended 31st March	2011	2010	2011	2010
Profit / (loss) for the year	**45,057**	(123,213)	**31,430**	(118,291)
Accumulated losses brought forward from previous year	**(487,894)**	(364,164)	**(626,425)**	(508,134)
Accumulated loss before appropriations	**(442,837)**	(487,377)	**(594,995)**	(626,425)
Dividends paid	**-**	-	**-**	-
Transfer to fair value adjustment reserve	**(30,522)**	-	**(22,779)**	-
Effects due to amalgamation of subsidiaries	**-**	-	**42,219**	-
Minority interest	**(3,300)**	(517))	**-**	-
Accumulated losses carried forward	**(476,659)**	(487,894)	**(575,555)**	(626,425)

Reserves

As at 31st March 2011, the Group's total reserves stood at Rs. 369.4 mn (2010 - Rs. 327.7 mn) comprising capital reserves of Rs. 13.2 mn (2010 - Rs.13.2 mn) and revenue reserves of Rs. 356.2 mn (2010 - Rs. 314.4 mn).

The total reserves of the Company stood at Rs. 230.8 mn (2010 - Rs. 157.2 mn) comprising capital reserves of Rs. 13.2 mn (2010 - Rs. 13.2 mn) and revenue reserves of Rs. 217.6 mn (2009 - Rs. 144 mn) as at that date.

The movements are set out in the Statement of Changes in Equity and Notes 24 and 25 to the financial statements.

Capital Expenditure

Details of the capital expenditure undertaken by the Company and the Group were as follows;

(in Rs '000)	Group		Company	
31st March	2011	2010	2011	2010
Investment properties	**5,926**	531	**-**	-
Property, plant and equipment	**21,675**	13,793	**19,828**	13,778

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

- appropriate Accounting Policies have been selected and applied consistently, while material departures, if any, have been disclosed and explained;
- all applicable Accounting Standards have been complied with; and
- reasonable and prudent judgments and estimates have been made.

The Directors are responsible for ensuring that the Company and the Group maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and the Group, and for ensuring that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting and Auditing Standards Act. No. 15 of 1995, and meet with the requirements of the Companies Act, No. 7 of 2007.

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

These financial statements have been prepared on a going concern basis, since the Directors are of the view that the Company has adequate resources to continue in operation, for a foreseeable future from the date of signing these financial statements.

The Directors are also of the view that they have discharged their responsibilities as set out in this statement.

VALUATION OF INVESTMENT PROPERTIES

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

Accordingly, a professional valuation was performed as at 31st March 2011 by Mr. K. Arthur Perera, A.M.I.V. (Sri Lanka) - an independent professional valuer, based on which a fair value adjustment on investment properties were recognized in the financial statements to the value of Rs. 22.8 mn and Rs. 30.5 mn for the Company and the Group respectively during the year.

As at the period end, the carrying value of the investment properties stood at Rs. 1,119 mn and Rs. 1,883 mn for the Company and the Group respectively (2010 - Rs. 1,096.2 mn and Rs. 1,846.7 mn).

Details of Investment properties are given in Note 18 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment are given in Note 17 to the Financial statements. There was no significant change in the property, plant and equipment since the last financial year.

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Consolidated Financial Statements is given on page 20 of the Annual Report.

INTERESTS REGISTER

The Company maintains an Interests Register conforming to the provisions of the Companies Act No, 07 of 2007. All Directors have made declarations as provided for in Section 192(2) of the Companies Act aforesaid.

The relevant details as required by the Companies Act, No. 7 of 2007 have been entered in the Interests Register during the year under review.

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

Remuneration of Directors

Directors' remuneration in respect of the Company for the financial year ended 31st March 2011 is given in Note 13 to the Financial Statements, on page 35.

Directors' Interest in Contracts and shares

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

Directors	Number of shares as at 31st March 2011	Number of shares as at 1st April 2010
Mr. D.C.R. Gunawardena	-	-
Mr. S. Nagendra	2,889	2,889
Mr. K.C.N. Fernando	-	-
Mr. E.H. Wijenaike	-	-
Mr. A.P. Weeratunge	-	-
Mr. S. Mahendrarajah	-	-
Mr. P.D.D. Fernando	-	-

DIRECTORS

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

Directors to Retire by Rotation

(i) In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. K.C.N. Fernando retires by rotation and being eligible offers himself for re-election.

(ii) In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Mr. A.P. Weeratunge retires by rotation and being eligible offers himself for re-election.

Appointment of Director who is over 70 years of age

Mr. S. Nagendra who is over 70 years of age to be re-appointed as a Director of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act No.7 of 2007 shall not be applicable.

AUDITORS

The auditors for the Company and its subsidiaries during the year under review were Messrs. KPMG Ford Rhodes Thornton & Co., Chartered Accountants.

A sum of Rs. 130,000/- and Rs. 654,000/- was paid to them by the Company and the Group respectively as audit fees for the year ended 31st March 2011 (2010 - Rs. 115,000/- and Rs. 607,000/-). Additionally they were paid Rs. 373,561/- (2010 - Nil) and Rs. 464,752/- (2010 - Nil) by the Company and the Group respectively for non-audit services.

The retiring Auditors have expressed their willingness to continue in office. A Resolution to re-appoint them as Auditors of the company and authorizing the directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

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

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' did not have any interest with the Company and its subsidiaries that would impair their independence.

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

There were no transactions during the year ended 31st March 2011 that exceeded 10% of the shareholders equity or 5% of the total assets, which would require disclousure as per the listing rules of the Colombo Stock Exchange.

The details of amounts due from and due to related companies are disclosed in Note 22 and 30 respectively to these financial statements.

SIGNIFICANT EVENTS DURING THE YEAR

Amalgamation of subsidiary companies

Initiating from the discontinuation of property development activities by the property development subsidiary companies and as part of restructuring to eleminate duplicated costs and reduce operation costs, the Company, Equity One PLC, amalgamated its fully owned property development companies, Equity Property Developers (Private) Limited, Equity Nine (Private) Limited, Equity Developers (Private) Limited and Carsons Real Estate Management Services (Private) Limited together with Equity Five Limited which was non-operating, in accordance with Section 242 (1) of the Companies Act, No. 7 of 2007 and persuant to receipt of due approval from the Registrar of Companies through the certificate of amalgamation dated 30th November 2010.

Subsequent to the amalgamation, the assets and liabilities of the said subsidiary companies were recorded in Equity One PLC financial statements. The amalgamation resulted in an amalgamation gain of Rs. 67.2 mn after adjusting the provisions made in previous financial years for related party receivables and investments in the amalgamating subsidiary companies.

Details pertaining to said amalgamations are provided in Note 19.2 to these financial statements.

CORPORATE GOVERNANCE

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

Board of Directors

The following Directors held office as at the balance sheet date and their brief profiles are given on page 14 of the Annual Report.

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

* Mr. D. C. R. Gunawardena having assumed Non-Executive responsibilities with effect from 15th April 2011, is categorised as a Non-Executive Director.

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

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

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

Remuneration Committee

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

Remuneration Committee Members	Executive/ Non-executive/ Independent
Mr. I. Paulraj - Chairman	Non Executive/Independent Director of CCPLC
Mr. M. Moonesinghe	Non Executive/ Independent Director of CCPLC
Mr. H. Selvanathan *	Executive Director of CCPLC
Mr. M. Selvanathan *	Executive Director of CCPLC
Mr. D.C.R. Gunawardena **	Executive Director of CCPLC

* Mr. H.Selvanathan and Mr. M. Selvanathan have stepped down from the CCPLC Remuneration committee with effect from 15th April 2011.

** Mr. D. C. R. Gunawardena having assumed Non-Executive responsibilities with effect from 15th April 2011, is categorised as a Non – Executive Director of CCPLC.

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

Aggregated remuneration paid to the Non-Executive Directors of the Company is disclosed under Note 13 on page 35 of the Annual Report.

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

Audit Committee

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

Audit Committee Members	Executive/ Non-executive/ Independent
Mr. Vijaya Malalasekera	Non Executive/ Independent Director of CCPLC
Mr. Chandima Gunawardena *	Executive Director of CCPLC
Mr. Faiz Mohideen	Non Executive/ Independent Director of CCPLC

* Mr. D. C. R. Gunawardena having assumed Non-Executive responsibilities with effect from 15th April 2011, is categorised as a Non – Executive Director of CCPLC.

Additionally, Mr. T. Rodrigo acts as the Expert Advisory member to the Property Sector.

The Audit Committee Report is given on pages 15 to 16 of this Annual Report.

Directors Meeting Attendance

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

Director	Meetings attended (out of 3)
Mr. D.C.R. Gunawardena	3
Mr. S. Nagendra	3
Mr. K.C.N. Fernando	3
Mr. E.H. Wijenaike	3
Mr. A.P. Weeratunge	3
Mr. S. Mahendrarajah	3
Mr. P.D.D. Fernando	2

Internal control and Risk Management

The ultimate responsibility to establish, monitor and review a company 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 crystalisation of risk elements to a greater extent, employment of external support structures would also be necessary based on the risk assessments made thereon.

The delegation of the effective maintenance of internal controls and risk identification and mitigation is handed down to the respective members of Senior Management within the guidelines of benchmark policies, procedures and authority limits clearly laid down.

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

This allows the Board to have total control of the fulfilment of governance requirements by providing opportunity to take timely preventive action in case of potential deterioration of status quo. More detailed description of the Risk management strategies of the Company is given on pages 17 to 18.

HUMAN RESOURCES

The Company 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 around new business priorities and to ensure that its employees are developing the skills and knowledge required for the future success of the Company.

The number of persons employed by the Company and the Group as at 31st March 2011 were 14 and 18 (2010 – 15 and 19) respectively.

ENVIRONMENTAL PROTECTION

The Company is sensitive to the needs of the environment and makes every endeavour to comply with the relevant environmental laws, regulations and best practices applicable in the country. After making adequate inquiries from the management, the Directors are satisfied that the Company and its subsidiaries operates in a manner that minimizes the detrimental effects on the environment and provides services that have a beneficial effect on the customers and the communities within which the Company and its subsidiaries operate.

EQUITABLE TREATMENT TO SHAREHOLDERS

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

DIVIDENDS

The Directors do not recommended a dividend for the financial year ended 31st March 2011.

SOLVENCY TEST

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

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2011 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.

STATUTORY PAYMENTS

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

GOING CONCERN

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

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to the Balance Sheet date, no circumstances have arisen, which required adjustments to or disclosures in the Financial Statements, other than those disclosed in Note 34 to the financial statements.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Contingent Liabilities and Commitments made on account of capital expenditure as at 31st March 2011 are given in Note 32 to the Financial Statements.

CORPORATE DONATIONS

There were no donations granted during the year.

SHARE INFORMATION

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 53 and 59 to 60 of the Annual Report.

TWENTY MAJOR SHAREHOLDERS

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

The twenty major shareholders with comparatives.

As at 31st March	2011		2010	
Name of shareholder	No. of shares	%	No. of shares	%
Carson Cumberbatch PLC A/C No.1	38,818,252	96.27	38,818,252	96.27
Est. of Late Mr. M. Sri Mahadeva	135,200	0.34	135,200	0.34
Mr. S. Sivasundaram	65,000	0.16	65,000	0.16
Mr. J.B. Hirdaramani	57,850	0.14	57,850	0.14
Bank of Ceylon-No2 A/C	53,900	0.13	-	-
Mr. B.A. Mahipala	53,300	0.13	-	-
Mr. K.C. Vignarajah	52,100	0.13	112,500	0.28
Mr. C.P. De Silva	48,500	0.12	-	-
MBSL Insurance Company Limited	40,600	0.10	-	-
Equity Services Limited	34,583	0.09	34,583	0.09
CSCM / Mr Halpawattege Geethal Ranjan Peiris	33,700	0.08	33,700	0.08
Mr. D.K.A.K. Weeratunga	26,800	0.07	-	-
Mrs. S. Vignarajah	18,200	0.05	17,700	0.04
Mr. D.A. Edussuriya	18,000	0.04	-	-
Calton Hill Ltd	17,329	0.04	17,329	0.04
Ceylinco Investment Company Limited	16,800	0.04	-	-
Rufico Ltd	16,666	0.04	16,666	0.04
First Capital Markets Limited/Mr.M.R.M.Harees	15,600	0.04	-	-
Mr U.S. Sellamuttu	15,000	0.04	15,000	0.04
Mr. S.N.C.W.M.B.C. Kandegedara	14,500	0.04	14,500	0.04

ANNUAL REPORT

The Board of Directors approved the Consolidated Financial Statements together with the reviews which form part of the Annual Report on 5th May 2011.

The appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standard Monitoring Board and the Registrar of Companies within the given time frames.

ANNUAL GENERAL MEETING

29th Annual General Meeting of the Company will be held on Tuesday, 21st day of June 2011 at 3.30 p.m. at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7.

The Notice of the Annual General Meeting is on page 62 of the Annual Report.

Signed on behalf of the Board,

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

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

Colombo
5th May 2011

Profiles of the Directors

Chandima Gunawardena

Chandima Gunawardena is a Director of Carson Cumberbatch PLC. He serves as a Director in most of the Carsons Group Companies in Sri Lanka and overseas. He is a member of the Group's Strategic Planning Forum. He also serves as a member of the Audit Committees of the Group in Sri Lanka and overseas. Mr. Gunawardena has over three decades of experience in varied fields of business and commercial activities and has held senior positions in the Corporate Sector. He is a Fellow of the Chartered Institute of Management Accountants, UK.

Sega Nagendra

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

Nalake Fernando

Nalake Fernando is a Director of the Property Management Companies of the Carson Cumberbatch Group, Equity Two PLC, Equity Three (Private) Limited, Equity Seven Limited, Equity Lands (Private) Limited. He is also a Director of Carsons Management Services (Private) Limited and in some of the Boards of the Malaysian Plantation Companies of the Carsons Group. Was the Country representative for Sri Lanka with Dalekeller & Associates Ltd., Designers and Skidmore Ownings & Merrill Architects. Counts over 37 years of work experience. Was a Director of SKC Management Services Ltd. Holds a Technician's Certificate of the Institute of Work Study Practitioners of UK.

Eranjith Wijenaike

Eranjith Wijenaike is a Director of Equity Two PLC. Managing Director of Central Finance Company PLC, Deputy Chairman of Nations Trust Bank, an associate company of Central Finance. Served as a member of the Board since inception of the Bank. He is a Director of several other listed companies both within and outside the Central Finance Group with over 27 years of management experience. Holds a Bachelor's Degree in Commerce and a Postgraduate Diploma in Finance and Management.

Ajith Weeratunge

Ajith Weeratunge is a Director of the Carson Cumberbatch Group's Management Company, Carsons Management Services (Private) Limited and holds the position of Head of Finance. He is also a Director of the Property Sector Companies of the Group including Equity Two PLC and Equity Seven Limited. He is also a Director of the Groups Investment Holding sector - Ceylon Investment PLC and Rubber Investment Trust Limited. Accounts for more than 30 years of finance related experience in the mercantile sector and has held positions in Lanka Walltile Ltd., Union Apparels (Pvt) Ltd., John Keells Holdings PLC, Phoenix Industries (Pvt) Ltd and Ceylon Brewery PLC. He is a Fellow member of the Chartered Institute of Management Accountants of UK.

S. Mahendrarajah

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

Donald Fernando

Donald Fernando is a Director of Equity Two PLC and the Managing Director of Conimex Limited – Civil and Structural Engineers and Director of Fernando Rajapakse Associates (Private) Limited – Consulting Engineers and Project Managers. He graduated in Civil Engineering from the University of Ceylon, and holds a B.Sc(Eng.) degree. He was attached to The Sri Lanka Ports Authority and London Borough of Greenwich, London as a Civil Engineer. He is a Chartered Engineer who gained Membership of the Institution of Civil Engineers, London and the Institution of Engineers, Sri Lanka. He is also a Structural Engineer and is a Corporate Member of the Society of Structural Engineers, Sri Lanka.

Report of the Audit Committee

AUDIT COMMITTEE REPORT

The Audit Committee of Carson Cumberbatch PLC (CCPLC), the Parent Company, is the Audit Committee of the Company, as provided for by the Colombo Stock Exchange Listing Rules.

The members of the Audit Committee are as follows :

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

* Mr. D. C. R. Gunawardena having assumed Non-Executive responsibilities with effect from 15th April 2011, is categorised as a Non – Executive Director.

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

Mr. Chandima Gunawardena is a Director of CCPLC and in most of its' Group Companies.

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

In addition, Mr. Tennyson Rodrigo is the Expert Advisor to the Audit Committee for the Property Sector.

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

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

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

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

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

The Committee has also met the external auditors twice during the year, i.e. to discus the audit scope and to deliberate the draft Financial Report and Accounts. The draft Financial Report and Accounts were discussed with the external auditors, without the management being present.

In accordance with the audit plan formulated and approved by the Audit Committee for the financial year 2010/2011, the Group Internal Audit (GIA) carried out a detailed audit of key processes of Property Sector companies.

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

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

The interim financial statements of Equity One PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings. The draft financial statements of Equity One PLC for the year ended 31st March 2011 have also been reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs. KPMG Ford Rhodes Thornton & Company, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations

Report of the Audit Committee

and declarations as required, by the Managers, Carsons Management Services (Private) Limited that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

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

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG Ford Rhodes Thornton & Company as Auditors for the financial year ending 31st March 2012, subject to the approval of the shareholders of Equity One PLC at the Annual General Meeting.

The purpose of the Audit Committee of CCPLC, the Audit Committee of Equity One PLC is as follows :

> "To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the process for monitoring compliance with Company policies and procedures, laws and regulations and the code of conduct and the identification of and management of risks that would impact on the Company/Group's business objectives".

(Sgd.)
Vijaya Malalasekera
Chairman - Audit Committee
Carson Cumberbatch PLC

5th May 2011

Risk Management

Risk Management

In the backdrop of increasing corporate failures locally as well as internationally and increasing financial and other challenges, organizations cannot afford to ignore or neglect risks anymore. This is why risk management has become an integral part of our business and the management.

Risks are identified within a formal risk management process, which defines risk areas and includes a risk scoring methodology based on the assessed impact of the risk event and likelihood of its occurrence. The principal risks thus identified are considered and reviewed continuously at various stages within our business process.

MARKET RISK

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

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

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

Impact of this risk to the Group is medium.

BUSINESS AND OPERATIONAL RISK

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

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

Impact of this risk to the Group is presently low.

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

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

Impact of the risk is low to the Group.

FOREIGN CURRENCY RISK

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

LIQUIDITY AND CREDIT RISK

The Group is currently exposed to liquidity risk with the decision to defer / discontinue the property development activities of the Group. Equity One's cash surpluses from operation will not be sufficient to fund the loans obtained for property development activities and any funding deficits will require to be bridged by Carson Cumberbatch PLC.

The credit risk of the Group is mainly derived from the rent receivable from its tenants. This risk is mitigated to a greater extent as a result of the rent deposits that have been collected from the tenants, which can be used to recover any unpaid rents. Approximately ¼ of the total rent roll of the Group is covered from the rental deposits. The sector also follows a careful credit evaluation process for new tenants before entering into any rent agreements with them.

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

INTEREST RATE RISK

Interest rate risk is the risk arising due to the volatility of the interest rates in the markets affecting the future cash flows. The Group is currently exposed to a significant level of borrowings where adverse movement in interest rates will impact the future cash flows of the sector. However interest rates of these loans are negotiated to the lowest possible by providing reliable collateral to the lending banks, and using the strength of the Carson Group's treasury pool.

Impact of this risk to the Group is medium to high.

LEGAL AND REGULATORY COMPLIANCE

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

Hence the impact of this risk is low.

FINANCIAL CALENDER

Financial year end	31st March 2011
29th Annual General Meeting	21st June 2011

ANNOUNCEMENT OF RESULTS

Interim Financial Statements published in terms of the Listing Rules of the Colombo Stock Exchange

1st Quarter ended 30th June 2010	15th July 2010
2nd Quarter ended 30th September 2010	12th November 2010
3rd Quarter ended 31st December 2010	14th February 2011

One

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Independent Auditor's Report

KPMG Ford, Rhodes, Thornton & Co.
(Chartered Accountants)
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TO THE SHAREHOLDERS OF EQUITY ONE PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Equity One PLC, the consolidated financial statements of the Company and its subsidiaries as at 31 March 2011 which comprise the balance sheet as at 31 March 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 21 to 52 of the Annual Report.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

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

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

Opinion

Company

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2011 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2011 and its Profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Group

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31 March 2011 and the Profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

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

Ford Rhodes Thornton & Co.

CHARTERED ACCOUNTANTS
Colombo,

5 May 2011.

Income Statement

(All figures are in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group 2011	Group 2010	Company 2011	Company 2010
Revenue	11	**175,566**	178,945	**69,841**	54,555
Direct cost		**(144,985)**	(172,856)	**(49,971)**	(35,849)
		30,581	6,089	**19,870**	18,706
Other income	12	**5,640**	4,137	**6,099**	15,028
Fair value adjustment - Investment properties		**30,522**	-	**22,779**	-
Provision for amounts due from related companies		**-**	-	**-**	(139,091)
Provision for inventories		**(2,889)**	(10,921)	**(2,889)**	-
		63,854	(695)	**45,859**	(105,357)
Administrative and other operating expenses		**(28,710)**	(39,281)	**(18,868)**	(7,183)
Profit/(loss) from operations	13	**35,144**	(39,976)	**26,991**	(112,540)
Finance expenses	14	**(26,334)**	(72,745)	**(8,581)**	(2,303)
Profit/(loss) before taxation		**8,810**	(112,721)	**18,410**	(114,843)
Income tax expenses	15	**36,247**	(10,492)	**13,020**	(3,448)
Profit/(loss) for the year		**45,057**	(123,213)	**31,430**	(118,291)
Profit/(loss) attributable to:					
Shareholders of the parent company		**41,757**	(123,730)	**-**	-
Minority shareholders		**3,300**	517	**-**	-
		45,057	(123,213)	**-**	-
Earnings/(loss) per share (Rs.)	16	**1.04**	(3.07)	**0.78**	(2.93)

The Notes from pages 25 to 52 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Balance Sheet

(All figures are in Sri Lankan Rs. '000)

As at 31st March	Note	Group 2011	Group 2010	Company 2011	Company 2010
ASSETS					
Non-Current Assets					
Property, plant & equipment	17	**45,944**	32,259	**36,072**	21,043
Investment properties	18	**1,883,179**	1,846,731	**1,118,979**	1,096,200
Investment in subsidiaries	19	**-**	-	**552,048**	662,437
Total non-current assets		**1,929,123**	1,878,990	**1,707,099**	1,779,680
Current Assets					
Inventories	20	**502,925**	586,465	**502,925**	-
Trade and other receivables	21	**6,606**	8,249	**1,629**	2,449
Amounts due from related companies	22	**153**	212	**135**	295,086
Tax recoverable/credit		**-**	473	**-**	417
Short-term investments		**13,147**	7,244	**7,875**	7,244
Cash at bank and in hand		**10,796**	9,686	**7,589**	2,376
Total current assets		**533,627**	612,329	**520,153**	307,572
Total assets		**2,462,750**	2,491,319	**2,227,252**	2,087,252
EQUITY AND LIABILITIES					
Equity					
Stated capital	23	**1,085,584**	1,085,584	**1,085,584**	1,085,584
Capital reserves	24	**13,236**	13,236	**13,236**	13,236
Revenue reserves	25	**356,206**	314,449	**217,611**	143,962
Attributable to equity holders of the parent		**1,455,026**	1,413,269	**1,316,431**	1,242,782
Minority shareholders' equity interest		**57,543**	54,590	**-**	-
Total equity		**1,512,569**	1,467,859	**1,316,431**	1,242,782
Non-Current Liabilities					
Long-term bank borrowings	26	**-**	142,001	**-**	-
Refundable rental and other deposits	27	**28,989**	23,437	**20,082**	14,206
Deferred taxation	28	**110,767**	158,114	**44,831**	64,683
Retirement benefit obligations	29	**4,605**	5,705	**3,321**	4,556
Amounts due to related companies	30	**637,643**	531,030	**637,643**	528,947
Total non-current liabilities		**782,004**	860,287	**705,877**	612,392
Current Liabilities					
Trade and other payables	31	**22,205**	15,444	**16,902**	4,258
Current taxation		**3,972**	1,031	**2,114**	-
Amounts due to related companies	30	**-**	868	**43,928**	227,820
Long-term bank borrowings repayable within one year	26	**142,000**	145,830	**142,000**	-
Total current liabilities		**168,177**	163,173	**204,944**	232,078
Total liabilities		**950,181**	1,023,460	**910,821**	844,470
Total equity and liabilities		**2,462,750**	2,491,319	**2,227,252**	2,087,252
Net assets per share - Rs.		**37.51**	36.40	**32.65**	30.82

The Notes from pages 25 to 52 form an integral part of these financial statements.

