

EQUITY TWO PLC

A Carson Cumberbatch Company

Condensed Interim Financial Statements
For the nine months ended 31st December 2022

Equity Two PLC

Statement of Profit or Loss and Other Comprehensive Income

(All figures are in Sri Lankan Rupees Thousands)

	Three months ended 31st December			Nine months ended 31st December		
	2022	2021	Change %	2022	2021	Change %
Revenue	37,151	33,281	12	106,245	99,836	6
Direct costs	(15,410)	(10,463)	47	(38,904)	(30,149)	29
	21,741	22,818	(5)	67,341	69,687	(3)
Other income	218	158	38	540	428	26
Administrative and other operating expenses	(5,553)	(2,261)	146	(11,492)	(5,893)	95
Results from operating activities	16,406	20,715	(21)	56,389	64,222	(12)
Finance income	8,831	2,467	258	18,717	6,131	205
Finance costs	(2,152)	(1,038)	107	(4,289)	(3,026)	42
Net finance income	6,679	1,429	367	14,428	3,105	365
Profit before taxation	23,085	22,144	4	70,817	67,327	5
Income tax expense	(6,693)	(4,691)	43	(17,269)	(14,118)	22
Deferred taxation	(74,770)	(855)	8,645	(76,512)	(2,556)	2,893
Profit/ (loss) for the period	(58,378)	16,598	(452)	(22,964)	50,653	(145)
Other comprehensive income / (expense)						
Items that will never be reclassified into profit and loss						
Actuarial gain / (loss) from valuation of employee benefits	-	-	-	-	-	-
Related tax	-	-	-	-	-	-
Total other comprehensive income / (expense) for the period	-	-	-	-	-	-
Total comprehensive income/ (expense) for the period	(58,378)	16,598	(452)	(22,964)	50,653	(145)
Earnings per share (Rs.)	(1.88)	0.54		(0.74)	1.63	
Dividend per share (Rs.)	-	-		-	-	

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

Figures in brackets indicate deductions.

Equity Two PLC

Statement of Financial Position

(All figures are in Sri Lankan Rupees Thousands)

As at	31.12.2022	31.03.2022 (Audited)
ASSETS		
Non-current assets		
Investment properties	1,575,840	1,570,418
Investment in fixed deposits	168,353	-
Total non-current assets	1,744,193	1,570,418
Current assets		
Trade and other receivables	28,403	28,333
Fair value through profit or loss financial assets	2,409	43,719
Investment in fixed deposits	37,502	74,681
Cash and cash equivalents	83,395	76,612
Total current assets	151,709	223,345
Total assets	1,895,902	1,793,763
EQUITY AND LIABILITIES		
Equity		
Stated capital	444,092	444,092
Capital reserves	750	750
Revenue reserves	957,374	998,516
Total equity	1,402,216	1,443,358
Non-current liabilities		
Refundable rental deposits	57,597	46,183
Deferred tax liability	368,736	292,224
Employee benefits	1,371	1,285
Total non-current liabilities	427,704	339,692
Current liabilities		
Trade and other payables	9,528	4,148
Deferred revenue	5,263	4,778
Loans and borrowings	50,807	-
Current tax liabilities	384	1,787
Total current liabilities	65,982	10,713
Total liabilities	493,686	350,405
Total equity and liabilities	1,895,902	1,793,763
Net assets per share (Rs.)	45.23	46.56

The Statement of Financial Position as at 31st December 2022 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the period then ended as disclosed in pages 1 to 4 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

(Sgd).

D.C.R. Gunawardena

Chairman

(Sgd).

K.C.N. Fernando

Director

Colombo

10th February 2023

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 01st April 2022	444,092	750	998,516	1,443,358
Surcharge tax for the year of assessment 2020/21*	-	-	(18,178)	(18,178)
Balance as at 01st April 2022 (Adjusted)	444,092	750	980,338	1,425,180
Loss for the period	-	-	(22,964)	(22,964)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income/ (expense) for the period	-	-	(22,964)	(22,964)
Balance as at 31st December 2022	444,092	750	957,374	1,402,216
Balance as at 01st April 2021	444,092	750	913,522	1,358,364
Profit for the period	-	-	50,653	50,653
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	50,653	50,653
Balance as at 31st December 2021	444,092	750	964,175	1,409,017

Figures in brackets indicate deductions.

* As per the provisions of Surcharge Tax Act No. 14 of 2022, although the Company did not become liable to pay surcharge tax as a stand-alone entity, the Company was liable for surcharge tax on the basis that the Company is part of the Carson Cumberbatch PLC group, of which the aggregate taxable income exceeded the threshold as stipulated in the aforesaid Act.

Accordingly, the Company was liable for a surcharge tax of Rs. 18,177,642/- out of the taxable income of Rs. 72,710,566/- pertaining to the year of assessment 2020/21. The Company paid the surcharge tax liability in two equal installments on 18th April 2022 and 18th July 2022.

The expense of surcharge tax is accounted in accordance with the "Addendum to Statement of Alternative Treatment on Accounting for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022 " issued by the Institute of Chartered Accountants of Sri Lanka on 10th August 2022.

