

CM HOLDINGS PLC

CONSOLIDATED FINANCIAL STATEMENTS

***For The Year Ended
31st March 2019***

CM HOLDINGS PLC

Provisional Financial Statements for the year ended 31.03.2019

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CM Holdings PLC
Provisional Financial Statements for the year ended 31.03.2019

| STATEMENT OF COMPREHENSIVE INCOME | | | | | | |
|--|-------------------------------------|-------------------------------------|-----------------|----------------------------------|----------------------------------|-----------------|
| | Group | | | Group | | |
| | <i>Unaudited</i> | <i>Unaudited</i> | Variance | <i>Unaudited</i> | <i>Audited</i> | Variance |
| | Quarter ended 31.03.2019 | Quarter ended 31.03.2018 | | Year ended 31.03.2019 | Year ended 31.03.2018 | |
| | Rs.'000 | Rs.'000 | % | Rs. ' 000 | Rs. ' 000 | % |
| Revenue | 401,237 | 471,756 | -15% | 1,629,566 | 2,402,414 | -32% |
| Cost of sales | <u>(288,600)</u> | <u>(395,042)</u> | 27% | <u>(1,206,517)</u> | <u>(1,949,803)</u> | 38% |
| Gross profit | 112,637 | 76,714 | 47% | 423,049 | 452,611 | -7% |
| Other Operating Income /(Expense) | 4,656 | 29,600 | -84% | 42,414 | 92,683 | -54% |
| Other gains/(losses) | (72,023) | 13,987 | -615% | (199,680) | 64,224 | -411% |
| Administrative Expenses | (210,728) | (200,332) | -5% | (581,097) | (566,211) | -3% |
| Distribution Cost | <u>(5,962)</u> | <u>(2,714)</u> | -120% | <u>(44,865)</u> | <u>(70,383)</u> | 36% |
| Operating profit /(loss) | (171,420) | (82,745) | -107% | (360,179) | (27,076) | -1230% |
| Financial income/ (cost) | <u>(72,525)</u> | <u>(67,285)</u> | -8% | <u>(225,017)</u> | <u>(184,076)</u> | -22% |
| Profit/(Loss) before Tax | (243,945) | (150,030) | -63% | (585,196) | (211,152) | -177% |
| Tax | <u>29,164</u> | <u>52,699</u> | -45% | <u>18,597</u> | <u>47,951</u> | -61% |
| Net profit / (loss) | <u><u>(214,781)</u></u> | <u><u>(97,331)</u></u> | -121% | <u><u>(566,599)</u></u> | <u><u>(163,201)</u></u> | -247% |
| Other comprehensive income | | | | | | |
| Change in value of available for sale financial assets | (13,474) | (560) | -2306% | 30,462 | (71,443) | 143% |
| Remeasurement On Defined Benefit Obligations | (6,202) | (2,590) | -139% | (6,202) | (2,590) | -139% |
| Revaluation surplus | 763,562 | - | | 763,562 | - | |
| Income tax effect on Revaluation | <u>(213,797)</u> | <u>-</u> | | <u>(213,797)</u> | <u>-</u> | |
| Total comprehensive income for the year | <u><u>315,308</u></u> | <u><u>(100,481)</u></u> | 414% | <u><u>7,426</u></u> | <u><u>(237,234)</u></u> | 103% |
| Profit Attributable to ; | | | | | | |
| Equity holders of the company | (175,194) | (64,006) | -174% | (479,624) | (108,544) | -342% |
| Non controlling interest | <u>(39,587)</u> | <u>(33,325)</u> | -19% | <u>(86,974)</u> | <u>(54,657)</u> | -59% |
| | <u><u>(214,781)</u></u> | <u><u>(97,331)</u></u> | -121% | <u><u>(566,598)</u></u> | <u><u>(163,201)</u></u> | -247% |
| Total Comprehensive Income Attributable to | | | | | | |
| Equity holders of the company | 225,962 | (66,321) | 441% | (34,618) | (181,759) | 81% |
| Non controlling interest | 89,346 | (34,160) | 362% | 42,045 | (55,475) | 176% |
| | <u><u>315,308</u></u> | <u><u>(100,481)</u></u> | 414% | <u><u>7,426</u></u> | <u><u>(237,234)</u></u> | 103% |
| Basic earning/(deficit) per share (Rs.) | (11.53) | (4.21) | | (31.55) | (7.14) | |