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

(Sgd.)
V.R. Wijesinghe
Financial Controller
Carsons Management Services (Private) Limited.

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

Approved and signed on behalf of the Managers,

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

Approved and signed on behalf of the Board,

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

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

Colombo
5th May 2011

Statement of Changes in Equity

(All figures are in Sri Lankan Rs. '000)

	Stated	Capital reserves			Revenue reserves			Total	Minority	Total
	Capital	Capital Accretion Reserve	Machinery Replacement Reserve	Other Capital Reserve	General Reserve	Fair Value Adjustment Reserve	Accumulated Loss	attributable to equity holders of the parent	Shareholders' Equity Interest	Equity
Group										
Balance as at 1st April 2009	1,085,584	158	5,109	7,969	39	802,304	(364,164)	1,536,999	54,073	1,591,072
Loss for the year	-	-	-	-	-	-	(123,730)	(123,730)	517	(123,213)
Balance as at 31st March 2010	1,085,584	158	5,109	7,969	39	802,304	(487,894)	1,413,269	54,590	1,467,859
Balance as at 1st April 2010	1,085,584	158	5,109	7,969	39	802,304	(487,894)	1,413,269	54,590	1,467,859
Profit for the year	-	-	-	-	-	-	41,757	41,757	3,300	45,057
Transfers	-	-	-	-	-	30,522	(30,522)			
Dividends paid	-	-	-	-	-	-	-	-	(347)	(347)
Balance as at 31st March 2011	1,085,584	158	5,109	7,969	39	832,826	(476,659)	1,455,026	57,543	1,512,569

		Capital reserves			Revenue reserves			
	Stated Capital	Capital Accretion Reserve	Machinery Replacement Reserve	Other Capital Reserve	General Reserve	Fair Value Adjustment Reserve	Accumulated Loss	Total Equity
Company								
Balance as at 1st April 2009	1,085,584	158	5,109	7,969	39	770,348	(508,134)	1,361,073
Loss for the year	-	-	-	-	-	-	(118,291)	(118,291)
Balance as at 31st March 2010	1,085,584	158	5,109	7,969	39	770,348	(626,425)	1,242,782
Balance as at 1st April 2010	1,085,584	158	5,109	7,969	39	770,348	(626,425)	1,242,782
Profit for the year	-	-	-	-	-	-	31,430	31,430
Transfers	-	-	-	-	-	22,779	(22,779)	-
Effects due to amalgamation of subsidiaries (Note 19.2.2)	-	-	-	-	-	-	42,219	42,219
Balance as at 31st March 2011	1,085,584	158	5,109	7,969	39	793,127	(575,555)	1,316,431

The Notes from pages 25 to 52 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Cash Flow Statement

(All figures are in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group 2011	Group 2010	Company 2011	Company 2010
Cash Flows from Operating Activities					
Profit/(loss) before taxation		8,810	(112,721)	18,410	(114,843)
Adjustments for:					
Finance expenses	14	26,334	72,745	8,581	2,303
Depreciation on property, plant & equipment	17	7,733	4,814	5,611	2,519
Fair value adjustment - investment properties	18	(30,522)	-	(22,779)	-
Interest income	12	(529)	(897)	(253)	(844)
Profit on disposal of property, plant & equipment	13	(1,089)	(12)	(975)	-
Write off of Property, plant & equipment		-	28	-	14
Provision / (reversal) for amounts due from related companies		-	-	(24,974)	139,091
Provision for bad debts	21	851	-	230	-
Provision for inventories		2,889	10,921	2,889	-
Provision for retirement benefit obligations		2,036	698	1,239	706
Operating profit / (loss) before working capital changes		16,513	(24,424)	(12,021)	28,946
Decrease in inventories		80,651	105,950	6,775	-
Decrease in trade and other receivables		318	10,729	948	1,662
Decrease / (Increase) in amounts due from related companies		59	(212)	(15,921)	(326,841)
Increase in amounts due to related companies		105,745	325,819	106,572	321,972
Increase / (Decrease) in trade and other payables		7,070	(10,013)	(16,607)	1,040
		210,356	407,849	69,746	26,779
Rental deposits received	27	8,721	3,476	8,571	1,542
Rental deposits refunded/set-off	27	(2,695)	(7,608)	(2,695)	(4,347)
Cash generated from operations		216,382	403,717	75,622	23,974
Finance expenses paid		(26,334)	(72,745)	(8,581)	(2,303)
Income tax paid		(7,686)	(10,603)	(4,244)	(6,548)
Gratuity paid	29	(3,136)	(957)	(2,474)	-
Net cash generated from operating activities		179,226	319,412	60,323	15,123
Cash Flows from Investing Activities					
Purchase of property, plant & equipment	17	(21,675)	(13,793)	(19,828)	(13,778)
Proceeds from sale of property, plant & equipment		1,346	58	975	-
Purchase of investments properties	18	(5,926)	(531)	-	-
Proceeds from realization of short-term investments		-	7,000	-	7,000
Cash acquired on amalgamation	19	-	-	430	-
Interest received		529	897	253	844
Net cash used in investing activities		(25,726)	(6,369)	(18,170)	(5,934)
Cash Flows from Financing Activities					
Repayment of loans during the year	26	(145,831)	(313,273)	(36,000)	-
Dividend paid		(309)	(315)	(309)	(20)
Dividend paid to minority shareholders by the subsidiary company		(347)	-	-	-
Net cash used in financing activities		(146,487)	(313,588)	(36,309)	(20)
Net increase/(decrease) in cash & cash equivalents		7,013	(545)	5,844	9,169
Cash & cash equivalents at the beginning of the year		16,930	17,475	9,620	451
Cash & cash equivalents at the end of the year (Note A)		23,943	16,930	15,464	9,620
Note A - Cash & Cash Equivalents					
Cash at bank and in hand		10,796	9,686	7,589	2,376
Short-term investments		13,147	7,244	7,875	7,244
Cash & cash equivalents for the purpose of Cash Flow Statement		23,943	16,930	15,464	9,620

The Notes from pages 25 to 52 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1 Reporting Entity

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

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

The consolidated Financial Statements for the year ended 31st March, 2011 comprise the financial information of the Company and its subsidiaries (together referred to as the "Group" and individually Group entities).

The business activities of the Group are focused Real Estate Sector providing office and warehouse premises on rental. The Group discontinued its real estate development operations during the year. The companies operating in the real estate development sector were amalgamated with Equity One PLC and the assets and liabilities of the amalgamating companies were absorbed as detailed in Note 19.2 to these financial statements.

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

A list of subsidiaries are set out in Note 19 to the Financial Statements. Out of the two subsidiaries, Equity Two PLC is listed in the Colombo Stock Exchange.

The Company and the Group had 14 (2010 - 15) and 18 (2010 - 19) employees at the end of the financial year end.

2 Statement of Compliance

The Financial Statements of the Company and the Group comprise the Balance Sheet, Statements of Income, Changes in Equity and Cash Flows together with Accounting policies and Notes to the Financial Statements.

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

The Consolidated Financial Statements for the year ended 31st March 2011 were authorized for issue by the Board of Directors on 5th May 2011.

3 Basis of Preparation

3.1 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis and applied consistently, except for the fair value of investment properties as stated in the respective Notes to the financial statements.

3.2 Functional and Presentation currency

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

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

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

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

Figures in brackets indicate deductions / negative changes.

3.3 Materiality and Aggregation

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

4 Uses of Estimates And Judgments

The preparation of Financial Statements 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 estimate is revised and in any future periods affected. Information about significant areas of estimation and uncertainty that have the most significant effect on the amounts recognised in the Financial Statements are described below.

Estimates

4.1 Assessment of Impairment

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

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

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

The carrying value of goodwill is reviewed at each Balance Sheet date and is written down to the extent that it is no longer supported by probable future benefits. Goodwill is allocated to CGU for the purpose of impairment testing.

4.2 Current Taxation

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

4.3 Defined Benefit Plan - Gratuity

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

4.4 Deferred Tax Assets

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

4.5 Valuation of Investment Property

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

Judgments

4.6 Owner Occupied Properties and Investment Property

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

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. For a transfer from inventories to investment property any difference between the fair value of the property at that date and its previous carrying amount is recognized in the income statement.

When the Group completes the construction or development of a self-constructed investment property any difference between the fair value of the property at that date and its previous carrying amount is recognized in the income statement.

5 Summary of Significant Accounting Policies

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

5.1 Basis of Consolidation

I. Subsidiaries

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

The Group uses the purchase method of accounting to account for business combinations.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill, and is tested for impairment annually. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the resulting negative goodwill is credited to the income statement immediately.

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

The proportionate interest of minority shareholders in the net assets employed by the Group is presented in the Consolidated Balance Sheet within equity, separately from the equity attributable to the Equity Holders of the Company. Minority Interest in the profit or loss of the Group is disclosed separately in the Consolidated Income Statement.

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

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

The accounting policies of subsidiaries are consistent with those adopted by the Group.

A list of Subsidiaries within the Group is provided in Note 19.

II. Transaction with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Transactions with minority interests are accounted for using the parent entity extension approach, whereby on acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognized in goodwill. Gain or loss on disposal to minority interests is recognised in the income statement.

III. Financial year end

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

Assets and bases of their valuation

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

5.2 Property, Plant & Equipment and Depreciation

I. Basis of Recognition

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

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

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

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

II. Restoration Costs

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

III. Depreciation

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

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

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

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

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

IV. Disposal

The gains or losses arising on disposal or retirement of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in to the Other Income / (expenses) in the Income Statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

5.3 Investment Property

Investment property 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.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the balance sheet date.

Formal valuations are carried out every 3 years by qualified valuers. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. Investment properties are derecognised when either they have been disposed of or when the Investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognized in the Income Statement in the year of retirement or disposal. Transfers are made to investment property when, and only when, there is a change in use, evidenced by commencement/end of owner occupation, commencement of development with a view to 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 Group as an owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant & equipment up to the date of change in use. 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 income statement. When the Group completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Income Statement.

5.4 Capital Work-in-Progress

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

5.5 Borrowing Costs

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

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

5.6 Project Expenditure

Project Expenditure in respect of preoperational activities are capitalised with the respective assets.

5.7 Investments

I. Long term investments

- Quoted investments - Quoted investments in subsidiaries are carried at the Balance Sheet at Cost, less impairment losses, if any

- Unquoted investments - All unquoted investments are carried at lower of cost and Directors' valuation. Provision is made for permanent diminution in value, if any.

II. Cost

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

III. Diminution in Carrying Value

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

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

IV. Disposal of Investment

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

5.8 Inventories

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

I. Land Held for Development and Sale

Development expenditure and borrowing costs incurred up to the time the property is ready for sale is taken into the carrying value of the property.

II. Finished Good

Finished goods include the fully completed houses, which are not sold as at the Balance Sheet date. These are valued at cost of construction plus attributable overheads or net realisable value which ever is lower.

5.9 Trade and Other Receivables

Trade and other receivables are carried at original invoice amount less provision for impairment of trade receivables when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced and the amount of the loss is recognised, if any, in the income statement under 'Administrative and other operating expenses'. When a trade receivable is uncollectible, it is written off against the provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Administrative and other operating expenses' in the income statement.

