

# **DIESEL & MOTOR ENGINEERING PLC**

**INTERIM FINANCIAL STATEMENTS - NINE MONTHS ENDED 31ST DECEMBER 2018**



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| Group<br>Audited<br>Year ended<br>31-03-2018<br>Rs.'000 |   | Group   |   |               |   |   |               |
|---|---|---|---|---------------|---|---|---------------|
|   |   | Unaudited<br>9 months to<br>31-12-2018<br>Rs.'000 | Unaudited<br>9 months to<br>31-12-2017<br>Rs.'000 | Variance<br>% | Unaudited<br>3 months to<br>31-12-2018<br>Rs.'000 | Unaudited<br>3 months to<br>31-12-2017<br>Rs.'000 | Variance<br>% |
|   |   |   |   |               |   |   |               |
| 43,686,158  | <b>Revenue</b>  | <b>28,483,026</b>                                 | 32,219,881  | (12%)         | <b>9,265,358</b>                                  | 11,437,126  | (19%)         |
| (250,797)   | Sales taxes   | <b>(208,878)</b>                                  | (179,750)   | 16%           | <b>(79,863)</b>                                   | (70,814)  | 13%           |
| 43,435,361  | <b>Net revenue</b>  | <b>28,274,148</b>                                 | 32,040,131  | (12%)         | <b>9,185,495</b>                                  | 11,366,312  | (19%)         |
| (36,344,317)  | Cost of sales   | <b>(22,989,341)</b>                               | (26,999,968)                                      | (15%)         | <b>(7,363,701)</b>                                | (9,445,868)                                       | (22%)         |
| 7,091,044   | <b>Gross profit</b>   | <b>5,284,807</b>                                  | 5,040,163   | 5%            | <b>1,821,794</b>                                  | 1,920,444   | (5%)          |
| 187,847   | Other operating income  | <b>83,376</b>                                     | 114,331   | (27%)         | <b>14,436</b>                                     | 22,474  | (36%)         |
| (865,623)   | Selling and distribution expenses   | <b>(760,529)</b>                                  | (602,976)   | 26%           | <b>(262,810)</b>                                  | (265,904)   | (1%)          |
| (4,775,941)   | Administrative expenses   | <b>(3,715,743)</b>                                | (3,463,138)                                       | 7%            | <b>(1,256,424)</b>                                | (1,196,917)                                       | 5%            |
| 1,637,327   | <b>Operating profit</b>   | <b>891,911</b>                                    | 1,088,380   | (18%)         | <b>316,996</b>                                    | 480,097   | (34%)         |
| 171,368   | Finance income  | <b>140,417</b>                                    | 119,397   | 18%           | <b>38,685</b>                                     | 55,796  | (31%)         |
| (1,058,109)   | Finance costs   | <b>(1,127,677)</b>                                | (796,753)   | 42%           | <b>(415,012)</b>                                  | (253,898)   | 63%           |
| (886,741)   | <b>Net finance Costs</b>  | <b>(987,260)</b>                                  | (677,356)   | 46%           | <b>(376,327)</b>                                  | (198,102)   | 90%           |
| (2,980)   | Share of loss of equity-accounted investee, net of tax                      | <b>(20,767)</b>                                   | -   | (100%)        | <b>(7,682)</b>                                    | -   | (100%)        |
| 747,606   | <b>Profit/(loss) before tax</b>   | <b>(116,116)</b>                                  | 411,024   | (128%)        | <b>(67,013)</b>                                   | 281,995   | (124%)        |
| (193,391)   | Income tax (expense)/reversal   | <b>66,202</b>                                     | (106,967)   | (162%)        | <b>57,777</b>                                     | (94,882)  | (161%)        |
