

A CARSON CUMBERBATCH COMPANY

EQUITY  
ONE  
LIMITED

EQUITY ONE LIMITED | ANNUAL REPORT 2024/25

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This report can be accessed online at  
<http://www.carsoncumberbatch.com>

# Chairman's Statement

## Dear Shareholder,

I warmly welcome you to the 43rd Annual General Meeting of the Company. On behalf of the Board, I present to you the Annual Report and Audited Financial Statements for the financial year ended 31st March 2025.

The year in review witnessed a gradual strengthening of Sri Lanka's macroeconomic environment, with signs of easing inflation and improving external balances offering cautious optimism for continued recovery and stability. However, the commercial real estate sector experienced only modest gains, as it traditionally responds to macroeconomic shifts with a longer-term perspective. Thus, leasing activity reflected a cautious approach as businesses position themselves for stability and potential future growth. As a result, the current market dynamics favour buyers and tenants, who benefit from a wider range of options in a competitive landscape.

The physical transformation of the Colombo city continues to unfold with several large-scale developments reaching completion during the year, along with key infrastructure projects progressing forward, all of which signal a longer-term vision for the city's evolution as a commercial and urban centre. Similarly, despite prevailing economic challenges, the land price index continued its upward trajectory, reflecting a degree of resilience in underlying asset valuations and long-term investor confidence. Together, these developments underscore a market that, while facing near-term challenges, continues to be shaped by long-horizon expectations and strategic positioning.

During the year under review, the Group recorded an 80% occupancy rate, generating a total revenue of Rs. 409.8 Mn and a profit before tax of Rs. 790.2 Mn, which is inclusive of a Rs. 550.1 Mn fair value gain in investment properties.

The outlook for Sri Lanka's real estate market remains cautiously optimistic, anchored in the gradual recovery of business sentiment and the continued evolution of Colombo's urban landscape. While physical development continues, sustainable demand however, will rely on robust economic recovery and fostering lasting business confidence. Further, the sector's long-term prospects will also be contingent upon its ability to align with market needs.

In closing, I would like to offer my sincere thanks to our shareholders, valued tenants, regulatory authorities and other stakeholders for their support extended to the Group. Further, I extend my appreciation and best wishes to all our valued staff members for their contributions throughout the year towards the Group's performance.

(Sgd.)

**E. H. Wijenaike**  
Chairman

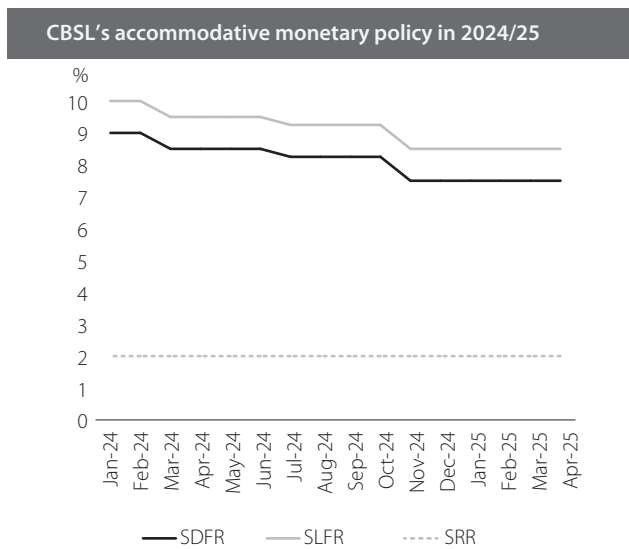
Colombo  
30th May 2025

# Management Discussion and Analysis

## MACROECONOMIC OVERVIEW

Sri Lankan GDP grew by 5% in 2024, a turnaround from two consecutive years of negative growth. Similarly, construction industry posted a growth of 19.4% compared to the contraction of 20.8% recorded last year, as new construction projects started to rollout in response to the improving economic variables. Accordingly, loans and advances granted to private sector construction activities grew by 5.5% to reach Rs. 1.57 Tn in 2024.

To stimulate economic activity, the Central Bank of Sri Lanka ("CBSL") continued with its accommodative monetary policy stance throughout 2024 by reducing the policy rates by a further 150 bps.



Source: CBSL Annual Economic Review – 2024

Notwithstanding a temporary increase in inflation in early parts of 2024 owing to a restructured VAT system, the country continued to enjoy low single-digit levels of inflation. In terms of the performance of the domestic currency, the Sri Lankan Rupee continued to strengthen through 2024, appreciating by 10% against the US Dollar to reach Rs. 292.58 by the end of the year.

## INDUSTRY SNAPSHOT

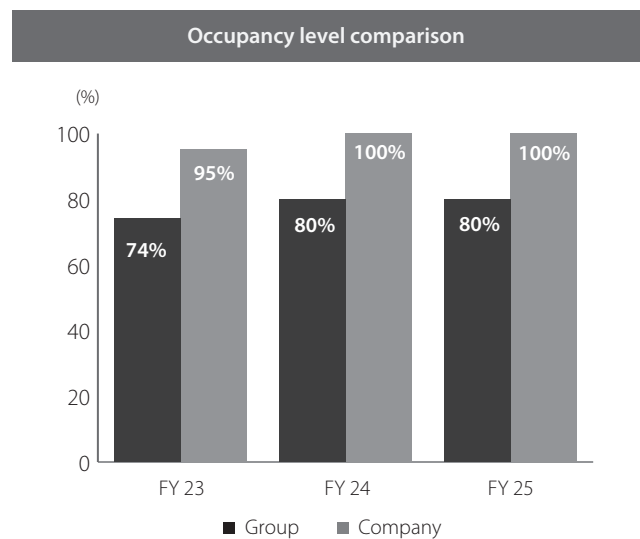
The year 2024 witnessed a notable expansion in Colombo's commercial real estate landscape, marked by the addition of substantial new space that enhanced the city's urban fabric. Despite this physical growth, translating new supply into meaningful market absorption remains an ongoing challenge. Strengthening business confidence and stimulating sustained demand are critical to unlocking the true potential of these developments and supporting the long-term growth trajectory of the sector.

To sustain this momentum and bolster long-term investor confidence, concurrent progress in foundational infrastructure is vital. In this regard, 2024 saw advancements in several strategic initiatives, including the Port Access Elevated Highway, continued work on the Central Expressway, urban development projects, and regulatory infrastructure improvements within the Colombo Port City.

Reflecting renewed market confidence, land prices in Colombo rose by 7.7% in 2024, while commercial property values increased by 9.4%, outperforming the 6.7% growth recorded in the previous year, as per the Central Bank's Land Value Index.

## OUR BUSINESS

Occupancy levels of our properties remained at a similar level with the previous year, which was 100% at the Company, and 80% at the Group. The Group revenue increased by 7% to Rs. 409.8 Mn primarily due to upward rent adjustments.



The Group witnessed a 28% rise in direct costs during the financial year, predominantly driven by escalations in staff related expenditure and maintenance costs. Consequently, the Group achieved a gross profit of Rs. 205.5 Mn, which is 7% less than the prior year.

Based on the property valuation conducted at the end of the period, the investment properties of the Group recorded a fair valuation gain of Rs. 550.1 Mn, in comparison to the Rs. 497.5 Mn gain reported in the prior year.

Accordingly, the Group achieved an operating profit of Rs. 714.3 Mn, reflecting a 5% increase from the previous year. Meanwhile, net finance income recorded a marginal decrease of 4%, reaching Rs. 75.9 Mn, as a result of reduction of market rates for deposits over the last year.

Deferred taxation increased by 13% from last year to Rs. 159.2 Mn, primarily due to the increase in fair value gain on investment properties compared to last year. Accordingly, the Group achieved a profit after tax of Rs. 549.3 Mn for the financial year, reflecting a 4% growth compared to the prior year. The Group posted a profit after tax of Rs. 166.5 Mn excluding the fair valuation gain and related deferred tax.

On a standalone basis, Equity One Limited witnessed an 4% increase in revenue, reaching Rs. 193.6 Mn, driven by the upward revisions in rent. However, the Company also faced a 36% rise in direct costs, due to reasons similar to that of the Group. Consequently, the Company posted an 18% decrease in gross profit, totalling Rs. 89.9 Mn. Based on the property valuation conducted at the end of the period, investment properties of the Company recorded a fair valuation gain of Rs. 261 Mn, in comparison to the Rs. 241.7 Mn gain reported in the prior year. Accordingly, the Company achieved an operating profit of Rs. 339 Mn, translating to a marginal reduction of 1% compared to the prior year. Net finance income saw a 57% decrease at the Company level, due to net withdrawals of fixed deposits, and comparatively lower market rates for deposits. Deferred taxation saw an increase of 8% from the prior year to Rs. 78.9 Mn, due to reasons similar to that of the Group. Resultantly, the Company reported a profit after tax of Rs. 254.6 Mn, representing a 10% decrease from the previous year. Excluding the fair valuation gain and related deferred tax, the Company's post-tax profitability was Rs. 72.7 Mn.

## **FUTURE OUTLOOK**

The refurbishment of the Dharmapala Mawatha, Colombo 07 property is expected to commence this year, aiming to enhance the tenant experience and solidify its status as a modern establishment in one of the city's premier commercial hubs. With steady progress in urban infrastructure and a measured return of corporate activity, Colombo's commercial real estate market is gradually advancing toward long-term growth and enhanced stability. As the economy returns to a growth trajectory, our investment properties are well-positioned to capitalise on emerging opportunities and deliver sustained value to stakeholders.

## **Carsons Management Services (Private) Limited Managers**

30th May 2025

# Profiles of Directors

## **ERANJITH WIJENAIKE (CHAIRMAN)**

Eranjith Wijenaike is a Non-Executive Director of Equity Two PLC, Equity One Limited, Central Industries PLC and Central Finance Company PLC. He holds a Bachelor's Degree in Commerce and a Postgraduate Diploma in Finance and Management.

## **AJITH WEERATUNGE**

Ajith Weeratunge is presently a non-Executive Director of Carsons Management Services (Private) Limited, which is the management arm of Carson Cumberbatch PLC's Sri Lankan operations.

He is also a non-executive Director of Group's Real Estate Sector's Equity One Limited and the Group's Investment Holding Sector's Ceylon Investment PLC, Ceylon Guardian Investment Trust PLC, Rubber Investment Trust Limited and Guardian Fund Management Limited. He is also a non-executive Director of Group's oil palm plantation sector holding company, Goodhope Asia Holdings Ltd.

He carries over 40 years of finance related experience in several leading companies in the mercantile sector, which includes 28 years of service with Carsons Group.

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

## **SUBRAMANIAM MAHENDRARAJAH**

Subramaniam Mahendrarajah is a Director of Equity One Limited and Leechman & Company (Private) Ltd. He is also the Group Finance Director of Sri Krishna Group of Companies. He has over 45 years 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.

## **NALAKE FERNANDO**

Nalake Fernando is a Director of the Property Management Companies of the Carson Cumberbatch Group, namely Equity One Limited, Equity Two PLC and Equity Three (Private) Limited.

He is also a Director of Carsons Management Services (Private) Limited, as well as Association for Individuals with learning Differences. He was the Country Representative for Sri Lanka of 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.

## **DONALD FERNANDO**

Donald Fernando is a Director of Equity One Limited and is the Managing Director of Fernando Rajapakse Associates (Private) Limited - Consulting Engineers and Project Managers. He is also a Director of Saramanda Lanka (Guarantee) Limited.

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

## **SIVANANDAN MARIMUTHU**

Siva Marimuthu is a Director of Equity One Limited, Equity Two PLC, Pegasus Hotels of Ceylon PLC, Industrial Asphalts PLC, Knightsbridge Technologies (Pvt) Ltd. and Silverfalls (Pvt) Limited.

Siva is a career banker with over 25 years of experience having served international banks in senior leadership capacities. He holds a Masters in Business Administration from the University of Wollongong - Australia, a Bachelor of Commerce from Loyola College, India and is also a CIMA Passed Finalist.