5.10 Cash & Cash Equivalents

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

For the purpose of the Cash Flow Statement, cash & cash equivalents comprise of cash in hand and bank deposits held in banks and investments in money market instruments and bank overdraft.

5.11 Impairment of assets

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

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

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

Liabilities and Provisions

5.12 Liabilities

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

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

5.13 Provisions

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

5.14 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

5.15 Retirement Benefit Obligations (Gratuity)

I. Defined Benefit Plan - Gratuity

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

Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The liability recognized in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the 'projected unit credit method' as required by SLAS 16 (Revised 2006) – "Retirement Benefit".

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of long term Government Bonds or high quality corporate bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the income statement.

II. Defined Contribution Plans - Employees' Provident Fund and Employee's Trust Fund

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

5.16 Interest-Bearing Loans and Borrowings

Interest-bearing bank loans are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of development properties and property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

Income Statement

5.17 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes, and after eliminating sales within the Group. The following specific criteria are used for the purpose of recognition of revenue:

I. Rental Income

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

II. Sale of Residential Units

Revenue is recognised on percentage completion basis. Revenue recognition is commenced when properties are sold and/or the buyers have taken possession of such properties and up to the maximum of percentage completed or cash paid by the buyer whichever is lower.

For this purpose, the property is deemed to be sold once 30% of the outright sales price has been received or 30% of work completed.

III. Management Fees

A management fee is recognized on accrual basis.

IV. Interest Income

Interest income is recognized on an accrual basis.

V. Gains or Losses on the Disposal of Property, Plant & Equipment

Net gains and losses of a revenue nature resulting from the disposal of property, plant & equipment have been accounted for in the Income Statement.

VI. Dividend income

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

5.18 Expenditure Recognition

I. Operating Expenses

All expenses incurred in day-to-day operations of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year. Provision has also been made for bad and doubtful debts, all known liabilities and depreciation on property, plant & equipment.

II. Finance Expenses

Interest expenses are recognised on an accrual basis.

5.19 Income Tax Expenses

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

I. Current Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to Revenue Authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The provision for current tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.

The relevant details are disclosed in respective notes to the Financial Statements.

II. Deferred Taxation

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

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

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

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

Tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

III. Economic Service Charge (ESC)

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

IV. Social Responsibility Levy (SRL)

As per the provisions of Finance Act No. 5 of 2005, and amendments thereto, the SRL was introduced with effect from January 1, 2005. SRL is payable at the rate of 1.5% on all taxes and levies chargeable as specified in the First Schedule of the Act.

5.20 Earnings per share

The Group presents basic and diluted 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.

Cash Flow

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

Segmental Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company, which reviews and set the strategic direction.

- A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

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

In accordance with the Sri Lanka Accounting Standard No. 28, "Segment Reporting", segmental information is presented in respect of the Group. The segments comprise of property rental, property development and property management services as business segments.

Segmental information is presented for identifiable operative units of the Group. Inter-segment transactions are based on fair market price.

Segmental expenses are expenses that are directly attributed to a segment or a relevant portion of expenses that can be allocated on a reasonable basis as determined by the Management.

Related Party Transactions

Disclosure has been made in respect of 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.

Events after the Balance Sheet Date

All material and significant events which occur after the Balance Sheet date have been considered and disclosed in Note 34.

6 Dividends on Ordinary Shares

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

7 Presentation

I. Offsetting Income and Expenses

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

II. Offsetting Assets and Liabilities

Assets and liabilities are offset and the net amount reported in the Balance Sheet only where there is:

- a current enforceable legal right to offset the asset and liability; and

- an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously

8 Directors' Responsibility

The Board of Directors are responsible for the preparation and presentation of the Financial Statements.

This is more fully described under the relevant clause in the Directors' Report.

9 Comparative Figures

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

10 New Accounting Standards Issued but not effective as at Balance Sheet Date

The Institute of Chartered Accountants of Sri Lanka (ICASL) has issued a new volume of Sri Lanka Accounting Standards – 2011, applicable for financial periods beginning on or after 1, January 2012. These new Accounting Standards are prefixed as both SLFRS and LKAS which correspond to the relevant International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

Accordingly, these Standards have not been applied in preparing these financial statements as they were not effective for the year ended 31st March 2011.

The Group is currently in the process of evaluating the potential effects of these Standards on its financial statements and the impact on the adoption of these Standards have not been quantified as at Balance Sheet date.

(All figures in notes to the Financial Statements are in Sri Lankan Rs. '000)

		Group		Company	
For the year ended 31st March		2011	2010	2011	2010
11	**Revenue**				
11.1	**By Industry segment**				
	Property Rental	**99,648**	85,613	**63,608**	54,555
	Property Development	**75,918**	93,731	**6,233**	-
	Net revenue	**175,566**	179,344	**69,841**	54,555
	Intra-group transaction	**-**	(399)	**-**	-
	Total Revenue	**175,566**	178,945	**69,841**	54,555
12	**Other Income**				
	Dividend Income	**-**	-	**4,179**	13,635
	Interest income - deposits	**529**	897	**253**	844
	Other income	**4,022**	3,228	**692**	549
	Profit from disposal of property, plant and equipment	**1,089**	12	**975**	-
		5,640	4,137	**6,099**	15,028
13	**Profit / (loss) from operations**				
	Profit / (loss) from operations is stated after charging all expenses including the following:				
	Auditors' remuneration - audit services	**654**	607	**130**	115
	Auditors' remuneration - non-audit services	**465**	-	**374**	-
	Depreciation (Note 17)	**7,733**	4,814	**5,611**	2,519
	Profit on disposal of property, plant and equipment	**1,089**	12	**975**	-
	Provision for bad debts	**851**	-	**230**	-
	Management and Secretarial fees	**2,361**	2,479	**1,308**	1,309
	Personnel costs (Note 13.1)	**33,048**	36,391	**24,809**	16,140
13.1	**Personnel Costs**				
	Salaries, wages and other related expenses	**29,392**	32,431	**22,422**	14,405
	Defined benefit plan cost - Gratuity (Note 29)	**2,036**	889	**1,239**	706
	Defined contribution plan cost - EPF and ETF	**1,620**	3,071	**1,148**	1,029
		33,048	36,391	**24,809**	16,140
	The above include:				
	Directors' emoluments	**-**	1,680	**-**	-
	Directors' fees	**400**	40	**275**	40
		400	1,720	**275**	40
14	**Finance Expenses**				
	Interest Expenses on borrowings from				
	- External sources - Banks	**26,171**	72,745	**6,281**	-
	- Related companies	**163**	-	**2,300**	2,303
		26,334	72,745	**8,581**	2,303

One

For the year ended 31st March	Group 2011	Group 2010	Company 2011	Company 2010
15 Income Tax Expenses				
15.1 Current Taxation				
Current tax expense for the year (Note 15.2)	10,168	8,546	6,120	4,964
Under / (Over) provision in respect of previous years	779	(292)	621	(1,070)
Social responsibility levy	153	129	91	75
	11,100	8,383	6,832	3,969
Deferred Taxation				
Effects of change in tax rate (Note 28)	(27,692)	-	(11,208)	-
Provision/(reversal) during the year (Note 28)	(19,655)	2,109	(8,644)	(521)
	(47,347)	2,109	(19,852)	(521)
Income tax expense / (reversal) for the year	(36,247)	10,492	(13,020)	3,448
15.2 Reconciliation between Accounting Profit / (loss) and Taxable Profit / (loss)				
Accounting profit / (loss) before taxation	8,810	(112,721)	18,410	(114,843)
Aggregate of disallowable items	33,990	169,666	28,619	144,058
Aggregate of allowable claims	(6,839)	(5,830)	(2,586)	(1,396)
Profits not charged to Income tax	(4,178)	(13,635)	(4,178)	(13,635)
Fair value adjustment - Investment properties (Note 8)	(30,522)	-	(22,779)	-
Adjustment due to consolidation	4,644	(123,924)	-	-
Current year losses not available for set off	27,151	116,372	-	-
Utilisation of tax losses (Note 15.3)	(4,004)	(5,511)	-	-
Taxable profit	29,052	24,417	17,486	14,184
Taxation charged thereon (Note 15.4 b)	10,168	8,546	6,120	4,964
15.3 Analysis of Tax Losses				
Tax losses brought forward	235,571	124,481	-	-
Adjustment on finalization of liability	1,303	229	-	-
Tax losses incurred during the year	27,151	116,372	-	-
Tax losses written off due to amalgamation of subsidiaries	(247,101)	-	-	-
Utilisation of tax losses during the year (Note 15.4.d)	(4,004)	(5,511)	-	-
Tax losses carried forward	12,920	235,571	-	-

15.3.1 Tax losses amounting to Rs. 247.1 mn were written off during the year due to the amalgamation of subsidiary companies. No deferred tax had been provided for these tax losses in the previous years due to uncertainty in recoveribility.

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

(b) Companies within the Group are liable to taxation at the standard rate of 35%.

(c) All companies within the group are required to pay 1.5% of income tax as Social Responsibility Levy.

(d) Utilisation of tax losses is restricted to 35% of current year's Statutory Income. Any unabsorbed tax losses can be carried forward indefinitely.

(e) Deferred tax has been computed using a proposed tax rate of 28% (Note 28.4).

16 Earnings/ (loss) per Share

The Group's earnings / (loss) per share is calculated on the profit attributable to the shareholders of Equity One PLC over the weighted average number of ordinary shares in issue during the year, as required by SLAS 34 (Revised 2005) - "Earnings Per Share".

	Group		Company	
	2011	2010	2011	2010
Amounts used as the numerator				
Profit / (loss) attributable to ordinary shareholders of the Parent Company	**41,757**	(123,730)	**31,430**	(118,291)
Amounts used as the denominator				
Weighted average number of ordinary shares in issue during the year	**40,322**	40,322	**40,322**	40,322
Earnings / (loss) Per Share - Rs.	**1.04**	(3.07)	**0.78**	(2.93)

17 Property, Plant & Equipment

17.1 Group

	Machinery & Equipment	Furniture & fittings	Motor Vehicles	Capital Work-in-progress	Total as at 31st March 2011	Total as at 31st March 2010
Cost/Valuation						
Balance as at the beginning of the year	84,742	8,013	18,854	-	**111,609**	101,186
Additions during the year	960	1,075	-	19,640	**21,675**	13,793
Disposal	(1,266)	(209)	(5,104)	-	**(6,579)**	(255)
Write off	-	-	-	-	-	(3,115)
Balance as at the end of the year	84,436	8,879	13,750	19.640	**126,705**	111,609
Accumulated Depreciation						
Balance as at the beginning of the year	66,373	7,588	5,389	-	**79,350**	77,832
Charge for the year	4,026	269	3,438	-	**7,733**	4,814
On disposal	(1,156)	(62)	(5,104)	-	**(6,322)**	(209)
On write offs	-	-	-	-	-	(3,087)
Balance as at the end of the year	69,243	7,795	3,723	-	**80,761**	79,350
Net Book Value						
As at 31st March 2011	**15,193**	**1,084**	**10,027**	**19,640**	**45,944**	-
As at 31st March 2010	18,369	425	13,465	-	-	32,259

17.2 Property, Plant & Equipment includes fully depreciated assets having a gross carrying amount of Rs. 60,241,233/- (2010 - Rs. 57,993,729/-).

17.3 Company

	Machinery & Equipment	Furniture & fittings	Motor Vehicles	Capital Work-in-progress	Total as at 31st March 2011	Total as at 31st March 2010
Cost/Valuation						
Balance as at the beginning of the year	43,164	3,246	18,854	-	**65,264**	53,306
Additions during the year	188	-	-	19,640	**19,828**	13,778
Transferred on amalgamation (Note 9.2)	164	1,107	-	-	**1,271**	-
Disposal	-	-	(5,104)	-	**(5,104)**	-
Write-off	-	-	-	-	**-**	(1,820)
Balance as at the end of the year	43,516	4,353	13,750	19,640	**81,259**	65,264
Accumulated Depreciation						
Balance as at the beginning of the year	35,683	3,148	5,390	-	**44,221**	43,508
Charge for the year	2,097	75	3,439	-	**5,611**	2,519
Transferred on amalgamation (Note 9.2)	159	300	-	-	**459**	
Disposal	-	-	(5,104)	-	**(5,104)**	-
Write-off	-	-	-	-	**-**	(1,806)
Balance as at the end of the year	37,939	3,523	3,725	-	**45,187**	44,221
Net Book Value						
As at 31st March 2011	**5,577**	**830**	**10,025**	**19,640**	**36,072**	**-**
As at 31st March 2010	7,481	98	13,464	-	-	21,043

17.4 Property, Plant & Equipment includes fully depreciated assets having a gross carrying amount of Rs. 32,064,324/- (2010 - Rs. 31,021,776/-).

