EQUITY ONE

Equity One PLC . Annual Report 2014/2015

A Carson Cumberbatch Company

Contents

Chairman's Statement

Dear Shareholder,

On behalf of the Board of Directors of Equity One PLC, it is with great pleasure that I welcome you to the 33rd Annual General Meeting of the Company. The Annual Report and Audited Consolidated Financial Statements of the Group for the year ended 31st March 2015 are presented herewith.

Continuing the growth journey the country embarked on, post war, Sri Lanka recorded a real GDP growth of 7.4% in 2014. With the advancement of the economy, the country's Real Estate sector too has evolved over time, as evidenced by the various infrastructure and property development projects completed recently and those which are currently ongoing. Also, the remarkable progress witnessed in the city of Colombo over the years, in terms of landscaping and quality upgrading of colonial era buildings, bears further evidence.

Given the anticipated rise in Sri Lanka's per capita income, coupled with low interest rates, single digit inflation and rising urbanization, the prospects for Real Estate continue to be attractive. Made confident by the upbeat outlook and land optimization potential of our existing properties, we are closely monitoring the developments taking place in the industry in order to seek opportunities that will enable us to maximize gains from our properties.

However the escalation in construction cost over time has become a key challenge associated with property development ventures, requiring substantial funds for large scale developments.

Considering our modest cash flow from current operations, coupled with the existing commitments pertaining to debt servicing and capital expenditure, we are reluctant in taking on additional borrowings for large scale development activities due to our limited ability to service such debts.

Therefore, our focus currently lies on maintaining existing properties of the group to be in line with industry benchmarks whilst providing a superior quality service to our tenants. As we have mentioned in the past we will continue patiently to maintain our position until a feasible opportunity arises, to realize potential value.

The year concluded witnessed the much awaited re-opening of the Janadhipathi Mawatha entrance, although access to the Equity Two properties via Janadhipathi Mawatha is still restricted due to the guard fence erected between the roadway and the buildings. Whilst we strongly commend the initiative to open Janadhipathi Mawatha -even as a thoroughfare- we would also like to make a humble plea to the authorities to remove the guard fence and permit full access to the buildings via our main entrance to the property.

Nevertheless, we believe that the opening of the roadway itself will be a likely catalyst in enhancing valuations of the Equity Two buildings located in the area. The year end fair valuations reflect this sentiment as elaborated in the business review of the annual report.

During the year under review, the overall appreciation of investment property under the Equity One group resulted in a net unrealized gain of Rs. 300.0 Mn. On the back of this gain, the Group reported an operating profit of Rs. 435.5 Mn, which is a near two fold increase from the figure reported for financial year 13/14.

During the year, the Company too recorded a healthy growth in core business profitability, with an operating profit of Rs. 58.7 Mn excluding the impact of change in fair value of investment property and gains booked on divestment of investment property. Compared to the same for the previous financial year, this was an increase of 12.8%, mainly stemming from rental revisions and letting of the Dharmapala Mawatha Building Penthouse on a long term basis during the reviewing year.

In terms of allocating group operating cash flow, our priority remains to be on repayment of debt outstanding and allocation of resources for the improvement and renovation of existing buildings in order to remain in par with industry standards. We believe this strategy will enable us to generate greater value to our shareholders and serve them well in the medium to long term.

Accordingly, the Board of Equity One PLC recommends a first and final dividend of Rs. 0.15 per share, subject to shareholder approval at the forthcoming Annual General Meeting.

Given the recent transition in the political landscape of our country along with the upcoming parliamentary elections, it will be interesting to observe what the policy direction will be, going forward. Considering the immense potential Sri Lanka possess to reach greater economic heights, we believe that a stable economic policy frame work is needed together with a long-term development plan to create a positive environment for investments and business entities.

At the outset, I would like to thank the shareholders for the confidence they have placed in the Company. Further, I would like to extend my sincere gratitude to all business associates, financiers, regulatory authorities and stakeholders who worked with us during the year and have given their fullest support and co-operation to the Group. I place on record my appreciation to the members of the Audit Committee, Remuneration Committee and Nomination Committee for their guidance and my colleagues on the Board for their valuable inputs. Last but not least, I would also like to thank the members of the staff who have worked tirelessly throughout the year.

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

Colombo
12th May 2015

Business Review

Macro Overview

Keeping pace with the 7.2% growth recorded during the previous year, Sri Lanka enjoyed a GDP growth of 7.4% in 2014, fuelled by domestic consumption expenditure and investments driven by strong contribution from the construction sector. From a production aspect, the industry segment continued to report the highest growth, with an 11.4% change in real output for the year, also prompted by increased construction activity. The industry segment constituted 32% of the country's real GDP in 2014.

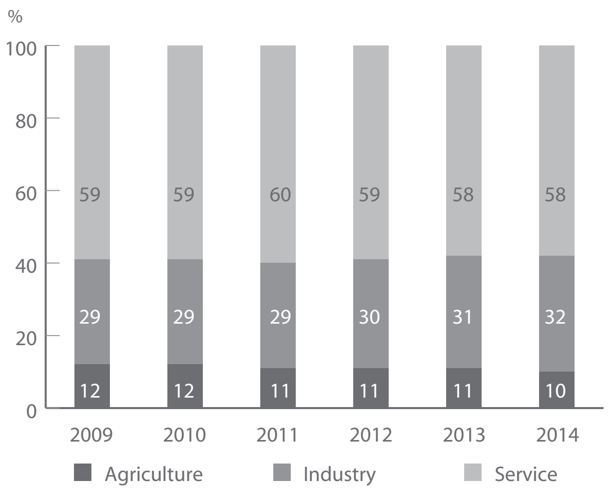
During the year, Sri Lanka's per capita GNP at market prices increased to USD 3,536 from a figure of USD 3,195 reported in the preceding year as per Central Bank projections, edging towards the upper middle income mark.

The expansion of the economy will give rise to greater employment generation, enhanced living standards of people and urbanization, all of which are likely to drive demand for commercial and residential property. Therefore the outlook for real estate and property is rather lucrative from a present day standpoint.

In April 2015, the Central Bank of Sri Lanka announced a 50 basis point cut in policy rates, suggesting a prolonged stay of the current low interest rate regime, which, coupled with prevailing single digit inflation, is likely to add further stimulus to the growth of construction, real estate & property sectors.

Having said that, we cannot discount the impact of rising construction costs which is a significant challenge faced by the overall industry given the impact it has on return on property development projects and on recurrent expenditure on property renovation and maintenance.

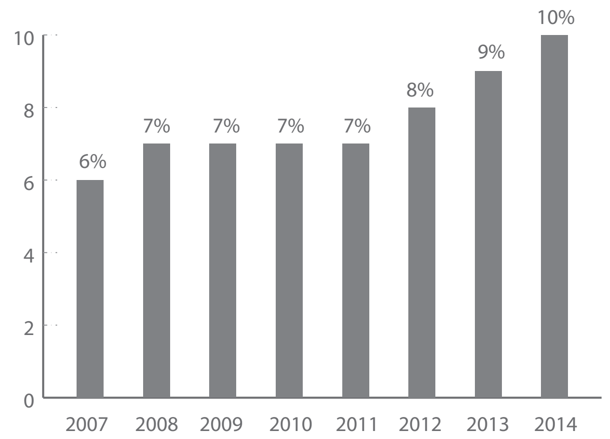
COMPOSITION OF REAL GDP BY SECTOR



Source : Central Bank Annual Reports

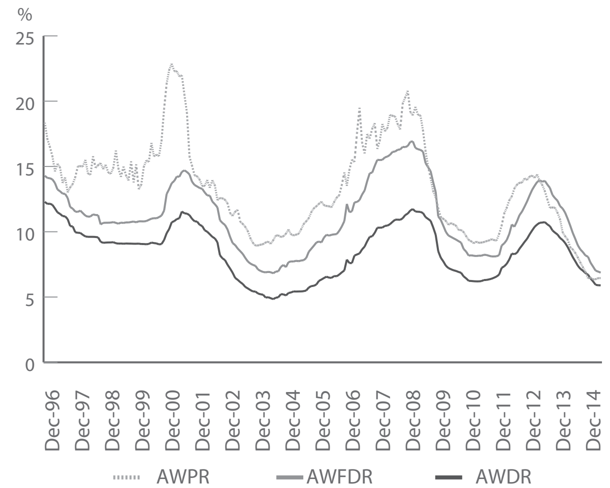
The disproportionate growth in property prices and average income levels of people has made affordability of residential property in the vicinity of Colombo and city limits, difficult, mainly for salaried middle income earners. This is clearly visible in the residential apartment segment, where based on the trending valuations; the number of years of salary it takes to acquire an apartment from the city has increased significantly over time.

CONSTRUCTION SECTOR CONTRIBUTION TO REAL GDP



Source : Central Bank Annual Reports

COMMERCIAL BANKS, LENDING AND DEPOSIT RATES (%)



Source : Central Bank of Sri Lanka

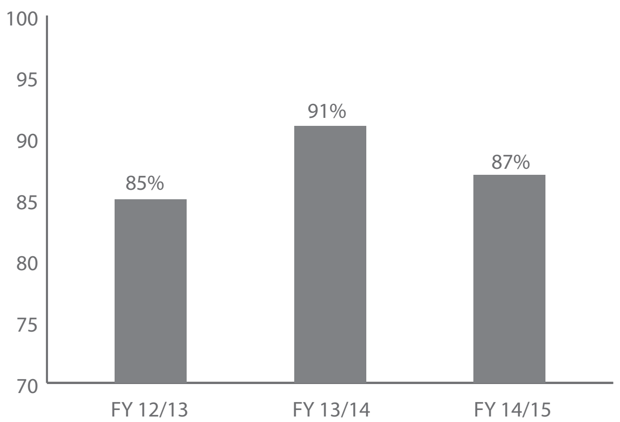
MOVEMENT IN HEADLINE INFLATION (Y-O-Y)

Source : Department of Census & Statistics

Our Business

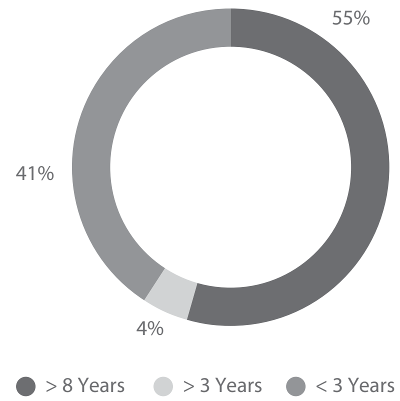
Group occupancy for the twelve months ended 31st March 2015 was at 87%, compared to 91% reported for the preceding twelve months. The drop in occupancy resulted from comparatively lower tenancy at the Dharmapala Mawatha building and the Equity Two property at assessment no: 61, Janadhipathi Mawatha.

AVERAGE OCCUPANCY DURING THE PERIOD

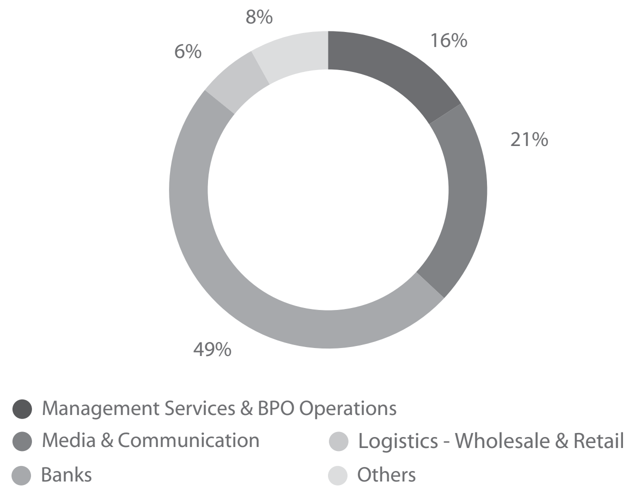


Our present client portfolio is drawn from diverse backgrounds including international and local corporates, belonging to both the private and government sectors. 55% of the occupants from our current tenant base have been with us for a period of over eight years whilst 5% have remained with us between three to eight years.