Siva's experience in the banking sector is extensive, being a part of the country management team for Standard Chartered Bank Sri Lanka. He has contributed across all key functions such as Retail Banking, Banking Operations, Operational Risk Management, Compliance and Assurance, Project Implementations, Administration and Audit. He also has headed the Country Audit and Operational Risk Function for Standard Chartered Bank, Sri Lanka.

Siva played a key role in ensuring bank's risk and compliance processes are in order, having implemented the operational risk framework, customer due diligence, anti-money laundering processes, design of risk assessment tools and core bank system implementations at Standard Chartered bank.

Currently, Siva consults SME's and shares his extensive experience with them.

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

The Board of Directors of Equity One Limited has pleasure in presenting to the Shareholders their Report together with the Audited Financial Statements for the year ended 31st March 2025.

The details set out herein provide the pertinent information required by the Companies Act, No. 07 of 2007 and are guided by recommended best Accounting Practices.

The Annual Report was approved by the Board of Directors on 30th May 2025.

## 1. GENERAL

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

## 2. THE PRINCIPAL ACTIVITIES OF THE COMPANY AND ITS SUBSIDIARIES

The principal activities of the Company and its subsidiaries are letting of office and warehouse premises for commercial purposes.

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

## 3. REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman's Statement and Management Discussion & Analysis on pages 01 to 03 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 comprise 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 2025 are set out on pages 13 to 53. These financial statements comply with the requirements of the Companies Act, No. 07 of 2007.

### 4.1. Revenue

Detailed analysis of the revenue of the Company and the Group are set out in Note 11 to the Financial Statements.

### 4.2. Financial results and appropriation

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

(In Rupees thousands) For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
Profit for the year	549,327	527,878	254,595	283,581
Other comprehensive income/ (expense) for the year	(1,226)	(1,161)	(919)	(506)
Total comprehensive income for the year	548,101	526,717	253,676	283,075
Retained earnings as at the beginning of the year	826,085	722,755	313,230	252,775
Retained earnings before appropriations/ adjustments	1,374,186	1,249,472	566,906	535,850
Forfeited dividends	289	201	56	48
Acquisition of additional interest in a subsidiary	-	140	-	-
Dividends paid/ payable	-	(54,434)	-	(54,434)
Transfer to fair value adjustment reserve	(382,855)	(342,910)	(181,930)	(168,234)
Total comprehensive income attributable to NCI	(29,223)	(26,384)	-	-
Retained earnings as at the end of the year	962,397	826,085	385,032	313,230

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

## 4.3. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are given on pages 17 to 27.

## 4.4. Investment Properties

The Company and the Group have recognised the carrying value of investment properties 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 in March 2025 by Mr. S. Sivaskantha, F. I. V (Sri Lanka) of Perera Sivaskantha and Company, incorporated Valuers. The details of the movements in fair value of investment properties of the Company and the Group during the year and their carrying value as at 31st March 2025 are presented 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.

## 4.6. Capital Expenditure

The details of capital expenditure of the Group are given in Notes 17, 18, and 32 to the Financial Statements.

## 4.7. Reserves

The movements of total reserves of the Company and the Group are set out in the Statement of Changes in Equity and Notes 24 and 25 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.

The financial statements comprise of *inter alia*:

- a Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year,

- a Statement of Profit or Loss and Other Comprehensive Income of the Company, which presents a true and fair view of the Profit and Loss and Other Comprehensive Income of the Company for the financial year.

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;
- reasonable and prudent judgments and estimates have been made; and
- provides the information required by and otherwise comply with the Companies Act, No. 07 of 2007.

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 and the Group have 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.

The Directors confirm that to the best of their knowledge,

- all taxes, duties and levies payable to the statutory bodies,
- all contributions, levies and taxes payable on behalf of and in respect of the employees and
- all other known statutory dues that were due and payable by the Company and the Group as at the reporting date have been paid, or where relevant provided for in these financial statements.

## 6. OUTSTANDING LITIGATION

There is no litigation currently pending against the Company or the Group.

## 7. INTERESTS REGISTER

The Company maintains an Interest 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. 07 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, No. 07 of 2007.

### 7.1. Remuneration of Directors

Directors' remuneration, for the financial year ended 31st March 2025 is given in Note 13.3 to the Financial Statements.

### 7.2. Directors' Interest in Contracts and Shares

Directors' Interest in contracts of the Company and the Group are disclosed under Related Party Transactions in Note 34 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 2025	31st march 2024
Mr. E. H. Wijenaik	-	-
Mr. K. C. N. Fernando	1	1
Mr. A. P. Weeratunge	1	1
Mr. P. D. D. Fernando	-	-
Mr. S. Marimuthu	-	-
Mr. S. Mahendrarajah	1	1

## 8. DIRECTORS

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

### 8.1 Appointment of Directors who are over 70 years of age

Messrs. P. D. D. Fernando, K.C.N. Fernando and S. Mahendrarajah who were over 70 years of age were re-appointed as Directors of the Company in terms of Section 210 of the Companies Act, No.07 of 2007 at the Annual General Meeting (AGM) held on 27th June 2024 for a further period of one year commencing from the conclusion of the said AGM. i.e. till 26th June 2025.

Mr. E. H. Wijenaik reached the age of 70 years on 15/08/2024.

The Nominations and Governance Committee noted that Messrs. P. D. D. Fernando, K. C. N. Fernando, E. H. Wijenaik and S. Mahendrarajah are fit and proper and based on the recommendation of the Nominations and Governance Committee of the Company and the Board, it is recommended that Messrs. P. D. D. Fernando, K. C. N. Fernando, E. H. Wijenaik and S Mahendrarajah 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 and has recommended to re-appoint them at the Annual General Meeting scheduled to be held on 26th June 2025.

### 8.2 Director to Retire by Rotation

In terms of Articles 71, 72 and 73 of the Articles of Association of the Company, Mr. S. Marimuthu retires by rotation and being eligible offers himself for re-election.

The Nominations and Governance Committee of Carson Cumberbatch PLC, which function as a Nominations and Governance Committee of the Company noted that Mr. S. Marimuthu is fit and proper and recommended to the Board to re-elect Mr. S. Marimuthu to the Board, and Mr. S. Marimuthu is to be re-elected as a Director at the Annual General Meeting scheduled to be held on 26th June 2025.

### 8.3 Board of Directors

The following Directors held office as at the reporting date.

Mr. E.H. Wijenaik (Chairman)  
Mr. K.C.N. Fernando  
Mr. A.P. Weeratunge  
Mr. S. Mahendrarajah  
Mr. P.D.D. Fernando  
Mr. S. Marimuthu

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

## 9. INDEPENDENT AUDITORS

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

A sum of Rs. 528,000/- and Rs. 1,072,500/- was paid to them by the Company and the Group respectively, as audit fees for the year ended 31st March 2025 (2024 - Rs. 480,000/- and Rs. 975,000/-). Fees paid to Auditors on audit related services are given in Note 13 to the financial statements. The retiring Auditors have expressed their willingness to continue in office. A resolution to re-appoint them as auditors of the Company and authorising 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 its relationship with the Company and its subsidiaries, including the level of audit and non-audit fees paid to the Auditors.

### 9.1. 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.

### 9.2. Independent Auditors' Report

The Independent Auditors' Report on the financial statements is given on pages 11 to 12 of the Annual Report.

## 10. SIGNIFICANT EVENTS DURING THE YEAR

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

## 11. 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 crystallisation 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 Audit Committee. 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 position 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 Group is given in notes to the financial Statements.

## 12. 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 to its 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 2025 were 09 and 17 (2024-11 and 20) respectively.

## 13. EQUITABLE TREATMENT TO SHAREHOLDERS

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

## 14. DIVIDENDS

There were no dividend payments made during the financial year.

## 15. SOLVENCY TEST

Since there is no recommendation for a payment of a dividend for the year ended 31st March 2025, it is not required to prepare a Solvency Statement in accordance with Section 56 of the Companies Act, No. 07 of 2007

**16. STATED CAPITAL**

The Stated Capital of the Company as at 31st March 2025 was Rs.1,085,585,040/- consisting of 40,321,730 ordinary shares. There was no change in the Stated Capital of the Company during the year.

**17. STATUTORY PAYMENTS**

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

**18. GOING CONCERN**

The Board of Directors is satisfied that the Company and the Group have adequate resources to continue its operations in the foreseeable future. Accordingly, these financial statements are prepared based on the going concern assumption.

**19. ENVIRONMENTAL PROTECTION**

The Company and the Group are sensitive to the needs of the environment and make 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 operate in a manner that minimises 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.

**20. 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 2025.

**21. EVENTS AFTER THE REPORTING PERIOD**

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

**22. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

The contingent liabilities and commitments made as at 31st March 2025 are given in note 32 to the Financial Statements.

**23. ANNUAL REPORT**

The Board of Directors have approved the Audited consolidated financial statements of the Company and the Group together with the Reviews and other Reports, which form part of the Annual Report on 30th May 2025. The Annual Report would be submitted to the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies within the given time frames.

**24. ANNUAL GENERAL MEETING**

The 43rd Annual General Meeting of the Company will be held on **Thursday, 26th June 2025 at 2.45 p.m.** at the "Lavender Hall", BMICH International Convention & Exhibition Center, Bauddaloka Mawatha, Colombo 07, Sri Lanka.

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 55 of the Annual Report.

Signed on behalf of the Board,

(Sgd.)  
**E. H. Wijenaik**  
Chairman

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

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

Colombo  
30th May 2025

# Financial Calendar

Financial year end	31st March 2025
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42nd Annual General Meeting	27th June 2024
43rd Annual General Meeting	26th June 2025

# Independent Auditor's Report



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

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## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EQUITY ONE LIMITED

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Equity One Limited ("the Company"), and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2025, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025 and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

Management is responsible for the other information. These financial statements do not comprise other information.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

T.J.S. Rajakarier FCA  
W.K.D.C. Abeyrathne FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
R.W.M.O.W.D.B. Rathnadiwakara FCA

W.W.J.C. Perera FCA  
G.A.U. Karunaratne FCA  
R.H. Rajan FCA  
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D Coreea Dharmaratne

# Independent Auditor's Report



## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: <http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

A handwritten signature in black ink, appearing to be 'K. M. G.', written in a cursive style.