17.5 No borrowing costs were capitalized during the year (2010 - Nil) for the Company and the Group respectively.

18 Investment Properties

	Freehold Land	Freehold Building	As at 31st March 2011	As at 31st March 2010
18.1 Group				
Balance as at the beginning of the year	1,349,570	497,161	**1,846,731**	1,846,200
Additions during the year	-	5,926	**5,926**	531
Gain/(loss) on fair value adjustment	100,148	(69,626)	**30,522**	-
	1,449,718	433,461	**1,883,179**	1,846,731
18.2 Company				
Balance as at the beginning of the year	884,100	212,100	**1,096,200**	1,096,200
Additions during the year	-	-	**-**	-
Gain/(loss) on fair value adjustment	48,905	(26,126)	**22,779**	-
	933,005	185,974	**1,118,979**	1,096,200

18.3 Investment properties were stated based on a valuation performed by Mr. K. Arthur perera, A.M.I.V (Sri Lanka), an independent professional valuer as at 31st March 2011, the details of which are as follows;

Property & location	Method of Valuation	Extent (Hectares)	Historical cost Rs '000	Fair Value 2011 Rs '000	Fair Value 2010 Rs '000
Equity One PLC					
Dharmapala Mw., Colombo 7	Market approach	0.238	55,852	**657,000**	655,000
Vauxhall Lane, Colombo 2	Market approach	0.524	270,000	**461,979**	441,200
Equity Two PLC					
Janadhipathi Mw., Colombo 1	Market approach	0.218	467,885	**526,200**	520,000
Equity Three (Private) Limited					
George R. De Silva Mw.,					
Colombo 13	Market approach	0.208	76,126	**238,000**	230,531
			869,863	**1,883,179**	1,846,731

18.4 Investment Property pledged as security for liabilities

18.4.1 Company

The Company has provided primary mortgage over its property situated in Dharmapala Mawatha for the loan initially obtained by Equity Property Developers (Private) Limited and subsequently transferred to the Company with the amalgamation of companies during the year, amounting to Rs. 430 mn of which an amount of Rs. 142 mn was outstanding as at the balance sheet date.

18.4.2 Group

Equity Two PLC has pledged the Equity Two Building located at No. 61, Janadhipathi Mawatha, Colombo 01 for the loan facility obtained from Bank of Ceylon under Strike, Riot and Civil commotion and Terrorism (SRCC&T Fund) scheme. This loan was settled in full during the year and the release of mortgage has been since secured.

		Group		Company	
		2011	2010	2011	2010
19	**Investments in subsidiaries**				
	Investments in subsidiaries (Note 19.1)	-	-	**552,048**	662,437
		-	-	**552,048**	662,437

19.1	No. of Shares	Cost as at 31st March 2011	Market Value/ Valuation as at 31st March 2011	No. of Shares	Cost as at 31st March 2010	Market Value/ Valuation as at 31st March 2010
19.1.1 Quoted Investments						
Equity Two PLC	**27,532,525**	**448,834**	**762,651**	27,532,525	448,834	454,287
		448,834	**762,651**		448,834	454,287

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	No. of Shares	Cost as at 31st March 2011	Market Value/ Valuation as at 31st March 2011	No. of Shares	Cost as at 31st March 2010	Market Value/ Valuation as at 31st March 2010
19.1.2 Unquoted Investments						
Equity Three (Private) Limited	5,399,997	103,214	103,214	5,399,997	103,214	103,214
Equity Five Limited	-	-	-	2,999,996	110,388	110,388
Equity Developers (Private) Limited	-	-	-	499,999	5,000	-
Equity Property Developers (Private) Limited	-	-	-	9,999,999	100,000	-
Equity Nine (Private) Limited	-	-	-	4,999,999	50,000	-
Carsons Real Estate Management Services (Private) Limited	-	-	-	499,999	5,000	-
		103,214	103,214		373,602	213,602
Provision for impairment of investments (Note 19.2)		-	-		(159,999)	-
Total Investments in Subsidiaries		552,048	865,865		662,437	667,889

The market value of the quoted investments have been obtained from the Official Valuation List published by the Colombo Stock Exchange as at 31st March 2011.

19.2 Amalgamation of subsidiaries

As part of the restructure within the property sector, in accordance with Section 242 (1) of the Companies Act, No. 07 of 2007 and pursuant to obtaining due approval from the Registrar of Companies through the Certificate of amalgamation dated 30th November 2010; fully owned subsidiary companies of Equity One PLC, Equity Property Developers (Private) Limited, Equity Five Limited, Equity Nine (Private) Limited, Equity Developers (Private) Limited and Carsons Real Estate Management Services (Private) Limited (amalgamating companies), were amalgamated with Equity One PLC (amalgamated company). Accordingly investments in the said subsidiary companies and provision for impairment on those investments were written off / reversed during the year as disclosed in Note 19.2.1.

19.2.1 The assets and liabilities transferred to the Company from each of the amalgamating companies as at the date of amalgamation were as follows:

	Equity Property Developers (Private) Limited	Equity Five Limited	Equity Nine (Private) Limited	Equity Developers (Private) Limited	Carsons Real Estate Management Services (Private) Limited	Total
Property, plant & equipment	-	-	-	-	812	812
Inventories - Land held for sale and development	470,000		42,589	-	-	512,589
Amounts due from related companies	-	181,768	-	-	358	182,126
Current tax liabilities	-	57	-	-	-	57
Cash at bank and in hand	380	6	26	17	1	430
Total assets	470,380	181,831	42,615	17	1,171	696,014
Long-term bank borrowings	178,000	-	-	-	-	178,000
Trade and other payables	4,574	50	8,583	2,750	13,603	29,560
Amounts due to related companies	573,641	-	215,666	28,136	53,653	871,096
Total liabilities	756,215	50	224,249	30,886	67,256	1,078,656
Net assets / (liability)	(285,835)	181,781	(181,634)	(30,869)	(66,085)	(382,642)

19.2.2 Reconciliation of the net assets / (liabilities) absorbed on amalgamation

Net Liabilities acquired on amalgamation (Note 19.2.1)	(382,642)
Adjustments for investments in subsidiaries (amalgamating companies)	(270,388)
Reversal of provisions for impairment of investments	159,999
Reversal of provisions for amounts due from related companies as at 30th November 2010	560,224
Net assets absorbed on amalgamation	**67,193**

Amounts recognized in the Income Statement	
Reversal of provision for impairment on amounts due from related companies made during the year	24,974
Amounts recognized in the Statement of Changes in Equity	42,219
Total net assets absorbed on amalgamation	**67,193**

19.3 The provision for impairment of investments in subsidiary companies amounting to Rs. 159.9 mn and the provision for the amounts due from related companies amounting to Rs 560.2 mn were absorbed to the financial statements of the Company.

20 Inventories

	Group		Company	
	2011	2010	2011	2010
Land held for development and sale	**505,814**	893,362	**505,814**	-
Finished goods - completed houses	**-**	67,760	**-**	-
	505,814	961,122	**505,814**	-
Provision for inventories (Note 20.1)	**(2,889)**	(374,657)	**(2,889)**	-
	502,925	586,465	**502,925**	-

20.1 As at the balance sheet date provision for inventories amounting to Rs. 2.9 mn was made to adjust the inventories into net realisable values as required by Sri Lanka Accounting Standards No. 5 (Revised 2005) "Inventories".

20.2 No borrowing costs were capitalised into inventories during the year (2010 - Nil).

20.3 Details of Lands held for sale and development as at 31st March 2011

Company	Location	Extent (Acres)	Fair Value 31st March 2011 Rs. '000
Equity One PLC	No. 7, De Soysa Mawatha, Mt. Lavinia.	6.00	470,000
	Mirihana Estate, Mirihana.	0.37	32,925
			502,925

20.4 The Land situated at Mount Lavinia is under primary mortgage for bank loans amounting to Rs. 142 mn as at 31st March 2011.

		Group		Company	
		2011	2010	2011	2010
21	**Trade and Other Receivables**				
	Trade debtors	2,122	1,558	-	61
	Deposits, prepayments and other receivables	4,442	5,129	1,463	1,888
	Loans given to Company Officers (Note 21.1)	893	1,562	396	500
		7,457	8,249	1,859	2,449
	Provision for bad debts	(851)	-	(230)	-
		6,606	8,249	1,629	2,449
21.1	**Loans given to Company Officers**				
	Balance as at the beginning of the year	1,562	645	500	278
	Loans granted during the year	328	1,645	293	519
	Recovered during the year	(997)	(728)	(397)	(297)
	Balance as at the end of the year	893	1,562	396	500
22	**Amounts due from Related Companies**				
	Equity Property Developers (Private) Limited	-	-	-	449,133
	Equity Developers (Private) Limited	-	-	-	51,103
	Equity Nine (Private) Limited	-	-	-	263,684
	Carsons Real Estate Management Services (Private) Limited	-	-	-	66,204
	Selinsing PLC	-	3	-	3
	Good Hope PLC	-	3	-	3
	Shalimar (Malay) PLC	-	4	-	4
	Indo-Malay PLC	-	3	-	3
	Lion Brewery (Ceylon) PLC	135	199	135	199
	Agro Harapan Lestari (Private) Limited	18	-	-	-
		153	212	135	830,336
	Provision for amounts due from related companies (Note 22.1)	-	-	-	(535,250)
		153	212	135	295,086

22.1 As part of the restructure within the property sector, in accordance with Section 242 (1) of the Companies Act, No. 07 of 2007 and pursuant to obtaining due approval from the Registrar of Companies through the Certificate of amalgamation dated 30th November 2010; fully owned subsidiary companies of Equity One PLC, Equity Property Developers (Private) Limited, Equity Five Limited, Equity Nine (Private) Limited, Equity Developers (Private) Limited and Carsons Real Estate Management Services (Private) Limited (amalgamating companies), were amalgamated with Equity One PLC (amalgamated company). Accordingly amounts due from related companies and provisions on those amounts were written off / reversed during the year as disclosed in Note 19.2.2.

		Group		Company	
		2011	2010	2011	2010
23	**Stated Capital**				
	Issued and Fully Paid				
	As at the beginning of the year (40,321,730 shares)	**1,085,584**	1,085,584	**1,085,584**	1,085,584
	As at the end of the year (40,321,730 shares)	**1,085,584**	1,085,584	**1,085,584**	1,085,584
24	**Capital Reserves**				
	Balance as at the beginning of the year	**13,236**	13,236	**13,236**	13,236
	Balance as at the end of the year	**13,236**	13,236	**13,236**	13,236
	Represented by:				
	Capital accretion reserve	**158**	158	**158**	158
	Machinery replacement reserve	**5,109**	5,109	**5,109**	5,109
	Other capital reserves	**7,969**	7,969	**7,969**	7,969
		13,236	13,236	**13,236**	13,236

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

24.1 Capital accretion reserve, Machinery replacement reserve and Other capital reserves represents the amounts set aside by the Directors for future expansion and to meet any contingencies.

