

EQUITY TWO PLC

INTERIM REPORT FOR THE THREE MONTHS ENDED 30<sup>TH</sup> JUNE 2020

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			31.03.2020 (Audited)
	2020	2019	Change %	
<b>Revenue</b>	<b>29,471</b>	36,494	(19)	141,254
Direct cost	<b>(8,968)</b>	(11,241)	(20)	(38,312)
	<b>20,503</b>	25,253	(19)	102,942
Other income	45	155	(71)	3,118
Net gains arising from changes in fair value of investment properties	-	-	-	1,480
	<b>20,548</b>	25,408	(19)	107,540
Administrative and other operating expenses	<b>(1,644)</b>	(2,181)	(25)	(8,970)
<b>Results from operating activities</b>	<b>18,904</b>	23,227	(19)	98,570
Finance income	<b>3,153</b>	3,938	(20)	15,354
Finance costs	<b>(2,040)</b>	(894)	128	(3,827)
<b>Net finance income</b>	<b>1,113</b>	3,044	(63)	11,527
<b>Profit before taxation</b>	<b>20,017</b>	26,271	(24)	110,097
Income tax expense	<b>(3,546)</b>	(5,773)	(39)	(23,713)
Deferred taxation	<b>(986)</b>	(949)	4	(4,331)
<b>Profit for the period</b>	<b>15,485</b>	19,549	(21)	82,053
<b>Other comprehensive income / (expenses)</b>				
<b>Items that will never be reclassified into profit and loss</b>				
Actuarial gain / (loss) from valuation of employee benefits	-	-	-	(67)
Related tax	-	-	-	19
<b>Total other comprehensive income / (expense) for the period</b>	-	-	-	(48)
<b>Total comprehensive income for the period</b>	<b>15,485</b>	19,549	(21)	82,005
<b>Earnings per share (Rs.)</b>	0.50	0.63		2.65
<b>Dividend per share (Rs.)</b>	-	-		0.85

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 30th June	2020	2019	31.03.2020 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	1,518,492	1,511,913	1,518,342
<b>Total non-current assets</b>	<b>1,518,492</b>	<b>1,511,913</b>	<b>1,518,342</b>
<b>Current assets</b>			
Trade and other receivables	28,843	18,697	24,448
Fair value through profit or loss financial assets	12,318	132,900	27,189
Investment in fixed deposits	140,983	10,991	91,109
Current tax assets	-	4,799	1,263
Cash and cash equivalents	47,889	3,169	102,048
<b>Total current assets</b>	<b>230,033</b>	<b>170,556</b>	<b>246,057</b>
<b>Total assets</b>	<b>1,748,525</b>	<b>1,682,469</b>	<b>1,764,399</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	444,092	444,092	444,092
Capital reserves	750	750	750
Revenue reserves	859,619	781,678	844,134
<b>Total equity</b>	<b>1,304,461</b>	<b>1,226,520</b>	<b>1,288,976</b>
<b>Non-current liabilities</b>			
Refundable rental deposits	36,079	35,182	35,162
Deferred tax liability	320,280	315,931	319,294
Employee benefits	1,502	1,189	1,473
<b>Total non-current liabilities</b>	<b>357,861</b>	<b>352,302</b>	<b>355,929</b>
<b>Current liabilities</b>			
Trade and other payables	50,882	91,472	60,436
Deferred revenue	7,948	12,175	8,889
Current tax liabilities	2,337	-	-
Loans and borrowings	25,036	-	50,169
<b>Total current liabilities</b>	<b>86,203</b>	<b>103,647</b>	<b>119,494</b>
<b>Total liabilities</b>	<b>444,064</b>	<b>455,949</b>	<b>475,423</b>
<b>Total equity and liabilities</b>	<b>1,748,525</b>	<b>1,682,469</b>	<b>1,764,399</b>
Net assets per share (Rs.)	42.08	39.57	41.58

The Statement of Financial Position as at 30th June 2020 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 01 to 05 have been drawn up from unaudited financial statements.

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

(Sgd).

**V.R. Wijesinghe**

Director - Finance

Carsons Management Services (Private) Limited

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

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

06th August 2020

(Sgd).

**D.C.R. Gunawardena**

Chairman

(Sgd).

**E. H. Wijenaike**

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 2019	444,092	750	762,129	1,206,971
Profit for the year	-	-	82,053	82,053
Other comprehensive income / (expenses) for the year	-	-	(48)	(48)
Total comprehensive income for the year	-	-	82,005	82,005
Balance as at 31st March 2020	444,092	750	844,134	1,288,976
<b>Balance as at 01st April 2020</b>	<b>444,092</b>	<b>750</b>	<b>844,134</b>	<b>1,288,976</b>
Profit for the period	-	-	15,485	15,485
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	15,485	15,485
<b>Balance as at 30th June 2020 (Unaudited)</b>	<b>444,092</b>	<b>750</b>	<b>859,619</b>	<b>1,304,461</b>
Balance as at 1st April 2019	444,092	750	762,129	1,206,971
Profit for the period	-	-	19,549	19,549
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	19,549	19,549
Balance as at 30th June 2019 (Unaudited)	444,092	750	781,678	1,226,520

*Figures in brackets indicate deductions.*

**EQUITY TWO PLC**  
**STATEMENT OF CASH FLOW**

(All figures are in Sri Lankan Rupees Thousands)