CM Holdings PLC
Provisional Financial Statements for the year ended 31.03.2019

| STATEMENT OF COMPREHENSIVE INCOME - COMPANY | | | | | | |
|--|-----------------------|------------------------|------------------|----------------------|------------------------|-----------------|
| | Company | | | Company | | |
| | <i>Unaudited</i> | <i>Unaudited</i> | Variance | <i>Unaudited</i> | <i>Audited</i> | Variance |
| | Quarter ended | Quarter ended | | Year ended | Year ended | |
| | 31.03.2019 | 31.03.2018 | % | 31.03.2019 | 31.03.2018 | % |
| Rs. ' 000 | Rs. ' 000 | % | Rs. ' 000 | Rs. ' 000 | % | |
| Income | 10,047 | 17,370 | -42% | 58,399 | 63,555 | -8% |
| Other Operating Income /(Expense) | 789 | 1,216 | -35% | 15,647 | 17,579 | -11% |
| Other gains/(losses) | (6,211) | 457 | -1459% | 38,549 | 5,834 | 561% |
| Inmpairment of Investments | - | (76,151) | 100% | - | (76,151) | 100% |
| Administrative Expenses | <u>(7,726)</u> | <u>(6,621)</u> | -17% | <u>(31,771)</u> | <u>(28,775)</u> | -10% |
| Operating profit /(loss) | (3,101) | (63,729) | 95% | 80,824 | (17,958) | 550% |
| Financial income/ (cost) | <u>(726)</u> | <u>2,012</u> | -136% | <u>4,633</u> | <u>11,177</u> | -59% |
| Profit/(Loss) before Tax | (3,827) | (61,717) | 94% | 85,457 | (6,781) | 1360% |
| Tax | <u>(3,523)</u> | <u>(11,121)</u> | 68% | <u>(14,091)</u> | <u>(15,298)</u> | 8% |
| Net profit / (loss) | <u><u>(7,350)</u></u> | <u><u>(72,838)</u></u> | 90% | <u><u>71,366</u></u> | <u><u>(22,079)</u></u> | 423% |
| Other comprehensive income | | | | | | |
| Change in value of available for sale financial assets | <u>(2,183)</u> | <u>217</u> | -1106% | <u>20,045</u> | <u>(24,332)</u> | 182% |
| Total comprehensive income for the year | <u><u>(9,533)</u></u> | <u><u>(72,621)</u></u> | 87% | <u><u>91,411</u></u> | <u><u>(46,411)</u></u> | 297% |
| Basic earning per share (Rs.) | (0.48) | (4.79) | | 4.70 | (1.45) | |