		Group		Company	
		2011	2010	2011	2010
25	**Revenue Reserves**				
	Balance as at the beginning of the year	**314,449**	438,179	**143,962**	262,253
	Net movement during the year	**41,757**	(123,730)	**73,649**	(118,291)
	Balance as at the end of the year	**356,206**	314,449	**217,611**	143,962
	Represented by:				
	General reserve	**39**	39	**39**	39
	Fair value adjustment reserve	**832,826**	802,304	**793,127**	770,348
	Accumulated loss	**(476,659)**	(487,894)	**(575,555)**	(626,425)
		356,206	314,449	**217,611**	143,962

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

25.1 Fair value adjustment reserve

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

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

	Group		Company	
	2011	2010	2011	2010
26 Long-Term Borrowings				
Bank Borrowings				
Balance at the beginning of the year	287,831	601,104	-	-
Transferred on amalgamation of companies (Note 19.2)	-	-	178,000	-
Less: Payments made during the year	(145,831)	(313,273)	(36,000)	-
Balance as at the end of the year	142,000	287,831	142,000	-
Less: Installments falling due within one year	(142,000)	(145,830)	(142,000)	-
Installments falling due after one year	-	142,001	-	-

26.1 Details of Long-Term Borrowings

Company	Lender/Rate of Interest (p.a.)	Balance as at 31st March 2011	Balance as at 31st March 2010	Repayment terms	Security
Equity One PLC (Note 26.2)	Hatton National Bank AWPLR + 2.25% (to be reviewed quarterly)	142,000	286,000	To be repaid in 60 months with an initial grace period of 24 months in 11 equal quarterly installments of Rs. 36 mn and a final installment of Rs. 34 mn plus interest. Interest to be serviced monthly. The loan is to be repaid in full by January 2012.	Registered Primary Floating Mortgage Bond (RPFMB) executed over the property at Mount Lavinia and Primary mortgage executed over the immovable property owned by the Equity One PLC situated in Dharmapala Mawatha.
Equity Two PLC	Bank of Ceylon Ltd. 3% per annum	-	1,831	To be repaid in 10 years.	Primary Mortgage over the Equity Two PLC land & building. (Investment Properties)
		142,000	287,831		

26.2 The loan balance referred to is originally obtained under the name of Equity Property Developers (Private) Limited, a fully owned subsidiary of Equity One PLC to enable property development activities. Further to the amalgamation as more fully detailed in Note 19.2, the loan was transferred to Equity One PLC and accounted for accordingly.

	Group 2011	Group 2010	Company 2011	Company 2010
27 Refundable Rental and Other Deposits				
Balance as at the beginning of the year	23,437	27,569	14,206	17,011
Receipts during the year	8,721	3,476	8,571	1,542
Refunds during the year	(2,695)	(7,608)	(2,695)	(4,347)
Amounts recovered during the year	(474)	-	-	-
Balance at the end of the year	28,989	23,437	20,082	14,206
28 Deferred Taxation				
Balance as at the beginning of the year	158,114	156,005	64,683	65,204
Adjustment resulting from change in tax rate (Note 28.4)	(27,692)	-	(11,208)	-
Provision/(reversal) during the year	(19,655)	2,109	(8,644)	(521)
Balance as at the end of year	110,767	158,114	44,831	64,683
28.1 Reversal of Deferred Tax charge / (reversal) for the year				
Property, plant & equipment	(611)	(335)	(313)	(287)
Investment properties	(49,835)	894	(20,204)	14
Retirement benefit cost	707	(312)	665	(248)
Tax losses carried forward	2,392	1,862	-	-
Net deferred tax charged/(reversed) for the year	(47,347)	2,109	(19,852)	(521)
28.2 Deferred tax assets				
Tax effect on retirement benefit plan	(1,290)	(1,997)	(930)	(1,595)
Tax effect on tax losses	(3,617)	(6,009)	-	-
Total deferred tax assets	(4,907)	(8,006)	(930)	(1,595)
28.3 Deferred tax liabilities				
Tax effect on property, plant & equipment	2,459	3,070	1,305	1,618
Tax effect on investment properties	113,215	163,050	44,456	64,660
Total deferred tax liabilities	115,674	166,120	45,761	66,278
Net deferred tax liabilities	110,767	158,114	44,831	64,683

28.4 Impact Due to Corporate Income Tax Rate Change

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

As per the amendments made to the Inland Revenue Act No. 10 of 2006 by the amendment Act No. 22 of 2011 corporate income tax rate would be reduced to 28% (from the currently enacted 35%) with effect from 1 April 2011, accordingly deferred tax assets and liabilities have been computed based on the said reduced corporate tax rate. This resulted in a reversal of Rs. 11.2 mn and Rs. 27.7 mn to the Income Statement for the Company and the Group respectively as disclosed in 28 and Note 15.

29 Retirement Benefit Obligations - Retirement Benefit Plan - Gratuity

29.1 The movement in the liabilities recognised in the balance sheet is as follows:

	Group		Company	
	2011	2010	2011	2010
Balance as at the beginning of the year	**5,705**	5,964	**4,556**	3,850
Transfers	**-**	(191)	**-**	-
Provision for the year (Note 29.2)	**2,036**	889	**1,239**	706
Payments made during the year	**(3,136)**	(957)	**(2,474)**	-
Balance as at the end of the year	**4,605**	5,705	**3,321**	4,556

29.2 The amounts recognized in the income statement are as follows;

Current service cost	**242**	278	**175**	218
Interest cost	**685**	611	**547**	488
Actuarial gains / (losses)	**1,109**	-	**517**	-
Provision for the year	**2,036**	889	**1,239**	706

29.3 The gratuity liability as at 31st March 2011 amounting to Rs. 3,321,045/- (2010 - Rs. 4,556,810/-) and Rs. 4,605,060/- (2010 - Rs. 5,705,722/-) for the Company and the Group respectively is made based on an actuarial valuation carried out by Mr. M. Poopalanathan of Messrs Actuarial Consultants (Pvt) Ltd. As recommended by the Sri Lanka Accounting Standards No. 16 (revised 2006) - "Employee Benefits", the "Projected Unit Credit " (PUC) method has been used in this valuation. The actuarial valuation of gratuity liability as at 31 March 2010 was carried out by Mr. Piyal s. Goonatilleke of Messrs. Piyal Goonatilake & Associates.

The principal assumptions used are:

- Rate of discount	10% p.a.
- Rate of pay increase	12% p.a.
- Retirement age	55 years
- Mortality	A 67/70 Mortality table issued by the Institute of Actuaries, London was used.
- Withdrawal rate	5% for each upto 49 years and Zero thereafter

- The company is a going concern.

29.5 The above provision is not externally funded.

	Group 2011	Group 2010	Company 2011	Company 2010
30 Amounts due to Related Companies				
30.1 Non-current				
Carson Cumberbatch PLC	**637,643**	531,030	**637,643**	528,947
	637,643	531,030	**637,643**	528,947
30.2 Non-current				
Equity Two PLC	**-**	-	**31,379**	31,720
Equity Three (Pvt) Limited	**-**	-	**12,549**	12,249
Equity Five Limited	**-**	-	**-**	183,851
Carsons Management Services (Private) Limited	**-**	868	**-**	-
	-	868	**43,928**	227,820

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

30.4 The amounts borrowed by the Company from Equity Two PLC, a subsidiary, is charged with an interest at the rate of 7% p.a.

	Group 2011	Group 2010	Company 2011	Company 2010
31 Trade and Other Payables				
Trade creditors	**1,536**	4,772	**99**	1,819
Accrued expenses and other payables	**20,510**	10,235	**16,684**	2,011
Unclaimed dividend	**159**	437	**119**	428
	22,205	15,444	**16,902**	4,258

32 Commitments and Contingencies

32.1 Capital Expenditure Commitments

The Company and the Group do not have any significant capital commitments as at the Balance Sheet date.

32.2 Contingencies

There were no material contingent liabilities as at the Balance Sheet date.

32.3 Litigation and claims

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

33 Dividend

The Board of Directors do not recommend a dividend for the year ended 31st March 2011 (2010 - Nil).

34 Events after the Balance Sheet date

Subsequent to the Balance Sheet date, no circumstances have arisen which would require adjustments to or disclosures in the Financial Statements.

35 Comparative figures

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

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36 Related Party Transactions

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

36.1 Parent and Ultimate Controlling Party

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

36.2 Transactions with Related Companies

Name of the Company	"Name of the Common Director/s "	Nature of Transactions	2011	2010
36.2.1 Equity One PLC				
Carson Cumberbatch PLC	D. C. R. Gunawardena	Short-term advances obtained	188,993,032	391,001,200
		Settlements made on short-term advances obtained and interest thereon	80,460,515	67,469,000
		Interest on advances provided	163,334	39,797
Carsons Management Services (Private) Limited.	D. C. R. Gunawardena *	Management Fees paid	1,233,958	1,235,031
	K. C. N. Fernando	Secretarial fees paid	74,037	74,102
	A. P. Weeratunge	Computer charges paid	308,489	308,758
		Rental income received	68,256	45,500
Carsons Airline Services (Private) Limited.	D. C. R. Gunawardena	Rental income received	61,470	737,640
Equity Two PLC	D. C. R. Gunawardena	Short-term advances obtained	-	1,000,000
	K. C. N. Fernando	Settlements made on short-term advances obtained and interest thereon		
	A. P. Weeratunge		2,477,927	-
	E. H. Wijenaike	Interest on advances provided	2,136,948	2,263,522
	P. D. D. Fernando	Dividend received	2,753,252	-
Equity Three (Private) Limited.	K. C. N. Fernando	Short-term advances obtained	1,300,000	9,510,000
		Settlements made on short-term advances obtained	1,000,00	360,000
		Dividend received	1,889,999	1,349,999
Equity Five Limited **	D. C. R. Gunawardena	Short-term advances obtained	-	633,750
	K. C. N. Fernando	Settlements made on short-term advances obtained	183,851,064	14,607,686
		Dividend received	-	13,799,982
Equity Developers (Private) Limited **	D. C. R. Gunawardena	Short-term advances given	311,287	3,525,763
	K. C. N. Fernando	Settlements made on short-term advances given	20,614,000	12,668,000
	A. P. Weeratunge			

Name of the Company	"Name of the Common Director/s "	Nature of Transactions	2011	2010
Equity Nine (Private) Limited **	D. C. R. Gunawardena K. C. N. Fernando A. P. Weeratunge	Short-term advances given Settlements made on short-term advances given	765,213 45,635,000	161,986,290 59,254,000
Equity Property Developers (Private) Limited **	D. C. R. Gunawardena K. C. N. Fernando A. P. Weeratunge	Short-term advances given The loan obtained by Equity Property Developers (Private) Limited from Hatton National Bank PLC was secured over the property at Dharmapala Mawatha owned by Equity One PLC, which was transferred to the Company upon amalgamation.	129,008,002	208,990,761
Carsons Real Estate Management Services (Private) Limited **	D. C. R. Gunawardena K. C. N. Fernando A. P. Weeratunge	Short-term advances given	123,500	24,047,215
36.2.2 Equity Two PLC				
Equity One PLC	D. C. R. Gunawardena K. C. N. Fernando A. P. Weeratunge E. H. Wijenaike P. D. D. Fernando	Short-term advances given Settlements made on short-term advances given and interest thereon Interest on advances given Dividend paid	- 2,477,927 2,136,948 2,753,252	1,000,000 - 2,263,522 -
Carsons Management Services (Private) Limited.	D. C. R. Gunawardena * K. C. N. Fernando A. P. Weeratunge	Management fees paid Secretarial fees paid Computer charges paid Rental income received	616,979 74,037 185,094 5,787,302	617,515 74,102 185,255 5,008,040
Guardian Fund Management Limited.	D. C. R. Gunawardena *	Rental income received	582,192	424,578
Carsons Real Estate Management Services (Private) Limited **	D. C. R. Gunawardena K. C. N. Fernando A. P. Weeratunge	Short-term advances given Settlements made on short-term advances given and interest thereon Rental income received	- - -	846,876 1,797,240 347,270
Carsons Airline Services (Private) Limited	D. C. R. Gunawardena	Rental income received	396,880	-
Agro Harapan Lestari (Private) Limited		Rental income received	8,533,246	6,969,011
AHL Business Solutions (Private) Limited		Rental income received	1,417,786	-