For the Three months ended 30th June	2020	2019	31.03.2020 (Audited)
<b>Cash flows from operating activities</b>			
Profit before taxation	20,017	26,271	110,097
<b>Adjustments for:</b>			
Finance costs	2,040	894	3,827
Finance income	(3,153)	(3,938)	(15,354)
Net gain arising from changes in fair value of investment properties	-	-	(1,480)
Provision for employee benefits	29	33	250
Amortization of deferred revenue	(941)	(1,014)	(3,959)
<b>Operating profit before working capital changes</b>	<b>17,992</b>	<b>22,246</b>	<b>93,381</b>
(Increase) / decrease in trade and other receivables	(4,341)	(6,828)	(12,579)
Increase / (decrease) in trade and other payables	(9,554)	(19,033)	(46,758)
<b>Operating profit after working capital changes</b>	<b>4,097</b>	<b>(3,615)</b>	<b>34,044</b>
Rental deposits refunded	-	-	(3,126)
Income tax paid	-	(2,488)	(16,891)
<b>Net cash generated from / (used in) operating activities</b>	<b>4,097</b>	<b>(6,103)</b>	<b>14,027</b>
<b>Cash flows from investing activities</b>			
Additions to investment properties	(150)	(415)	(5,364)
Disposal of / (investment in) fair value through profit or loss financial assets	14,871	(129,505)	(23,794)
Withdrawal of / (investment in) fixed deposits	(49,874)	114,696	34,578
Interest received	3,153	3,938	15,354
<b>Net cash generated from / (used in) investing activities</b>	<b>(32,000)</b>	<b>(11,286)</b>	<b>20,774</b>
<b>Cash flows from financing activities</b>			
Dividend paid	-	-	(3,311)
Loans obtained	(25,000)	-	50,000
Short term loan interest expenses paid	(1,256)	-	-
<b>Net cash generated from / (used in) financing activities</b>	<b>(26,256)</b>	<b>-</b>	<b>46,689</b>
Net increase / (decrease) in cash and cash equivalents	(54,159)	(17,389)	81,490
Cash and cash equivalents at the beginning of the period	102,048	20,558	20,558
<b>Cash and cash equivalents at the end of the period</b>	<b>47,889</b>	<b>3,169</b>	<b>102,048</b>

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 2020 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 30th June 2020 was Rs. 444,092,098/- consists of 31,000,000 fully paid Ordinary Shares.

**6. Impact due to COVID - 19**

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

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

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

**7. Related party transactions**

For the Three months ended 30th June	2020	2019
<b>Transactions with affiliate companies</b>		
Receiving of services	<b>1,131</b>	1,154
Rent received	<b>4,933</b>	6,577

**EQUITY TWO PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

(All figures are in Sri Lankan Rupees Thousands)

**08. Twenty major shareholders as at 30th June 2020**

Name of Shareholders	Number of Shares	%
1 Equity One Limited A/C No. 01	27,532,525	88.81
2 Bank of Ceylon A/C Ceybank Unit Trust	2,279,187	7.35
3 Mr. K.C. Vignarajah	100,101	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	50,000	0.16
8 Mr. L.L. Hettiarachchi	33,800	0.11
9 Mr. I. Paulraj	32,128	0.10
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	23,496	0.08
14 People's Leasing & Finance PLC/Dr.H.S.D.Soyasa & Mrs G Soysa	19,000	0.06
15 Mrs. S. Vignarajah	18,309	0.06
16 Seylan Bank PLC/Mr.S.N.C.W.M.B.C. Kandegedera	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. H.P. Bonifass	12,450	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 the 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 30th June 2020**

Market Capitalization of the Public Holding	Rs.176.13 Million
Number of public shareholders	1,967
Percentage of ordinary shares held by the public	11.18%

**10. Directors shareholding as at 30th June 2020**

	No. of Shares as at 30.06.20
Mr. D. C. R. Gunawardena (Chairman)	-
Mr. K.C.N. Fernando (vacated office on 14th June 2020)	3,600
Mr. A. P. Weeratunge	-
Mr. E. H. Wijenaik	-
Mr. P. D. D. Fernando (vacated office on 14th June 2020)	-

**INVESTOR INFORMATION**

**11. Share valuation**

For the three months ended 30th June 2020

Market value per share (Rs.)	50.80
Highest price per share for the period (Rs.)	53.50
Lowest price per share for the period (Rs.)	40.90

## CORPORATE INFORMATION

<b>Name of the Company</b>	Equity Two PLC (A Carson Cumberbatch Company)
<b>Company Registration Number</b>	PQ 34
<b>Legal Form</b>	A Public Quoted Company with Limited Liability incorporated in Sri Lanka in 1990. Official listing of the Colombo Stock Exchange was obtained in November 1994.
<b>Parent and ultimate controlling entity</b>	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.
<b>Directors</b>	Mr. D.C.R. Gunawardena (Chairman) Mr. K.C.N. Fernando (vacated office on 14th June 2020) Mr. A.P. Weeratunge Mr. E.H. Wijenaikie Mr. P. D. D. Fernando (vacated office on 14th June 2020)
<b>Place of Business</b>	No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
<b>Bankers</b>	Standard Chartered Bank Deutsche Bank AG. Commercial Bank of Ceylon PLC
<b>Auditors</b>	Messrs. KPMG Chartered Accountants No.32A, Sir Mohamed Macan Marker Mawatha, Colombo 03, Sri Lanka. Tel: +94 11 5426426 Fax:+94 11 2445872
<b>Managers &amp; Secretaries</b>	Carsons Management Services (Private) Limited No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
<b>Registered Office</b>	No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300