CM Holdings PLC
Provisional Financial Statements for the year ended 31.03.2019

| | STATEMENT OF FINANCIAL POSITION | | | |
|---|--|--|--|--|
| | Group | | Company | |
| | <i>Unaudited</i> | <i>Audited</i> | <i>Unaudited</i> | <i>Audited</i> |
| | As at 31.03.2019 Rs.'000 | As at 31.03.2018 Rs.'000 | As at 31.03.2019 Rs.'000 | As at 31.03.2018 Rs.'000 |
| Assets | | | | |
| Property, plant and equipment | 2,074,049 | 1,583,765 | 2,957 | 4,464 |
| Capital Work in progress | 24,788 | 381,724 | - | - |
| Investment property | 771,740 | 25,948 | 779,557 | 783,396 |
| Deferred tax assets | 44,746 | 72,321 | - | - |
| Trade and other receivables | - | 11,530 | - | 11,530 |
| Intangible Assets | 8,169 | 10,262 | - | - |
| Investment in subsidiaries | - | - | 240,950 | 240,950 |
| Available for sale financial assets | 765,445 | 735,485 | 407,305 | 337,259 |
| | <u>3,688,937</u> | <u>2,821,035</u> | <u>1,430,769</u> | <u>1,377,599</u> |
| Current assets | | | | |
| Inventories | 847,974 | 1,581,132 | - | - |
| Trade and other receivables | 232,965 | 360,694 | 127,585 | 104,927 |
| Financial assets at fair value through profit or loss | 572,366 | 760,111 | 48,880 | 63,691 |
| Income tax receivable | 44,320 | 48,784 | - | - |
| Cash and cash equivalents | 150,315 | 86,657 | 5,536 | 16,424 |
| | <u>1,847,940</u> | <u>2,837,378</u> | <u>182,001</u> | <u>185,042</u> |
| Total Assets | <u>5,536,877</u> | <u>5,658,414</u> | <u>1,612,771</u> | <u>1,562,641</u> |
| Equity and Liabilities | | | | |
| Capital and reserves | | | | |
| Stated Capital | 288,387 | 288,387 | 288,387 | 288,387 |
| Retained earnings | 2,730,883 | 2,795,900 | 1,281,836 | 1,220,825 |
| | <u>3,019,270</u> | <u>3,084,287</u> | <u>1,570,223</u> | <u>1,509,212</u> |
| Non Controlling Interest | 346,540 | 304,496 | - | - |
| Total Equity | <u>3,365,810</u> | <u>3,388,783</u> | <u>1,570,223</u> | <u>1,509,212</u> |
| Non current liabilities | | | | |
| Deferred income tax liabilities | 184,806 | 15,460 | 15,460 | 15,459 |
| Property liability | 24,640 | 17,920 | - | - |
| Rent in Advance | 1,662 | 3,873 | 1,662 | 3,873 |
| Defined benefit obligations | 41,508 | 40,553 | - | - |
| Long term borrowings | 89,951 | 134,166 | - | - |
| | <u>342,567</u> | <u>211,972</u> | <u>17,122</u> | <u>19,332</u> |
| Current liabilities | | | | |
| Trade and other payables | 354,700 | 269,219 | 24,581 | 23,946 |
| Income Tax Liability | 845 | 14,061 | 845 | 10,151 |
| Borrowings | 1,472,956 | 1,774,378 | - | - |
| | <u>1,828,501</u> | <u>2,057,658</u> | <u>25,426</u> | <u>34,097</u> |
| Total Equity & Liabilities | <u>5,536,877</u> | <u>5,658,414</u> | <u>1,612,771</u> | <u>1,562,641</u> |
| Net asset value per share (Rs.) | 199 | 203 | 103 | 99 |

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

Approved and signed for and on behalf of the Board of Directors:

(sgd.)
S.D.R.Arudpragasam
(Deputy Chairman)

(sgd.)
Anushman Rajaratnam
(Director)

