

EQUITY TWO PLC

INTERIM REPORT FOR THE YEAR ENDED 31ST MARCH 2018

A CARSON CUMBERBATCH COMPANY

EQUITY TWO PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All figures are in Sri Lankan Rupees Thousands)

	Three months ended			Twelve months ended		
	31st March			31st March		
	2018	2017	Change %	2018	2017	Change %
Revenue	34,411	32,716	5	135,969	118,907	14
Direct cost	(8,357)	(6,465)	29	(27,180)	(28,349)	(4)
	26,054	26,251	(1)	108,789	90,558	20
Other income	2,115	953	122	5,004	1,538	225
Net gains arising from changes in fair value of investment properties	209,690	-	-	209,690	-	-
	237,859	27,204	774	323,483	92,096	251
Administrative and other operating expenses	(2,247)	(2,895)	(22)	(7,755)	(10,832)	(28)
Results from operating activities	235,612	24,309	869	315,728	81,264	289
Finance income	2,002	684	193	4,611	923	400
Finance costs	(926)	(753)	23	(3,540)	(3,582)	(1)
Net finance income / (cost)	1,076	(69)	(1,659)	1,071	(2,659)	(140)
Profit before taxation	236,688	24,240	876	316,799	78,605	303
Income tax expenses	(6,533)	(3,830)	71	(27,207)	(11,956)	128
Deferred taxation	(153,776)	(2,373)	6,380	(156,744)	(10,023)	1,464
Profit for the period	76,379	18,037	323	132,848	56,626	135
Other comprehensive income						
Actuarial (loss) / gain from valuation of employee benefits	(112)	284	(139)	(112)	284	(139)
Related tax	31	(80)	(139)	31	(80)	(139)
Total other comprehensive (expense) / income for the period	(81)	204	(140)	(81)	204	(140)
Total comprehensive income / (expense) for the period	76,298	18,241	318	132,767	56,830	134
Earnings per share (Rs.)	2.46	0.58		4.29	1.83	
Dividend per share (Rs.)	2.25	1.40		2.25	1.40	

Change % represent the percentage change in current period's results compared to the comparative period of previous year.

Figures in brackets indicate deductions.

EQUITY TWO PLC
STATEMENT OF FINANCIAL POSITION

(All figures are in Sri Lankan Rupees Thousands)

As at 31st March	2018	2017
ASSETS		
Non-current assets		
Investment properties	1,355,490	1,145,466
Total non-current assets	1,355,490	1,145,466
Current assets		
Trade and other receivables	13,743	19,835
Fair value through profit or loss financial assets	25,946	-
Cash and cash equivalents	13,382	5,891
Total current assets	53,071	25,726
Total assets	1,408,561	1,171,192
EQUITY AND LIABILITIES		
Equity		
Stated capital	444,092	444,092
Capital reserves	750	750
Revenue reserves	618,453	555,379
Total equity	1,063,295	1,000,221
Non-current liabilities		
Refundable rental deposits	44,199	38,494
Deferred tax liability	267,433	110,720
Employee benefits	1,719	1,333
Total non-current liabilities	313,351	150,547
Current liabilities		
Trade and other payables	9,924	5,911
Deferred revenue	3,387	4,671
Current tax liabilities	18,604	9,842
Total current liabilities	31,915	20,424
Total liabilities	345,266	170,971
Total equity and liabilities	1,408,561	1,171,192
Net assets per share (Rs.)	34.30	32.27

The Statement of Financial Position as at 31st March 2018 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flow for the period then ended as disclosed in pages 1 to 5 have been drawn up from audited financial statements.

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

(Sgd).

V.R. Wijesinghe

Head of Finance

Carsons Management Services (Private) Limited

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

Approved and signed on behalf of the managers,

Approved and signed on behalf of the board,

(Sgd).

A.P. Weeratunge

Director

Carsons Management Services (Private) Limited

Colombo.

14th May 2018

(Sgd).

K.C.N. Fernando

Director

(Sgd).

P. D. D. Fernando

Director

EQUITY TWO PLC
STATEMENT OF CHANGES IN EQUITY
 (All figures are in Sri Lankan Rupees Thousands)

	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 1st April 2016	444,092	750	548,149	992,991
Profit for the year	-	-	56,626	56,626
Other comprehensive income for the year	-	-	204	204
Total comprehensive income for the year	-	-	56,830	56,830
First & final dividend 2015/16	-	-	(6,200)	(6,200)
First & final dividend 2016/17	-	-	(43,400)	(43,400)
Balance as at 31st March 2017	444,092	750	555,379	1,000,221
Balance as at 1st April 2017	444,092	750	555,379	1,000,221
Profit for the year	-	-	132,848	132,848
Other comprehensive expense for the year	-	-	(81)	(81)
Total comprehensive income for the year	-	-	132,767	132,767
Forfeited dividends	-	-	57	57
First interim dividend 2017/18	-	-	(69,750)	(69,750)
Balance as at 31st March 2018	444,092	750	618,453	1,063,295

Figures in brackets indicate deductions.