Name of the Company	"Name of the Common Director/s"	Nature of Transactions	2011	2010
36.2.3 Equity Three (Private) Limited.				
Equity One PLC	D. C. R. Gunawardena	Short-term advances given	**1,300,000**	9,510,000
	K. C. N. Fernando	Settlements made on short-term advances given	**1,000,000**	360,000
	A. P. Weeratunge	Dividend paid	**1,889,999**	1,349,999
Carsons Management Services (Private) Limited.	D. C. R. Gunawardena *	Management fees paid	**308,489**	308,758
	K. C. N. Fernando	Secretarial fees paid	**24,679**	24,776
	A. P. Weeratunge	Computer charges paid	**92,547**	92,552
		Rental income received	**1,336,780**	1,336,780
**36.2.4 Equity Five Limited. ** **				
Equity One PLC	D. C. R. Gunawardena	Short-term advances given	**-**	633,750
	K. C. N. Fernando	Settlements made on short-term advances given	**183,851,064**	14,607,686
	A. P. Weeratunge	Dividend paid	**-**	13,799,982
Carsons Management Services (Private) Limited.	D. C. R. Gunawardena *	Management fees paid	**-**	102,051
	K. C. N. Fernando	Secretarial fees paid	**29,732**	43,226
	A. P. Weeratunge			
**36.2.5 Equity Developers (Private) Limited ** **				
Equity One PLC	D. C. R. Gunawardena	Short-term advances obtained	**311,287**	3,525,763
	K. C. N. Fernando	Settlements made on short-term advances obtained	**20,614,000**	12,668,000
	A. P. Weeratunge			
**36.2.6 Equity Nine (Private) Limited ** **				
Equity One PLC	D. C. R. Gunawardena	Short-term advances obtained	**765,213**	161,986,290
	K. C. N. Fernando	Settlements made on short-term advances obtained	**45,635,000**	59,254,000
	A. P. Weeratunge			
**36.2.7 Equity Property Developers (Private) Limited ** **				
Equity One PLC	D. C. R. Gunawardena	Short-term advances obtained	**129,008,002**	208,990,761
	K. C. N. Fernando	The loan obtained by the Company from Hatton National Bank PLC was secured over the property at Dharmapala Mawatha owned by Equity One PLC, which was transferred to the said company upon amalgamation.		
	A. P. Weeratunge			

Name of the Company	"Name of the Common Director/s "	Nature of Transactions	2011	2010
**36.2.8 Carsons Real Estate Management Services (Private) Limited ** **				
Equity One PLC	D. C. R. Gunawardena K. C. N. Fernando A. P. Weeratunge	Short-term advances obtained	123,500	24,047,215
Equity Two PLC	D. C. R. Gunawardena K. C. N. Fernando A. P. Weeratunge	Short-term advances obtianed	-	846,876
		Settlements made on short-term advances obtained	-	1,797,240
		Rental expenses paid	-	347,270
Carsons Management Services (Private) Limited.	D. C. R. Gunawardena * K. C. N. Fernando A. P. Weeratunge	Short-term advances obtianed	-	867,994
		Settlements made on short-term advances obtained	867,994	-

* Mr. D.C.R. Gunawardena relinquished his duties and responsibilities as a Director with effect from 15th April 2011.

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

There were no material related party transactions other than those disclosed above. The balances outstanding as at the balance sheet date are disclosed in Notes 22 & 30 of the financial statements.

35.3 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard 30 (Revised 2006) "Related Party Disclosures" Key Management personnel (KMP) are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company and its parent Company (including Executive and Non-Executive Directors) and their immediate family members have been classified as Key Management Personnel of the Company.

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

Segmental Information

(a) Primary Reporting Format - Business Segments

At 31 March 2010, the Group was organised into three main business segments - Property rental, Property Development and Management servicees, of which Property Development and Management services ceased to operate during the year.

	Property Rental		Property Development		Management Services		Intra Group Transaction		Group	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	**99,648**	85,613	**75,918**	93,731	**-**	-	**-**	(399)	**175,566**	178,945
Profit / (loss) before Finance Cost	**43,167**	(99,414)	**(7,702)**	(40,287)	**(321)**	(21,952)	**-**	121,677	**35,144**	(39,976)
Finance expenses	**(186)**	(2,396)	**(26,148)**	(72,613)	**-**	-	**-**	2,264	**(26,334)**	(72,745)
Profit / (loss) before Taxation	**42,981**	(101,810)	**(33,850)**	(112,900)	**(321)**	(21,952)	**-**	123,941	**8,810**	(112,721)
Taxation	**36,247**	(10,560)	**-**	68	**-**	-	**-**	-	**36,247**	(10,492)
Profit /(loss) for the year	**79,228**	(112,370)	**(33,850)**	(112,832)	**(321)**	(21,952)	**-**	123,941	**45,057**	(123,213)
Profit/(Loss) attributable to:										
Shareholders of the parent company	**75,928**	(112,887)	**(33,850)**	(112,832)	**(321)**	(21,952)	**-**	123,941	**41,757**	(123,730)
Minority Shareholders	**3,300**	517	**-**	-	**-**	-	**-**	-	**3,300**	517
	79,228	(112,370)	**(33,850)**	(112,832)	**(321)**	(21,952)	**-**	123,941	**45,057**	(123,213)

	Property Rental		Property Development		Management Services		Group	
	2011	2010	2011	2010	2011	2010	2011	2010
Segment Assets								
Property, plant & equipment	**45,944**	30,813	**-**	-	**-**	1,446	**45,944**	32,259
Investment property	**1,883,179**	1,846,731	**-**	-	**-**	-	**1,883,179**	1,846,731
Current assets	**30,702**	24,380	**502,925**	587,935	**-**	14	**533,627**	612,329
Total Segmental Assets	**1,959,825**	1,901,924	**502,925**	587,935	**-**	1,460	**2,462,750**	2,491,319
Segment Liabilities								
Long - term bank borrowings	**-**	-	**-**	142,001	**-**	-	**-**	-
Refundable rental and other deposit	**28,989**	23,437	**-**	-	**-**	-	**28,989**	23,437
Deferred taxation	**110,767**	158,114	**-**	-	**-**	-	**110,767**	158,114
Retirement benefit obligations	**4,605**	5,705	**-**	-	**-**	-	**4,605**	5,705
Amounts due to related companies - Non-current	**637,643**	531,030	**-**	-	**-**	-	**637,643**	531,030
Current liabilities	**26,177**	8,544	**142,000**	153,663	**-**	966	**168,177**	694,203
Total Segmental Liabilities	**808,181**	726,830	**142,000**	295,664	**-**	966	**950,181**	1,023,460
Depreciation	**7,354**	4,223	**-**	-	**379**	591	**7,733**	4,814
Capital expenditure	**21,675**	13,793	**-**	-	**-**	-	**21,675**	13,793

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

Segment assets consist primarily of property, plant and equipment, capital work-in-progress, inventories, trade and other receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities. (b)"Secondary Reporting Format -

(b) Secondary Reporting Format - Geographical Segments

All the Group's business segments operate in one main geographical area, hence they do not qualify for secondary reporting.

Five Year Summary

(All figures in the Five Year Summary are in Sri Lankan Rs. '000 unless otherwise stated)

Year ended 31st March		2011	2010	GROUP 2009	2008	2007
Trading Results						
Revenue (Net)		**175,566**	178,945	111,332	93,374	89,951
Profit/(loss) before taxation		**8,810**	(112,721)	(337,382)	17,647	221,904
Taxation		**36,247**	(10,492)	(15,623)	(15,227)	(59,723)
Profit/(loss) after taxation		**45,057**	(123,213)	(353,005)	2,420	162,181
Shareholders' Funds						
Stated capital		**1,085,584**	1,085,584	1,085,584	1,085,584	1,085,584
Reserves		**369,442**	327,685	451,415	803,176	729,153
Minority Interest		**57,543**	54,590	54,073	63,520	63,187
Shareholders' funds		**1,512,569**	1,467,859	1,591,072	1,952,280	1,877,924
Assets Employed						
Current assets		**533,627**	612,329	746,826	1,060,302	930,023
Current liabilities		**(168,177)**	(163,173)	(549,237)	(290,270)	(27,104)
Working capital		**365,450**	449,156	197,589	770,032	902,919
Non-current assets		**1,929,123**	1,878,990	1,869,554	1,931,369	1,855,632
Assets employed		**2,294,573**	2,328,146	2,067,143	2,701,401	2,758,551
Non-current liabilities		**(782,004)**	(860,287)	(476,071)	(749,121)	(880,627)
Net assets		**1,512,569**	1,467,859	1,591,072	1,952,280	1,877,924
Year ended 31st march						
Cash Flow Statement						
Net cash inflow / (outflow) from:						
Operating activities		**179,226**	319,412	(86,713)	(112,762)	(748,104)
Investing activities		**(25,726)**	(6,369)	208,412	1,935	14,015
Financing activities		**(146,487)**	(313,588)	(120,775)	2,863	669,960
Net increase / (decrease) in cash & cash equivalent		**7,013**	(545)	924	(107,964)	(64,129)
Ratios and Statistics						
Dividend per share	(Rs.)	**-**	-	-	0.20	0.20
Dividend yield ***	(%)	**-**	-	-	0.95	0.91
Dividend payout	(%)	**-**	-	-	333.24	4.97
Return on shareholders' funds	(%)	**2.98**	(8.39)	(22.19)	0.12	8.64
Earnings/(loss) per share	(Rs.)	**1.12**	(3.06)	(8.75)	0.06	4.02
Market price per share **	(Rs.)	**50.70**	24.75	18.00	21.00	22.00
Earnings yield **	(%)	**2.20**	(12.35)	(48.64)	0.29	18.28
P/E ratio	(times)	**45.37**	(8.10)	(2.06)	349.90	5.47
Net assets per share	(Rs.)	**37.51**	36.40	39.46	48.42	46.57
Current ratio	(times)	**3.17**	3.75	1.36	3.65	34.31
Market Capitalisation	(Rs. '000)	**2,044,312**	997,963	725,791	846,756	887,078

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

*** Proposed dividend.

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Statement of Value Added

(All figures in the Statement of Value Added are in Sri Lankan Rs. '000 unless otherwise stated)

For the year ended 31st March	2011	2010
Revenue (Net)	175,566	178,945
Other income	5,640	4,137
	181,206	183,082
Cost of material and services bought from outside	(132,914)	(170,415)
Value added	48,292	12,667

Distributed as follows:		%		%
To employees				
as Remuneration	33,048	68	36,391	287
To government				
as Taxation*	11,101	23	8,383	66
To providers of capital				
as Dividend	347	1	-	
as Interest on Loans	26,334	55	72,745	574
as Minority Interest	2,953	6	517	4
Retained in the business				
as Deferred Taxation	-	-	2,109	17
as Depreciation	7,733	16	4,814	38
as Retained Profits/(Loss) net of provisions and fair value adjustment	(33,224)	(69)	(112,292)	(886)
	48,292	100	12,667	100

The Value Added Statement shows the quantum of wealth generated by the activities of the Group and its applications.

*Excluding Value Added Tax.

US $ FINANCIALS

PREPARATION OF US DOLLAR FINANCIALS

The Financial Statements of the Group are stated in Sri Lankan Rupees.

The translation of the Sri Lankan Rupee amounts into US Dollars is included solely for the convenience of Shareholders, Investors, Bankers and other users of Financial Statements.

US Dollar financials do not form part of the Audited Financial Statements of the Group.

Income Statement

For the year ended 31st March	Group 2011 US $	Group 2010 US $
Revenue	1,565,736	1,566,395
Direct cost	(1,293,008)	(1,513,095)
	272,728	53,300
Other income	50,299	36,213
Fair value adjustment - Investment properties	272,202	-
Provision for inventories	(25,765)	(95,597)
	569,464	(6,084)
Administrative and other operating expenses	(256,042)	(343,846)
Profit/(loss) from operations	313,422	(349,930)
Finance expenses	(234,852)	(636,773)
Profit/(loss) before taxation	78,570	(986,703)
Income tax reversal / (expenses)	323,259	(91,842)
Profit/(loss) for the year	401,829	(1,078,545)
		-
Profit/(loss) attributable to:		-
Shareholders of the parent company	372,399	(1,083,070)
Minority shareholders	29,430	4,525
	401,829	(1,078,545)

Figures in brackets indicate deductions.