| 554,215   | <b>Profit/(loss) for the period</b>   | <b>(49,914)</b>                                   | 304,057   | (116%)        | <b>(9,236)</b>                                    | 187,113   | (105%)        |
|   | <b>Other comprehensive income</b>   |   |   |               |   |   |               |
|   | <b>Items that will not be reclassified to profit or loss</b>                |   |   |               |   |   |               |
| 38,019  | Remeasurement of defined benefit obligation                                 | -   | -   | -             | -   | -   | -             |
| (10,646)  | Deferred tax charge on actuarial loss/(gain)                                | -   | -   | -             | -   | -   | -             |
| 2,780,984   | Revaluation of freehold land  | -   | -   | -             | -   | -   | -             |
| (1,571,993)   | Deferred tax charge on Land revaluation                                     | -   | -   | -             | -   | -   | -             |
| 1,236,364   |   | -   | -   |               | -   | -   |               |
|   | <b>Items that are or may be reclassified subsequently to profit or loss</b> |   |   |               |   |   |               |
| 1,892   | Foreign operations- foreign currency translation differences                | <b>12,453</b>                                     | 225   | 5435%         | <b>11,101</b>                                     | 616   | 1702%         |
| 371   | Net fair value gains on remeasuring financial assets-available-for-sale     | <b>(706)</b>                                      | 360   | (296%)        | <b>371</b>  | 157   | 136%          |
| 2,263   |   | <b>11,747</b>                                     | 585   |               | <b>11,472</b>                                     | 773   |               |
| 1,238,627   | <b>Total other comprehensive income/(loss) for the period, net of tax</b>   | <b>11,747</b>                                     | 585   | 1908%         | <b>11,472</b>                                     | 773   | 1384%         |
| 1,792,842   | <b>Total comprehensive income/ (loss) for the period</b>                    | <b>(38,167)</b>                                   | 304,642   | (113%)        | <b>2,236</b>                                      | 187,886   | (99%)         |
|   | <b>Profit/ (loss) attributable to:</b>                                      |   |   |               |   |   |               |
| 550,308   | Owners of the Company   | <b>(66,019)</b>                                   | 305,318   |               | <b>(19,330)</b>                                   | 188,374   |               |
| 3,907   | Non-controlling interest  | <b>16,105</b>                                     | (1,261)   |               | <b>10,094</b>                                     | (1,261)   |               |
| 554,215   |   | <b>(49,914)</b>                                   | 304,057   |               | <b>(9,236)</b>                                    | 187,113   |               |
|   | <b>Total comprehensive income/ (loss) attributable to:</b>                  |   |   |               |   |   |               |
| 1,788,745   | Owners of the Company   | <b>(55,202)</b>                                   | 305,778   |               | <b>(9,123)</b>                                    | 189,022   |               |
| 4,097   | Non-controlling interest  | <b>17,035</b>                                     | (1,136)   |               | <b>11,359</b>                                     | (1,136)   |               |
| 1,792,842   |   | <b>(38,167)</b>                                   | 304,642   |               | <b>2,236</b>                                      | 187,886   |               |
| <b>62.00</b>  | <b>Basic and diluted earnings per share (Rs.)</b>                           | <b>(7.44)</b>                                     | <b>34.40</b>                                      |               | <b>(2.18)</b>                                     | <b>21.22</b>                                      |               |