TENANT AGE PROFILE (FY 14/15)



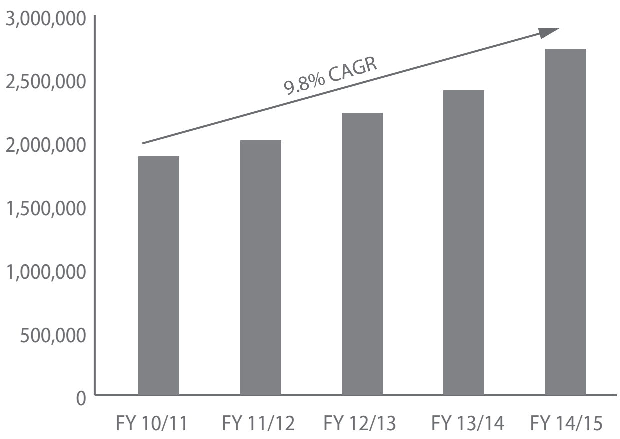
TENANT PROFILE BASED ON REVENUE (FY 14/15)



As at 31st March 2015, group investment property were valued at Rs. 2.7 Bn which is an appreciation of 13.8% compared to the Rs. 2.4 Bn reported as at 31st March 2014.

We welcome the initiative taken by the authorities during the year to re-open the Janadhipathi Mawatha entrance, which has contributed substantially towards the value appreciation of Equity Two properties located in the area. However, due to the guard fence erected between the roadway and the properties, access to buildings is still restricted via this entrance. This has also resulted in a sizable loss of vehicle parking space, which is disadvantageous to us when negotiating with prospective tenants who require additional parking facilities.

MOVEMENT IN GROUP INVESTMENT PROPERTY VALUES (LKR. 000)



Note : The values of Group Investment Property for FY 11/12 and FY 12/13 are excluding the Mt. Lavinia land

Financial Review

During the period under review, rental income reported by Equity One PLC, the Company, stood at Rs. 97.5 Mn, depicting an increase of 9.3% year-on-year, driven by rental revisions and letting of the Dharmapala Mawatha building penthouse during the financial year ended 31st March 2015. The Company encapsulates results of the Dharmapala Mawatha and Vauxhall lane properties.

Direct cost at Company level for the reviewing period appeared to be lower in comparison to that of financial year 13/14 due to the latter's inclusion of cost associated with the disposal of the final Land plot of Kotte project.

Driven by growth in Revenue and an unrealized gain arising from change in fair value of investment property as explained below, Equity One PLC reported an operating profit of Rs. 253.8 Mn for the period under review, against Rs. 131.8 Mn recorded for the previous financial year. Excluding the impact of unrealized gains, overall company profit (Net Profit) for the twelve months ended 31st March 2015 amounted to Rs. 49.4 Mn.

As at 31st March 2015, the Net Assets per share of the Company was at Rs. 44.74 marking an appreciation of 14.7% when compared to that of 31st March 2014.

The group witnessed a 26.1% year-on-year growth in rental income during the year, from Rs.167.2 Mn in financial year 13/14 to Rs. 210.8 Mn in financial year 14/15, as the period under review was the first full year of operations of the recently renovated Equity Two Building at No: 55, Janadhipathi Mawatha since its refurbishment and subsequent renting in September 2013.

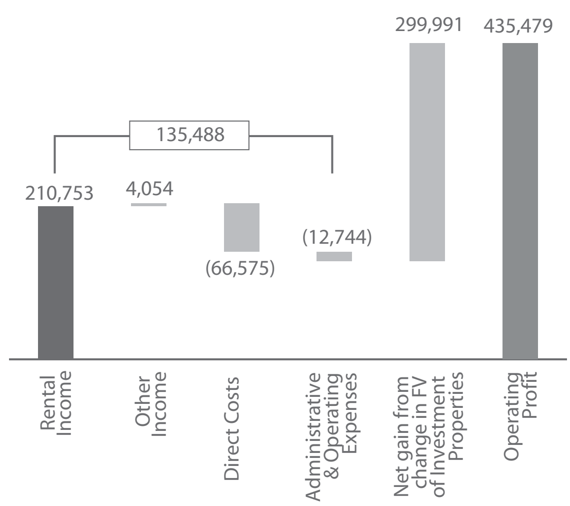
Further, during the twelve months ended 31st March 2015, the group recorded a net gain arising from change in fair value of investment property amounting to Rs. 300.0 Mn against Rs. 68.8 Mn registered for the comparable twelve months. The appreciation in property is mainly stemming from increased value of the Equity Two properties with the opening of Janadhipathi Mawatha and higher valuations of the Vauxhall Lane and Dharmapala Mawatha properties on account of the developments taking place in the vicinity of their respective areas.

Consolidated administrative and other expenses for the period under consideration reflected a decline of 22.8% year-on-year, due to the inclusion of brokerage fees incurred in financial year 13/14 on sourcing tenants to the Equity Two property.

Supported by growth in revenue and unrealized net gains from change in fair value of investment property, Equity One PLC posted consolidated operating profit of Rs. 435.5 Mn for the year ended 31st March 2015. When compared to the preceding financial year, this is an increase of 77.3%.

Excluding the impact of gains arising from sale of investment property and change in fair value of investment property, group operating profit for the twelve months under consideration was at Rs. 135.5 Mn, relative to the Rs. 97.1 Mn registered for financial year 13/14.

COMPOSITION OF GROUP OPERATING PROFT FOR FY14/15 (LKR 000')



At Rs. 7.8 Mn, the group deferred tax expenditure figure recorded for the twelve months under review depicted a decline of 76.5% compared to the preceding financial year as a result of a higher Deferred tax liability in financial year 13/14 arising from capitalization of building construction cost, pertaining to the renovated Equity Two building.

As per the interim Budget 2015 passed by the Parliament of Sri Lanka on 07th of February 2015, the government proposed imposing a one off 25% Super Gain Tax (SGT) on companies who have recorded a profit before tax in excess of Rs. 2 Bn either at company or consolidated level as per the audited financial statements for financial year 13/14. Since Carson Cumberbatch group, of which Equity One PLC is a subsidiary, falls within this scope, the relevant tax liability extends to the Company and its subsidiaries too.

The said liability will be recognized in the financial statements once the bill is enacted, and the required entries will be passed in the financial statements thereon.

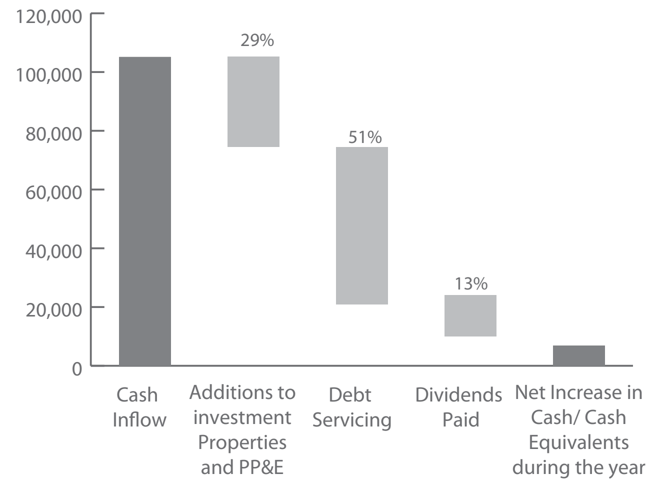
The Equity One Group concluded the year with net profit of Rs. 404.0 Mn reporting an increase of over two fold against that of financial year 13/14.

The substantive settlement of borrowings outstanding to Carson Cumberbatch PLC during the last two financial years has resulted in a substantial reduction in group debt, from Rs. 805.5 Mn as at 31st March 2013 to Rs. 121.2 Mn as at 31st March 2015.

The group Net Assets per share as at balance sheet date of the current financial year was valued at Rs. 55.63, which is an increase of 19.9% when compared to that of 31st March 2014.

For the year ended 31st March 2015, the Board of Directors recommended a first and final dividend of Rs. 0.15 per share, subject to shareholder approval at the forthcoming Annual General Meeting of the Company, which is lower in comparison to that of the preceding twelve months. During financial year 13/14, the Company was able to make a higher dividend to shareholders at Rs. 0.35 per share, mainly on account of the gain realized on disposal of the Mount Lavinia land.

UTILIZATION OF CASH DURING THE YEAR (RS. 000)



Outlook

Whilst Sri Lanka has undoubtedly achieved significant improvement over time where economic growth is concerned, there's considerable upside for growth especially when compared to our more developed regional peers. We are confident that the country will continue its journey of growth with robust and consistent economic policies.

With the expansion of the economy, we feel the appreciation potential of our properties is more in time to come, driven by greater demand for 'A' grade office space.

Thus, given such exciting prospects for our business, with timely investments on rennovation, upgrade and maintenance we envisage overall occupancy of the group to be at optimal levels, leading to greater revenue and earnings potential.

Carsons Management Services (Private) Limited
Managers

12th May 2015

Profiles of the Directors

CHANDIMA GUNAWARDENA

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

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

He has served in the Management Committee of The Ceylon Chamber of Commerce for over 10 years and was a Founder Council member of the Sri Lanka Institute of Directors (SLID) and continued to serve in the council for over 10 years.

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

SEGA NAGENDRA

Sega Nagendra is a Director of Pegasus Hotels of Ceylon PLC. He is a Former Senior Director of Carson Cumberbatch PLC and several of its subsidiaries and Associate Companies.

Senior Director & Financial Consultant of CML-MTD Construction Ltd., Executive Chairman Travelserv Ltd., Travelon Ltd and Travelon Management Services Ltd. He is also Chairman and Director of several public listed and private companies.

Past President of Skal International Colombo (International Association of Travel and Tourism Professionals), Past Secretary of the Skal International, Asian Area Region and Past President of the Pacific Asia Travel Association (Sri Lanka Chapter). Immediate Past President of the Sri Lanka Pakistan Business Council and present Council Member. Also Past President of the Sri Lanka - Benelux Business Council and Past President of the Chartered Management Institute- UK, Sri Lanka Branch. Served as an Executive Committee member of The Ceylon Chamber of Commerce and former Chairman of the Imports Section of The Ceylon Chamber of Commerce.

Former Committee Member on Transport, Highways and Aviation of the Monitoring & Progress Division of the Ministry of Policy Developing and Implementation.

Companion of the Chartered Management Institute-U.K., Master of Business Administration U.K. and Fellow of the Institute of Certified Professional Managers - Sri Lanka.

NALAKE FERNANDO

Nalake Fernando is a Director of the Property Management Companies of the Carson Cumberbatch Group. He is also a Director of Carsons Management Services (Private) Limited and in some of the Boards of the Malaysian Plantation Companies of the Carsons Group. He was the Country representative for Sri Lanka with Dalekeller & Associates Ltd., Designers and Skidmore Ownings & Merrill Architects. He was also a Director of SKC Management Services Ltd.

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

ERANJITH WIJENAIKE

Eranjith Wijenaike is a Director of Equity Two PLC and Managing Director of Central Finance Company PLC. He is also a Director of several other listed companies, both within and outside the Central Finance Group with over 29 years of management experience. Holds a Bachelor's Degree in Commerce and a Postgraduate Diploma in Finance and Management. Member of the Chartered Institute of Management, UK.

AJITH WEERATUNGE

Ajith Weeratunge is a Director of the Carson Cumberbatch Group's Management Company, Carsons Management Services (Private) Limited and holds the position of Head of Finance. He is also a Director of Equity Two PLC, as well as the Group's Investment Holding Sector – Ceylon Investment PLC, Rubber Investment Trust Limited and Guardian Fund Management Limited and Leisure Sector – Equity Hotels Limited. He carries more than 34 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 Beverage Holdings PLC.

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

SUBRAMANIAM MAHENDRARAJAH

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

DONALD FERNANDO

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

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

SUBSIDIARY COMPANIES

AJITH WEERATUNGE

(Refer under Company Profile)

CHANDIMA GUNAWARDENA

(Refer under Company Profile)

CHRISANTA F. FERNANDO

(deceased on 15th November 2014)

Chrisanta F. Fernando qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales and was a Fellow of the Institute of Chartered Accountants of Sri Lanka.

As a Senior Accountant at Carson Cumberbatch PLC, he gained over 18 years of experience in financial and general management of plantation companies and agency management. This was followed by 10 years experience as Director Finance in Projects involving paddy cultivation, shipping agency, non-traditional exports, bottling of soft drinks, earth moving contracts and running a restaurant.

He served as the Managing Director and as Chief Executive Officer of Distilleries Company of Sri Lanka PLC (DCSL) and re-joined DCSL as an Independent Non-Executive Director in 2008. He was appointed as Chairman of the Audit Committee and also served on the Remuneration Committee of DCSL. He was also a Director of DCSL subsidiary, Melstacorp (Pvt) Ltd and some of its subsidiaries including Continental Insurance Lanka Ltd where he was also the Chairman of the Audit Committee and a Director of Selinsing PLC of the Carsons Group. He was Finance Director of the National Lotteries Board, a Director of the Coconut Cultivation Board and former Chairman of the Low Country Products Association (LCPA). He was a Senior Trustee of the Ceylonese Rugby and Football Club.