## **CHARTERED ACCOUNTANTS**

Colombo, Sri Lanka

30 May 2025

# Statement of Profit or Loss and Other Comprehensive Income

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	Note	Group		Company	
		2025	2024	2025	2024
<b>Revenue</b>	11	409,843	381,467	193,572	186,604
Direct costs		(204,323)	(159,872)	(103,675)	(76,507)
		205,520	221,595	89,897	110,097
Other income	12	1,866	1,034	11,849	11,776
Net fair value gain of investment properties	17	550,114	497,498	261,014	241,688
		757,500	720,127	362,760	363,561
Administrative and other operating expenses		(43,239)	(41,344)	(23,734)	(22,185)
<b>Operating profit</b>	13	714,261	678,783	339,026	341,376
Finance income	14.1	89,438	92,399	31,066	63,726
Finance costs	14.2	(13,539)	(13,286)	(6,195)	(6,217)
<b>Net finance income</b>	14	75,899	79,113	24,871	57,509
		790,160	757,896	363,897	398,885
<b>Profit before taxation</b>		790,160	757,896	363,897	398,885
Income tax expense	15.1	(81,638)	(88,899)	(30,396)	(41,976)
Deferred taxation	15.1	(159,195)	(141,119)	(78,906)	(73,328)
<b>Profit for the year</b>		549,327	527,878	254,595	283,581
<b>Profit for the year attributable to:</b>					
Equity holders of the parent		520,070	501,421	254,595	283,581
Non controlling interest		29,257	26,457	-	-
		549,327	527,878	254,595	283,581
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit and loss</b>					
Loss from actuarial valuation of employee benefits	28.3	(1,751)	(1,659)	(1,313)	(723)
Related tax	27	525	498	394	217
<b>Other comprehensive income/ (expense) for the year</b>		(1,226)	(1,161)	(919)	(506)
<b>Total comprehensive income for the year</b>		548,101	526,717	253,676	283,075
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		518,878	500,333	253,676	283,075
Non controlling interest		29,223	26,384	-	-
		548,101	526,717	253,676	283,075
<b>Earnings per share (Rs.)</b>	16	12.90	12.44	6.31	7.03
<b>Dividend per share (Rs.)</b>	35	-	1.35	-	1.35

The notes from pages 17 to 53 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)

As at 31st March	Note	Group		Company	
		2025	2024	2025	2024
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment properties	17	6,575,102	6,024,532	3,546,947	3,285,933
Property, plant and equipment	18	726	822	726	822
Investment in subsidiaries	19	-	-	796,744	552,733
Investment in fixed deposits		388,202	386,163	172,381	169,000
<b>Total non-current assets</b>		<b>6,964,030</b>	<b>6,411,517</b>	<b>4,516,798</b>	<b>4,008,488</b>
<b>Current assets</b>					
Trade and other receivables	20	117,183	105,959	76,292	290,279
Investment in fixed deposits		191,946	102,117	-	23,737
Fair value through profit or loss financial assets	21	-	38,180	-	-
Tax receivable	15.6	11,831	3,950	6,500	-
Cash and cash equivalents	22	458,061	32,585	277,600	24,200
<b>Total current assets</b>		<b>779,021</b>	<b>282,791</b>	<b>360,392</b>	<b>338,216</b>
<b>Total assets</b>		<b>7,743,051</b>	<b>6,694,308</b>	<b>4,877,190</b>	<b>4,346,704</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated capital	23	1,085,584	1,085,584	1,085,584	1,085,584
Capital reserves	24	13,236	13,236	13,236	13,236
Revenue reserves	25	4,147,302	3,628,135	2,473,516	2,219,784
Total equity attributable to equity holders of the parent		5,246,122	4,726,955	3,572,336	3,318,604
Non controlling interest		222,567	195,040	-	-
<b>Total equity</b>		<b>5,468,689</b>	<b>4,921,995</b>	<b>3,572,336</b>	<b>3,318,604</b>
<b>Non-current liabilities</b>					
Refundable rental deposits	26	103,214	87,399	52,025	46,725
Deferred tax liability	27	1,718,251	1,559,581	987,273	908,761
Loans and borrowings	31	192,000	-	192,000	-
Employee benefits	28	8,363	5,412	4,748	2,841
<b>Total non-current liabilities</b>		<b>2,021,828</b>	<b>1,652,392</b>	<b>1,236,046</b>	<b>958,327</b>
<b>Current liabilities</b>					
Trade and other payables	29	174,048	53,609	12,263	35,688
Deferred revenue	30	30,286	33,420	8,345	9,659
Loans and borrowings	31	48,200	18,143	48,200	18,143
Current tax liabilities	15.6	-	14,749	-	6,283
<b>Total current liabilities</b>		<b>252,534</b>	<b>119,921</b>	<b>68,808</b>	<b>69,773</b>
<b>Total liabilities</b>		<b>2,274,362</b>	<b>1,772,313</b>	<b>1,304,854</b>	<b>1,028,100</b>
<b>Total equity and liabilities</b>		<b>7,743,051</b>	<b>6,694,308</b>	<b>4,877,190</b>	<b>4,346,704</b>
Net assets per share (Rs.)		130.11	117.23	88.60	82.30

The notes from pages 17 to 53 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.)

**L. C. D. Prasanga**

Senior Vice President- Finance  
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 30th May 2025.

Approved and signed on behalf of the Managers,

Approved and signed on behalf of the Board,

(Sgd.)

**V. R. Wijesinghe**

Director  
Carsons Management Services (Private) Limited

(Sgd.)

**E. H. Wijenaik**

Chairman

(Sgd.)

**K. C. N. Fernando**

Director

Colombo  
30th May 2025

# 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	Retained earnings	Total equity				
<b>Group</b>											
Balance as at 1st April 2023	1,085,584	158	5,109	7,969	39	2,459,101	722,755	4,280,715	171,187	4,451,902	
Profit for the year	-	-	-	-	-	342,910	158,511	501,421	26,457	527,878	
Other comprehensive income/ (expense) for the year	-	-	-	-	-	-	(1,088)	(1,088)	(73)	(1,161)	
Total comprehensive income for the year	-	-	-	-	-	342,910	157,423	500,333	26,384	526,717	
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	140	140	(825)	(685)	
Forfeited dividends	-	-	-	-	-	-	201	220	19	239	
First interim dividend 2023/24 (note 35)	-	-	-	-	-	-	(30,241)	(30,241)	-	(30,241)	
Second interim dividend 2023/24 (note 35)	-	-	-	-	-	-	(24,193)	(24,193)	-	(24,193)	
Dividends paid to Non-controlling Shareholders	-	-	-	-	-	-	-	-	(1,725)	(1,725)	
<b>Balance as at 31st March 2024</b>	<b>1,085,584</b>	<b>158</b>	<b>5,109</b>	<b>7,969</b>	<b>39</b>	<b>2,802,011</b>	<b>826,085</b>	<b>4,726,955</b>	<b>195,040</b>	<b>4,921,995</b>	
Balance as at 1st April 2024	1,085,584	158	5,109	7,969	39	2,802,011	826,085	4,726,955	195,040	4,921,995	
Profit for the year	-	-	-	-	-	382,855	137,215	520,070	29,257	549,327	
Other comprehensive income/ (expense) for the year	-	-	-	-	-	-	(1,192)	(1,192)	(34)	(1,226)	
Total comprehensive income for the year	-	-	-	-	-	382,855	136,023	518,878	29,223	548,101	
Forfeited dividends	-	-	-	-	-	-	289	289	29	318	
Dividends paid to Non-controlling Shareholders	-	-	-	-	-	-	-	-	(1,725)	(1,725)	
<b>Balance as at 31st March 2025</b>	<b>1,085,584</b>	<b>158</b>	<b>5,109</b>	<b>7,969</b>	<b>39</b>	<b>3,184,866</b>	<b>962,397</b>	<b>5,246,122</b>	<b>222,567</b>	<b>5,468,689</b>	
<b>Company</b>											
Balance as at 1st April 2023	1,085,584	158	5,109	7,969	39	1,738,281	252,775	3,089,915		3,089,915	
Profit for the year	-	-	-	-	-	168,234	115,347	283,581		283,581	
Other comprehensive income/ (expense) for the year	-	-	-	-	-	-	(506)	(506)		(506)	
Total comprehensive income for the year	-	-	-	-	-	168,234	114,841	283,075		283,075	
Forfeited dividends	-	-	-	-	-	-	48	48		48	
First interim dividend 2023/24 (note 35)	-	-	-	-	-	-	(30,241)	(30,241)		(30,241)	
Second interim dividend 2023/24 (note 35)	-	-	-	-	-	-	(24,193)	(24,193)		(24,193)	
<b>Balance as at 31st March 2024</b>	<b>1,085,584</b>	<b>158</b>	<b>5,109</b>	<b>7,969</b>	<b>39</b>	<b>1,906,515</b>	<b>313,230</b>	<b>3,318,604</b>		<b>3,318,604</b>	
Balance as at 1st April 2024	1,085,584	158	5,109	7,969	39	1,906,515	313,230	3,318,604		3,318,604	
Profit for the year	-	-	-	-	-	181,930	72,665	254,595		254,595	
Other comprehensive income/ (expense) for the year	-	-	-	-	-	-	(919)	(919)		(919)	
Total comprehensive income for the year	-	-	-	-	-	181,930	71,746	253,676		253,676	
Forfeited dividends	-	-	-	-	-	-	56	56		56	
<b>Balance as at 31st March 2025</b>	<b>1,085,584</b>	<b>158</b>	<b>5,109</b>	<b>7,969</b>	<b>39</b>	<b>2,088,445</b>	<b>385,032</b>	<b>3,572,336</b>		<b>3,572,336</b>	

The notes from pages 17 to 53 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Statement of Cash Flows

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	Note	Group		Company	
		2025	2024	2025	2024
<b>Cash flows from operating activities</b>					
Profit before taxation		790,160	757,896	363,897	398,885
Adjustments for:					
Finance costs	14.2	13,539	13,286	6,195	6,217
Interest income	14.1	(87,771)	(91,719)	(31,018)	(63,726)
Net change in fair value through profit or loss financial assets	14.1	(1,667)	(680)	(48)	-
Dividend income	12	-	-	(11,709)	(11,709)
Net fair value gain of investment properties	17	(550,114)	(497,498)	(261,014)	(241,688)
Gain on disposal of property, plant and equipment	12	(8)	-	(8)	-
Depreciation on property, plant and equipment	18.1	575	671	575	671
Amortisation of deferred revenue	30	(13,726)	(12,285)	(5,548)	(5,391)
Provision for employee benefits	28.2	1,200	770	594	421
<b>Operating profit before working capital changes</b>		152,188	170,441	61,916	83,680
(Increase) / decrease in trade and other receivables		(11,130)	(14,959)	(6,016)	(9,417)
Increase / (decrease) in trade and other payables		83,976	(39,053)	(21,768)	(21,551)
<b>Operating profit after working capital changes</b>		225,034	116,429	34,132	52,712
Rental deposits received	26	22,660	4,339	3,812	846
Rental deposits refunded	26	(9,319)	(4,466)	-	-
<b>Cash generated from operations</b>		238,375	116,302	37,944	53,558
Income tax paid	15.6	(41,358)	(46,727)	(20,644)	(23,301)
<b>Net cash generated from / (used in) operating activities</b>		197,017	69,575	17,300	30,257
<b>Cash flows from investing activities</b>					
Additions to investment properties	17	(456)	(46,651)	-	(2,007)
Purchase of property, plant and equipment	18	(479)	-	(479)	-
Proceeds from disposal of property, plant and equipment		8	-	8	-
Investment in a subsidiary		-	(685)	(244,011)	(685)
Withdrawal of fixed deposits		252,278	62,078	58,157	26,355
Investments in fixed deposits		(304,774)	(45,000)	(21,157)	-
Net movement of amount due from related companies		(94)	-	221,869	(48,560)
Interest received		48,399	22,129	12,508	7,821
Investment in fair value through profit or loss financial assets		(26,000)	(67,500)	(6,000)	-
Redemption of fair value through profit or loss financial assets		65,847	30,000	6,048	-
Dividends received		-	-	11,709	11,709
<b>Net cash generated from / (used in) investing activities</b>		34,729	(45,629)	38,652	(5,367)
<b>Cash flows from financing activities</b>					
Loans obtained during the year	31.1	266,000	160,000	266,000	80,000
Loans repaid during the year	31.1	(44,000)	(142,000)	(44,000)	(62,000)
Interest paid	31.1	(417)	(1,688)	(417)	(876)
Dividend paid		(27,853)	(34,120)	(24,135)	(30,330)
<b>Net cash generated from / (used in) financing activities</b>		193,730	(17,808)	197,448	(13,206)
Net increase/(decrease) in cash and cash equivalents		425,476	6,138	253,400	11,684
Cash and cash equivalents at the beginning of the year		32,585	26,447	24,200	12,516
<b>Cash and cash equivalents at the end of the year</b>	22	458,061	32,585	277,600	24,200

The notes from pages 17 to 53 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 Limited is a Limited Liability Company incorporated and domiciled in Sri Lanka.

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

The consolidated financial statements as of and for the year ended 31st March 2025 comprise financial information for the Company and its Subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

The group's business activities are focused on the real estate sector, providing office and warehouse premises on a rental basis. During the financial year under review, there were no significant changes to the nature of the group's principal activities.

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.

At the reporting date, the Group and the Company had 17 and 09 (2024 – 20 and 11) employees, respectively.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The financial statements of 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 the Companies Act, No. 7 of 2007.

These consolidated financial statements were authorised for issue by the Board of Directors on 30th May 2025.