Balance Sheet

As at 31st March	Group 2011 US $	2010 US $
ASSETS		
Non-Current Assets		
Property, plant & equipment	416,159	282,974
Investment properties	17,057,781	16,199,395
Total non-current assets	17,473,940	16,482,369
Current Assets		
Inventories	4,555,480	5,144,430
Trade and other receivables	59,837	72,360
Amounts due from related companies	1,386	1,860
Tax recoverable/credit	-	4,149
Short-term Investments	119,085	63,544
Cash at bank and in hand	97,790	84,965
Total current assets	4,833,578	5,371,308
Total assets	22,307,518	21,853,677
EQUITY AND LIABILITIES		
Equity		
Stated capital	12,278,700	12,278,700
Capital reserves	116,105	116,105
Revenue reserves	784,778	2,291
Attributable to equity holders of the Company	13,179,583	12,397,096
Minority shareholders' interest	521,223	478,860
Total equity	13,700,806	12,875,956
Non-Current Liabilities		
Long-term bank borrowings	-	1,245,623
Refundable rental and other deposits	262,582	205,588
Deferred taxation	1,003,324	1,386,965
Retirement benefit obligations	41,712	50,044
Amounts due to related companies	5,775,752	4,658,158
Total non-current liabilities	7,083,370	7,546,378
Current Liabilities		
Trade and other payables	201,132	135,474
Current tax liabilities	35,978	9,044
Amounts due to related companies	-	7,614
Long-term bank borrowings repayable within one year	1,286,232	1,279,211
Total current liabilities	1,523,342	1,431,343
Total liabilities	8,606,712	8,977,721
Total equity and liabilities	22,307,518	21,853,677

Notes to the Financial Statements

1 Basis of conversion

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

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

		2011	2010
Income statement	Average rate	112.13	114.24
Monetary assets and liabilities	Closing rate	110.40	114.00
Non-monetary assets and liabilities	Closing rate	110.40	114.00
Ordinary share capital	Historical rate	-	-

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

2 Revenue reserve

	Group	
	2011 US $	2010 US $
Beginning of the year	2,291	891,255
Net movement during the year	372,398	(1,083,071)
	374,689	(191,816)
Currency fluctuations	410,089	194,107
As at the end of the year	784,778	2,291

Information to Shareholders and Investors

1 Stock Exchange Listing

Equity One PLC, is a Public Quoted Company, the ordinary shares of which are listed on the main board of the Colombo Stock Exchange of Sri Lanka.

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

2 Shareholders Base

Ordinary Shareholders

As at 31st March	2011	2010
Number of Shareholders	**628**	669

Distribution and Composition of Shareholders

The number of shares held by non-residents as at 31st March, 2011 was 26,781 which amounts to 0.07% of the issued share capital.

Distribution of Shares	Residents			Non-Residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	428	124,286	0.31	4	1,744	-	432	126,030	0.31
1,001 - 10,000	166	536,020	1.33	2	10,837	0.03	168	546,857	1.36
10,001 - 100,000	25	681,191	1.69	1	14,200	0.04	26	695,391	1.73
100,001 -1,000,000	1	135,200	0.33	-	-	-	1	135,200	0.33
Above 1,000,000	1	38,818,252	96.27	-	-	-	1	38,818,252	96.27
Total	**621**	**40,294,949**	**99.93**	**7**	**26,781**	**0.07**	**628**	**40,321,730**	**100.00**

Categories of Shareholders	2011		
	No. of Shareholders	No. of Shares	%
Individuals	**590**	**1,201,852**	**2.98**
Institutions	**38**	**39,119,878**	**97.02**
Total	**628**	**40,321,730**	**100.00**

3 Market Performance - Ordinary Shares

For the year	2011	2010
Share price as at 31st March (Rs.)	**50.70**	24.75
Highest (Rs.)	**62.20**	28.50
Lowest (Rs.)	**48.00**	17.00
Value of shares traded (Rs.)	**10,724,750**	78,918,025
No. of shares traded	**187,300**	3,441,500
Volume of transactions (Nos.)	**322**	3,114

4 Market Capitalisation

Market capitalisation of the Company which is the number of ordinary shares in issue multiplied by the market value of an ordinary share was Rs. 2,044,311,711/- as at 31st March, 2011 (2010 - Rs. 997,962,818/-).

5 Public Holding

The percentage of ordinary shares held by public as at 31st March 2011 was 3.72% (2010 - 3.72%).

6 Dividend

The Directors do not recommended a dividend for the year ended 31st March 2011 (2010 - Nil).

7 Value of Property - Land and Building

Property & location	Extent (Hectares)	Market Value 2011 Rs '000	Date of Professional Valuation
Equity One PLC			
Dharmapala Mw., Colombo 7	0.238	657,000	March 2011
Vauxhall Lane, Colombo 2	0.524	461,979	March 2011
De Soysa Mawatha, Mt. Lavinia	2.428	470,000	March 2011
Equity Two PLC			
Janadhipathi Mw., Colombo 1	0.218	526,200	March 2011
Equity Three (Private) Limited			
George R. De Silva Mw., Colombo 13	0.208	238,000	March 2011
		2,353,179	

8 Number of employees

The number of employees at the end of the year was 18 (2010 - 19) and 14 (2010 - 15) for the Group and the Company respectively.

Glossary of Financial Terms

Appropriations
Apportioning of earnings to Capital Reserves, Revenue Reserves or as dividends

Book Value
Total assets less liabilities divided by the number of ordinary shares in issue

Capital Employed
Total of shareholders' funds, minority interest and long term borrowings

Capital Reserves
Reserves identified for specific purposes and considered not available for distribution.

Cash Equivalents
Liquid investments with original maturities of six months or less

Contingent Liabilities
Conditions or situations at the Balance Sheet date, the financial effects of which are to be determined by future events which may or may not occur.

Current Ratio
Current assets divided by current liabilities.

Debt
Total borrowings

Debt to Equity Ratio
Ratio of debt to shareholders' funds and minority interest

Dividend Cover
Post tax profit divided by gross dividend. Measures the number of times dividend is covered by distributable profits.

Dividend per Share
Dividend paid and proposed, divided by the number of ordinary shares in issue which ranked for those dividends.

Dividend Yield
Dividend per share as a percentage of market price per share.

Earnings per Share
Profits attributable to ordinary shareholders after preference dividend divided by the number of ordinary shares in issue and ranking for dividend

Equity
Shareholders' funds (stated capital + reserves) and minority

Events occurring after the Balance Sheet date
Significant events that occur between the Balance Sheet date and the date on which the financial statements are authorised for issue, which would require adjustments to or disclosure in the financial statements

Gearing
Ratio of borrowing to capital employed. Borrowings include all interest bearing liabilities.

Interest Cover
Profit before tax and interest charges and preference dividends divided by interest charges

Investment Property
Land & Buildings held to earn rental income and for capital appreciations

Market Capitalisation
The market value of a company at a given date obtained by multiplying the share price by the number of shares in issue

Net Assets per Share
Total assets less liabilities divided by the number of ordinary shares in issue.

Net Current Assets
Capital required to finance the day-to-day operations (current assets less current liabilities).

Price Earning Ratio (P/E)
Market price of a share divided by earnings per share

Related Parties
Parties who could control or significantly influence the financial and operating decisions/policies of the business

Return on Shareholders' Funds
Profit attributable to shareholders divided by shareholders' funds (total of share capital and reserves)

Revenue Reserves
Reserves considered as being available for distribution and other appropriations

Segment
Constituent business units grouped in terms of nature and similarity of operations

Value Addition
The Quantum of wealth generated by the activities of the Group

One

Notice of Meeting

NOTICE IS HEREBY GIVEN that the TWENTY NINTH Annual General Meeting of EQUITY ONE PLC will be held on Tuesday the 21st day of June 2011 at 3.30 p.m. at the 8th Floor, No.65C, Dharmapala Mawatha, Colombo 7, for the following purposes :

1. To receive and adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2011, together with the Independent Auditors' Report thereon.

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

3. To re-elect Mr. A.P. Weeratunge, who retires in terms of Articles 72,73 and 74 of the Articles of Association of the Company.

4. To re-appoint Mr. S. Nagendra as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution :

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

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

By Order of the Board

CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED
Secretaries

Colombo,
5th May 2011

Notes

1. A member is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A Form of Proxy accompanies this notice.

2. The completed Form of Proxy must be deposited at the Registered Office, No.61, Janadhipathi Mawatha, Colombo 1, not later than 3.30 p.m. on 19th June 2011.

3. A person representing a Corporation is required to carry a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a member.

4. The transfer books of the Company will remain open.

5. Security Check
   We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance lobby.

Form of Proxy

*I/ We ....

of ....

being *a Member/Members of EQUITY ONE PLC

hereby appoint..

of.. bearing

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

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

as *my/our proxy to attend at the Annual General Meeting of the Company to be held on Tuesday, the 21st day of June 2011 at 3.30 p.m., at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 07 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
(i)	To adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2011, together with the Independent Auditors' Report thereon.		
(ii)	To re-elect Mr. K.C.N. Fernando who retires in terms of Articles 72,73 and 74 of the Articles of Association of the Company.		
(iii)	To re-elect Mr. A.P. Weeratunge who retires in terms of Articles 72,73 and 74 of the Articles of Association of the Company.		
(iv)	To re-appoint Mr. S. Nagendra who is over Seventy years of age as a Director of the Company.		
(v)	To re-appoint Messrs. KPMG Ford, Rhodes, Thornton & Company, 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.		

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

…………………………………….

Signature /s

Note:

(a) * Please delete the inappropriate words.

(b) A shareholder entitled to attend and vote at a General meeting of the company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the company. A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the general meeting of the shareholders.

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

(d) Instructions are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.

2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.

3. In terms of Article 54 of the Articles of Association of the Company:

   (1) Any shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a Shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the shareholder to vote on a show of hands or on a poll and to speak at the meeting.

   (2) An instrument appointing a proxy shall be in writing and:

      (a) in the case of an individual shall be signed by the appointor or by his attorney; and

      (b) in the case of a corporation shall be either under the common seal or signed by its attorney or by an authorized officer on behalf of the corporation

4. In terms of Article 50 of the Articles of Association of the Company:
   Where there are joint registered holders of any Share any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy as if he were solely entitled thereto and if more than one (01) of such joint holders be so present at any meeting one (01) of such persons so present whose name stands first in the Register in respect of such Share shall alone be entitled to vote in respect thereof. Several Executors or administrators of a deceased Shareholder in whose name any Share stands shall for the purpose of this Article be deemed joint holders thereof.

5. To be valid the completed form of proxy should be deposited at the Registered Office of the Company situated at No. 61, Janadhipathi Mawatha, Colombo 1 not later than 3.30 p.m. on 19th June 2011.

Please fill in the following details

Name	:	…………………………………………………………….
Address	:	…………………………………………………………….
		…………………………………………………………….
Jointly with Share folio no.	:	…………………………………………………………….

Corporate Information

Name of the Company	Equity One PLC (A Carson Cumberbatch Company)
Company Registration No	PQ 19
Legal Form	A Public Quoted Company with Limited Liability Incorporated in Sri Lanka in 1981
Parent Company	Carson Cumberbatch PLC
Directors	D.C.R. Gunawardena (Chairman) Sega Nagendra K.C.N. Fernando E.H. Wijenaike A.P. Weeratunge S. Mahendrarajah P.D.D. Fernando
Place of Business	No. 65 C, Dharmapala Mawatha, Colombo 7 Sri Lanka
Bankers	Citi Bank NA Standard Chartered Bank Hatton National Bank PLC Commercial Bank of Ceylon PLC Deutsche Bank AG
Auditors	Messrs. KPMG Ford, Rhodes, Thornton & Co. Chartered Accountants, No 32A, Sir Mohamed Macan Marker Mawatha, Colombo 03, Sri Lanka.
Managers & Secretaries	Carsons Management Services (Private) Limited No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Telephone No: +94-11-4739200 Fax No: +94-11-4739300
Registered Office	No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Telephone No: +94-11-4739200 Fax No: +94-11-4739300
Corporate Website	www.carsoncumberbatch.com

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