DONALD FERNANDO

(Refer under Company Profile)

ERANJITH WIJENAIKE

(Refer under Company Profile)

ISRAEL PAULRAJ

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

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

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

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

NALAKE FERNANDO

(Refer under Company Profile)

Audit Committee Report

The Audit Committee of Carson Cumberbatch PLC (CCPLC) - the Parent Company functions as the Audit Committee of the Company.

The Audit Committee consists of the following Members :

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

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

Mr.Chandima Gunawardena is a Non-Executive Director of CCPLC and in most of its Group Companies. He is a Fellow of the Chartered Institute of Management Accountants, U.K.

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

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

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

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

The audit aspects of Equity One PLC are conducted within the Agenda of CCPLC-Audit Committee.

CCPLC-Audit Committee held 05 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 five)	
Mr.Vijaya Malalasekera (Chairman)	04
Mr.Chandima Gunawardena	05
Mr.Faiz Mohideen	05

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

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

The Audit Committee approved the audit plan for the financial year 2014/2015 and the Group Internal Audit (GIA) carried out a detailed audit on the Property Sector companies based on the plan.

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

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

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

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

The draft financial statements of Equity One PLC for the year ended 31st March 2015 were reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs. KPMG, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required by the Managers, Carsons Management Services (Private) Limited that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

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

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2016, subject to the approval of the shareholders of Equity One PLC at the Annual General Meeting.

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

12th May 2015

Risk Management

Risk management has become an integral part of business and management. These practices provide reasonable assurance through the process of identification and management of events, situations or circumstances which, even if they occur, would not adversely impact the achievement of objectives of the business. In other words, risk management practices will ensure minimum impact from adverse events and will help to maximize the realization of opportunities whilst risks are managed until they are mitigated and re-assessed to be within the sector's risk appetite.

Enterprise Risk Management (ERM) provides a common process and terminology for all risk management activities. Its main goals focus on fostering risk awareness and promoting proactive management of threats and opportunities.

In implementing the business plan, the Group has embodied enterprise risk management to its business activities. The risk management process supports;

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

Risk management re-validates that the relevant internal control systems are in place and provides assurance to Management/ Board of Directors that processes are robust and are working effectively.

The Risk Management Governance Structure includes a reporting framework within the organisation and to the Board of Directors, thereby allowing Directors to assume their supervisory function for better Corporate Governance.

Board of Directors	• Responsible for approval of ERM framework • Set risk appetite thresholds • Approve Business Plans • Review Reports - Risk dash board and summary of risk register
Audit Committee	• Considers adequacy of risk management and internal control framework • Reviews risk management reports/Dash Board/Risk Register • Reviews reports of internal and external auditors
Management Team	• Defines and sets risk appetite and considers new and emerging risks • Develops / monitors suitable action plans to mitigate/manage risks • Considers actions to improve risk management processes • Provides representation on compliances
Risk owners	• Responsible for day to day monitoring / supervision of risk and risk mitigation actions. • Evaluate status of risk and effectiveness of risk mitigation action plans

We are of the view that Risk Management is one of the driving factors of operational sustainability and have identified the following risk profiles. The principal risks thus identified are considered and reviewed at various stages within our business process, continuously.

Risk	Impact	Risk rating	Risk response & strategies
Business Risks	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, changes to the laws relating to property development, stamp duty, income tax and capital gains tax could affect the profitability and viability of the business.	**Moderate**	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. By entering into comprehensive and clear agreements, we ensure that communication gaps and disputes are minimised to a greater extent. We also maintain close and meaningful relationships with relevant government and local authorities and institutes.
Liquidity Risk	Inability to raise funds or effect payments when required.	**High**	The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damages to the Group's reputation. The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group has access to short-term financing facilities extended from the parent company, Carson Cumberbatch PLC. A significant portion of the Groups current liabilities comprise of the amount due to the parent company, Carson Cumberbatch PLC. The Group has classified such balances in to current liabilities, on the basis that the contractual arrangements entered in to by the companies do not facilitate an unconditional right to defer settlement of the liability. However, the Board of Directors is confident that such balances would not be demanded by the parent company, which would otherwise result in a significant risk to the Group, in terms of liquidity.
Credit Risk	The credit risk of the Group is mainly arising from rent receivable from its tenants. The Group's objective is to seek continual revenue growth, while minimizing losses incurred due to increased credit risk exposure.	**Low**	This risk is mitigated to a greater extent as a result of the rent deposits collected from external tenants, which can be used to recover any unpaid rents. The Group also implements the following controls to mitigate this risk. - Continuous and regular evaluation of credit worthiness of tenants - Ongoing monitoring and follow up of receivable balances.

Risk Management

Risk	Impact	Risk rating	Risk response & strategies
Foreign Exchange Risk	Foreign currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.	**Low**	The Group has no direct impact from currency risks as income and expenses arising from its operations, assets and liabilities are denominated in Sri Lankan Rupees, which is the functional currency of the Group.
Interest Rate Risk	Interest rate risk is the risk arising due to the volatility of interest rates in the markets, affecting future cash flows.	**Low**	Financial strength of the parent company, Carson Cumberbatch PLC, is used via group treasury in negotiating the rates. However, the Group does not carry any borrowings from external financial institutions as at the reporting date.
Systems and Process Risks	The risk of direct or indirect losses due to inadequate or failed internal processes and systems.	**Low**	- Maintain detail procedure manuals and provide training and guidelines for new recruits. - The internal audit function of the Group carryout regular reviews on internal control systems and processes and recommends process improvements if shortcomings are noted.
Human Resource Risk	Attracting, developing and retaining talented employees are essential to deliver the Group's objectives. Failure to determine the appropriate mix of skills required to implement the Sector strategies and failure to retain or develop the right number of appropriately qualified staff could affect the achievement of the Group's objectives.	**Low**	The following initiatives have been implemented by the Group. - Ensure recruitments are carried out to hire employees with required qualifications, knowledge and experience. - Availability of detailed job descriptions and role profiles for each job. - Human resource policies are focused on encouraging continuous training & development and ensuring appropriate compensation as per market rates to retain and develop employees.
Legal and Regulatory Compliance	Failure to comply with regulatory and legal framework applicable to the Group.	**Low**	The management together with the Carsons group legal division proactively identifies and sets up appropriate systems and processes for legal and regulatory compliance in respect of Sector operations. - Arrange training programs and circulate updates for key employees on new / revised laws & regulations on a need basis. - Provide comments on draft laws to government and regulatory authorities. - Obtain comments and interpretations from external legal consultants on areas that require clarity. - Obtain compliance certificates from management on a quarterly basis on compliance with relevant laws and regulations.

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

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

The Board of Directors of Equity One PLC has pleasure in presenting to the shareholders this Report together with the Audited Financial Statements for the year ended 31st March 2015.

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 guided by recommended best Accounting Practices.

The Annual Report was approved by the Board of Directors on 12th May 2015.

1. General

Equity One PLC (the "Company"), a public limited liability Company incorporated in Sri Lanka in 1981.

2. The Principal Activities of the Company

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

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

3. Business Review and Future Developments

The Chairman's Statement and Business Review on pages 01 to 05 provide an overall assessment of the business performance of the Company and the Group and its future developments.

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

4. Financial Statements

The consolidated financial statements which comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes to the financial statements of the Company and the Group for the year ended 31st March 2015 are set out on pages 24 to 58. These financial statements comply with the requirements of the Companies Act, No 7 of 2007.

4.1 Revenue

The Group and the Company generated revenues of Rs. 210.7 mn and Rs. 97.5 mn (2014 - Rs. 174.1 mn and Rs. 96.2 mn), respectively. A detailed analysis of the revenue for the year is given in note 11 to the financial statements.

4.2 Financial results and appropriations

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

(In Rupees thousands)	Group		Company	
For the year ended 31st March	**2015**	**2014**	**2015**	**2014**
Profit for the year	403,988	192,533	244,557	127,222
Other comprehensive (expense) / income for the year	(107)	213	(80)	149
Accumulated loss as at the beginning of the year	(292,643)	(403,386)	(370,061)	(492,997)
Accumulated loss before appropriations	111,238	(210,640)	(125,584)	(365,626)
Transfer to fair value adjustment reserve	(299,991)	(68,761)	(195,138)	-
Profit attributable to non-controlling interest	(16,943)	(8,807)	-	-
Dividends paid	(14,113)	(4,435)	(14,113)	(4,435)
Accumulated loss as at the end of the year	(219,809)	(292,643)	(334,835)	(370,061)

4.3 Significant accounting policies

The accounting policies adopted in the preparation of these financial statements are given on pages 28 to 39.

4.4 Investment properties

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

A professional valuation was performed as at 31st March 2015 by Mr. S. Sivaskantha, F. I. V (Sri Lanka) of Perera Sivaskantha and Company, incorporated Valuers, based on which a net fair value gain on investment properties was recognized in the financial statements to the value of Rs.195.1 mn and Rs.300 mn for the Company and the Group respectively, during the year.

As at the year end, the carrying value of investment properties stood at Rs. 1,440.1 mn and Rs. 2,732.3 mn (2014 – Rs. 1,226.3 mn and Rs. 2,401.9 mn) for the Company and the Group, respectively.

There were no significant changes in the investment properties of the Company and the Group during the year, other than the above. Details of investment properties are given in note 17 to the financial statements.

4.5 Property, plant and equipment

Details of property, plant and equipment are given in note 18 to the financial statements. There were no significant changes in the property, plant and equipment since the last financial year.

4.6 Capital expenditure

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

(In Sri Lankan Rupees Thousands)	Group		Company	
For the year ended 31st March	**2015**	2014	**2015**	2014
Investment properties	30,399	105,010	18,630	3,581
Property, plant and equipment	278	582	278	582

4.7 Reserves

As at 31st March 2015, the Group's total reserves stood at Rs. 1,157.5 mn (2014 - Rs. 784.7 mn) comprising capital reserves of Rs. 13.2 mn (2014- Rs.13.2 mn) and revenue reserves of Rs. 1,144.3 mn (2014 - Rs. 771.5 mn).

The total reserves of the Company stood at Rs. 718.3 mn (2014 - Rs. 487.9 mn) comprising capital reserves of Rs. 13.2 mn (2014 - Rs. 13.2 mn) and revenue reserves of Rs. 705.1 mn (2014 - Rs. 474.7 mn) as at that date.

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

5. Statement of Directors' Responsibilities

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

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

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

- appropriate accounting policies have been selected and applied consistently, while material departures, if any, have been disclosed and explained,

- all applicable Accounting Standards have been complied with and,

- reasonable and prudent judgments and estimates have been made.

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

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

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

6. Outstanding Litigation

There are no litigations currently pending against the Company.

7. Independent Auditors' Report

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

8. Interests Register

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

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

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

8.1. Remuneration of Directors

Directors' remuneration for the financial year ended 31st March 2015 is given in note 13 to the financial statements.

8.2. Directors' Interest in Contracts and Shares

The Related Party Transactions of the Company as required by the Sri Lanka Accounting Standard LKAS 24 Related Party Disclosures are disclosed in note 32 to the financial statements and have been declared at Meetings of the Board of Directors. The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company, while they had the following interests in the ordinary shares of the Company as shown in the table below :

Directors	No of shares as at	
	31st March 2015	01st April 2014
Mr. D. C. R. Gunawardena (Chairman)	-	-
Mr. S. Nagendra	2,889	2,889
Mr. K.C.N. Fernando	-	-
Mr. E.H. Wijenaike	-	-
Mr. A.P. Weeratunge	-	-
Mr. S. Mahendrarajah	-	-
Mr. P.D.D. Fernando	-	-

9. Directors

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

9.1. Directors to Retire by Rotation

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Messrs. D.C.R. Gunawardena and S. Mahendrarajah retire by rotation and being eligible offers themselves for re-election.

9.2. Appointment of Directors who are over 70 years of age

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

10. Corporate Governance

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

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

10.1. Board of Directors

The following Directors held office during the period under review and their brief profiles are given on pages 06 to 07 of the Annual Report.