Figures in brackets indicate deductions

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| Company  |   | Company   |   |               |   |   |               |
|--|---|---|---|---------------|---|---|---------------|
| Audited<br>Year ended<br>31-03-2018<br>Rs.'000 |   | Unaudited<br>9 months to<br>31-12-2018<br>Rs.'000 | Unaudited<br>9 months to<br>31-12-2017<br>Rs.'000 | Variance<br>% | Unaudited<br>3 months to<br>31-12-2018<br>Rs.'000 | Unaudited<br>3 months to<br>31-12-2017<br>Rs.'000 | Variance<br>% |
| 40,710,842                                     | <b>Revenue</b>  | <b>25,309,783</b>                                 | 30,323,407  | (17%)         | <b>7,918,154</b>                                  | 10,638,446  | (26%)         |
| (202,458)                                      | Sales taxes   | <b>(150,771)</b>                                  | (145,576)   | 4%            | <b>(54,280)</b>                                   | (53,268)  | 2%            |
| 40,508,384                                     | <b>Net revenue</b>  | <b>25,159,012</b>                                 | 30,177,831  | (17%)         | <b>7,863,874</b>                                  | 10,585,178  | (26%)         |
| (34,277,501)                                   | Cost of sales   | <b>(20,776,635)</b>                               | (25,666,184)                                      | (19%)         | <b>(6,381,566)</b>                                | (8,862,066)                                       | (28%)         |
| 6,230,883                                      | <b>Gross profit</b>   | <b>4,382,377</b>                                  | 4,511,647   | (3%)          | <b>1,482,308</b>                                  | 1,723,112   | (14%)         |
| 151,033  | Other operating income  | <b>87,047</b>                                     | 118,671   | (27%)         | <b>16,777</b>                                     | 24,487  | (31%)         |
| (788,824)                                      | Selling and distribution expenses   | <b>(655,504)</b>                                  | (549,643)   | 19%           | <b>(215,809)</b>                                  | (229,509)   | (6%)          |
| (4,257,115)                                    | Administrative expenses   | <b>(3,147,055)</b>                                | (3,104,762)                                       | 1%            | <b>(1,062,283)</b>                                | (1,067,432)                                       | (0%)          |
| 1,335,977                                      | <b>Operating profit</b>   | <b>666,865</b>                                    | 975,913   | (32%)         | <b>220,993</b>                                    | 450,658   | (51%)         |
| 154,264  | Finance income  | <b>129,979</b>                                    | 114,036   | 14%           | <b>35,765</b>                                     | 53,445  | (33%)         |
| (1,038,623)                                    | Finance costs   | <b>(1,068,293)</b>                                | (784,580)   | 36%           | <b>(391,454)</b>                                  | (250,465)   | 56%           |
| (884,359)                                      | <b>Net finance Costs</b>  | <b>(938,314)</b>                                  | (670,544)   | 40%           | <b>(355,689)</b>                                  | (197,020)   | 81%           |
| (2,980)  | Share of loss of equity-accounted investee, net of tax                      | <b>(20,767)</b>                                   | -   | (100%)        | <b>(7,682)</b>                                    | -   | (100%)        |
| 448,638  | <b>Profit/(loss) before tax</b>   | <b>(292,216)</b>                                  | 305,369   | (196%)        | <b>(142,378)</b>                                  | 253,638   | (156%)        |
| (123,733)                                      | Income tax (expense)/reversal   | <b>110,004</b>                                    | (72,113)  | (253%)        | <b>73,702</b>                                     | (78,799)  | 194%          |
| 324,905  | <b>Profit/(loss) for the period</b>   | <b>(182,212)</b>                                  | 233,256   | (178%)        | <b>(68,676)</b>                                   | 174,839   | (139%)        |
|  | <b>Other comprehensive income</b>   |   |   |               |   |   |               |
|  | <b>Items that will not be reclassified to profit or loss</b>                |   |   |               |   |   |               |
| 27,013   | Remeasurement of defined benefit obligation                                 | -   | -   | -             | -   | -   | -             |
| (7,564)  | Deferred tax charge on actuarial loss                                       | -   | -   | -             | -   | -   | -             |
| 2,780,984                                      | Revaluation of freehold land  | -   | -   | -             | -   | -   | -             |
| (1,571,993)                                    | Deferred tax charge on Land revaluation                                     | -   | -   | -             | -   | -   | -             |
| 1,228,440                                      |   | -   | -   |               | -   | -   |               |
|  | <b>Items that are or may be reclassified subsequently to profit or loss</b> |   |   |               |   |   |               |
| (85)   | Foreign operations- foreign currency translation differences                | <b>8,171</b>                                      | -   | 100%          | <b>3,887</b>                                      | -   | 100%          |
| 363  | Net fair value gains on remeasuring financial assets-available-for-sale     | <b>(713)</b>                                      | 357   | (300%)        | <b>367</b>  | 155   | 137%          |
| 278  |   | <b>7,458</b>                                      | 357   |               | <b>4,254</b>                                      | 155   |               |
| 1,228,718                                      | <b>Total other comprehensive income / (loss) for the period, net of tax</b> | <b>7,458</b>                                      | 357   | 1989%         | <b>4,254</b>                                      | 155   | 2645%         |
| 1,553,623                                      | <b>Total comprehensive income for the period</b>                            | <b>(174,754)</b>                                  | 233,613   | (175%)        | <b>(64,422)</b>                                   | 174,994   | (137%)        |
| 36.60  | Basic and diluted earnings per share (Rs.)                                  | <b>(20.53)</b>                                    | 26.28   |               | <b>(7.74)</b>                                     | 19.70   |               |