### 2.2 Basis of measurement

The 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:

- Investment properties are measured at fair value as explained in Note 17;
- Defined benefit obligations are measured at its present value, based on an actuarial valuation as explained in Note 28; and
- Investments in unit trusts are measured at fair value as explained in Note 21.

### 2.3 Going concern basis of accounting

These financial statements have been prepared assuming that the Group will continue as a going concern for the foreseeable future.

### 2.4 Functional and presentation currency

Items included in the Group entities financial statements 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 Group's functional and presentation currency.

### 2.5 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 immaterial.

## 3. 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.

### 3.1 Judgements

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

- Note 4.6 : Determination of owner-occupied properties and investment properties

# Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

In determining whether a property qualifies as an investment property, the Group make a judgment on whether the property generates independent cash flows other than those 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, to arrive at whether a property does or does not qualify as an investment property.

## 3.2 Assumptions and estimation uncertainties

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

- Note 28: Employee benefits
- Note 17: Investment properties

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

The assessment of fair value of investment properties involves a significant element of assumptions, including occupancy rate, capitalisation rate, construction cost, repairs and insurance, and such estimates are subject to uncertainty.

### 3.2.1 Measurement of fair values

A number of the Group's accounting policies and disclosures require measuring fair values for both financial and non-financial assets and liabilities.

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third-party information is used to measure fair values, the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses as much observable market data as possible. Fair values are categorised into different levels in a fair value hierarchy based on the following inputs used in the valuation techniques.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for 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 fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values are included in the following notes:

- Note 17 – Investment Properties
- Note 4.8 – Financial Instruments

## 4. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these financial statements.

### 4.1 Basis of consolidation

The Group's Financial Statements comprise consolidated Financial Statements of the Company and its subsidiaries in terms of the Sri Lanka Accounting Standards- SLFRS 10 on "Consolidated Financial Statements".

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

#### 4.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

The cost of acquisition is measured at the fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. After acquisition, the Company continues to recognise the investment in Subsidiaries at cost.

The total profit / loss of the subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income, and the proportion of the profit or loss after taxation applicable to outside shareholders is shown under the heading ‘Non-Controlling Interest’. All assets and liabilities of the Company and its Subsidiaries are included in the Group Financial Position. The interest of the outside shareholders in the net assets of the Group is stated separately in the Consolidated Statement of Financial Position within Equity under the heading ‘Non-controlling Interest’.

There are no restrictions on the ability of subsidiaries to transfer funds to the Company (The Parent) in the form of cash dividends or repayment of loans and advances.

The directors have concluded that the Group controls its subsidiaries, as it has majority control and voting rights over them.

Set out below are the Group’s subsidiaries as at 31st March 2025.

Name of entity	Place of business	% of Ownership Interest held by the Group	Principal activities
Equity Two PLC	Colombo, Sri Lanka	88.9%	Real estate sector providing office premises on rental basis
Equity Three (Private) Limited	Colombo, Sri Lanka	100%	Real estate sector providing office premises on rental basis

#### 4.1.2 Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquiree 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. No adjustments are made to goodwill and no gain or loss is recognised in the statement of profit or loss.

#### 4.1.3 Loss of control

When a Group loses control over a Subsidiary, it derecognises the assets and liabilities of the Subsidiary and any related NCI (if applicable) and other components of equity. Any resulting gain or loss is recognised in the statement of profit or loss. Any remaining interest in the former Subsidiary is measured at fair value when control is lost.

#### 4.1.4 Goodwill

Goodwill recognised in a business combination is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised.

# Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

## 4.1.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated.

## 4.1.6 Accounting for Investment in Subsidiaries

When separate financial statements are prepared, investments in subsidiaries are accounted for using the cost method. Investments in subsidiaries are stated in the Company's Statement of financial position at cost less accumulated impairment losses.

## 4.2 Revenue

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

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:

### 4.2.1 Rental income

Rental income from investment property is recognised 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 properties are recognised as other income.

### 4.2.2 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 the statement of profit or loss and disposal of investments are accounted for in the statement of profit or loss on the basis of realised net profit.

Dividend income is recognised in the statement of profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

## 4.3 Expenditure Recognition

### 4.3.1 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 have been charged to revenue in arriving at the profit or loss for the year.

## 4.3.2 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the statement of profit or loss, using the effective interest method.

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

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.

## 4.4 Income tax expense

Income tax expense comprises current and deferred tax. Income tax is recognised in the statement of 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.

The Group has determined that any interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes and has therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities, and Contingent Assets.

### 4.4.1 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. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. Current tax payable also includes any tax liability arising from the declaration of dividends.

### 4.4.2 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; and

- 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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expect, 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 presumption 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 if 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.

#### 4.5 Fair Value Measurement

SLFRS 13 "Fair value measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

A number of Group's accounting policies and disclosures require measuring fair values for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

#### 4.6 Investment property

Investment property is property held 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. Gains or losses arising from changes in the fair values of investment properties are recognised in the statement of profit or loss.

# Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

Investment properties are derecognised 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 recognised in the statement of 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 Group as an owner-occupied property becomes an Investment property, the Group accounts for such a 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 recognised in the statement of profit or loss. When 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 recognised in the statement of 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 the statement of 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.

## 4.7 Property, plant and equipment

### 4.7.1 Recognition and measurement

Property, plant & equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

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

- the cost of material and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- when 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.

### 4.7.2 Subsequent costs

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

### 4.7.3 Depreciation

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 as follows:

Class of Asset	Number of years
Plant & machinery	5-27
Motor vehicles	4-5
Furniture, fittings & office equipment	5-16
Computers	3-5

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

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

### 4.7.4 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 and are recognised net within other income in the statement of profit or loss.

## 4.8 Financial instruments

### 4.8.1 Recognition and Initial Measurement

Trade receivable and debt securities issues are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability not at FVTPL, is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### 4.8.2 Classification and Subsequent Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI (Fair Value through Other Comprehensive Income) – debt investment; FVOCI – equity investment; or FVTPL (Fair Value Through Profit or Loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Group entities change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL.

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets classified under amortised cost include trade and other receivables, investment in fixed deposits, and cash and cash equivalents.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL.

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in unit trust are classified as FVTPL.

#### 4.8.3 Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated –e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales, and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

# Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

## 4.8.4 Financial Assets – Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs. (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group consider the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual cash flows such that it would not meet this condition.

## 4.8.5 Financial assets – subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.
Financial assets at Amortised Cost	These assets are subsequently measured at amortised cost using the effective interest method.  The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in the statement of profit or loss.

## 4.8.6 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

Financial liabilities measured at amortised cost include loans and borrowings, refundable rental and other deposits, and trade and other payables.

## 4.8.7 Derecognition

### 4.8.7.1 Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial 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 or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership, and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

### 4.8.7.2 Financial liabilities

The Company and the Group derecognises a financial liability when its contractual obligation is discharged, cancelled, or expired. The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On the derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of profit or loss.

## 4.8.8 Offsetting

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### 4.8.9 Impairment

##### 4.8.9.1 *Non-derivative financial assets*

The Group recognise loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs using the simplified approach in accordance with SLFRS 09.

When determining whether a financial asset's credit risk has increased significantly since initial recognition and when estimating ECLs, The Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

##### *Default of financial assets*

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising refundable deposit or security; or
- The financial asset is more than 90 days past due

##### 4.8.9.2 *Credit-impaired financial assets*

At each reporting date, the Group assess whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events have a detrimental impact on its estimated future cash flows.

Evidence that a financial asset is credit-impaired include the following observable data:

- significant financial difficulty of the debtors;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of the original contractual arrangement with the debtor on terms that the Group would not consider otherwise.

##### *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-offs based on whether there is reasonable expectation of recovery.

The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

##### 4.8.9.3 *Non-Financial Assets*

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of an 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. Impairment losses are recognised in the statement of profit or loss.

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.

#### 4.9 Stated capital

##### 4.9.1 Ordinary shares

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

#### 4.10 Leases

At inception, the Group assess whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company and the Group use the definition of a lease in SLFRS 16.

##### 4.10.1 As a Lessor

When the Group act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the receivables from the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "Property Rental Revenue."

### 4.11 Employee benefits

#### 4.11.1 Short-term employee benefits

The Company and the Group have a present legal or constructive obligation to pay this amount as a result of past service provided by the employees, and the obligation can be estimated reliably.

#### 4.11.2 Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to 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 the statement of profit or loss in the periods during which related services are rendered by employees.

##### 4.11.2.1 Employees' Provident Fund

The Group's employees are members of the Employees' Provident Fund, to which the Group contributes 12% of their basic salary.

##### 4.11.2.2 Employees Trust Fund

The Group contribute 3% of the basic salary of each employee to the Employees Trust Fund.

#### 4.11.3 Defined Benefit Plans

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

The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation as at the reporting date.

The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits.' Such actuarial valuations will be carried out every year. The liability is not externally funded. All actuarial gains or losses are recognised immediately in other comprehensive income.

A provision has been made for retirement gratuities from the first year of service for all employees in conformity with the LKAS 19. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The liability is not externally funded.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognise gains or losses on the settlement of a defined plan when the settlement occurs.

### 4.12 Provisions

A provision is recognised if, as a result of a past event, the Group have 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.

## 5. RELATED PARTY DISCLOSURES

All significant transactions with related parties, regardless of whether a price is charged, have been disclosed in the notes to the financial statements.

## 6. EVENTS AFTER THE REPORTING PERIOD

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

## **7. STATEMENT OF CASH FLOWS**

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."

### **7.1 Cash and cash equivalents**

Cash and Cash Equivalents comprise cash balances that are subject to insignificant risk of changes in fair value and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

## **8. EARNINGS PER SHARE**

The Company and the Group present 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.

## **9. DIVIDENDS ON ORDINARY SHARES**

Dividends on ordinary shares are recognised 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.

## **10. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

A number of new standards are effective for annual periods beginning on or after 01 January 2025 and earlier application is permitted; however, the Group and the Company have not early adopted the new or amended standards in preparing these financial statements.

### ***A. General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclosures (SLFRS S2)***

In June 2023 the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. These standards will become effective for the Group and the Company from 1 January 2025. No financial impact is expected the Group and the Company except for additional disclosures.