Directors	Executive	Non-Executive	Independent
Mr.D.C.R.Gunawardena (Chairman)	-	✓	-
Mr. S. Nagendra*	-	✓	✓
Mr. K.C.N. Fernando	✓	-	-
Mr. E.H. Wijenaike **	-	✓	✓
Mr. A.P. Weeratunge	✓	-	-
Mr. S. Mahendrarajah	-	✓	✓
Mr. P.D.D. Fernando ***	-	✓	✓

Each of the Non-Executive Directors of the Company has submitted a signed declaration on Independence/ Non Independence as per Rule 7.10.2. (b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting held on 12th May 2015, in order to enable the Board of Directors to determine the Independence / Non-Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3 (a) of the Listing Rules of the CSE.

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

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

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

The Managers of Equity One PLC and Equity Two PLC are Carsons Management Sevices (Private) Limited.

10.2. Audit Committee

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

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

The Audit Committee Report is given on pages 08 to 09 of this Annual Report.

10.3. Remuneration Committee

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

Remuneration Committee Members	Executive / Non-Executive/ Independent
Mr. I. Paulraj (Chairman)	Non-Executive Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. R. Theagarajah	Non-Executive/Independent Director of CCPLC

CCPLC is in the process of re-formulating the Remuneration Committee to fall in line with the requirements set out in the Listing Rules of the CSE.

Scope and Objective

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

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

Functions and Proceedings

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

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

The Remuneration Committee meets at least twice a year.

During the period under review the Committee had two meetings.

Remuneration Committee Members	Meetings attended (out of two)
Mr. I. Paulraj (Chairman)	2/2
Mr. D.C.R. Gunawardena	2/2
Mr. R. Theagarajah	1/2

Reporting and Responsibilities

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

Aggregated remuneration paid to the Non-Executive Directors of the Company is disclosed under note 13 on page 40 of the Annual Report. Executive Directors are not compensated for their role on the Board.

10.4. Directors' Meetings Attendance

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

Directors	Meetings attended (out of three)
Mr. D.C.R. Gunawardena (Chairman)	3/3
Mr. S. Nagendra	3/3
Mr. K.C.N. Fernando	3/3
Mr. E.H. Wijenaike	3/3
Mr. A.P. Weeratunge	3/3
Mr. S. Mahendrarajah	1/3
Mr. P.D.D. Fernando	3/3

10.5. Board Evaluation

As suggested in the Code of Best Practice on Corporate Governance, a 'Board Appraisal Form' was introduced for the year 2014/15 to evaluate the performance of the Board in order to ensure that the responsibilities of Directors towards the Board and the Company are met.

The 'Board Evaluation Form' comprises of the following broad themes;

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

The Nomination Committee of the Company collates all the comments received from the Directors and reports the results and proposed actions to the Board of Directors.

11. Nomination Committee

The Nomination Committee comprises of the following members:

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

Scope and Objective

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

Functions and Proceedings

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

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

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

The Nomination Committee meets at least twice a year.

During the period under review the Committee had two meetings with all members in attendance.

12. Internal Control and Risk Management

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

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

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

This allows the Board to have total control of the fulfillment of governance requirements by providing opportunity to take timely preventive action in case of potential deterioration of status quo. More detailed description of the risk management strategies of the Company is given on pages 10 to 12 of this Annual Report.

13. Independent Auditors

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

A sum of Rs. 281,000/- and Rs. 526,000/- (2014 - Rs. 255,300/- and Rs. 478,300/-) paid to them by the Company and the Group respectively, as audit fees for the year ended 31st March 2015. In addition to the above, the auditors were paid Rs.53,000/- and Rs. 106,000/- (2014 – Rs. 141,200/- and Rs. 226,200/-) as professional fees for audit related services for the Company and the Group, respectively.

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

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

13.1. Auditors' relationship or any interest with the Company

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

14. Significant Events During the Year

14.1 Company

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

14.2 Subsidiaries

Equity Two PLC

Equity Two PLC has been transferred from the Colombo Stock Exchange Main Board to the Diri Savi Board with effect from 26th November 2014.

15. Related Party Transactions exceeding 10% of the equity or 5% of the total assets of the Company

The Directors declare in terms of the requirements of the Listing Rules of the Colombo Stock Exchange that the transactions carried out by the Company with its Related Parties during the year ended 31st March 2015, did not exceed 10% of Equity or 5% of the Total Assets of the Company as at 31st March 2015.

The details of the Related Party Transactions are given in note 32 on page 55 to 58 of the financial statements.

15.1 Related Party Transactions Review Committee

The Company is in the process of forming a "Related Party Transactions Review committee" to comply with the Colombo Stock Exchange Listing Rules, Section 9, to evaluate all the Company's Related Party Transactions and to ensure compliance in relation to Related Party Transactions which would come into effect from 1st January 2016.

16. Human Resources

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

The number of persons employed by the Company and the Group as at 31st March 2015 were 11 and 17 (2014 - 11 and 16) respectively.

17. Equitable treatment to Shareholders

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

18. Environmental Protection

The Company and the Group 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.

19. Dividends

Subject to the approval of the Shareholders at the Annual General Meeting, the Board of Directors recommend a First & Final dividend of 15 Cents per ordinary share for the year ended 31st March 2015 (2014 – 35 Cents).

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

20. Solvency Test

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

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

21. Stated Capital

The stated capital of the Company as at 31st March 2015 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.

22. Material Issues pertaining to Employees and Industrial Relations

There were no material issues relating to employees and industrial relations during the year ended 31st March 2015.

23. Statutory Payments

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

24. 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.

25. Events after the Reporting Date

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

26. Contingent Liabilities and Capital Commitment

The contingent liabilities and capital commitments made on account of capital expenditure as at 31st March 2015 are given in note 30 to the financial statements.

27. Corporate Donations

There were no donations granted during the year.

28. Share Information

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 59 and 61 to 62 of this Annual Report.

29. Twenty Major Shareholders

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

As at 31st March	2015		2014	
Name of the Shareholder	No. of Shares	%	No. of Shares	%
Carson Cumberbatch PLC A/C No. 2	38,818,252	96.27	38,818,252	96.27
Estate of Late Mr. M. Sri Mahadeva	135,200	0.34	135,200	0.34
Asha Financial Services Limited/Mr. C.N. Pakianathan	117,000	0.29	-	-
Mr. K.C. Vignarajah	114,537	0.28	75,594	0.19
Mr. J.B. Hirdaramani	57,850	0.14	57,850	0.14
Mr. B.A. Mahipala	53,300	0.13	53,300	0.13
People's Leasing & Finance PLC/Hi Line Towers (Pvt) Ltd.	50,000	0.12	-	-
Mr. S. Sivasundaram	35,586	0.09	65,000	0.16
Mr. D.K.A.K. Weeratunga	26,800	0.07	26,800	0.07
MBSL Insurance Company Limited	26,664	0.07	29,664	0.07
Mrs. S. Vignarajah	25,199	0.06	25,199	0.06
Mr. D.A. Edussuriya	25,000	0.06	25,400	0.06
Salem Investment (Private) Limited	22,200	0.06	-	-
Mr. J.J. Vedasinghe	22,000	0.05	22,000	0.05
Miss J.A.R. Pakianathan	21,183	0.05	15,700	0.04
Calton Hill Limited	17,329	0.04	17,329	0.04
Mr. D.M.H. Bandara	16,450	0.04	-	-
Mr. R. Ganeshan	16,000	0.04	-	-
Ceylinco Investcorp (Private) Limited	15,000	0.04	-	-
Mrs. M.M. Sellamuttu	15,000	0.04	15,000	0.04

30. Annual Report

The Board of Directors have approved the Audited consolidated financial statements of the Company, together with the Reviews and other Reports which forms part of the Annual Report on 12th May 2015. Appropriate number of copies of the Annual Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar of Companies within, the given time frames.

31. Annual General Meeting

33rd Annual General Meeting of the Company will be held on Friday, 19th day of June 2015 at 3.30 p.m. at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7.

The Notice of the Annual General Meeting, setting out the business which will be transacted there at is on page 63 of the Annual Report.

Signed on behalf of the Board,

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

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

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

Colombo.
12th May 2015

Financial Calendar

FINANCIAL CALENDAR

Financial year end	31st March 2015
33rd Annual General Meeting	19th June 2015

ANNOUNCEMENT OF RESULTS

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

1st Quarter ended 30th June 2014	14th August 2014
2nd Quarter ended 30th September 2014	14th November 2014
3rd Quarter ended 31st December 2014	13th February 2015

Independent Auditors' Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300,
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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 Company"), and the consolidated financial statements of the Company and its subsidiaries ("Group"), which comprise the statement of financial position as at March 31, 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 24 to 58.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

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

b) In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
- The financial statements of the Company give a true and fair view of its financial position as at March 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
- The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS
Colombo,
12 May 2015.

Consolidated Statement of Profit or Loss and other Comprehensive Income

(All figures are in Sri Lankan Rupees thousands)

		Group		Company	
For the year ended 31st March	**Note**	**2015**	**2014**	**2015**	**2014**
Revenue	11	210,753	174,144	97,548	96,241
Direct costs		(66,575)	(64,935)	(34,861)	(41,252)
		144,178	109,209	62,687	54,989
Other income	12	4,054	4,422	3,031	3,669
Net gain on sale of investment property		-	79,780	-	79,780
Net gains arising from changes in fair value of investment properties	17	299,991	68,761	195,138	-
		448,223	262,172	260,856	138,438
Administrative and other operating expenses		(12,744)	(16,510)	(7,029)	(6,629)
Results from operating activities	13	435,479	245,662	253,827	131,809
Finance income	14	1,021	2,094	11,510	17,127
Finance costs	14	(4,266)	(3,593)	(1,770)	(1,769)
Net finance income/ (costs)	14	(3,245)	(1,499)	9,740	15,358
Profit before taxation		432,234	244,163	263,567	147,167
Current taxation	15	(20,426)	(18,354)	(15,957)	(15,662)
Deferred taxation	15	(7,820)	(33,276)	(3,053)	(4,283)
Profit for the year		403,988	192,533	244,557	127,222
Profit for the year attributable to:					
Equity holders of the parent		387,042	183,733	-	-
Non controlling interest		16,946	8,800	-	-
		403,988	192,533	-	-
Other comprehensive income					
Actuarial (loss) / gain from valuation of employee benefits	27.3	(107)	213	(80)	149
Total other comprehensive (expense) / income for the year		(107)	213	(80)	149
Total comprehensive income for the year		403,881	192,746	244,477	127,371
Total comprehensive income attributable to:					
Equity holders of the parent		386,938	183,939	244,477	127,371
Non controlling interest		16,943	8,807	-	-
		403,881	192,746	244,477	127,371
Earnings per share (Rs.)	16	9.60	4.56	6.07	3.16

The notes from pages 28 to 58 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Financial Position

(All figures are in Sri Lankan Rupees thousands)

		Group		Company	
As at 31st March	Note	2015	2014	2015	2014
ASSETS					
Non-current assets					
Investment properties	17	2,732,297	2,401,907	1,440,115	1,226,347
Property, plant and equipment	18	710	731	710	731
Investment in subsidiaries	19	-	-	552,048	552,048
Total non-current assets		2,733,007	2,402,638	1,992,873	1,779,126
Current assets					
Trade and other receivables	20	21,833	18,126	54,216	55,958
Cash and cash equivalents	21	28,938	22,049	10,428	15,742
Total current assets		50,771	40,175	64,644	71,700
Total assets		2,783,778	2,442,813	2,057,517	1,850,826
EQUITY AND LIABILITIES					
Equity					
Stated capital	22	1,085,584	1,085,584	1,085,584	1,085,584
Capital reserves	23	13,236	13,236	13,236	13,236
Revenue reserves	24	1,144,312	771,487	705,061	474,697
Total equity attributable to equity holders of the parent		2,243,132	1,870,307	1,803,881	1,573,517
Non controlling interest		92,348	75,405	-	-
Total equity		2,335,480	1,945,712	1,803,881	1,573,517
Non-current liabilities					
Refundable rental and other deposits	25	55,943	50,492	22,237	19,769
Deferred tax liabilities	26	152,341	144,521	52,836	49,783
Employee benefits	27	5,237	5,052	3,303	3,415
Total non-current liabilities		213,521	200,065	78,376	72,967
Current liabilities					
Trade and other payables	28	218,951	278,038	169,194	194,120
Deferred revenue	29	8,904	11,315	1,297	2,534
Current tax liabilities		6,922	7,683	4,769	7,688
Total current liabilities		234,777	297,036	175,260	204,342
Total liabilities		448,298	497,101	253,636	277,309
Total equity and liabilities		2,783,778	2,442,813	2,057,517	1,850,826
Net assets per share (Rs.)		55.63	46.38	44.74	39.02

The notes from pages 28 to 58 form an integral part of these financial statements.