Figures in brackets indicate deductions

# STATEMENT OF FINANCIAL POSITION

| Group                               |                          | Company                    |                            |
|-------------------------------------|--------------------------|----------------------------|----------------------------|
| Audited as at 31-03-2018            | Audited as at 31-03-2018 | Unaudited as at 31-12-2018 | Unaudited as at 31-12-2017 |
| Rs.'000                             | Rs.'000                  | Rs.'000                    | Rs.'000                    |
| <b>ASSETS</b>                       |                          |                            |                            |
| 11,452,530                          | 11,128,864               | 11,378,478                 | 8,358,036                  |
| 20,116                              | 20,116                   | 18,462                     | 20,667                     |
| 120,219                             | 17,226                   | 118,293                    | 19,342                     |
| -                                   | 428,591                  | -                          | -                          |
| 55,098                              | 55,098                   | 42,502                     | -                          |
| 8,296                               | 8,267                    | 7,653                      | 8,183                      |
| 24,906                              | -                        | 25,613                     | 7,553                      |
| 11,681,165                          | 11,658,162               | 11,591,001                 | 8,413,781                  |
| 9,561,038                           | 8,915,805                | 10,356,562                 | 8,472,065                  |
| 5,997,911                           | 4,466,471                | 6,267,524                  | 5,986,550                  |
| 934,878                             | 613,467                  | 2,777,717                  | 1,305,092                  |
| 121,978                             | 118,510                  | 271,984                    | 91,097                     |
| 9,860                               | 100,842                  | 25,722                     | -                          |
| 265,532                             | 191,538                  | 1,896,818                  | 492,830                    |
| 16,891,197                          | 14,406,633               | 21,596,327                 | 16,347,634                 |
| 28,572,362                          | 26,064,795               | 33,187,328                 | 24,761,415                 |
| <b>TOTAL ASSETS</b>                 |                          |                            |                            |
| <b>EQUITY AND LIABILITIES</b>       |                          |                            |                            |
| <b>EQUITY</b>                       |                          |                            |                            |
| 425,297                             | 425,297                  | 425,297                    | 425,297                    |
| 4,050,962                           | 4,049,154                | 4,061,779                  | 2,840,358                  |
| 7,299,899                           | 6,148,714                | 7,217,782                  | 7,205,065                  |
| 11,776,158                          | 10,623,165               | 11,704,858                 | 10,470,720                 |
| 304,203                             | -                        | 330,732                    | 7,986                      |
| 12,080,361                          | 10,623,165               | 12,035,590                 | 10,478,706                 |
| 312,505                             | 310,140                  | 540,167                    | 347,230                    |
| 5,683                               | -                        | 1,890                      | -                          |
| 661,415                             | 609,222                  | 745,806                    | 673,096                    |
| 1,864,432                           | 1,861,319                | 1,754,376                  | 259,875                    |
| -                                   | -                        | 118,473                    | -                          |
| 35,662                              | 22,813                   | -                          | 39,249                     |
| 2,879,697                           | 2,803,494                | 3,160,712                  | 1,319,450                  |
| 2,974,203                           | 2,495,928                | 1,906,057                  | 2,906,362                  |
| 1,493,000                           | 1,105,165                | 1,566,168                  | 1,412,579                  |
| 282,350                             | 281,236                  | 404,013                    | 321,721                    |
| 11,333                              | -                        | 6,002                      | -                          |
| -                                   | -                        | 784,557                    | -                          |
| 225,581                             | 94,983                   | 91,427                     | 376,349                    |
| 31,769                              | -                        | 11,928                     | 2,750                      |
| 8,594,068                           | 8,161,883                | 13,220,874                 | 7,943,498                  |
| -                                   | 498,941                  | -                          | -                          |
| 13,612,304                          | 12,638,136               | 17,991,026                 | 12,963,259                 |
| 28,572,362                          | 26,064,795               | 33,187,328                 | 24,761,415                 |
| <b>TOTAL EQUITY AND LIABILITIES</b> |                          |                            |                            |

It is certified that the Financial Statements have been prepared in accordance with the requirements of the Companies Act No.7 of 2007.

(Sgd.)E.D.C.Kodituwakku

General Manager - Finance & Controlling / Member - Group Management Committee

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board.