Date: 28th of May, 2019

CM Holdings PLC
Provisional Financial Statements for the year ended 31.03.2019

| Statement of changes in equity | | | | |
|---------------------------------------|-------------------|----------------------|-----------------------------|------------------|
| In Rs'000s | Stated Capital | Retained Earnings | Non Controlling Interest | Total |
| Group | | | | |
| Balance at 1st April 2017 | 288,387 | 3,068,859 | 359,971 | 3,717,217 |
| Total comprehensive income | | (181,758) | (55,476) | (237,234) |
| Dividend | | (91,200) | - | (91,200) |
| Balance at 31st March 2018 | <u>288,387</u> | <u>2,795,901</u> | <u>304,495</u> | <u>3,388,783</u> |
| Balance at 1st April 2018 | 288,387 | 2,795,901 | 304,495 | 3,388,783 |
| Total comprehensive income | | (34,618) | 42,045 | 7,427 |
| Dividend | | (30,400) | - | (30,400) |
| Balance at 31st March 2019 | <u>288,387</u> | <u>2,730,883</u> | <u>346,540</u> | <u>3,365,810</u> |
| Company | | | | |
| Balance at 1st April 2017 | 288,387 | 1,358,437 | - | 1,646,824 |
| Total comprehensive income | - | (46,412) | - | (46,412) |
| Dividend | - | (91,200) | - | (91,200) |
| Balance at 31st March 2018 | <u>288,387</u> | <u>1,220,825</u> | <u>-</u> | <u>1,509,212</u> |
| Balance at 1st April 2018 | 288,387 | 1,220,825 | - | 1,509,212 |
| Total comprehensive income | | 91,411 | - | 91,411 |
| Dividend | | (30,400) | - | (30,400) |
| Balance at 31st March 2019 | <u>288,387</u> | <u>1,281,836</u> | <u>-</u> | <u>1,570,223</u> |

Provisional Financial Statements for the year ended 31.03.2019

| Statement of cash flow | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| In Rs'000s | Group | | Company | |
| | <i>Unaudited</i> | <i>Audited</i> | <i>Unaudited</i> | <i>Audited</i> |
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| (Loss) / Profit before tax | (585,196) | (211,152) | 85,457 | (6,781) |
| Adjustment for: | | | | |
| Depreciation & Amortization | 88,766 | 75,448 | 7,487 | 7,207 |
| Dividend income | (33,583) | (32,483) | (15,465) | (17,042) |
| Interest [income] / expenses | 225,017 | 184,076 | (4,633) | (11,177) |
| (Profit) / Loss on sale of property, plant and equipment | 1,107 | (9,553) | - | - |
| (Profit) / Loss on sale of investments | - | (30,480) | - | (528) |
| Debtors written off | - | - | - | - |
| Impairment of Investments | - | 50,805 | - | 76,151 |
| PPE write off | - | - | - | - |
| Provision for Defined benefit obligations | 3,323 | 9,062 | - | - |
| Provision for bad debts | 1,351 | 9,152 | - | - |
| Balances written off | 33,153 | - | - | - |
| Fair value (gain)/loss | 199,680 | (59,476) | (38,548) | (5,834) |
| Changes in working capital | | | | |
| - trade and other receivables | 126,270 | 24,887 | (11,127) | 98,443 |
| - inventories | 733,158 | (749,820) | - | - |
| - trade and other payables | 89,984 | 53,199 | (2,842) | 1,315 |
| Cash generated from / (used in) operations | <u>883,030</u> | <u>(686,335)</u> | <u>20,328</u> | <u>141,754</u> |
| Operating activities | | | | |
| Cash generated from / (used in) operations | 883,030 | (686,335) | 20,328 | 141,754 |
| Net Interest (paid)/received | (231,684) | (197,886) | - | - |
| Retirement benefit obligations paid | (2,369) | (588) | - | - |
| Income tax paid | (26,471) | (22,983) | (17,339) | (4,874) |
| Net cash (used in)/generated from operating activities | <u>622,506</u> | <u>(907,792)</u> | <u>2,989</u> | <u>136,880</u> |
| Investing activities | | | | |
| (Purchase) / Sale of property, plant and equipment & IP | (201,670) | (79,861) | (2,140) | (4,225) |
| (Investment in) / disposal of subsidiaries | - | - | 54,000 | (52,000) |
| Purchase of intangible assets | (1,688) | (2,128) | - | - |
| (Purchase) /Sale of investments | (5,313) | (25,698) | (50,299) | 2,167 |
| Additions to capital work-in-progress | - | (146,181) | - | - |
| Dividends received | 25,860 | 28,504 | 14,962 | 12,119 |
| Net cash generated from/[used in] investing activities | <u>(182,811)</u> | <u>(225,364)</u> | <u>16,523</u> | <u>(41,938)</u> |
| Financing activities | | | | |
| Net proceeds from / (repayment) of borrowings | (472,055) | 1,028,021 | - | - |
| Dividends paid | (30,400) | (91,200) | (30,400) | (91,200) |
| Net cash generated from /(used in) financing activities | <u>(502,455)</u> | <u>936,821</u> | <u>(30,400)</u> | <u>(91,200)</u> |
| Increase / [Decrease] in cash and cash equivalents | <u>(62,760)</u> | <u>(196,336)</u> | <u>(10,888)</u> | <u>3,742</u> |
| Movement in cash and cash equivalents | | | | |
| At 1 April | (22,808) | 173,527 | 16,424 | 12,683 |
| Increase / [Decrease] | <u>(62,760)</u> | <u>(196,335)</u> | <u>(10,888)</u> | <u>3,741</u> |
| At 31st March | <u>(85,568)</u> | <u>(22,808)</u> | <u>5,536</u> | <u>16,424</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31.03.2019

