

Equity Two PLC

A Carson Cumberbatch Company

Interim report for the nine months ended 31st December 2021

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		
	2021	2020	Change %	2021	2020	Change %
Revenue	33,281	31,842	5	99,836	92,351	8
Direct cost	(10,463)	(7,904)	32	(30,149)	(25,050)	20
	22,818	23,938	(5)	69,687	67,301	4
Other income	158	135	17	428	338	27
Administrative and other operating expenses	(2,261)	(2,166)	4	(5,893)	(5,684)	4
Results from operating activities	20,715	21,907	(5)	64,222	61,955	4
Finance income	2,467	2,787	(11)	6,131	9,108	(33)
Finance costs	(1,038)	(1,359)	(24)	(3,026)	(4,831)	(37)
Net finance income	1,429	1,428	-	3,105	4,277	(27)
Profit before taxation	22,144	23,335	(5)	67,327	66,232	2
Income tax expense	(4,691)	(4,927)	(5)	(14,118)	(12,860)	10
Deferred taxation	(855)	(975)	(12)	(2,556)	(2,946)	(13)
Profit for the period	16,598	17,433	(5)	50,653	50,426	-
Other comprehensive income / (expense)						
Items that will never be reclassified into profit and loss						
Actuarial gain / (loss) from valuation of employee benefits	-	-	-	-	-	-
Related tax on employee benefits	-	-	-	-	-	-
Total other comprehensive income / (expense) for the period	-	-	-	-	-	-
Total comprehensive income for the period	16,598	17,433	(5)	50,653	50,426	-
Earnings per share (Rs.)	0.54	0.56		1.63	1.63	
Dividend per share (Rs.)	-	-		-	-	

Change % represents 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	31.12.2021	31.03.2021 (Audited)
ASSETS		
Non-current assets		
Investment properties	1,522,710	1,520,255
Total non-current assets	1,522,710	1,520,255
Current assets		
Trade and other receivables	24,420	29,375
Fair value through profit or loss financial assets	7,034	4,469
Investment in fixed deposits	75,421	155,009
Securities purchased under resale agreements	26,820	-
Cash and cash equivalents	91,523	6,739
Total current assets	225,218	195,592
Total assets	1,747,928	1,715,847
EQUITY AND LIABILITIES		
Equity		
Stated capital	444,092	444,092
Capital reserves	750	750
Revenue reserves	964,175	913,522
Total equity	1,409,017	1,358,364
Non-current liabilities		
Refundable rental deposits	45,438	42,013
Deferred tax liability	279,884	277,328
Employee benefits	2,185	2,099
Total non-current liabilities	327,507	321,440
Current liabilities		
Trade and other payables	3,772	22,296
Deferred revenue	5,729	8,656
Current tax liabilities	1,903	5,091
Total current liabilities	11,404	36,043
Total liabilities	338,911	357,483
Total equity and liabilities	1,747,928	1,715,847
Net assets per share (Rs.)	45.45	43.82

The Statement of Financial Position as at 31st December 2021 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

11th February 2022

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 2021 (Audited)	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 (Unaudited)	444,092	750	964,175	1,409,017
Balance as at 01st April 2020 (Audited)	444,092	750	844,134	1,288,976
Profit for the period	-	-	50,426	50,426
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	50,426	50,426
Dividends 2019/20			(26,350)	(26,350)
Balance as at 31st December 2020 (Unaudited)	444,092	750	868,210	1,313,052

Figures in brackets indicate deductions.