(Sgd.)A.R.Pandithage  
Chairman/Managing Director  
15th February 2019

(Sgd.)B.C.S.A.P.Gooneratne  
Director

## Statement of Changes in Equity

### Group

For the nine months ended 31st December 2017

|   | Other Components of Equity |                     |                            | Revenue Reserves                     |                 | Non-controlling interests | Total      |
|---|----------------------------|---------------------|----------------------------|--------------------------------------|-----------------|---------------------------|------------|
|   | Stated Capital             | Revaluation Reserve | Available-for-Sale Reserve | Foreign currency translation reserve | General Reserve | Retained Earnings         |            |
|   | Rs.'000                    | Rs.'000             | Rs.'000                    | Rs.'000                              | Rs.'000         | Rs.'000                   | Rs.'000    |
| As at 01st April 2017                   | 425,297                    | 2,833,277           | 6,621                      | -                                    | 5,017,290       | 1,882,457                 | 10,164,942 |
| Acquisition of Non-Controlling Interest | -                          | -                   | -                          | -                                    | -               | 9,122                     | 9,122      |
| Profit for the period                   | -                          | -                   | -                          | -                                    | -               | 305,318                   | 304,057    |
| Other comprehensive income, net of tax  | -                          | -                   | 360                        | 100                                  | -               | 125                       | 585        |
| Total comprehensive income              | -                          | -                   | 360                        | 100                                  | -               | 305,318                   | 313,764    |
| Transactions with owners of the Company |                            |                     |                            |                                      |                 |                           |            |
| - contributions and distributions       |                            |                     |                            |                                      |                 |                           |            |
| Transfer during the period              | -                          | -                   | -                          | -                                    | 150,000         | (150,000)                 | -          |
| Total contributions and distributions   | -                          | -                   | -                          | -                                    | 150,000         | (150,000)                 | -          |
| As at 31st December 2017                | 425,297                    | 2,833,277           | 6,981                      | 100                                  | 5,167,290       | 2,037,775                 | 10,478,706 |

For the nine months ended 31st December 2018

|   |                |                  |              |               |                  |                  |                |                   |
|---|----------------|------------------|--------------|---------------|------------------|------------------|----------------|-------------------|
| <b>As at 01st April 2018</b>                              | 425,297        | 4,042,268        | 6,992        | 1,702         | 5,167,290        | 2,132,609        | 304,203        | 12,080,361        |
| Change in accounting policy                               | -              | -                | -            | -             | -                | (16,098)         | -              | (16,098)          |
| <b>Restated total equity as at 01st April 2018</b>        | <b>425,297</b> | <b>4,042,268</b> | <b>6,992</b> | <b>1,702</b>  | <b>5,167,290</b> | <b>2,116,511</b> | <b>304,203</b> | <b>12,064,263</b> |
| <b>Capital contribution from non-controlling interest</b> | -              | -                | -            | -             | -                | -                | <b>9,494</b>   | <b>9,494</b>      |
| Profit/ (loss) for the period                             | -              | -                | -            | -             | -                | (66,019)         | 16,105         | (49,914)          |
| Other comprehensive income/(loss), net of tax             | -              | -                | (706)        | 11,523        | -                | -                | 930            | 11,747            |
| <b>Total comprehensive income/(loss)</b>                  | <b>-</b>       | <b>-</b>         | <b>(706)</b> | <b>11,523</b> | <b>-</b>         | <b>(66,019)</b>  | <b>17,035</b>  | <b>(38,167)</b>   |
| Transactions with owners of the Company                   |                |                  |              |               |                  |                  |                |                   |
| - contributions and distributions                         |                |                  |              |               |                  |                  |                |                   |
| Transfer during the period                                | -              | -                | -            | -             | 225,000          | (225,000)        | -              | -                 |
| Total contributions and distributions                     | -              | -                | -            | -             | 225,000          | (225,000)        | -              | -                 |
| <b>As at 31st December 2018</b>                           | <b>425,297</b> | <b>4,042,268</b> | <b>6,286</b> | <b>13,225</b> | <b>5,392,290</b> | <b>1,825,492</b> | <b>330,732</b> | <b>12,035,590</b> |

### Company

For the nine months ended 31st December 2017

|   | Other Components of Equity |                     |                            | Revenue Reserves                     |                 | Total             |
|---|----------------------------|---------------------|----------------------------|--------------------------------------|-----------------|-------------------|
|   | Stated Capital             | Revaluation Reserve | Available-for-Sale Reserve | Foreign currency translation reserve | General Reserve | Retained Earnings |
|   | Rs.'000                    | Rs.'000             | Rs.'000                    | Rs.'000                              | Rs.'000         | Rs.'000           |
| As at 01st April 2017                   | 425,297                    | 2,833,277           | 6,608                      | -                                    | 4,629,464       | 1,352,425         |
| Profit for the period                   | -                          | -                   | -                          | -                                    | -               | 233,256           |
| Other comprehensive income, net of tax  | -                          | -                   | 357                        | -                                    | -               | -                 |
| Total comprehensive income              | -                          | -                   | 357                        | -                                    | -               | 233,256           |
| Transactions with owners of the Company |                            |                     |                            |                                      |                 |                   |
| - contributions and distributions       |                            |                     |                            |                                      |                 |                   |
| Transfer during the period              | -                          | -                   | -                          | -                                    | 150,000         | (150,000)         |
| Total contributions and distributions   | -                          | -                   | -                          | -                                    | 150,000         | (150,000)         |
| As at 31st December 2017                | 425,297                    | 2,833,277           | 6,965                      | -                                    | 4,779,464       | 1,435,681         |