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March		Group		Company	
		2025	2024	2025	2024
<b>11. REVENUE</b>					
Property rental income		409,843	381,467	193,572	186,604
		409,843	381,467	193,572	186,604
<hr/>					
For the year ended 31st March		Group		Company	
		2025	2024	2025	2024
<b>12. OTHER INCOME</b>					
Dividend income		-	-	11,709	11,709
Parking fees from tenants		900	900	-	-
On other services provided to tenants		958	134	132	67
Profit on disposal of property, plant and equipment		8	-	8	-
		1,866	1,034	11,849	11,776
<hr/>					
For the year ended 31st March		Group		Company	
		2025	2024	2025	2024
<b>13. PROFIT FROM OPERATIONS</b>					
Profit from operations is stated after charging all expenses including the following:					
Auditor's remuneration - audit services		1,073	975	528	480
Auditor's remuneration - audit related services		150	351	-	171
Professional services cost (note 13.1)		1,687	1,233	684	435
Depreciation (note 13.2)		575	671	575	671
Support service fee		15,385	15,308	7,754	7,677
Personnel costs (note 13.3)		124,468	83,502	71,405	42,122
<hr/>					
<b>13.1 Professional services cost</b>					
Valuation services		381	1,148	170	378
Other services		1,306	85	514	57
		1,687	1,233	684	435
<hr/>					
<b>13.2 Depreciation</b>					
Depreciation is included in the Statement of Profit or Loss under the following headings:					
Administrative and other operating expenses		575	671	575	671
		575	671	575	671
<hr/>					

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
<b>13.3 Personnel costs</b>				
Salaries, wages and other related expenses	118,659	78,443	68,666	39,665
Defined benefit plan cost - Employee benefits (note 28.2)	1,200	770	594	421
Defined contribution plan cost - EPF and ETF	4,609	4,289	2,145	2,036
	124,468	83,502	71,405	42,122
The above includes:				
Non-executive directors' fees	4,400	4,619	3,200	3,246
	4,400	4,619	3,200	3,246

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
<b>14. NET FINANCE INCOME</b>				
<b>14.1 Finance income</b>				
Interest income	87,771	91,719	29,151	38,076
Interest income on related party lendings	-	-	1,867	25,650
Net change in the fair value through profit or loss financial assets	1,667	680	48	-
	89,438	92,399	31,066	63,726
<b>14.2 Finance costs</b>				
Interest expenses on bank borrowings	473	1,831	473	1,019
Unwinding of interest on refundable deposits (note 26)	13,066	11,455	5,722	5,198
	13,539	13,286	6,195	6,217
Net finance income	75,899	79,113	24,871	57,509

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
<b>15. CURRENT TAXATION</b>				
<b>15.1 Income tax expense</b>				
Income tax expense for the year (note 15.2)	79,286	87,641	30,984	42,441
Under / (over) provision in respect of previous years	286	(808)	(588)	(465)
Tax on intercompany dividends	2,066	2,066	-	-
	81,638	88,899	30,396	41,976
<b>Deferred Taxation</b>				
On origination and reversal of temporary differences (note 27)	159,195	141,119	78,906	73,328
	159,195	141,119	78,906	73,328
Current tax expense for the year	240,833	230,018	109,302	115,304

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
<b>15.2 Reconciliation between accounting profit and taxable profit</b>				
Accounting profit before taxation	790,160	757,896	363,897	398,885
Aggregate disallowable expenses	23,782	15,039	14,326	8,956
Aggregate allowable expenses	(16,648)	(18,465)	(3,172)	(3,830)
Dividend income	(11,709)	(11,709)	(11,709)	(11,709)
Net fair value gain of investment properties	(550,114)	(497,498)	(261,014)	(241,688)
Notional adjustments arising on application of LKAS/SLFRS	(8,347)	(8,807)	951	(9,145)
Finance income	(89,438)	(92,399)	(31,066)	(63,726)
Tax losses incurred during the year (note 15.5 (c))	25,459	43,972	-	-
Transactions adjusted on consolidation	11,709	11,709	-	-
Utilisation of tax losses (note 15.5 (c))	(3)	(3)	-	-
Adjusted business income	174,851	199,735	72,213	77,743
Investment income - interest Income	89,438	92,399	31,066	63,726
<b>Total Taxable Income</b>	<b>264,289</b>	<b>292,134</b>	<b>103,279</b>	<b>141,469</b>
Income tax on business profit (note 15.4 (a), 15.5 (b))	52,455	52,227	21,664	23,323
Income tax on interest income (note 15.4 (a), 15.5 (b))	26,831	35,414	9,320	19,118
<b>Income tax expense for the year</b>	<b>79,286</b>	<b>87,641</b>	<b>30,984</b>	<b>42,441</b>
<b>15.3 Analysis of tax losses</b>				
Tax losses brought forward	143,487	99,359	-	-
Tax loss incurred during the year (Subsidiaries)	25,459	43,972	-	-
Adjustment on finalisation of tax liability	223	159	-	-
Utilisation of tax losses during the year (note 15.5 (c))	(3)	(3)	-	-
Tax losses carried forward	169,166	143,487	-	-

### 15.4 Company

(a) In terms of the provisions of the Inland Revenue Act, No. 24 of 2017 and amendments thereto, the Company was liable to income tax at 30% (2024- 30%).

(b) As per the Inland Revenue (Amendment) Act No.45 of 2022, 15% withholding tax is deducted from the dividend distribution at the paying company.

### 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. 24 of 2017 and amendments thereto, companies within the Group were liable to income tax at 30% (2024- 30%).

(c) As per section 19 of the Inland Revenue Act No. 24 of 2017 and amendments thereto, any unclaimed tax losses incurred during the year could be carried forward for further six years. Such losses can be set off against profits without any limitation but subjecting to income tax rate applicable for the source of income as provided in the Act. Equity Three (Private) Limited in the Group have carried forward tax losses which are available to be set off against the future tax profits of the subsidiary company.

(d) Deferred tax has been computed using a tax rate of 30% (2024-30%).

## 15.6 Current tax payables/ (receivables)

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
Balance as at the beginning of the year	10,799	8,066	6,283	6,104
Income tax expense (note 15.1)	79,572	86,833	30,396	41,976
Income tax paid during the year	(41,358)	(46,727)	(20,644)	(23,301)
Withholding tax receivables deducted during the year	(60,844)	(37,373)	(22,535)	(18,496)
<b>Balance as at the end of the year</b>	<b>(11,831)</b>	<b>10,799</b>	<b>(6,500)</b>	<b>6,283</b>
Presented in the Statement of Financial Position as follows:				
Income tax payables	-	14,749	-	6,283
Income tax receivables	(11,831)	(3,950)	(6,500)	-
<b>Balance as at the end of the year</b>	<b>(11,831)</b>	<b>10,799</b>	<b>(6,500)</b>	<b>6,283</b>

## 15.7 Reconciliation of the effective tax rate

The following table provides a reconciliation of the Company's and the Group's statutory corporate income tax rate to the effective tax rate of the Company and the Group on profit before taxation.

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
Profit before taxation	790,160	757,896	363,897	398,885
Current taxation (note 15.2)	79,286	87,641	30,984	42,441
Effective tax rate	10%	12%	9%	11%

## 16. EARNINGS PER SHARE

Earnings per share is calculated on the profit attributable to the shareholders of the Company over the weighted average number of ordinary shares outstanding, as required by the Sri Lanka Accounting Standard (LKAS 33) - "Earnings per share".

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

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
<b>Amounts used as the numerator</b>				
Profit attributable to the ordinary shareholders of the Company	520,070	501,421	254,595	283,581
<b>Amounts used as the denominator</b>				
Weighted average number of ordinary shares outstanding during the year (In thousands)	40,322	40,322	40,322	40,322
<b>Earnings per share (Rs.)</b>	<b>12.90</b>	<b>12.44</b>	<b>6.31</b>	<b>7.03</b>

### 16.1 Diluted earnings per share

There were no potentially dilutive ordinary shares as at 31st March 2025 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would require restatement of earnings per share.

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

	Freehold land	Freehold building	Other equipment	Total as at 31st March 2025	Total as at 31st March 2024
<b>For the year ended 31st March</b>					
<b>17. INVESTMENT PROPERTIES</b>					
<b>17.1 Group</b>					
Balance as at the beginning of the year	4,707,260	1,248,248	69,024	6,024,532	5,480,383
Additions during the year	-	-	456	456	46,651
Changes in fair value of investment properties	452,595	111,707	(14,188)	550,114	497,498
	5,159,855	1,359,955	55,292	6,575,102	6,024,532
<b>Company</b>					
Balance as at the beginning of the year	2,780,806	484,242	20,885	3,285,933	3,042,238
Additions during the year	-	-	-	-	2,007
Changes in fair value of investment properties	249,811	18,711	(7,508)	261,014	241,688
	3,030,617	502,953	13,377	3,546,947	3,285,933

**17.2** During the year ended 31st March 2024, the Group purchased a plot of land adjacent to the existing Colombo 13 property amounting to Rs.39.5 Mn, to enhance its road frontage and marketability.

### 17.3 Details of investment properties

Property and location	Method of valuation	Land Extent (Perch)	Historical cost	Fair value 2025	Fair value 2024
<b>Equity One Limited</b>					
Dharmapala Mawatha, Colombo 7	Investment approach	94.00	132,916	2,206,920	2,056,160
Vauxhall Lane, Colombo 2	Market/ Depreciated replacement cost	180.05	237,348	1,340,027	1,229,773
<b>Equity Two PLC</b>					
No. 61, Janadhipathi Mawatha, Colombo 01	Investment approach	28.51	134,864	822,272	741,289
No. 55, Janadhipathi Mawatha, Colombo 01	Investment approach	57.55	437,552	1,305,561	1,165,743
<b>Equity Three (Private) Limited</b>					
George R. De Silva Mawatha, Colombo 13	Market/ Depreciated replacement cost	85.23	150,112	900,322	831,567
		445.34	1,092,792	6,575,102	6,024,532

The Investment Properties of the Group comprise commercial properties that are leased to external and related party tenants. The lease agreements are typically entered in to two to ten year periods with the option for subsequent renewals.

Changes in fair value adjustments on investment properties (gain/ loss), which are unrealised, are recognised in the Statement of Profit or Loss. Accordingly, the total net gain/ loss on such changes in fair value, net of related deferred tax, is recorded in the fair value adjustment reserve as at the reporting date.

### 17.4 Fair value hierarchy

The fair value of the investment properties was determined by an external, independent property valuer, Mr. S. Sivaskantha, F.I.V. (Sri Lanka) of Perera Sivaskantha & Company, having appropriate recognised professional qualifications and recent experience in the location and category of the properties valued. Fair values were determined with reference to the entities' ability to generate economic benefits by using the asset and recent market transactions for similar properties in the vicinity of the respective investment properties of the Group.

The fair value measurement for the investment properties have been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

### Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Description	Location	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Land & Building	Colombo	Investment Approach  The valuation method considers the present value of net cash flows to be generated from the property taking into account the expected rental income, occupancy rate and other costs not paid by the tenants. The expected net cash-flows are capitalised using expected rate of return.	Contractual rentals agreed with the tenants.	The estimated fair value would increase/ (decrease) if –  Contractual rentals were higher/ (lower)
			Occupancy Rate: 80% - 90%	Occupancy rate was higher/ (lower)
			Capitalisation rate: 5%- 6.25%	Capitalisation rate was (higher) / lower
			Repair, insurance: 20%	Repair and insurance was (higher) / lower
			Valuer has used market price per perch for excess land in existing location using a range of prices for similar lands based on adjusted fair value taking in to account of other valuation considerations.	Market value per perch was higher/ (lower)
			Market price per perch range between Rs. 11,000,000/- to Rs. 17,500,000/-	
Land & Building	Colombo	Market/ Depreciated replacement cost approach  In this approach, the market value of a property is estimated as a function of the current cost to purchase or replace the property. Accordingly, adjustments are made to account for all forms of depreciation (physical, functional, and economic; as applicable) to determine the market value of the property.	Construction cost per square feet: Rs. 7,500/- to Rs. 10,500/-.	Cost per square feet was higher/ (lower)
			Valuer has used market price per perch for entire land in existing location using a range of prices for similar lands based on adjusted fair value taking in to account of other valuation considerations.	Market value per perch was higher/ (lower)
			Market price per perch range between Rs. 6,600,000/- to Rs. 8,500,000/-	
			Depreciation rate for the usage of assets: 55% - 72.5%	Depreciation rate for usage (higher) / lower

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

### Sensitivity Analysis

Significant judgement is required when evaluating the inputs into fair value determination of investment properties. Reasonably possible changes at the reporting date to one of the relevant assumptions, holding other assumptions constant, would have affected the fair value of the properties by the amounts shown below.

As at 31st March	Group		Company	
	Increase	Decrease	Increase	Decrease
<b>Discount rate</b>				
2025: 1% movement	(510,634)	738,721	(280,040)	420,480
2024: 1% movement	(472,391)	684,289	(266,427)	400,040
<b>Occupancy rate</b>				
2025: 10% movement	395,561	(395,566)	186,880	(186,880)
2024: 10% movement	376,615	(376,609)	177,794	(177,794)
<b>Repairs and Insurance</b>				
2025: 10% movement	(619,776)	619,776	(311,040)	311,040
2024: 10% movement	(571,680)	571,680	(295,920)	295,920
<b>Construction cost per sqft</b>				
2025: Rs.1000/- movement	23,026	(23,026)	8,896	(8,896)
2024: Rs.1000/- movement	23,026	(23,026)	8,896	(8,896)

### Leases as Lessor

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 4.10 sets out information about the operating leases of investment property.