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

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

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board on 12th May 2015.

Approved and signed on behalf of the Managers,

(Sgd.)
A. P. Weeratunge
Director
Carsons Management Services (Private) Limited
Colombo
12th May 2015

Approved and signed on behalf of the Board,

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

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

Statement of Changes in Equity

(All figures are in Sri Lankan Rupees thousands)

	Stated capital	Capital reserves			Revenue reserves			Total equity attributable to equity holders of the parent	Non controlling interest	Total equity
		Capital accretion reserve	Machinery replacement reserve	Other capital reserves	General reserve	Fair value adjustment reserve	Accumulated loss			
Group										
Balance as at 1st April 2013	1,085,584	158	5,109	7,969	39	995,330	(403,386)	1,690,803	66,598	1,757,401
Profit for the year	-	-	-	-	-	-	183,733	183,733	8,800	192,533
Other comprehensive income for the year	-	-	-	-	-	-	206	206	7	213
Total comprehensive income for the year	-	-	-	-	-	-	183,939	183,939	8,807	192,746
Transfers	-	-	-	-	-	68,761	(68,761)	-	-	-
Dividends paid	-	-	-	-	-	-	(4,435)	(4,435)	-	(4,435)
Balance as at 31st March 2014	1,085,584	158	5,109	7,969	39	1,064,091	(292,643)	1,870,307	75,405	1,945,712
Balance as at 1st April 2014	1,085,584	158	5,109	7,969	39	1,064,091	(292,643)	1,870,307	75,405	1,945,712
Profit for the year	-	-	-	-	-	-	387,042	387,042	16,946	403,988
Other comprehensive expense for the year	-	-	-	-	-	-	(104)	(104)	(3)	(107)
Total comprehensive income for the year	-	-	-	-	-	-	386,938	386,938	16,943	403,881
Transfers	-	-	-	-	-	299,991	(299,991)	-	-	-
Dividends paid	-	-	-	-	-	-	(14,113)	(14,113)	-	(14,113)
Balance as at 31st March 2015	1,085,584	158	5,109	7,969	39	1,364,082	(219,809)	2,243,132	92,348	2,335,480

	Stated capital	Capital reserves			Revenue reserves			Total equity
		Capital accretion reserve	Machinery replacement reserve	Other capital reserves	General reserve	Fair value adjustment reserve	Accumulated loss	
Company								
Balance as at 1st April 2013	1,085,584	158	5,109	7,969	39	844,719	(492,997)	1,450,581
Profit for the year	-	-	-	-	-	-	127,222	127,222
Other comprehensive income for the year	-	-	-	-	-	-	149	149
Total comprehensive income for the year	-	-	-	-	-	-	127,371	127,371
Dividend paid	-	-	-	-	-	-	(4,435)	(4,435)
Balance as at 31st March 2014	1,085,584	158	5,109	7,969	39	844,719	(370,061)	1,573,517
Balance as at 1st April 2014	1,085,584	158	5,109	7,969	39	844,719	(370,061)	1,573,517
Profit for the year	-	-	-	-	-	-	244,557	244,557
Other comprehensive expense for the year	-	-	-	-	-	-	(80)	(80)
Total comprehensive income for the year	-	-	-	-	-	-	244,477	244,477
Transfers	-	-	-	-	-	195,138	(195,138)	-
Dividends paid	-	-	-	-	-	-	(14,113)	(14,113)
Balance as at 31st March 2015	1,085,584	158	5,109	7,969	39	1,039,857	(334,835)	1,803,881

The notes from pages 28 to 58 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Statement of Cash Flow

(All figures are in Sri Lankan Rupees thousands)

		Group		Company	
For the year ended 31st March	**Note**	**2015**	**2014**	**2015**	**2014**
Cash flows from operating activities					
Profit before taxation		432,234	244,163	263,567	147,167
Adjustments for:					
Finance costs	14	4,266	3,593	1,770	1,769
Interest income	14	(1,021)	(2,094)	(4,706)	(8,622)
Dividend income	14	-	-	(6,804)	(8,505)
Net gains arising from changes in fair value of investment properties		(299,991)	(68,761)	(195,138)	-
Net gain on sale of investment property		-	(79,780)	-	(79,780)
Profit on disposal of assets	12	(25)	(65)	(25)	-
Depreciation on property, plant and equipment	18	299	3,466	299	3,466
Write-off of assets		-	36	-	-
Amortization of deferred revenue		(4,301)	(3,981)	(1,674)	(1,580)
Provision for employee benefits	27	789	819	519	587
Operating profit before working capital changes		132,250	97,396	57,808	54,502
(Increase) / decrease in inventories		-	5,714	-	5,714
(Increase) / decrease in trade and other receivables		(3,707)	1,816	695	5,065
Increase / (decrease) in trade and other payables		(5,584)	95,314	29,241	6,194
Operating profit after working capital changes		122,959	200,240	87,744	71,475
Rental deposits received	25	5,888	32,132	1,176	3,120
Rental deposits refunded	25	(2,813)	(1,896)	(41)	(1,896)
Cash generated from operations		126,034	230,476	88,879	72,699
Income tax paid		(21,187)	(22,994)	(18,876)	(17,913)
Employee benefits paid	27	(711)	(1,114)	(711)	(1,114)
Net cash generated from operating activities		104,136	206,368	69,292	53,672
Cash flows from investing activities					
Additions to the investment properties	17	(30,399)	(105,010)	(18,630)	(3,581)
Net proceeds on sale of investment properties		-	549,845	-	549,780
Purchase of property, plant and equipment	18	(278)	(582)	(278)	(582)
Net proceeds on sale of property, plant and equipment		25	-	25	-
Amounts advanced to related companies		-	-	1,047	(12,368)
Interest received		1,021	2,094	4,706	8,622
Dividend received		-	-	6,804	8,505
Net cash generated from / (used in) investing activities		(29,631)	446,347	(6,326)	550,376
Cash flows from financing activities					
Finance costs paid	14	-	(3,900)	-	-
Net amounts borrowed / (settled) on amounts due to related companies		(53,500)	(630,846)	(54,164)	(587,778)
Dividend paid		(14,116)	(4,420)	(14,116)	(4,420)
Net cash (used in) / generated from financing activities		(67,616)	(639,166)	(68,280)	(592,198)
Net increase / (decrease) in cash and cash equivalents		6,889	13,549	(5,314)	11,850
Cash and cash equivalents at the beginning of the year		22,049	8,500	15,742	3,892
Cash and cash equivalents at the end of the year	21	28,938	22,049	10,428	15,742

The notes from pages 28 to 58 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Notes to the Financial Statements
(All figures are in Sri Lankan Rupees thousands)

1. Reporting Entity

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

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

The consolidated financial statements as at and for the year ended 31st March 2015 comprise of financial information of the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

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

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

The Group had 17 (2014 – 16) employees at the end of the financial year. The Company had 11 (2014 – 11) employees as at the reporting date.

2. Basis of Preparation

a) Statement of compliance

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on 12th May 2015.

b) Basis of measurement

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

- non-derivative financial instruments classified as "Loans and receivables" and "Other financial liabilities" measured at amortised cost;
- Investment properties are measured at fair value;
- Defined benefit obligations are measured at its present value, based on an actuarial valuation as explained in note 27.

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

c) Functional and presentation currency

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

d) Use of estimates and judgments

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

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

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

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

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

- **Assessment of Impairment - Key assumptions used in discounted cash flow projections.**
  The Company and Group assesses at each reporting date whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an asset or Cash Generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using appropriate discount rates that reflects the current market assessments of the time value of money and risks specific to the asset.

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

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

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

e) Materiality and aggregation

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

3. Significant Accounting Policies

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

Changes in Accounting Policies
Except for the changes below, the Group has consistently applied the accounting policies as set out in this note to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1st April 2014.

1. SLFRS 10 Consolidated Financial Statements
2. SLFRS 12 Disclosure of Interests in Other Entities
3. SLFRS 13 Fair Value Measurement

The nature and the effects of the changes are explained below.

Subsidiaries, including structured entities
As a result of SLFRS 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. SLFRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

In accordance with the transitional provisions of SLFRS 10, the Group reassessed its control conclusions as of 1 April 2014. The change did not have any impact on the Group's financial statements.

Interests in other entities
As a result of SLFRS 12, the Group has expanded disclosures about its interests in subsidiaries.

Fair value measurement
In accordance with the transitional provisions of SLFRS 13, the Group has applied the new definition of fair value, as set out in note 09 prospectively. The change had no significant impact on the measurements of the Group's assets and liabilities, but the Group has included new disclosures in the financial statements, which are required under SLFRS 13.

These new disclosure requirements are not included in the comparative information. However, to the extent that disclosures were required by other standards before the effective date of SLFRS 13, the Group has provided the relevant comparative disclosures under those standards.

a) Basis of consolidation

i. Business combinations
Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

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

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

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

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

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

iv. Loss of control
On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous

subsidiary, then such interest is measured at fair value at the date that control is lost.

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

v. Transactions eliminated on consolidation

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

b) Foreign currency

i. Foreign currency transactions

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

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

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

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

c) Financial instruments

i. Non-derivative financial assets

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

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

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

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

Loans and receivables

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

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

Cash and cash equivalents

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

ii. Non-derivative financial liabilities

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

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

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

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

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

iii. **Stated capital**

Ordinary shares

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

d) Property, plant and equipment

i. **Recognition and measurement**

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

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

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

- the cost of materials and direct labour;

- any other costs directly attributable to bringing the assets to a working condition for their intended use;

- when the Company and the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and

- Capitalised borrowing costs.

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

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

ii. **Reclassification to investment property**

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

iii. **Subsequent costs**

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

iv. **Depreciation**

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

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

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

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

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

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

v. Disposal

The gains or losses arising on disposal or retirement of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment are recognized net within other income in Profit or Loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

vi. Capital work-in-progress

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

vii. Investment property

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

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

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

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

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

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

e) Inventories

Inventories are recognized at cost and net realizable value whichever is lower after making due allowance for obsolete and slow moving items.

The costs are derived on the following bases;

Land held for development and sale Cost and development cost including borrowings costs up to point of completion for revenue recognition.

f) Impairment

i. Non-derivative financial assets

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

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

Financial assets measured at amortised cost

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

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

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

ii. Non-financial assets

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

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

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

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

g) Employee benefits

i. Short-term employee benefits

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

ii. Defined contribution plans

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

iii. Defined benefit plans

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

The Company and the Group are liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983. Under the said Act, the liability to an employee arises only on completion of 5 years of continued service.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets (if applicable) are deducted.

The discount rate is the yield at the reporting date on high quality corporate bonds, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The Group recognizes all actuarial gains and losses arising from the defined benefit plan in other comprehensive income (OCI) and all other expenses related to defined benefit plans are recognized as personnel expenses in profit or loss.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

iv. Termination benefits

Termination benefits are recognised as an expense when the Company and the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company and the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

h) Provisions

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

i) Contingent liabilities and contingent assets

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

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company and the Group does not recognize a contingent liability but discloses its existence in the financial statements.

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

j) Revenue

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

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

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

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

i. Rental income

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

ii. Disposal of plots of land

Revenue on disposal of plots of land recognized at the point where the transfer deeds is singed between a Group entity and the purchaser.

iii. Other Income - on accrual basis.

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

k) Expenditure Recognition

i. Operating expenses

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

ii. Finance income and finance costs

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

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

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

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

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

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

l) Income tax expense

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

i. Current taxation

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

ii. Deferred taxation

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

Deferred tax is not recognised for:

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

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

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

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

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

iii. Tax exposures

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

m) 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.

n) Events after the reporting period

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

4. Cash Flow

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

5. Earnings Per Share

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

6. Dividends on Ordinary Shares

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

7. Presentation

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

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

a) Offsetting Income and Expenses

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

b) Offsetting Assets and Liabilities

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

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

8. Segment Reporting

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

9. Determination of Fair Values

A number of the Company's and the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

- Level 1- Quoted prices (unadjusted) in active markets for identifiable assets and liabilities
- Level 2- Inputs other than quoted prices included in Level 1 that are observable from the asset or liability either directly (as prices) or indirectly (derived prices)
- Level 3 – Inputs from the asset or liability that are not based on observable market data (unobservable inputs)

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

a) Property, plant and equipment

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

b) Investment property

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

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

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

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

c) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

d) Trade and other receivables

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

e) Other non-derivative financial liabilities

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

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

f) Contingent consideration

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

10. New Accounting Standards Issued but not Effective

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standard which will become applicable for financial periods beginning on or after 1st January 2015. Accordingly, the Group has not applied the following new standards in preparing these Consolidated financial statements.