Equity Two PLC

Statement of Cash Flows

(All figures are in Sri Lankan Rupees Thousands)

Nine months ended 31st December	2022	2021
Cash flows from operating activities		
Profit before taxation	70,817	67,327
Adjustments for:		
Finance costs	4,289	3,026
Finance income	(15,450)	(5,769)
Net change in fair value through profit or loss financial assets	(3,267)	(362)
Provision for employee benefits	86	86
Amortization of deferred revenue	(3,227)	(2,963)
Operating profit before working capital changes	53,248	61,345
(Increase) / decrease in trade and other receivables	(70)	4,955
Increase / (decrease) in trade and other payables	5,523	(18,412)
Operating profit after working capital changes	58,701	47,888
Rental deposits received	11,644	435
Income tax paid	(18,672)	(17,306)
Surcharge tax paid	(18,178)	-
Net cash generated from / (used in) operating activities	33,495	31,017
Cash flows from investing activities		
Additions to investment properties	(5,422)	(2,455)
Redemption of / (investment in) fair value through profit or loss financial assets	44,577	(2,203)
Withdrawal of / (investment in) fixed deposits	(124,301)	78,447
Withdrawal of / (investment in) securities purchased under resale agreements	-	(26,200)
Interest received	8,577	6,290
Net cash generated from / (used in) investing activities	(76,569)	53,879
Cash flows from financing activities		
Dividend paid	(143)	(112)
Loans obtained	50,000	-
Net cash generated from / (used in) financing activities	49,857	(112)
Net increase / (decrease) in cash and cash equivalents	6,783	84,784
Cash and cash equivalents at the beginning of the period	76,612	6,739
Cash and cash equivalents at the end of the period	83,395	91,523
Statement of cash and cash equivalents		
Cash at bank and in hand	79,721	9,008
Investment in treasury bills	-	9,955
Placements with banking and financial institutions	3,674	72,560
Cash and cash equivalents for the cash flow statement purposes	83,395	91,523

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 have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2022 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. DEFERRED TAX

In accordance with Inland Revenue (Amendment) Act No 45 of 2022, change in income tax rate to 30% from 24% with effect from 1st October 2022 resulted in significant change in deferred taxation during the period.

6. COMPARATIVE FIGURES

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

7. STATED CAPITAL

The Stated Capital of the Company as at 31st December 2022 was Rs. 444,092,098/- consists of 31,000,000 fully paid Ordinary Shares.

8. GOING CONCERN

Based on currently available information, the directors are satisfied that the Company will continue its operations in the foreseeable future.

9. RELATED PARTY TRANSACTIONS

Nine months ended 31st December	2022	2021
Transactions with affiliate companies		
Management and support services fees paid	5,531	3,393
Rent and parking fees received	23,000	22,955

Equity Two PLC

Notes to the Interim Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

10. TWENTY MAJOR SHAREHOLDERS AS AT 31ST DECEMBER 2022

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	2,201,508	7.10
3 Mr. K.C. Vignarajah	108,200	0.35
4 Tranz Dominion, L.L.C.	55,480	0.18
5 Mrs. C.A.D.S. Woodward	52,073	0.17
6 Miss. V.K. Ramanayake	50,000	0.16
7 Mrs. C.L. Ramanayake	50,000	0.16
8 Mr. L.L. Hettiarachchi	33,191	0.11
9 Mr. P. Somadasa	28,679	0.09
10 Amana Bank 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. Soysa & Mrs. G. Soysa	19,000	0.06
15 Mrs. S. Vignarajah	18,309	0.06
16 Mr. I. Paulraj	17,288	0.06
17 MR. S.N.C.W.M.B.C. Kandegedara	16,200	0.05
18 MR. J.B. Hirdaramani	16,000	0.05
19 Mrs. J. Aloysius	15,900	0.05
20 Dialog Finance PLC/A.S.M. Shiyam	14,781	0.05

11. PUBLIC HOLDING

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Diri Savi Board as per Rule 7.14.1 (i) (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 31st December 2022

Market Capitalization of the Public Holding	Rs.132.98 Million
Number of public shareholders	2,026
Percentage of ordinary shares held by the public	11.17%

12. DIRECTORS SHAREHOLDING AS AT 31ST DECEMBER 2022

	No. of Shares
Mr. D.C.R. Gunawardena (Chairman)	-
Mr. K.C.N. Fernando	3,600
Mr. A.P. Weeratunge	-
Mr. E.H. Wijenaik	-
Mr. P.D.D. Fernando	-
Mr. S. Marimuthu	550

INVESTOR INFORMATION

13. SHARE VALUATION

As at/ for the three months ended 31st December 2022

Last traded price per share (Rs.)	38.40
Highest price per share for the period (Rs.)	43.50
Lowest price per share for the period (Rs.)	36.50
Market capitalisation	Rs.1,190.40 Million

Corporate Information

NAME OF THE COMPANY	Equity Two PLC (A Carson Cumberbatch Company)
COMPANY REGISTRATION NO.	PQ 34
LEGAL FORM	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.
PARENT AND ULTIMATE CONTROLLING ENTITY	Equity One Limited is the immediate Parent Company of Equity Two PLC. 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. Wijenaike Mr. P. D. D. Fernando Mr. S. Marimuthu
PLACE OF BUSINESS	No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
BANKERS	Standard Chartered Bank Commercial Bank of Ceylon PLC Hatton National Bank PLC Nations Trust Bank PLC DFCC Bank PLC National Development Bank PLC Sampath Bank PLC SBI Sri Lanka
AUDITORS	Messrs. KPMG Chartered Accountants No.32A, Sir Mohamed Macan Marker Mawatha, Colombo 03, Sri Lanka. Tel: +94 11 5426 426 Fax:+94 11 2445 872
MANAGERS & SECRETARIES	Carsons Management Services (Private) Limited No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
REGISTERED OFFICE	No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
CORPORATE WEBSITE	www.carsoncumberbatch.com