The investment properties that are leased to tenants are under operating leases with rentals payable on a monthly basis. The Group's rental contracts carry rental payments which are fixed in nature.

Rental income recognised by the Group and Company during the year was Rs. 409.8 Mn and Rs. 193.6 Mn (2024: Rs. 381.5 Mn and Rs. 186.6 Mn), respectively.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

As at 31st March	Group		Company	
	2025	2024	2025	2024
Less than one year	358,359	321,649	175,930	164,241
One to two years	305,147	230,981	130,555	122,490
Two to three years	208,158	205,671	93,439	103,406
Three to four years	151,327	196,373	77,684	93,439
Four to five years	114,417	126,995	77,684	77,684
More than five years	40,954	78,909	-	77,684
	1,178,362	1,160,578	555,292	638,944

**17.5 Restrictions on title and investment properties pledged as security for liabilities**

No items of the investment properties of the Company and the Group were pledged as security for liabilities as at the reporting date. There were no restrictions on titles of the investment properties of the Company and the Group, as at the reporting date.

**17.6 Capitalisation of borrowing costs into investment properties**

No borrowing cost capitalised for the year ended 31st March 2025 (2024 - Rs. Nil).

**17.7 Contractual obligations to construct and develop investment properties**

There were no contractual obligations entered to construct and develop investment properties as at the reporting date.

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

	Machinery and equipment	Furniture and fittings	Motor vehicles	Total as at 31st March 2025	Total as at 31st March 2024
<b>18. PROPERTY, PLANT AND EQUIPMENT</b>					
<b>18.1 Group / Company</b>					
<b>Cost</b>					
As at the beginning of the year	4,768	808	9,200	14,776	14,776
Additions during the year	326	153	-	479	-
Disposals during the year	(200)	-	-	(200)	-
As at the end of the year	4,894	961	9,200	15,055	14,776
<b>Accumulated depreciation</b>					
As at the beginning of the year	4,061	693	9,200	13,954	13,283
Charge for the year	555	20	-	575	671
Depreciation on disposals	(200)	-	-	(200)	-
As at the end of the year	4,416	713	9,200	14,329	13,954
Carrying amount as at the end of the year	478	248	-	726	822

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

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
Machinery and equipment	3,385	2,939	3,385	2,939
Furniture and fittings	657	657	657	657
Motor vehicles	9,200	9,200	9,200	9,200
	13,242	12,796	13,242	12,796

**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.

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

For the year ended 31st March		Company	
		2025	2024
<b>19. INVESTMENTS IN SUBSIDIARIES</b>			
Investments in subsidiaries (note 19.1)		796,744	552,733
		796,744	552,733

As at 31st March	2025		2024	
	No. of shares	Cost	No. of shares	Cost
<b>19.1 Details of investment in subsidiaries</b>				
<b>Quoted</b>				
Equity Two PLC	27,549,456	449,519	27,549,456	449,519
		449,519		449,519
<b>Unquoted</b>				
Equity Three (Private) Limited				
Ordinary shares	5,399,997	103,214	5,399,997	103,214
Non-voting ordinary shares (Note 19.1.1)	3,812,680	244,011	-	-
		347,225		103,214
<b>Total investment in subsidiaries</b>		796,744		552,733

**19.1.1** In June 2024, Equity Three (Private) Limited, a subsidiary of the Company issued 3,812,681 non-voting ordinary shares through a rights issue offering 245 new ordinary shares for every 347 shares held at a price of Rs.64/- per share. The Company fully subscribed for its entitlement of 3,812,680 shares amounting to Rs.244,011,520/-. Equity Three (Private) Limited utilised the rights issue proceeds to fully settle related-party loans obtained from the Company.

As at 31st March	Group		Company	
	2025	2024	2025	2024
<b>20. TRADE AND OTHER RECEIVABLES</b>				
<b>Financial</b>				
Trade receivables	92,105	90,450	65,483	63,135
Other receivables	11,422	14,056	845	868
Amounts due from related companies (note 34.4)	94	-	5,038	225,040
	103,621	104,506	71,366	289,043
<b>Non-financial</b>				
Prepaid expenses	1,283	1,453	675	1,236
Advance payments	9,714	-	4,251	-
Other receivables	2,565	-	-	-
	13,562	1,453	4,926	1,236
	117,183	105,959	76,292	290,279

As at 31st March	Group		Company	
	2025	2024	2025	2024
<b>21. FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS</b>				
Investments in Unit Trusts (note 21.1)	-	38,180	-	-
	-	38,180	-	-

As at 31st March 2024	No. of units	Group		Company		
		Cost	Fair value	No. of units	Cost	Fair value
<b>21.1 Investments in Unit Trusts</b>						
CT CLSA Asset Management (Pvt) Ltd- Money Market Fund	1,289,563	37,500	38,180	-	-	-
		37,500	38,180	-	-	-

Valuation of unit trust was based on the unit price published by the Investment Managers (CT CLSA Asset Management (Pvt) Ltd) as at 31st March 2024.

	Level 1	Level 2	Level 3	Total
<b>21.2 Fair value hierarchy</b>				
<b>Group</b>				
<b>As at 31st March 2025</b>				
Investments in Unit Trusts	-	-	-	-
	-	-	-	-
<b>As at 31st March 2024</b>				
Investments in Unit Trusts	-	38,180	-	38,180
	-	38,180	-	38,180
<b>Company</b>				
<b>As at 31st March 2025</b>				
Investments in Unit Trusts	-	-	-	-
	-	-	-	-
<b>As at 31st March 2024</b>				
Investments in Unit Trusts	-	-	-	-
	-	-	-	-

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(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Group		Company	
	2025	2024	2025	2024
<b>22. CASH AND CASH EQUIVALENTS</b>				
Cash in hand	200	133	150	110
Cash at bank	401,824	32,452	277,450	24,090
Placements with banking and financial institutions	56,037	-	-	-
Cash and cash equivalents for the purpose of cash flow statement	458,061	32,585	277,600	24,200

### 23. STATED CAPITAL

The stated capital of the Company as at 31st March 2025 was Rs. 1,085,585,040/- consisting of 40,321,730 ordinary shares.

As at 31st March	Group		Company	
	2025	2024	2025	2024
<b>Issued and fully paid</b>				
As at the beginning of the year (40,321,730 ordinary shares)	1,085,584	1,085,584	1,085,584	1,085,584
As at the end of the year (40,321,730 ordinary shares)	1,085,584	1,085,584	1,085,584	1,085,584

The holders of ordinary shares are entitled to receive dividends as declared from time to time and on a poll are entitled to one vote per share at General Meetings of the Company.

As at 31st March	Group		Company	
	2025	2024	2025	2024
<b>24. CAPITAL RESERVES</b>				
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

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

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

As at 31st March	Group		Company	
	2025	2024	2025	2024
<b>25. REVENUE RESERVES</b>				
General reserve (note 25.1)	39	39	39	39
Fair value adjustment reserve (note 25.2)	3,184,866	2,802,011	2,088,445	1,906,515
Retained earnings	962,397	826,085	385,032	313,230
	4,147,302	3,628,135	2,473,516	2,219,784

## 25.1 General reserve

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

## 25.2 Fair value adjustment reserve

The fair value adjustment reserve holds unrealised fair valuation gains on investment properties net of related deferred taxation as at the reporting date. Accordingly, gains arising net of related deferred taxes from fair value adjustment of investment properties will be transferred from retained earnings to fair value adjustment reserve and any losses arising net of related deferred taxes will be transferred to retained earnings from 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.

As at 31st March	Group		Company	
	2025	2024	2025	2024
<b>26. REFUNDABLE RENTAL DEPOSITS</b>				
Balance as at the beginning of the year	87,399	104,479	46,725	43,911
Receipts during the year	22,660	4,339	3,812	846
Transferred to deferred revenue (note 30)	(10,592)	(28,408)	(4,234)	(3,230)
Refunds during the year	(9,319)	(4,466)	-	-
Unwinding of interest on refundable deposits (note 14.2)	13,066	11,455	5,722	5,198
	103,214	87,399	52,025	46,725

## 27. DEFERRED TAX LIABILITIES

### Group

2025	As at the beginning of the year (net)	Recognised in profit or loss	Recognised in other comprehensive income	As at the end of the year		
				Net deferred tax liability/ (asset)	Deferred tax liability	Deferred tax asset
Investment properties	1,604,251	167,259	-	1,771,510	1,771,510	-
Employee benefits	(1,624)	(360)	(525)	(2,509)	-	(2,509)
Tax losses	(43,046)	(7,704)	-	(50,750)	-	(50,750)
<b>Net deferred tax liability/ (asset)</b>	<b>1,559,581</b>	<b>159,195</b>	<b>(525)</b>	<b>1,718,251</b>	<b>1,771,510</b>	<b>(53,259)</b>

2024	As at the beginning of the year (net)	Recognised in profit or loss	Recognised in other comprehensive income	As at the end of the year		
				Net deferred tax liability/ (asset)	Deferred tax liability	Deferred tax asset
Investment properties	1,449,663	154,588	-	1,604,251	1,604,251	-
Employee benefits	(895)	(231)	(498)	(1,624)	-	(1,624)
Tax losses	(29,808)	(13,238)	-	(43,046)	-	(43,046)
<b>Net deferred tax liability/ (asset)</b>	<b>1,418,960</b>	<b>141,119</b>	<b>(498)</b>	<b>1,559,581</b>	<b>1,604,251</b>	<b>(44,670)</b>

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

### Company

2025	As at the beginning of the year (net)	Recognised in profit or loss	Recognised in other comprehensive income	As at the end of the year		
				Net deferred tax liability/ (asset)	Deferred tax liability	Deferred tax asset
Investment properties	909,613	79,084	-	988,697	988,697	-
Employee benefits	(852)	(178)	(394)	(1,424)	-	(1,424)
<b>Net deferred tax liability/ (asset)</b>	<b>908,761</b>	<b>78,906</b>	<b>(394)</b>	<b>987,273</b>	<b>988,697</b>	<b>(1,424)</b>

2024	As at the beginning of the year (net)	Recognised in profit or loss	Recognised in other comprehensive income	As at the end of the year		
				Net deferred tax liability/ (asset)	Deferred tax liability	Deferred tax asset
Investment properties	836,159	73,454	-	909,613	909,613	-
Employee benefits	(509)	(126)	(217)	(852)	-	(852)
<b>Net deferred tax liability/ (asset)</b>	<b>835,650</b>	<b>73,328</b>	<b>(217)</b>	<b>908,761</b>	<b>909,613</b>	<b>(852)</b>

The deferred tax effect on undistributed reserves of subsidiaries has not been recognised since the Company can control the timing of the reversal of these temporary differences.

### 27.1 Taxation on fair value gains

As per the Inland Revenue Act No. 24 of 2017 and amendments thereto, gains on sale of business assets including lands which are used in the production of income are liable for taxation at 30% (2024- 30%).

As at 31st March	Group		Company	
	2025	2024	2025	2024
<b>28. EMPLOYEE BENEFITS</b>				
<b>28.1 The movement in the liabilities recognised in the Statement of Financial Position is as follows:</b>				
Balance as at the beginning of the year	5,412	2,983	2,841	1,697
Current service cost	567	218	262	107
Interest cost	633	552	332	314
Actuarial loss	1,751	1,659	1,313	723
Payments made during the year	-	-	-	-
Balance as at the end of the year	8,363	5,412	4,748	2,841
<b>28.2 The amount recognised in the Statement of Profit or Loss are as follows:</b>				
Current service cost	567	218	262	107
Interest cost	633	552	332	314
Charge for the year	1,200	770	594	421
<b>28.3 The amount recognised in the Statement of Other Comprehensive Income is as follows:</b>				
Loss on actuarial valuation	1,751	1,659	1,313	723
Charge for the year	1,751	1,659	1,313	723
Amounts recognised in the total comprehensive income	2,951	2,429	1,907	1,144

**28.4** Liability on employee benefits as at 31st March 2025 amounting to Rs. 4,747,509/- and Rs. 8,362,546/- (2024 -Rs. 2,841,127/- and Rs. 5,412,125/-) 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	10.5% p.a. for the Company and 11.5% p.a. for Equity Two PLC (2024 -11.7% p.a. for the Company and Equity Two PLC)
Rate of pay increase	10% p.a. (2024 - 10% p.a.)
Retirement age	60 years (2024: 60 years)
Mortality	A 1967/70 mortality table, issued by the Institute of Actuaries, London was used
Withdrawal rate	5% for age up to 54 and thereafter zero (2024: 5% for age up to 54 and thereafter zero)

The Group is a going concern.