SLFRS 9-Financial Instruments

SLFRS 9 – "Financial Instruments" replaces the existing guidance in LKAS 39 – Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets.

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

SLFRS 15 – Revenue Recognition from Customer Contracts

SLFRS 15 – "Revenue from Contracts with Customers" establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance LKAS 18 Revenue, LKAS 11 Construction Contracts.

SLFRS 15 is effective for annual reporting period beginning on or after 1st January 2017, with early adoption permitted.

The Group is assessing the potential impact on its Consolidated financial statements resulting from the above standards.

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	Group 2015	Group 2014	Company 2015	Company 2014
11 Revenue				
Property rental	210,753	167,171	97,548	89,268
Proceeds from sale of lands held for sale	-	6,973	-	6,973
	210,753	174,144	97,548	96,241

For the year ended 31st March	Group 2015	Group 2014	Company 2015	Company 2014
12 Other income				
Parking fees	588	662	588	662
On services provided to tenants	3,441	3,695	2,418	3,007
Profit on disposal of assets	25	65	25	-
	4,054	4,422	3,031	3,669

For the year ended 31st March	Group 2015	Group 2014	Company 2015	Company 2014
13 Profit from operations				
Profit from operations is stated after charging all expenses including the following:				
Depreciation (note 13.2)	299	3,466	299	3,466
Nomination committee fees	100	100	100	100
Auditors' remuneration - audit services	526	478	281	255
Auditors' remuneration - audit related services	106	226	53	141
Write off of assets	-	36	-	-
Professional services cost (note 13.1)	80	254	26	164
Support Service fee	2,143	2,143	1,224	1,224
Personnel costs (note 13.2)	37,801	31,938	20,885	20,876
13.1 Professional services cost				
Valuation services	44	245	-	164
Other services	36	9	26	-
	80	254	26	164
13.2 Depreciation				
Depreciation included in the statement of profit or loss under the following headings:				
Administrative and other operating expenses	299	3,466	299	3,466
	299	3,466	299	3,466

For the year ended 31st March	Group 2015	Group 2014	Company 2015	Company 2014
13.2 Personnel costs				
Salaries, wages and other related expenses	35,104	29,324	19,241	19,212
Defined benefit plan cost - Employee benefits (note 27)	789	819	519	587
Defined contribution plan cost - EPF and ETF	1,908	1,795	1,125	1,077
	37,801	31,938	20,885	20,876
The above include:				
Directors' emoluments	-	-	-	-
Directors' fees	1,125	786	675	493
	1,125	786	675	493

For the year ended 31st March	Group 2015	Group 2014	Company 2015	Company 2014
14 Net finance income / (costs)				
Finance income				
Interest income	1,021	2,094	4,706	8,622
Dividend income	-	-	6,804	8,505
	1,021	2,094	11,510	17,127
Finance costs				
Interest expenses on related party borrowings	-	3,900	-	-
Unwinding of interest on refundable deposits (note 25)	4,266	3,593	1,770	1,769
	4,266	7,493	1,770	1,769
Less :				
Interest capitalized into investment properties	-	(3,900)	-	-
	4,266	3,593	1,770	1,769
Net finance income/(cost) recognized in profit or loss	(3,245)	(1,499)	9,740	15,358

For the year ended 31st March	Group 2015	Group 2014	Company 2015	Company 2014
15 Current taxation				
15.1 Income tax expenses				
Current tax expense for the year (note15.2)	21,010	19,123	16,532	16,139
Over provision in respect of previous years	(584)	(769)	(575)	(477)
	20,426	18,354	15,957	15,662
Deferred taxation				
On origination and reversal of temporary differences (note 26.1)	7,820	33,276	3,053	4,283
	7,820	33,276	3,053	4,283
Income tax expense for the year	28,246	51,630	19,010	19,945

(All figures are in Sri Lankan Rupees thousands)

		Group		Company	
	For the year ended 31st March	2015	2014	2015	2014
15.2	**Reconciliation between accounting profit and taxable profit**				
	Accounting profit before taxation	432,234	244,163	263,567	147,167
	Aggregate disallowable expenses	4,314	9,869	3,046	7,274
	Aggregate allowable expenses	(55,183)	(62,013)	(5,318)	(13,097)
	Profits not charged to income tax	(6,804)	(88,285)	(6,804)	(88,285)
	Net gains arising from changes in fair value of investment properties	(299,991)	(68,761)	(195,138)	-
	Adjustment due to consolidation of financial statements	6,806	15,846	-	-
	Operating losses incurred during the year	-	13,740	-	-
	Notional adjustments arising on application of LKAS/SLFRS	(7,240)	636	(310)	4,582
	Utilisation of tax losses (note 15.5 c)	(1,800)	(273)	-	-
	Taxable profit	72,336	64,922	59,043	57,641
	Income tax thereon (note 15.4 a & 15.5 b)	20,254	18,178	16,532	16,139
	Dividend tax	756	945	-	-
	Income tax expense for the year	21,010	19,123	16,532	16,139
15.3	**Movement in tax losses**				
	Tax losses brought forward	25,897	11,940	-	-
	Adjustment on finalization of liability	-	490	-	-
	Tax losses incurred during the year	-	13,740	-	-
	Utilisation of tax losses during the year (note15.5.c)	(1,800)	(273)	-	-
	Tax losses carried forward	24,097	25,897	-	-

15.4 Company

(a) In terms of the provisions of the Inland Revenue Act, No. 10 of 2006 and amendments thereto, the Company is liable to taxation at 28% (2014 - 28%).

15.5 Group

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

(b) In terms of the provisions of the Inland Revenue Act, No.10 of 2006 and amendments thereto, Companies within the Group are liable to taxation at a tax rate of 28% (2014 - 28%).

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

(d) Deferred tax has been computed using a tax rate of 28%.

16 Earnings per share

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

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

	Group		Company	
For the year ended 31st March	**2015**	**2014**	**2015**	**2014**
Amounts used as the numerator				
Profit attributable to the ordinary shareholders of the Company (Rs. '000)	387,042	183,733	244,557	127,222
Amounts used as the denominator				
Weighted average number of ordinary shares outstanding during the year (In thousands)	40,322	40,322	40,322	40,322
Earnings per share (Rs)	9.60	4.56	6.07	3.16

17 Investment properties

	Freehold land	Freehold building	Other equipment	Capital work-in Progress	Total as at 31st March 2015	Total as at 31st March 2014
17.1 Group						
Balance as at the beginning of the year	1,641,550	622,761	137,596	-	2,401,907	2,694,272
Additions during the year	-	12,027	4,602	13,770	30,399	105,010
Changes in fair value of investment properties	341,589	(16,048)	(25,550)	-	299,991	68,761
Disposals / write - off during the year	-	-	-	-	-	(470,036)
Borrowing costs capitalized (note 17.6)	-	-	-	-	-	3,900
	1,983,139	618,740	116,648	13,770	2,732,297	2,401,907
17.2 Company						
Balance as at the beginning of the year	1,006,250	188,000	32,097	-	1,226,347	1,692,766
Additions during the year	-	4,860	-	13,770	18,630	3,581
Disposals during the year	-	-	-	-	-	(470,000)
Changes in fair value of investment properties	202,400	4,201	(11,463)	-	195,138	-
	1,208,650	197,061	20,634	13,770	1,440,115	1,226,347

(All figures are in Sri Lankan Rupees thousands)

17.3 Investment properties of the Company and the Group are stated based on a valuation performed by Mr. S. Sivaskantha, F.I.V. (Sri Lanka) of Perera Sivaskantha & Company, Incorporated valuers, as at 31st March 2015. The details of which are as follows;

17.4 Details of investment properties

Property and location	Tenure of property	Description	Method of valuation	Net rentable area	Extent (Hectares)	Historical cost	Fair value 2015	Fair value 2014
Equity One PLC.								
Dharmapala Mw., Colombo 7	Freehold	Office space	Market approach	44,647	0.238	113,854	787,828	733,347
Vauxhall Lane, Colombo 2	Freehold	Warehouse space	Market approach	30,723	0.524	226,917	652,287	493,000
Equity Two PLC.								
No. 61 Janadhipathi Mawatha, Colombo 01	Freehold	Office space	Market approach	41,124	0.072	128,084	371,827	331,276
No. 55 Janadhipathi Mawatha Colombo 01	Freehold	Office space	Market approach	44,046	0.146	427,629	635,962	566,550
Equity Three (Private) Limited.								
George R. De Silva Mw., Colombo 13	Freehold	Office space	Market approach	31,237	0.208	69,256	284,393	277,734
							2,732,297	2,401,907

As at 31st March	Group 2015	Group 2014	Company 2015	Company 2014
17.5 Analysis of Capital work-in-progress				
Investment properties - Other equipment	13,770	-	13,770	-
	13,770	-	13,770	-

17.6 Capitalization of borrowing costs into investment properties

Borrowing costs capitalized as part of the cost of investment properties are as follows.

For the year ended 31st March	Group 2015	Group 2014	Company 2015	Company 2014
Borrowing costs capitalized	-	3,900	-	-

The amount of borrowing cost capitalized for the year ended 31st March 2014 was only to the extent of funds borrowed specifically for construction of the qualifying asset. Interest rate on the said amount borrowed was at AWPLR + 1%. No borrowing cost capitalised during the year.

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

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

17.9 Contractual obligations to construct and develop investment properties

No contractual obligations to construct and develop investment properties have been entered as at the reporting date except to the details given in note 30.1 to the financial statements.

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

18 Property, plant and equipment

18.1 Group / Company

	Machinery and equipment	Furniture and fittings	Motor vehicles	Total as at 31st March 2015	Total as at 31st March 2014
Cost					
As at the beginning of the year	1,598	657	13,750	16,005	15,423
Additions during the year	278	-	-	278	582
Disposals during the year	(115)	-	-	(115)	-
As at the end of the year	1,761	657	13,750	16,168	16,005
Accumulated Depreciation					
As at the beginning of the year	1,017	507	13,750	15,274	11,808
Charge for the year	262	37	-	299	3,466
Depreciation on disposal	(115)	-	-	(115)	-
As at the end of the year	1,164	544	13,750	15,458	15,274
Carrying amount as at the end of the year	597	113	-	710	731

(All figures are in Sri Lankan Rupees thousands)

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

	Group		Company	
As at 31st March	**2015**	**2014**	**2015**	**2014**
Machinery and Equipment	796	616	796	616
Furniture and Fittings	285	285	285	285
Motor vehicles	13,750	13,750	13,750	13,750
	14,831	14,651	14,831	14,651

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

	Company	
As at 31st March	**2015**	**2014**
19 Investments in subsidiaries		
Investments in subsidiaries (note 19.1)	552,048	552,048
	552,048	552,048

As at 31st March	**2015**		**2014**	
	No. of shares	**Cost**	**No. of shares**	**Cost**
19.1 Quoted				
Equity Two PLC	27,532,525	448,834	27,532,525	448,834
		448,834		448,834
Unquoted				
Equity Three (Private) Limited	5,399,997	103,214	5,399,997	103,214
		103,214		103,214
Total investment in subsidiaries		552,048		552,048

As at 31st March	Group 2015	Group 2014	Company 2015	Company 2014
20 Trade and other receivables				
Financial				
Trade receivables	16,859	10,466	4,243	4,559
Other receivables	4,170	4286	443	531
Amounts due from related companies (note 32.4)	-	-	49,182	50,229
Loans given to company officers (note 20.1)	472	1,097	246	302
	21,501	15,849	54,114	56,621
Non-financial				
Prepaid expenses	229	2,260	85	320
Advance payments	103	17	17	17
	332	2,277	102	337
	21,833	18,126	54,216	55,958
20.1 Loans given to company officers				
Balance as at the beginning of the year	1,097	768	302	463
Loans granted during the year	543	1,542	347	428
Recovered during the year	(1,168)	(1,213)	(403)	(589)
Balance as at the end of the year	472	1,097	246	302

As at 31st March	Group 2015	Group 2014	Company 2015	Company 2014
21 Cash and cash equivalents				
Cash at bank and in hand	15,162	11,530	4,901	6,529
Placements in government securities	13,776	10,519	5,527	9,213
Cash and cash equivalents for the purpose of cash flow statement	28,938	22,049	10,428	15,742

As at 31st March	Group 2015	Group 2014	Company 2015	Company 2014
22 Stated capital				
Issued and fully paid				
As at the beginning of the year (40,321,730 shares)	1,085,584	1,085,584	1,085,584	1,085,584
As at the end of the year (40,321,730 shares)	1,085,584	1,085,584	1,085,584	1,085,584

As at 31st March	Group 2015	Group 2014	Company 2015	Company 2014
23 Capital reserves				
Capital accretion reserve	158	158	158	158
Machinery replacement reserve	5,109	5,109	5,109	5,109
Other capital reserves	7,969	7,969	7,969	7,969
	13,236	13,236	13,236	13,236

(All figures are in Sri Lankan Rupees thousands)

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

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

	Group		Company	
As at 31st March	2015	2014	2015	2014
24 Revenue reserves				
General reserve (note 24.1)	39	39	39	39
Fair value adjustment reserve (note 24.2)	1,364,082	1,064,091	1,039,857	844,719
Accumulated loss	(219,809)	(292,643)	(334,835)	(370,061)
	1,144,312	771,487	705,061	474,697

24.1 General reserve

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

24.2 Fair value adjustment reserve

Any gains arising from fair value adjustment of investment properties will be transferred from retained earnings/ accumulated loss to fair value adjustment reserve and any losses arising will be transferred to fair value adjustment reserve to the extent that loss does not exceed the balance held in the said reserve. The movement of the above reserves are given in the Statement of Changes in Equity.