EQUITY TWO PLC
STATEMENT OF CASH FLOW

(All figures are in Sri Lankan Rupees Thousands)

For the year ended 31st March	2018	2017
Cash flows from operating activities		
Profit before taxation	316,799	78,605
Adjustments for:		
Finance costs	3,540	3,582
Finance income	(4,611)	(923)
Net gain arising from changes in fair value of investment properties	(209,690)	-
Provision for employee benefits	274	337
Amortization of deferred revenue	(3,329)	(2,755)
Operating profit before working capital changes	102,983	78,846
(Increase) / decrease in trade and other receivables	6,092	(811)
Increase / (decrease) in trade and other payables	3,985	(14,067)
Operating profit after working capital changes	113,060	63,968
Rental deposits received	4,210	7,904
Employee benefits paid	-	(1,013)
Income tax paid	(18,445)	(4,925)
Net cash generated from / (used in) operating activities	98,825	65,934
Cash flows from investing activities		
Additions to investment properties	(334)	(110)
Investment in fair value through profit or loss financial assets	(25,946)	-
Interest received	4,611	923
Net cash generated from / (used in) investing activities	(21,669)	813
Cash flows from financing activities		
Net amount settled on related company borrowings including interest	-	(16,654)
Dividend paid	(69,665)	(49,572)
Net cash generated from / (used in) financing activities	(69,665)	(66,226)
Net increase / (decrease) in cash and cash equivalents	7,491	521
Cash and cash equivalents at the beginning of the year	5,891	5,370
Cash and cash equivalents at the end of the year	13,382	5,891

Figures in brackets indicate deductions.

EQUITY TWO PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

(All figures are in Sri Lankan Rupees Thousands)

1. Basis of preparation of Interim Financial Statements

The Interim Financial Statements of the Company has been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2018 and are in compliance with Sri Lanka Accounting Standard LKAS 34 - "Interim Financial Reporting". The provisions of the Companies Act No. 7 of 2007 have been considered in preparing these Interim Financial Statements.

2. Events after the reporting period

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

3. Contingent liabilities and capital commitments

There were no material contingent liabilities and capital commitments.

4. Liabilities for expenditure

There were no liabilities for management fees or any similar expenditure not provided for in the interim financial statements.

5. Comparative figures

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

6. Stated capital

The Stated Capital of the Company as at 31st March 2018 was Rs. 444,092,000/- consists of 31,000,000 fully paid Ordinary Shares.

7. Related party transactions

For the Year ended 31st March	2018	2017
Transactions with the parent company		
Settlements on short term advances obtained	-	16,654
Interest on short-term advances obtained	-	797
Dividend paid	55,753	39,647
Transactions with affiliate companies		
Receiving of services	4,745	4,575
Rent received	21,231	21,391

EQUITY TWO PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

(All figures are in Sri Lankan Rupees Thousands)

08. Twenty major shareholders as at 31st March 2018

Name of Shareholders	Number of Shares	%
1 Equity One Limited A/C No.1	27,532,525	88.81
2 Bank Of Ceylon A/C Ceybank Unit Trust	2,267,605	7.31
3 Mr. K.C. Vignarajah	100,037	0.32
4 Mrs. C.A.D.S. Woodward	61,100	0.20
5 Tranz Dominion,L.L.C.	55,480	0.18
6 Miss. V.K. Ramanayake	50,000	0.16
7 Mrs. C.L. Ramanayake	39,818	0.13
8 Mr. L.L. Hettiarachchi	33,804	0.11
9 Mr. I. Paulraj	33,450	0.11
10 People's Leasing & Finance PLC/Hi Line Trading (Pvt) Ltd	25,337	0.08
11 Miss C.M. Wickramasekera	25,300	0.08
12 Union Investments Private Ltd	25,200	0.08
13 Mr. A.A. Noordeen	23,900	0.08
14 People's Leasing & Finance Plc/Dr.H.S.D.Soyso & Mrs. G. Soysa	19,000	0.06
15 Mrs. S. Vignarajah	18,278	0.06
16 Seylan Bank Plc/Mr.S.N.C.W.M.B.C. Kandegedara	16,200	0.05
17 Mr. J.B. Hirdaramani	16,000	0.05
18 Mrs. J. Aloysius	15,900	0.05
19 Mrs. H.I.P. Fernando	15,000	0.05
20 Mr. P.K. Jinadasa	12,200	0.04

9. Public holding

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Diri Savi Board as per Rule 7.13.1 (b) of the Listing Rules of Colombo Stock Exchange, under Option 2, i.e. Float-Adjusted Market Capitalization of less than Rs.1 Billion with 200 Public Shareholders and a Public Holding percentage of 10%.

The Company's Public Holding as at 31st March 2018

Market Capitalization of the Public Holding	Rs.248.33 Million
Number of public shareholders	1,961
Percentage of ordinary shares held by the public	11.17%

10. Directors shareholding as at 31st March 2018

	No. of Shares as at 31.03.18
D.C.R. Gunawardena (Chairman)	-
K.C.N. Fernando	3,600
A.P. Weeratunge	-
E.H. Wijenaika	-
P. D. D. Fernando	-

INVESTOR INFORMATION

11. Share valuation

For the three months ended 31st March 2018	
Market value per share (Rs.)	71.70
Highest price per share for the period (Rs.)	77.80
Lowest price per share for the period (Rs.)	50.00

CORPORATE INFORMATION

Name of the Company	Equity Two PLC (A Carson Cumberbatch Company)
Company Registration Number	PQ 34
Legal Form	A Public Quoted Company with Limited Liability incorporated in Sri Lanka in 1990. Official listing of the Colombo Stock Exchange (CSE) was obtained in November 1994.
Parent and controlling entity	Equity One Limited is the immediate Parent Company of Equity Two PLC. In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Equity One Limited and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Equity One Limited.
Directors	Mr. D. C. R. Gunawardena (Chairman) Mr. K. C. N. Fernando Mr. A. P. Weeratunge Mr. E. H. Wijenaikie Mr. P. D. D. Fernando
Place of Business	61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
Bankers	Standard Chartered Bank Deutsche Bank AG. Commercial Bank of Ceylon PLC
Auditors	Messrs. KPMG Chartered Accountants No.32A, Sir Mohamed Macan Marker Mawatha, Colombo 03, Sri Lanka. Tel: +94 11 5426426 Fax:+94 11 2445872
Managers & Secretaries	Carsons Management Services (Private) Limited 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
Registered Office	61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300