EQUITY TWO PLC
STATEMENT OF CASH FLOWS

(All figures are in Sri Lankan Rupees Thousands)

Nine months ended 31st December	2021	2020
Cash flows from operating activities		
Profit before taxation	67,327	66,232
Adjustments for:		
Finance costs	3,026	4,831
Finance income	(5,769)	(9,108)
Net change in fair value through profit or loss financial assets	(362)	-
Provision for employee benefits	86	86
Amortization of deferred revenue	(2,963)	(2,777)
Operating profit before working capital changes	61,345	59,264
(Increase) / decrease in trade and other receivables	4,955	(2,433)
Increase / (decrease) in trade and other payables	(18,412)	(27,109)
Operating profit after working capital changes	47,888	29,722
Rental deposits received	435	6,739
Income tax paid	(17,306)	(7,346)
Net cash generated from / (used in) operating activities	31,017	29,115
Cash flows from investing activities		
Additions to investment properties	(2,455)	(150)
Disposal of / (investment in) fair value through profit or loss financial assets	(2,203)	16,628
Withdrawal of / (investment in) fixed deposits	78,447	(75,951)
Withdrawal of / (investment in) securities purchased under resale agreements	(26,200)	-
Interest received	6,290	9,108
Net cash generated from / (used in) investing activities	53,879	(50,365)
Cash flows from financing activities		
Dividend paid	(112)	(27,078)
Loans obtained/ (settled)	-	(25,121)
Interest paid	-	(2,127)
Net cash generated from / (used in) financing activities	(112)	(54,326)
Net increase / (decrease) in cash and cash equivalents	84,784	(75,576)
Cash and cash equivalents at the beginning of the period	6,739	102,048
Cash and cash equivalents at the end of the period	91,523	26,472
Statement of cash and cash equivalents		
Investment in treasury bills	9,955	-
Investment in fixed deposits	72,560	-
Cash at bank and in hand	9,008	26,472
Cash and cash equivalents for the cash flow statement purposes	91,523	26,472

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 2021 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 December 2021 was Rs. 444,092,098/- consists of 31,000,000 fully paid Ordinary Shares.

7. Impact due to COVID – 19

Considering the nature of the business the Company is in – long term letting of commercial space – the immediate impact of the ongoing pandemic on the business of the Company is limited. In terms of medium term impact, since the demand for the Company's business is highly dependent on the market conditions of other industries and businesses and considering the subdued economic activities projected, the Company expects 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.

8. Surcharge tax

A one-time Surcharge Tax of 25% on Group/ Company's taxable income exceeding Rs.2Bn for the year of assessment 2020/21 was announced in the Government Budget proposals for 2022 and, a draft bill is gazetted. Since the draft bill is not yet approved by the parliament and therefore cannot be considered as enacted, the Company has not provided for any potential liability that could arise therefrom in the financial statements for the period ended 31st December 2021.

9. Related party transactions

Nine months ended 31st December	2021	2020
Transactions with the parent company		
Dividends paid	-	23,403
Transactions with affiliate companies		
Receiving of services	3,393	3,393
Rent received	22,955	16,276

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 2021

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	2,272,763	7.33
3 Mr. K.C. Vignarajah	103,381	0.33
4 Mrs. C.A.D.S. Woodward	58,240	0.19
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	33,191	0.11
9 Amana Bank PLC/Hi-Line Trading (Pvt) Ltd	25,337	0.08
10 Miss. C.M. Wickramasekera	25,300	0.08
11 Union Investments Private Ltd	25,200	0.08
12 Mr. A.A. Noordeen	23,496	0.08
13 People's Leasing & Finance PLC/Dr. H.S.D. Soysa & Mrs. G. Soysa	19,000	0.06
14 Mrs. S. Vignarajah	18,309	0.06
15 Mr. P. Somadasa	18,207	0.06
16 Mr. I. Paulraj	17,288	0.06
17 MR. S.N.C.W.M.B.C. Kandededara	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 7.13.1 (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 December 2021

Market Capitalization of the Public Holding	Rs.175.92 Million
Number of public shareholders	1,985
Percentage of ordinary shares held by the public	11.17%

12. Directors shareholding as at 31st December 2021

	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 2021

Market value per share (Rs.)	50.80
Highest price per share for the period (Rs.)	62.20
Lowest price per share for the period (Rs.)	48.30
Market capitalisation	Rs.1,574.80 Million

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 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
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