	Group		Company	
As at 31st March	2015	2014	2015	2014
25 Refundable rental and other deposits				
Balance as at the beginning of the year	50,492	27,541	19,769	17,571
Receipts during the year	5,888	32,132	1,176	3,120
Transferred to deferred revenue	(1,890)	(10,878)	(437)	(795)
Refunds during the year	(2,813)	(1,896)	(41)	(1,896)
Unwinding of interest on refundable deposits	4,266	3,593	1,770	1,769
	55,943	50,492	22,237	19,769

	Group		Company	
As at 31st March	2015	2014	2015	2014
26 Deferred tax liabilities				
Balance as at the beginning of the year	144,521	111,245	49,783	45,500
On origination /(reversal) of temporary difference (note 26.1)	7,820	33,276	3,053	4,283
Balance as at the end of year	152,341	144,521	52,836	49,783
26.1 Chrge for the year				
On origination / (reversal) of temporary differences				
Investment properties	7,368	37,042	3,022	4,094
Employee benefits	(51)	142	31	189
Tax losses carried forward	503	(3,908)	-	-
Net deferred tax charged / (reversed) for the year	7,820	33,276	3,053	4,283

As at 31st March	Group 2015	Group 2014	Company 2015	Company 2014
26.2 Deferred tax assets				
Tax effect on employee benefits	1,466	1,415	925	956
Tax effect on brought forward tax losses	6,748	7,251	-	-
Total deferred tax assets	8,214	8,666	925	956
26.3 Deferred tax liabilities				
Tax effect on investment properties and property, plant and equipment	160,555	153,187	53,761	50,739
Total deferred tax liabilities	160,555	153,187	53,761	50,739
Net deferred tax liabilities	152,341	144,521	52,836	49,783

27 Employee benefits

As at 31st March	Group 2015	Group 2014	Company 2015	Company 2014
27.1 The movement in the liabilities recognised in the Statement of financial position is as follows:				
Balance as at the beginning of the year	5,052	5,560	3,415	4,091
Current service cost	283	263	177	178
Interest cost	506	556	342	409
Actuarial (gains) / losses	107	(213)	80	(149)
Payments made during the year	(711)	(1,114)	(711)	(1,114)
Balance as at the end of the year	5,237	5,052	3,303	3,415
27.2 The amounts recognized in the Statement of Profit or Loss are as follows;				
Current service cost	283	263	177	178
Interest cost	506	556	342	409
Charge for the year	789	819	519	587
27.3 The amounts recognized in the statement of other comprehensive income are as follows;				
Actuarial (gains) / losses	107	(213)	80	(149)
Charge for the year	107	(213)	80	(149)
Amounts recognized in the total comprehensive income	896	606	599	438

(All figures are in Sri Lankan Rupees thousands)

27.4 The Employee benefits as at 31st March 2015 amounting to Rs. 3,303,345/- and Rs. 5,237,099 /- (2014 - Rs.3,415,388 /- and Rs. 5,051,771 /-) for the Company and the Group respectively is made based on an actuarial valuation carried out by Mr. M. Poopalanathan (AIA) of Messrs. Actuarial and Management Consultants (Pvt) Ltd. As recommended by the Sri Lanka Accounting Standards (LKAS 19) - "Employee benefits" , the "Projected Unit Credit (PUC)" method has been used in this valuation.

The principal assumptions used are:

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

The Company is a going concern.

27.5 **Sensitivity analysis**

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

	Group		Company	
	Profit / (loss)		Profit / (loss)	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	(5,057)	5,436	(3,215)	3,400
Future salary growth	(5,262)	4,867	(3,323)	3,114

27.6 The above provision is not externally funded.

	Group		Company	
As at 31st March	2015	2014	2015	2014
28 Trade and other payables				
Financial				
Trade payables	21	42	-	20
Other payables	92,126	98,388	37,788	8,850
Amounts due to related companies (note 32.5)	121,174	174,674	127,686	181,850
	213,321	273,104	165,474	190,720
Non financial				
Provisions and accrued expenses	5,630	4,934	3,720	3,400
	5,630	4,934	3,720	3,400
	218,951	278,038	169,194	194,120

As at 31st March	Group 2015	Group 2014	Company 2015	Company 2014
29 Deferred revenue				
Deferred lease rent income	8,904	11,315	1,297	2,534
	8,904	11,315	1,297	2,534

As at 31st March	Group 2015	Group 2014	Company 2015	Company 2014
30 Commitments and contingencies				
30.1 Capital expenditure commitments				
Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:	17,011	-	17,011	-

There were no any other significant financial commitments for the Company and the Group other than those disclosed above as at the reporting date.

30.2 Contingent liabilities

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

30.3 Litigation and claims

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

31 Financial instruments

Financial risk management - Overview

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

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

Risk management framework

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

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

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

(All figures are in Sri Lankan Rupees thousands)

31.1 Credit risk

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

31.1.1 Exposure to credit risk

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

As at 31st March	Group 2015	Group 2014
Credit risk		
Trade and other receivables	21,501	15,849
Cash and cash equivalents	28,938	22,049
	50,439	37,898

Trade receivables

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

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

As at 31st March	Group 2015	Group 2014
Refundable rental and other deposits		
Carrying value	55,943	50,492
Face value	66,007	62,933

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

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

Further, more than 59% of the tenants have transacted with the Group for over a period of 3 years and no impairment losses have been recognized against these customers.

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

As at 31st March	Group 2015	Group 2014
Revenue on lease agreements recognized on straight line basis	16,701	9,495
1–30 days	69	932
31–90 days	89	39
	16,859	10,466

31.1.3 No allowance for impairment in respect of trade and other receivables has been made as at the year end (2014-Nil /=).

Other receivables

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

Cash and cash equivalents

The Group held cash and cash equivalents of Rs.28.9mn as at 31st March 2015 (2014: Rs 22.0mn),which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AAA(lka) to AA-(lka), based on Fitch Ratings.

	Group	
As at 31st March	**2015**	**2014**
Cash at Bank	15,162	11,530
Placements in government securities	13,776	10,519
	28,938	22,049

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

31.2 Liquidity risk

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

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

In addition, the Group have access to short-term financing facilities extended from the parent company, Carson Cumberbatch PLC if required.

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

As at 31st March 2015	**Carrying amount**	**Contractual cash flows**					
		Total	**3 months or less**	**4-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Refundable rental deposits	55,943	66,007	13,916	12,475	1,745	37,271	600
Trade Payables	21	21	21	-	-	-	-
Other payables	92,126	92,126	1,038	-	73,538	17,550	-
Amount due to related Companies	121,174	121,174	121,174	-	-	-	-
	269,264	279,328	136,149	12,475	75,283	54,821	600

As at 31st March 2014	**Carrying amount**	**Contractual cash flows**					
		Total	**3 months or less**	**4-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Refundable rental deposits	50,492	62,933	42	17,003	13,018	32,870	-
Trade Payables	42	42	42	-	-	-	-
Other payables	98,388	98,388	670	-	43,762	53,956	-
Amount due to related Companies	174,674	174,674	174,674	-	-	-	-
	323,596	336,037	175,428	17,003	56,780	86,826	-

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

(All figures are in Sri Lankan Rupees thousands)

31.2.2 Management of liquidity risk

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

The Group maintains a portion of its assets in highly liquid form - demand deposits and placements in government securities in order to meet its contractual obligations during the normal course of its operations. As at the reporting date, the Group maintains " cash and cash equivalents" amounting to Rs 28.9mn (2014- Rs 22mn).

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

31.3 Market risk

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

31.3.1 Currency risk

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

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

31.3.2 Interest rate risk

The Group's interest bearing financial assets / liabilities are factored on variable rates of interest, hence the Group's exposure to interest rate risk is material.

Profile

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

	Group	
As at 31st March	**2015**	**2014**
Variable rate instruments		
Financial assets	14,248	11,616
Financial liabilities	-	-
	14,248	11,616

Sensitive analysis for variable rate instruments

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

Group	Profit / (loss) Increase in 1%	Decrease in 1%
31st March 2015		
Variable rate instruments	142	(142)
31st March 2014		
Variable rate instruments	116	(116)

31.4 Accounting classifications and fair values

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

31.5 Fair values vs. Carrying amounts

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

31st March 2014	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	-	-	22,049	-	-	22,049	22,049
Trade and other receivables	-	-	15,849	-	-	15,849	15,849
	-	-	37,898	-	-	37,898	37,898
Refundable rental and other deposits	-	-	-	-	50,492	50,492	50,492
Trade and other payables	-	-	-	-	273,104	273,104	273,104
	-	-	-	-	323,596	323,596	323,596

32 Related party transactions.

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

(All figures are in Sri Lankan Rupees thousands)

32.1 Parent and ultimate controlling entity

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

32.2 Transactions with Key Management Personnel (KMP)

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

			Group		Company	
	For the year ended 31st March		**2015**	**2014**	**2015**	**2014**
32.2.1	**Key management personnel compensation**					
	Short-term employee benefits	- Directors fees	1,125	786	675	493
		- Nomination committee fees	100	100	100	100
	Post-employment benefits		-	-	-	-
	Termination benefits		-	-	-	-
	Other long-term benefits		-	-	-	-
			1,225	886	775	593

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

32.3 Transactions with related companies

Name and the nature of the relationship	Name/s of the common Director/s	Nature of transactions	Value of the transaction			
			Group		Company	
			2015	2014	2015	2014
Parent company						
Carson Cumberbatch PLC	D. C. R. Gunawardena	Short-term advances obtained	-	18,642	-	-
		Interest on short-term advances obtained	-	3,900	-	-
		Settlements made on short-term advances obtained	53,500	649,488	53,500	581,722
Subsidiaries						
Equity Two PLC	D. C. R. Gunawardena	Short-term advances provided	-	-	-	28,027
	K. C. N. Fernando A.P. Weeratunge	Settlements made on short-term advances obtained	-	-	5,100	15,659
	E.H. Wijenaike	Interest received on short-term advances provided	-	-	4,053	7,341
	P. D. D. Fernando					
Equity Three (Private) Limited	K. C. N. Fernando	Short-term advances obtained	-	-	6,140	4,000
		Settlements made on short-term advances obtained	-	-	6,804	10,056
		Dividend received	-	-	6,804	8,505
Fellow subsidiaries						
Carsons Management Services (Private) Limited (CMSL)	K. C. N. Fernando	Support Service Fee paid	2,143	2,143	1,224	1,224
	A. P. Weeratunge	Secretarial fees paid	784	655	367	306
		Computer charges paid	582	582	306	306
		Rental income received	22,231	11,437	6,750	-
Carsons Airline Services (Private) Limited	D. C. R. Gunawardena	Rental income received	-	415	-	-
Guardian Fund Management Limited	A. P. Weeratunge	Rental income received	3,376	2,465	-	-
Others		Rental income received	68	234	68	234

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

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

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

Amount borrowed by the compnay from Carson Cumberbatch PLC is on interst free basis.