| | Current period | Previous period |
|---|-----------------------|------------------------|
| | Rs. Cts. | Rs. Cts. |
| Highest price per share for the quarter | 49.60 | 74.00 |
| Lowest price per share for the quarter | 35.20 | 68.70 |
| Closing price | 36.10 | 73.80 |

The figures are provisional and subject to audit.

The Financial Statements have been prepared in accordance with the accounting policies set out in the audited financial statements for the year ended 31st March 2018 (other than the item disclosed in 3.2 below), and also in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting.

3.1 The final version of SLFRS 9 - Financial Instruments that replaces LKAS 39 - Financial Instruments: Recognition and Measurement and all previous version of SLFRS 9. This standard brings together all three aspects of the accounting for the financial instruments i.e. classification and measurement, impairment and hedge accounting. SLFRS 9 is effective for financial periods beginning on or after 1st January 2018. SLFRS 9 requires retrospective application of the standard except for hedge accounting where requirements are generally applied prospectively with some limited exceptions. However the Institute of Chartered Accounts of Sri Lanka issued a "Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements" in which the companies were granted with an option to prepare Interim Financial Statements continuing with the application of LKAS 39 with disclosures on impact to the Statement of Comprehensive Income for the period if SLFRS 9 has been applied during financial year commencing on or after 1st January 2018. The Group having opted to use the exemption granted under the above SoAT, prepared the Interim Financial Statements for the period ended 31st March 2019 based on LKAS 39. Based on the high-level impact assessment of all three aspects of SLFRS 9 on the group companies, the Group concluded that the impact of the new standard on its financial statements are not material.

3.2 The Group has re-assessed its accounting for lands under property plant and equipment with respect to measurement of a Land. The Group had previously measured all lands using the cost model. During the year the Group decided to change the method of accounting for Land using the revaluation model and the policy was applied prospectively.

The presentation and classification of the financial statements of the previous period, have been amended, where relevant, for better presentation and to be comparable with those of the current period.

The consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention unless stated otherwise.

No circumstances have arisen since the reporting period other than those disclosed below, that require adjustments to or disclosures in the financial statements.

There has been no significant change in the nature of the contingent liabilities which were disclosed in the audited financial statement for the year ended 31st March 2018.

The Stated Capital of the Company is Rs.288,386,885.00 represented by 15,200,000 Ordinary Shares.