Present value of the defined benefit plan is calculated using a discount rate determined by reference to long term interest rate. Accordingly, a decrease in the long term interest rate will increase the plan liability.

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

### 28.5 Sensitivity Analysis

Reasonably possible changes to one of the relevant actuarial assumptions as at the reporting date, holding other assumptions constant, would have affected the employee benefits by the amounts shown below.

As at 31st March	Group		Company	
	2025	2024	2025	2024
1% increase in discount rate	(641)	(409)	(336)	(190)
1% decrease in discount rate	729	464	379	213
1% increase in salary escalation rate	822	474	425	215
1% decrease in salary escalation rate	(730)	(424)	(382)	(196)

### 28.6 Maturity analysis of the payments

The following payments are expected on employee benefit plan in future years.

As at 31st March	Group		Company	
	2025	2024	2025	2024
Less than one year	370	333	158	180
One to two years	698	453	303	165
Two to five years	3,046	602	2,545	230
Five to ten years	2,190	1,972	451	1,691
More than ten years	2,059	2,052	1,291	575
<b>Total</b>	<b>8,363</b>	<b>5,412</b>	<b>4,748</b>	<b>2,841</b>
Weighted average duration (years) of defined benefit obligation	9.01	8.90	8.24	8.00

28.7 The liability on employee benefits is not externally funded.

As at 31st March	Group		Company	
	2025	2024	2025	2024
<b>29. TRADE AND OTHER PAYABLES</b>				
<b>Financial</b>				
Trade payables	1,764	186	-	135
Other payables	6,924	42,441	3,956	28,044
	8,688	42,627	3,956	28,179
<b>Non financial</b>				
Provisions and accrued expenses	12,505	10,982	8,307	7,509
Rent advances received (note 29.1)	152,855	-	-	-
	165,360	10,982	8,307	7,509
	174,048	53,609	12,263	35,688

29.1 The above balance represents rent advances received from the tenants during the year.

As at 31st March	Group		Company	
	2025	2024	2025	2024
<b>30. DEFERRED REVENUE</b>				
Balance as at the beginning of the year	33,420	17,297	9,659	11,820
Amount transferred from refundable deposits (note 26)	10,592	28,408	4,234	3,230
Amortisation of deferred revenue	(13,726)	(12,285)	(5,548)	(5,391)
Balance as at the end of the year	30,286	33,420	8,345	9,659
<b>31. LOANS AND BORROWINGS</b>				
Non-current liability	192,000	-	192,000	-
Current liability	48,200	18,143	48,200	18,143
	240,200	18,143	240,200	18,143
<b>31.1 MOVEMENT OF LOANS AND BORROWINGS</b>				
Balance as at the beginning of the year	18,143	-	18,143	-
Loans obtained during the year	266,000	160,000	266,000	80,000
Accrued Interest	474	1,831	474	1,019
Repayments during the year	(44,417)	(143,688)	(44,417)	(62,876)
Balance as at the end of the year	240,200	18,143	240,200	18,143

### 31.2 Details of borrowings

Facility	Interest rate	Year of maturity	Repayment terms	Face value	Group/ Company	
					2025	2024
Commercial Bank of Ceylon PLC- Term loan (Unsecured)	First 3 years: Fixed; Remaining 2 years: AWPLR linked	2030	60 equal monthly installments	240,000	240,200	-
Commercial Bank of Ceylon PLC- Short term loan (Unsecured)	AWPLR linked	2024	Short term loan	18,000	-	18,143
					240,200	18,143

## 32. COMMITMENTS AND CONTINGENCIES

### 32.1 Capital expenditure commitments

There were no significant capital commitments for the Company and the Group as at 31st March 2025.

### 32.2 Contingent liabilities

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

### 32.3 Litigations and claims

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

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

### 33. 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 Group'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 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.

#### 33.1 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 discharge its contractual obligations, and which arises primarily from the Group's receivables from customers, and placements in deposits with banking institutions.

##### 33.1.1 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		Company	
	2025	2024	2025	2024
<b>Credit risk</b>				
Trade and other receivables	103,621	104,506	71,366	289,043
Less: Revenue on lease agreements recognised on straight line basis	(75,463)	(67,776)	(58,280)	(59,055)
	28,158	36,730	13,086	229,988
Investment in fixed deposits	580,148	488,280	172,381	192,737
Fair value through profit or loss financial assets	-	38,180	-	-
Cash and cash equivalents	457,861	32,452	277,450	24,090
	1,066,167	595,642	462,917	446,815

### 33.1.2 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 party tenants at the beginning of the rental period, 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		Company	
	2025	2024	2025	2024
<b>Refundable rental deposits</b>				
Carrying value	103,214	87,399	52,025	46,725
Face value	136,508	123,168	61,458	57,648

The sector also follows a careful credit evaluation process for new tenants before entering into 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.

The age analysis of trade receivables at the end of the reporting period that were not impaired was as follows.

As at 31st March	Group		Company	
	2025	2024	2025	2024
Trade receivables	92,105	90,450	65,483	63,135
Less: Revenue on lease agreements recognised on straight line basis	(75,463)	(67,776)	(58,280)	(59,055)
Net trade receivables	16,642	22,674	7,203	4,080
1-30 days	11,156	17,652	5,637	3,817
31-90 days	4,808	3,632	1,350	208
Over 90 days	678	1,390	216	55
	16,642	22,674	7,203	4,080

There were no circumstances that would require impairment in respect of trade and other receivable as at the year end (2024 - Nil).

### 33.1.3 Other receivables

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

### 33.1.4 Investment in fixed deposits

The Group and the Company have invested in fixed deposits with banking and financial institutions. The Group and the Company continuously monitors the stability and credit worthiness including credit ratings of these financial institutions in order to assess and mitigate the credit risk. The Group and the Company held fixed deposits of Rs.580.1 Mn and Rs.172.4 Mn as at 31st March 2025 (2024: Rs.488.3 Mn and Rs.192.7 Mn), respectively, which represents its maximum credit exposure on these assets. The fixed deposits are held with the banking and financial institution counterparties, which are rated A(Ika) to AA-(Ika), by Fitch Ratings.

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

### 33.1.5 Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A(Ika) to AAA(Ika) based on Fitch Ratings. The maximum credit exposure on them is as follows:

As at 31st March	Group		Company	
	2025	2024	2025	2024
Cash at bank and in hand	402,024	32,585	277,600	24,200
Placements with banking and financial institutions	56,037	-	-	-
	458,061	32,585	277,600	24,200

### 33.2 Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its financial obligations 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.

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

##### Group

As at 31st March 2025	Carrying amount	Contractual cash flows					
		Total	3 months or less	4-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Refundable rental deposits	103,214	136,508	8,222	20,340	43,521	48,915	15,510
Loans and borrowings	240,200	299,390	17,900	51,900	65,000	164,590	-
Trade Payables	1,764	1,764	1,764	-	-	-	-
Other payables	6,924	6,924	6,924	-	-	-	-
	352,102	444,586	34,810	72,240	108,521	213,505	15,510

As at 31st March 2024	Carrying amount	Contractual cash flows					
		Total	3 months or less	4-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Refundable rental deposits	87,399	123,168	4,422	39,151	14,093	52,772	12,730
Loans and borrowings	18,143	18,143	18,143	-	-	-	-
Trade Payables	186	186	186	-	-	-	-
Other payables	42,441	42,441	42,441	-	-	-	-
	148,169	183,938	65,192	39,151	14,093	52,772	12,730

Company

As at 31st March 2025	Carrying amount	Contractual cash flows					
		Total	3 months or less	4-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Refundable rental deposits	52,025	61,458	5,096	12,771	29,594	13,997	-
Loans and borrowings	240,200	299,390	17,900	51,900	65,000	164,590	-
Other payables	3,956	3,956	3,956	-	-	-	-
	296,181	364,804	26,952	64,671	94,594	178,587	-

As at 31st March 2024	Carrying amount	Contractual cash flows					
		Total	3 months or less	4-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Refundable rental deposits	46,725	57,648	4,422	22,292	10,703	8,295	11,936
Loans and borrowings	18,143	18,143	18,143	-	-	-	-
Trade Payables	135	135	135	-	-	-	-
Other payables	28,044	28,044	28,044	-	-	-	-
	93,047	103,970	50,744	22,292	10,703	8,295	11,936

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

### 33.2.2 Management of liquidity risk

The Group and the Company maintain a portion of its current assets in highly liquid form - demand deposits in order to meet its contractual obligations during the normal course of its operations. As at the reporting date, the Group and the Company maintain 'cash and cash equivalents' amounting to Rs. 458.1 Mn and Rs. 277.6 Mn (2024 - Rs. 32.6 Mn and Rs.24.2 Mn) respectively and investments in fixed deposits amounting to Rs. 580.1 Mn and Rs. 172.4 Mn (2024 - Rs. 488.3 Mn and Rs.192.7 Mn) respectively.

Rental deposits are refundable when rent agreements expire, The Group and the Company are of the view that most of its tenants will renew their rent agreements for another term before the expiry. Typically, the Group's and the Company's rent agreements are entered into two to ten year period with the option for subsequent renewals.

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

### 33.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk, currency risk, interest rate risk and other price risk.

The Group and the Company do not have any financial instruments denominated in foreign currencies and any financial investments in equity securities.

#### Profile

At the end of the reporting period the interest rate profile of the Group's and the Company's interest-bearing financial instruments was as follows:

As at 31st March	Group		Company	
	2025	2024	2025	2024
<b>Variable rate instruments</b>				
Financial assets - Cash at bank	401,824	32,452	277,450	24,090
Financial assets - Investments in Unit Trusts	-	38,180	-	-
Financial liabilities- Loans and borrowings	-	(18,143)	-	(18,143)
	401,824	52,489	277,450	5,947
<b>Fixed rate instruments</b>				
Financial assets - Investment in fixed deposits	636,185	488,280	172,381	192,737
Financial liabilities- Loans and borrowings	(240,200)	-	(240,200)	-
	395,985	488,280	(67,819)	192,737
	797,809	540,769	209,631	198,684

#### Cash flow sensitivity 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 remained constant.

As at 31st March	Group		Company	
	2025	2024	2025	2024
1% increase in interest rates	4,018	525	2,775	59
1% decrease in interest rates	(4,018)	(525)	(2,775)	(59)

### 33.4 Accounting classifications and fair values

Financial instruments are measured either at fair value or amortised cost. Accounting Policies in notes to the financial statements describe how the classes of financial instruments are measured, and how the relevant income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair value of financial instruments of the Group together with the carrying amounts shown in the Statement of Financial Position.

Carrying value of below financial assets and financial liabilities are reasonable approximation of fair value.

As at 31st March 2025	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Financial assets at fair value through Other Comprehensive Income	Financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	457,861	-	-	457,861	457,861
Investments in fixed deposits	-	580,148	-	-	580,148	580,148
Net trade receivables	-	16,642	-	-	16,642	16,642
	-	1,054,651	-	-	1,054,651	1,054,651
Refundable rental deposits	-	-	-	103,214	103,214	103,214
Trade and other payables	-	-	-	8,688	8,688	8,688
Loans and borrowings	-	-	-	240,200	240,200	240,200
	-	-	-	352,102	352,102	352,102
As at 31st March 2024	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Financial assets at fair value through Other Comprehensive Income	Financial liabilities at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	32,452	-	-	32,452	32,452
Investments in fixed deposits	-	488,280	-	-	488,280	488,280
Fair value through profit or loss financial assets	38,180	-	-	-	38,180	38,180
Net trade receivables	-	22,674	-	-	22,674	22,674
	38,180	543,406	-	-	581,586	581,586
Refundable rental deposits	-	-	-	87,399	87,399	87,399
Trade and other payables	-	-	-	42,627	42,627	42,627
Loans and borrowings	-	-	-	18,143	18,143	18,143
	-	-	-	148,169	148,169	148,169

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

### 34 RELATED PARTY TRANSACTIONS

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

#### 34.1 Parent and ultimate controlling entity

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.