(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Group 2015	Group 2014	Company 2015	Company 2014
32.4 Amounts due from related companies				
Equity Two PLC	-	-	49,182	50,229
	-	-	49,182	50,229
32.5 Amounts due to related companies				
Carson Cumberbatch PLC	121,174	174,674	121,174	174,674
Equity Three (Private) Limited	-	-	6,512	7,176
	121,174	174,674	127,686	181,850

32.6 Group entities

	% of equity interest 2015	% of equity interest 2014
Equity Two PLC	88.8%	88.8%
Equity Three (Private) Limited	100.0%	100.0%

33 Dividend per share

As at 31st March	Company 2015	Company 2014
Dividend paid	14,113	4,435
Dividend proposed*	6,048	14,113
Dividend per share (Rs.)	0.15	0.35

*The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and according to the Sri Lanka Accounting Standard (LKAS 11) - "Events after the reporting period", the liability has not been provided for in the financial statements.

34 Events after the reporting date.

After satisfying the solvency test in accordance with section 57 of the Companies Act, No. 7 of 2007, the Directors have recommended the payment of a first and final dividend of Rs. 0.15 per ordinary share (2014 - Rs. 0.35) for the year ended 31st March 2015 amounting to Rs. 6,048,259.50 (2014 - 14,112,605.50) which is to be approved at the forthcoming Annual General Meeting of the Company. In accordance with Sri Lanka Accounting Standard (LKAS 10) - "Events after the reporting period" this proposed first and final dividend has not been recognised as a liability as at 31st March 2015.

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

35 Directors' responsibility

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

36 Other matters

The interim budget proposal presented by the Minister of Finance on 29th January 2015 and the pursuant bill presented to the Parliament on 30th March 2015, impose a one off tax of 25% on taxable profits for the year of assessment 2013/14 on any Company or each Company in a group of companies, if the Company's / Group's profit before income tax exceeds Rs. 2,000 mn.

The consolidated profit before tax of Carson Cumberbatch PLC, the parent Company of Equity One PLC, exceeds the said threshold of Rs. 2,000 mn. Accordingly, as per the provisions of the bill presented to parliament the Company's liability is estimated at approximately Rs. 13.9 mn (Group - Rs. 15.7 mn).

The liability will be recognized in the financial statements when the bill is enacted and the required entries will be passed in the financial statements.

Five Year Summary

(All figures are in Sri Lankan Rupees thousands)

		SLFRS/LKAS				SLAS
For the year ended/As at 31st March		**2015**	**2014**	**2013**	**2012**	**2011**
Trading results						
Revenue		210,753	174,144	126,040	132,697	175,566
Profit before taxation		432,234	244,163	160,530	92,860	8,810
Income tax (expenses) / reversal		(28,246)	(51,630)	(13,860)	(2,431)	36,247
Profit for the year		403,988	192,533	146,670	90,429	45,057
Shareholders' funds						
Stated capital		1,085,584	1,085,584	1,085,584	1,085,584	1,085,584
Reserves		1,157,548	784,723	605,219	463,555	369,442
Minority interest		92,348	75,405	66,598	61,655	57,543
Total equity		2,335,480	1,945,712	1,757,401	1,610,794	1,512,569
Assets employed						
Current assets		50,771	40,175	34,156	46,639	63,627
Current liabilities		(234,777)	(297,036)	(830,296)	(778,345)	(805,820)
Working capital		(184,006)	(256,861)	(796,140)	(731,706)	(742,193)
Non-current assets		2,733,007	2,402,638	2,697,887	2,485,270	2,399,123
Assets employed		2,549,001	2,145,777	1,901,747	1,753,564	1,656,930
Non-current liabilities		(213,521)	(200,065)	(144,346)	(142,770)	(144,361)
Net assets		2,335,480	1,945,712	1,757,401	1,610,794	1,512,569
Cash flow statement						
Net cash inflow / (outflow) from:						
Operating activities		104,136	206,368	61,485	46,882	72,613
Investing activities		(29,631)	446,347	(111,837)	(29,679)	(25,726)
Financing activities		(67,616)	(639,166)	42,403	(24,764)	(39,874)
Net increase / (decrease) in cash & cash equivalents		6,889	13,549	(7,949)	(7,561)	7,013
Ratios and statistics						
Dividend per share*	(Rs.)	0.15	0.35	0.11	-	-
Dividend yield	(%)	0.36	1.27	0.39	-	-
Dividend payout	(%)	1.56	7.68	3.13	-	-
Return on shareholders' funds	(%)	17.26	9.90	8.37	5.52	2.87
Earnings per share	(Rs.)	9.60	4.56	3.51	2.13	1.04
Earnings yield	(%)	22.86	16.52	12.49	8.00	2.04
P/E ratio	(times)	4.38	6.05	8.01	12.50	48.75
Market price per share**	(Rs.)	42	27.60	28.10	26.50	50.70
Net assets per share	(Rs.)	55.63	46.38	41.93	38.42	36.09
Current ratio	(times)	0.22	0.14	0.04	0.06	0.08
Market capitalization	(Rs. '000)	1,693,513	1,112,879	1,133,040	1,068,525	2,044,312

Notes :

* Based on propose dividend.

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

Financial information for the period 2011 were not adjusted to reflect the transition to new/revised Sri Lanka Accounting Standards (LKAS/SLFRS) applicable for financial periods beginning on or after 1st January 2012.

Statement of value added

(All figures are in Sri Lankan Rupees thousands)

	Group			
For the year ended 31st March	2015		2014	
Revenue	210,753		174,144	
Other income including gain on sale of investment property	4,054		84,202	
Finance income	1,021		2,094	
	215,828		260,440	
Cost of material and services bought from outside	(24,273)		(37,241)	
Value added	191,555		223,199	
Distributed as follows:				
To employees				
as remuneration	37,801	20	31,938	14
To government				
as taxation*	20,426	11	18,354	8
To providers of capital				
as dividend **	14,113	7	4,435	2
as minority interest	16,946	9	8,800	4
Retained in the business				
as deferred taxation	7,820	4	33,276	15
as depreciation	299	-	3,466	2
as unwinding of discount	4,266	2	3,593	2
as retained profits/(loss) net of provisions and fair value adjustment of investment properties	89,884	47	119,337	53
	191,555	100	223,199	100

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

*Excluding Value Added Tax (VAT).

** Based on dividend paid.

Information to Shareholders and Investors

1 Stock Exchange Listing

Equity One PLC, is a public quoted Company, the ordinary shares of which are listed on the Main Board of the Colombo Stock Exchange of Sri Lanka.

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

2 Shareholders base

2.1 Number of Shareholders

As at 31st March	2015	2014
Number of Shareholders	699	680

2.2 Distribution and composition of shareholders

The number of shares held by non - residents as at 31st March 2015 was 12,453 (2014 - 44,967) which amounts to 0.03% (2014 - 0.11%) of the total number of Ordinary Shares.

Distribution	Residents			Non - Residents			Total		
of Shares	No. of share-holders	No. of Shares	%	No. of share-holders	No. of Shares	%	No. of share-holders	No. of Shares	%
1 - 1,000	522	117,606	0.29	6	2,716	0.01	528	120,322	0.30
1,001 - 10,000	139	455,201	1.13	3	9,737	0.02	142	464,938	1.15
10,001 - 100,000	25	551,481	1.37	-	-	-	25	551,481	1.37
100,001 - 1,000,000	3	366,737	0.91	-	-	-	3	366,737	0.91
Above 1,000,000	1	38,818,252	96.27	-	-	-	1	38,818,252	96.27
Total	690	40,309,277	99.97	9	12,453	0.03	699	40,321,730	100.00

Categories of Shareholders	2015		
	No. of Shareholders	No. of Shares	%
Individuals	657	1,184,916	2.94
Institutions	42	39,136,814	97.06
Total	699	40,321,730	100.00

3 Market performance - Ordinary shares

For the year ended 31st March	2015	2014
As at 31st March (Rs.)	42.00	27.60
Highest (Rs.)	56.90	35.70
Lowest (Rs.)	27.00	25.40
Value of shares traded (Rs.)	53,044,539	14,856,128
No. of shares traded	1,249,160	486,555
Volume of transactions (Nos.)	1,899	734

4 Market capitalisation

Market capitalisation of the Company which is the number of ordinary shares in issue multiplied by the market value of an ordinary share was Rs. 1,693,512,660/- as at 31st March , 2015 (2014 - Rs. 1,112,879,748/-).

5 Public shareholding

Percentage of Ordinary Shares held by the public as at 31st March 2015 was 3.72% (2014 - 3.72%) and the number of Public Shareholders were 697.

6 Dividend

The Directors have recommended a first & final dividend of 15 Cents per ordinary share for the year ended 31st March 2015 (2014 - 35 Cents)

7 Value of the properties - Land and building

Location	Extent (in hectares)	Number of Buildings	Market value 2015 Rs. '000	Date of professional valuation
Equity One PLC				
Dharmapala Mw, Colombo 07	0.238	01	753,424	March 2015
Vauxhall Lane, Colombo 02	0.524	03	652,287	March 2015
Equity Two PLC				
No. 61 Janadhipathi Mawatha, Colombo 01	0.072	01	363,721	March 2015
No. 55 Janadhipathi Mawatha Colombo 01	0.146	01	561,785	March 2015
Equity Three (Private) Limited				
George R. De Silva Mw, Colombo 13	0.208	02	279,325	March 2015

8 Number of employees

The number of employees at the end of the year was 17 (2014 - 16) and 11 (2014 - 11) for the Group and the Company respectively.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the THIRTY THIRD Annual General Meeting of EQUITY ONE PLC will be held on Friday the 19th day of June 2015 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 2015, together with the Independent Auditors' Report thereon.

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

3. To re-elect Mr. D.C.R. Gunawardena who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.

4. To re-elect Mr. S. Mahendrarajah who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.

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

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable to Mr. S. Nagendra who is 75 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

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

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable to Mr. P.D.D. Fernando who is 72 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

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

By Order of the Board

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

Colombo,
12th May 2015

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 17th June 2015.
3. A person representing a corporation is required to carry a certified copy of the resolution authorising him/her to act as the representative of the corporation. A representative need not be a member.
4. The transfer books of the Company will remain open.
5. Security check
   We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance.

Notes

Notes

Notes

Form of Proxy

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

Don Chandima Rajakaruna Gunawardena	of Colombo, or failing him,
Sega Nagendra	of Colombo, or failing him,
Kurukulasuriya Calisanctus Nalake Fernando	of Colombo, or failing him,
Eranjith Harendra 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 Friday, the 19th day of June 2015 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 2015, together with the Independent Auditors' Report thereon.		
ii.	To declare 15 Cents per ordinary share as a First & Final dividend for the financial year ended 31st March 2015 as recommended by the Directors.		
iii.	To re-elect Mr. D.C.R. Gunawardena who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.		
iv.	To re-elect Mr. S. Mahendrarajah who retires by rotation in terms of Articles 72, 73 and 74 of the Articles of Association of the Company.		
v.	To re-appoint Mr. S. Nagendra who is over Seventy years of age as a Director of the Company.		
vi.	To re-appoint Mr. P.D.D. Fernando who is over Seventy years of age as a Director of the Company.		
vii.	To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 7 of 2007 and to authorize the Directors to determine their remuneration.		

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

....
Signature/s

Note:

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

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

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

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

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

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

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

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

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

4. In terms of Article 50 of the Articles of Association of the Company:

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

5. To be valid the completed form of proxy should be deposited at the Registered Office of the Company situated at No. 61, Janadhipathi Mawatha, Colombo 1 not later than 3.30 p.m. on 17th June 2015.

Please fill in the following details

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

Corporate Information

Name of the Company
Equity One PLC
(A Carson Cumberbatch Company)

Company Registration No
PQ 19

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

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

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

Place of Business
No. 65C, Dharmapala Mawatha,
Colombo 7,
Sri Lanka.

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

Auditors
Messrs. KPMG
Chartered Accountants,
No 32A, Sir Mohamed Macan Marker Mawatha,
Colombo 03,
Sri Lanka.

Managers & Secretaries
Carsons Management Services (Private) Limited
No. 61, Janadhipathi Mawatha,
Colombo 01,
Sri Lanka.
Telephone No: +94-11-2039200
Fax No: +94-11-2039300

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

Corporate Website
www.carsoncumberbatch.com

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