For the nine months ended 31st December 2018

|  |                |                  |              |              |                  |                  |                   |
|--|----------------|------------------|--------------|--------------|------------------|------------------|-------------------|
| <b>As at 01st April 2018</b>                       | <b>425,297</b> | <b>4,042,268</b> | <b>6,971</b> | <b>(85)</b>  | <b>4,779,464</b> | <b>1,369,250</b> | <b>10,623,165</b> |
| Change in accounting policy                        | -              | -                | -            | -            | -                | (719)            | (719)             |
| <b>Restated total equity as at 01st April 2018</b> | <b>425,297</b> | <b>4,042,268</b> | <b>6,971</b> | <b>(85)</b>  | <b>4,779,464</b> | <b>1,368,531</b> | <b>10,622,446</b> |
| Profit/ (loss) for the period                      | -              | -                | -            | -            | -                | (182,212)        | (182,212)         |
| Other comprehensive income/(loss), net of tax      | -              | -                | (713)        | 8,171        | -                | -                | 7,458             |
| <b>Total comprehensive income/(loss)</b>           | <b>-</b>       | <b>-</b>         | <b>(713)</b> | <b>8,171</b> | <b>-</b>         | <b>(182,212)</b> | <b>(174,754)</b>  |
| Transactions with owners of the Company            |                |                  |              |              |                  |                  |                   |
| - contributions and distributions                  |                |                  |              |              |                  |                  |                   |
| Transfer during the period                         | -              | -                | -            | -            | 150,000          | (150,000)        | -                 |
| Total contributions and distributions              | -              | -                | -            | -            | 150,000          | (150,000)        | -                 |
| <b>As at 31st December 2018</b>                    | <b>425,297</b> | <b>4,042,268</b> | <b>6,258</b> | <b>8,086</b> | <b>4,929,464</b> | <b>1,036,319</b> | <b>10,447,692</b> |

Figures in brackets indicate deductions.