#### 34.2 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 directly or indirectly including, any director (whether executive or otherwise) of that entity. Accordingly, the Board of Directors of the company and Director - Finance of Carsons Management Services (Private) Limited have been classified as KMP of the same.

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
<b>34.2.1 Key Management Personnel compensation</b>				
Short-term employee benefits	4,400	4,619	3,200	3,246
Post-employment benefits	-	-	-	-
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
	4,400	4,619	3,200	3,246

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

### 34.3 Transactions with related companies

Name and the nature of the relationship	Nature of transactions	Value of the transaction			
		Group		Company	
Parent company		2025	2024	2025	2024
Carson Cumberbatch PLC	Dividend paid, net of WHT	-	-	22,095	25,446
<b>Subsidiaries</b>					
Equity Two PLC	Dividend received, net of WHT Charging of common expenses allocated	-	-	11,709 15,732	11,709 12,953
Equity Three (Private) Limited	Short-term loans provided/ (settled), net Interest on short term loan provided Subscription of rights issue of non-voting ordinary shares (Note 19.1.1) Charging of common expenses allocated	-	-	(227,655) 1,867 244,011 4,524	45,450 25,650 - 3,918
<b>Fellow subsidiaries of Carson Cumberbatch PLC</b>					
Carsons Management Services (Private) Limited (CMSL)	Support service fees charged Rental income received Parking fees received	17,411 32,253 630	17,334 31,413 630	8,690 - -	8,613 - -
Guardian Fund Management Limited	Rental income received Parking fees received	6,834 180	6,834 180	- -	- -
Agro Harapan Lestari (Private) Limited Lion Brewery (Ceylon) PLC	Rental income received Parking fees received	25,531 90	23,938 90	24,493 -	22,823 -

Rent charged to related companies is based on the terms outlined in formal rental agreements between the entities.

Support service fees and other expenses are charged based on the respective services provided by CMSL as per the service agreements signed between the entities.

Related Company lending and borrowings are charged interest at market rate linked to AWPLR.

## Notes to the Financial Statements

(All figures are in Sri Lankan Rupees thousands)

As at 31st March	Group		Company	
	2025	2024	2025	2024
<b>34.4 Amounts due from related companies</b>				
Equity Three (Private) Limited	-	-	5,038	225,040
Agro Harapan Lestari (Private) Limited	94	-	-	-
	94	-	5,038	225,040

As at 31st March	% of equity interest	
	2025	2024
<b>34.5 Group entities</b>		
Equity Two PLC	88.9%	88.9%
Equity Three (Private) Limited	100.0%	100.0%

### 34.6 Transactions, Arrangements and Agreements involving KMP and their close family members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) That person's children and spouse or domestic partner:
- (b) Children of that person's spouse or domestic partner; and
- (c) Dependents of that person or that person's spouse or domestic partner

There were no transactions with CFM during the year.

For the year ended 31st March	Company	
	2025	2024
<b>35. DIVIDEND PER SHARE</b>		
<b>Dividends paid during the year</b>		
Second interim dividend 2023/24 (60 cents per share)	24,193	-
First interim dividend 2023/24 (75 cents per share)	-	30,241
<b>Dividends proposed during the year</b>		
Second interim dividend 2023/24 (60 cents per share)	-	24,193
Total dividends for the year	-	54,434
Dividend per share (Rs.)	-	1.35

**36. EVENTS AFTER THE REPORTING PERIOD**

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

**37. GOING CONCERN**

The Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Company's and the Group's ability to continue as a going concern. Accordingly, the financial statements are prepared based on the going concern concept.

**38. COMPARATIVE FIGURES**

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

**39. DIRECTORS' RESPONSIBILITY**

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

# Five Year Summary

(All figures are in Sri Lankan Rupees thousands)

For the year ended/As at 31st March	2025	2024	2023	2022	2021	
<b>Operating results</b>						
Revenue	409,843	381,467	326,861	282,287	280,421	
Profit before taxation	790,160	757,896	659,071	616,470	254,090	
Income tax and deferred taxation (expense)/ reversal	(240,833)	(230,018)	(451,989)	(147,869)	89,716	
<b>Profit for the year</b>	<b>549,327</b>	<b>527,878</b>	<b>207,082</b>	<b>468,601</b>	<b>343,806</b>	
<b>Shareholders' funds</b>						
Stated capital	1,085,584	1,085,584	1,085,584	1,085,584	1,085,584	
Reserves	4,160,538	3,641,371	3,195,131	3,076,421	2,658,493	
Minority interest	222,567	195,040	171,187	163,574	154,067	
<b>Total equity</b>	<b>5,468,689</b>	<b>4,921,995</b>	<b>4,451,902</b>	<b>4,325,579</b>	<b>3,898,144</b>	
<b>Assets employed</b>						
Current assets	779,021	282,791	239,581	483,832	452,258	
Current liabilities	(252,534)	(119,921)	(59,511)	(30,701)	(80,861)	
Working capital	526,487	162,870	180,070	453,131	371,397	
Non-current assets	6,964,030	6,411,517	5,798,254	4,993,092	4,545,536	
Assets employed	7,490,517	6,574,387	5,978,324	5,446,223	4,916,933	
Non-current liabilities	(2,021,828)	(1,652,392)	(1,526,422)	(1,120,644)	(1,018,789)	
<b>Net assets</b>	<b>5,468,689</b>	<b>4,921,995</b>	<b>4,451,902</b>	<b>4,325,579</b>	<b>3,898,144</b>	
<b>Cash flow statement</b>						
<b>Net cash inflows / (outflows) from:</b>						
Operating activities	197,017	69,575	75,893	78,406	77,604	
Investing activities	34,729	(45,629)	(155,294)	119,966	(77,592)	
Financing activities	193,730	(17,808)	(43,961)	(63,489)	(172,621)	
<b>Net increase/ (decrease) in cash &amp; cash equivalents</b>	<b>425,476</b>	<b>6,138</b>	<b>(123,362)</b>	<b>134,883</b>	<b>(172,609)</b>	
<b>Ratios and statistics</b>						
Dividend per share*	(Rs.)	-	1.35	0.90	1.00	1.00
Dividend payout	(%)	-	19.20	25.79	11.83	16.86
Return on shareholders' funds	(%)	9.91	10.61	4.57	10.98	8.83
Earnings per share	(Rs.)	12.90	12.44	4.85	11.33	8.20
Net assets per share	(Rs.)	130.11	117.23	106.16	103.22	92.85
Current ratio	(times)	3.08	2.36	4.03	15.76	5.59

## Notes :

\* Based on proposed / interim dividends.

# Notice of Meeting

**NOTICE** is hereby given that the 43rd Annual General Meeting of **EQUITY ONE LIMITED** will be held at the "Lavender Hall", BMICH International Convention & Exhibition Center, Bauddaloka Mawatha, Colombo 07, Sri Lanka on **Thursday, 26th June 2025 at 2.45 p.m.** for the following purposes:

1. To consider the Annual Report of the Board of Directors including the financial statements of the Company for the financial year ended 31st March 2025, together with the Report of the Auditors thereon.

2. To re-elect Mr. S. Marimuthu, who retires by rotation in terms of Articles 71, 72 and 73 of the Articles of Association of the Company.

3. 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. 07 of 2007 shall not be applicable to Mr. P. D. D. Fernando who is 82 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."

4. To re-appoint Mr. K. C. N. 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. 07 of 2007 shall not be applicable to Mr. K. C. N. Fernando who is 78 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."

5. To re-appoint Mr. S Mahendrarajah 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. 07 of 2007 shall not be applicable to Mr. S Mahendrarajah 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."

6. To re-appoint Mr. E. H. Wijenaiké as a Director of the Company who is 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. 07 of 2007 shall not be applicable to Mr. E.H. Wijenaiké who is 70 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.07 of 2007 and to authorise 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  
30th May 2025

## Notice of Meeting

### Notes:

1. The Annual Report 2024/25 and the Notice convening the Annual General Meeting (AGM) will be made available on the Group's website **www.carsoncumberbatch.com**
2. A member is entitled to appoint a proxy to attend and vote instead of him/herself. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.
3. To be valid the Completed **Form of Proxy** should be submitted to the Company **not later than 4.45 p.m. on 24th June 2025,**
  - via email to **EONEAGM2025@carcumb.com**, or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 767 410 683, or
  - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
4. A person representing a Corporation is required to submit a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a member.
5. The transfer books of the Company will remain open.
6. 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 lobby.

# Form of Proxy

\* I/We .....  
of .....  
being \*a Shareholder/Shareholders of **EQUITY ONE LIMITED**  
hereby appoint .....  
of .....bearing NIC No./ Passport No.  
..... or failing him/her.

Eranjith Harindra Wijenaike	or failing him,
Kurukulasuriya Calisanctus Nalake Fernando	or failing him,
Ajith Prashantha Weeratunge	or failing him,
Subramaniam Mahendrarajah	or failing him,
Panthiage Donald Dunstan Fernando	or failing him,
Sivanandan Marimuthu	

As \*my/our proxy to attend the 43rd Annual General Meeting of **EQUITY ONE LIMITED** to be held at the "Lavender Hall", BMICH International Convention & Exhibition Center, Bauddaloka Mawatha, Colombo 07, Sri Lanka on **Thursday, 26th June 2025 at 2.45 p.m.** and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	<b>For</b>	<b>Against</b>
1. To re-elect Mr. S. Marimuthu, who retires by rotation in terms of Articles 71, 72 and 73 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint Mr. P. D. D. Fernando who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Mr. K. C. N. Fernando who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Mr. S. Mahendrarajah who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. E. H. Wijenaike who is seventy years of age as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act, No. 07 of 2007 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of .....Two Thousand and Twenty Five.

.....  
Signature/s

## Notes

- \*Please delete the inappropriate words.
- 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.
- A Shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
- 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, and sign 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 53 of the Articles of Association of the Company:
  - (i) 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.
  - (ii) The 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 its common seal or signed by its attorney or by an authorised officer on behalf of the Corporation.

4. In terms of Article 49 of the Articles of Association of the Company:

Where there are joint-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 submitted to the Company **not later than 4.45 p.m. on 24th June 2025.**
  - via email to [EONEAGM2025@carcumb.com](mailto:EONEAGM2025@carcumb.com) or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 767 410 683, or
  - by hand or post to the registered office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.

## Please fill in the following details:

Name & contact no. of Shareholder : .....

Folio No. : .....

Name & contact no. of Proxyholder : .....

NIC No. of the Proxyholder : .....





# Corporate Information

## **NAME OF THE COMPANY**

Equity One Limited  
(A Carson Cumberbatch Company)

## **COMPANY REGISTRATION NO.**

PQ 19 PB

## **LEGAL FORM**

A Public Company with Limited Liability Incorporated in Sri Lanka in 1981

## **PARENT AND CONTROLLING ENTITY**

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. E. H. Wijenaika (Chairman)  
Mr. K. C. N. Fernando  
Mr. A. P. Weeratunge  
Mr. S. Mahendrarajah  
Mr. P. D. D. Fernando  
Mr. S. Marimuthu

## **PLACE OF BUSINESS**

No. 65C, Dharmapala Mawatha, Colombo 7,  
Sri Lanka.

## **BANKERS**

Standard Chartered Bank  
Hatton National Bank PLC  
Commercial Bank of Ceylon 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.

## **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](http://www.carsoncumberbatch.com)