Segmental information

| | Revenue | | Inter segment | | Group net revenue | |
|--------------------------------|-------------------------|------------------|------------------|------------------|--------------------------|------------------|
| | 2019 Rs.'000 | 2018 Rs.'000 | 2019 Rs.'000 | 2018 Rs.'000 | 2019 Rs.'000 | 2018 Rs.'000 |
| Motor trade & Related services | 1,961,696 | 2,737,568 | (358,844) | (353,301) | 1,602,852 | 2,384,267 |
| Property Holding & Investment | <u>58,399</u> | <u>63,555</u> | <u>(31,684)</u> | <u>(45,408)</u> | <u>26,715</u> | <u>18,148</u> |
| | <u>2,020,095</u> | <u>2,801,123</u> | <u>(390,529)</u> | <u>(398,709)</u> | <u>1,629,566</u> | <u>2,402,414</u> |
| | Operating profit/(loss) | | Net finance cost | | Profit/(loss) before tax | |
| | 2019 Rs.'000 | 2018 Rs.'000 | 2019 Rs.'000 | 2018 Rs.'000 | 2019 Rs.'000 | 2018 Rs.'000 |
| Motor trade & Related services | (188,062) | (87,967) | (222,074) | (188,565) | (410,136) | (276,532) |
| Property Holding & Investment | <u>(172,117)</u> | <u>60,891</u> | <u>(2,943)</u> | <u>4,489</u> | <u>(175,060)</u> | <u>65,379</u> |
| | <u>(360,179)</u> | <u>(27,076)</u> | <u>(225,017)</u> | <u>(184,076)</u> | <u>(585,196)</u> | <u>(211,153)</u> |

Directors direct shareholdings as at 31st March 2019

| Name of Director | No. of Shares |
|-------------------------|----------------------|
| Mr.S.D.R.Arudpragasam | 50,500 |
| Mr.A.M.de S.Jayarathne | 467 |
| Mr.S.Rajaratnam | 49,998 |
| Dr.J.M.Swaminathan | 561 |

The percentage of Shares held by the public as at 31.03.2019 was 29.21%.

The number of public Shareholders as at 31.03.2019 were 895.

The applicable option under Colombo Stock Exchange Rule 7.13.1 on Minimum Public Holding is Option 5 and the Float Adjusted Market Capitalization as at 31.03.2019 was Rs.160.28 Mn.

The major Shareholders as at 31st March 2019 were as follows :

| Name of Shareholder | No. of Shares | % |
|---|----------------------|---------------|
| 1 The Colombo Fort Land & Building PLC | 9,649,850 | 63.49% |
| 2 Sri Lanka Insurance Corporation Ltd - Life Fund | 392,076 | 2.58% |
| 3 Mrs. Agnes E. De Vos (Deceased) | 374,978 | 2.47% |
| 4 Pan Asia Banking Corporation PLC / Lankem Ceylon PLC | 338,547 | 2.23% |
| 5 Colombo Investment Trust PLC | 285,000 | 1.88% |
| 6 People's Leasing & Finance PLC/MR.H.M.Abdulhussein | 183,481 | 1.21% |
| 7 People's Leasing & Finance PLC/DR.H.S.D.Soyas & Mrs.G.Soyas | 164,966 | 1.09% |
| 8 Mr.Duelep Fairlie George Dalpethado & Mrs.Hewa Fonsekage Anne Kumudini Devika Fonseka | 130,305 | 0.86% |
| 9 Trust Holdings & Investments (Pvt) Ltd | 127,142 | 0.84% |
| 10 Glenford Investments (Private) Ltd | 115,714 | 0.76% |
| 11 Colombo Fort Investments PLC | 109,400 | 0.72% |
| 12 Island Consumer Supplies (Pvt) Ltd | 95,640 | 0.63% |
| 13 Mr.Sidath Vivendra Kodikara | 95,550 | 0.63% |
| 14 Dr.Sena Yaddhige | 90,000 | 0.59% |
| 15 Mr.Jawaharlal Vijaya Srikumaradas Corea | 88,328 | 0.58% |
| 16 Mr.Hans Anton Van Starrex | 87,869 | 0.58% |
| 17 Bimputh Finance PLC | 77,000 | 0.51% |
| 18 Amaliya Private Limited | 76,894 | 0.51% |
| 19 Mr.Weerahennedige Sohan Raminal Fernando | 75,565 | 0.50% |
| 20 York Arcade Holdings PLC | <u>71,707</u> | <u>0.47%</u> |
| | <u>12,630,012</u> | <u>83.13%</u> |