## Statement of Cash Flows

| Group       | Company     |  | Group        | Company     |
|-------------|-------------|--|--------------|-------------|
| Audited     | Audited     |  | Unaudited    | Unaudited   |
| Year Ended  | Year Ended  |  | 9 months to  | 9 months to |
| 31-03-2018  | 31-03-2018  |  | 31/12/2018   | 31/12/2017  |
| Rs.'000     | Rs.'000     |  | Rs.'000      | Rs.'000     |
|             |             | <b>Cash Flows from Operating Activities</b>  |              |             |
| 747,606     | 448,638     | Profit/(loss) before taxation  | (116,116)    | 411,024     |
|             |             | <b>Adjustments for:</b>  |              |             |
| 355,897     | 344,879     | Depreciation on property, plant and equipment  | 306,570      | 264,872     |
| 14,475      | 14,468      | Amortisation of intangible assets and lease rentals paid in advance                        | 7,156        | 11,808      |
| (12,100)    | 14,055      | Amortisation of deferred income - classified under non-current liabilities                 | (35,662)     | (39,803)    |
| -           | -           | Amortisation of contract liabilities - classified under non-current liabilities            | 118,473      | -           |
| -           | 126         | Provision for impairment of investments in subsidiaries                                    | -            | -           |
| (18,480)    | (16,791)    | Gain on sale of property, plant and equipment  | (14,499)     | (17,867)    |
| (38,623)    | -           | Gain on bargain purchase through business combinations                                     | -            | -           |
| 645         | 645         | Derecognition of capital work-in-progress  | 178          | 160         |
| 1,058,109   | 1,038,623   | Interest expenses  | 1,127,677    | 796,753     |
| (19,222)    | (14,308)    | Interest income  | (73,543)     | (10,172)    |
| (480)       | (480)       | Dividend income  | (167)        | (211)       |
| 2,980       | 2,980       | Share of loss of equity-accounted investee, net of tax                                     | 20,767       | -           |
| (81,013)    | (87,542)    | Provision/(reversal of) for impairment of trade receivables                                | 111,572      | (69,003)    |
| (56,078)    | (66,985)    | Provision/(reversal of) for slow moving inventories  | 33,973       | (31,806)    |
| 121,549     | 110,530     | Provision for employee benefits obligation excluding actuarial loss/(gain)                 | 112,737      | 94,704      |
| 2,075,265   | 1,788,838   |  | 1,599,116    | 1,410,459   |
|             |             | <b>Changes in working capital</b>  |              |             |
| (336,582)   | (274,455)   | (Increase)/decrease in inventories   | (829,497)    | 501,452     |
| (1,359,533) | (1,135,036) | Increase in trade and other receivables  | (381,185)    | (1,640,748) |
| 188,862     | 210,979     | (Increase)/decrease in other current assets  | (1,843,971)  | (409,641)   |
| (9,860)     | (21,523)    | (Increase)/decrease in amounts due from related parties                                    | (15,862)     | -           |
| 1,184,874   | 932,747     | Increase/(decrease) in trade payables  | (1,068,146)  | 1,225,018   |
| 151,690     | (28,017)    | Increase/(decrease) in other current liabilities   | 60,669       | 90,383      |
| (62,552)    | (4,878)     | Increase/(decrease) in deferred Income -classified under current liabilities               | (134,154)    | 119,506     |
| -           | -           | Increase in contract liabilities- classified under current liabilities                     | 768,459      | -           |
| -           | 303,792     | (Increase)/decrease in amounts due to related parties                                      | -            | -           |
| 1,832,164   | 1,772,447   | <b>Cash generated from/(used in) operating activities</b>                                  | (1,844,571)  | 1,296,429   |
|             |             |  |              |             |
| (1,038,766) | (1,019,446) | Interest paid  | (1,114,155)  | (778,161)   |
| (59,563)    | (58,207)    | Employee benefits paid   | (28,346)     | (47,766)    |
| (270,777)   | (223,077)   | Income tax paid  | (209,053)    | (198,460)   |
| 463,058     | 471,717     | <b>Net cash from/(used in) operating activities</b>  | (3,196,125)  | 272,042     |
|             |             | <b>Cash Flows from Investing Activities</b>  |              |             |
| 30,634      | 25,611      | Net proceeds from sale of property, plant and equipment                                    | 37,835       | 25,110      |
| 379         | 379         | Dividends received   | 104          | 211         |
| 19,677      | 14,308      | Interest received  | 73,543       | 10,172      |
| -           | (38,199)    | Investment in subsidiary   | -            | -           |
| (714,932)   | (403,666)   | Acquisition of subsidiary and joint ventures, net of cash acquired                         | -            | -           |
| (444,089)   | (403,736)   | Acquisition and construction of property, plant and equipment and capital work-in-progress | (255,777)    | (331,273)   |
| (5,445)     | (5,445)     | Acquisition of intangible assets   | (3,575)      | (5,445)     |
| (1,113,776) | (810,748)   | <b>Net cash used in investing activities</b>   | (147,870)    | (301,225)   |
|             |             | <b>Cash Flows from Financing Activities</b>  |              |             |
| 9,122       | -           | Capital contribution from non-controlling interest   | 9,494        | 9,122       |
| -           | -           | Proceeds from long-term borrowings   | 600,000      | -           |
| (317,061)   | (316,990)   | Repayment of long-term borrowings  | (250,616)    | (239,940)   |
| (1,525)     | -           | Repayment of finance lease liabilities   | (10,192)     | -           |
| (177,529)   | (177,529)   | Dividends paid   | -            | -           |
| (486,993)   | (494,519)   | <b>Net cash from/(used in) financing activities</b>  | 348,686      | (230,818)   |
| (1,137,711) | (833,550)   | <b>Net decrease in cash and cash equivalents</b>   | (2,995,309)  | (260,001)   |
| (7,190,893) | (7,136,795) | Cash and cash equivalents as at 01st April   | (8,328,536)  | (7,190,893) |
| 68          | -           | Effect of exchange rate changes on cash & cash equivalents                                 | (211)        | 226         |
| (8,328,536) | (7,970,345) | <b>Cash and cash equivalents at the end of the period (Note-A)</b>                         | (11,324,056) | (7,450,668) |
|             |             | <b>Note - A</b>  |              |             |
|             |             | <b>Analysis of Cash and Cash Equivalents at the end of the period</b>                      |              |             |
| 265,532     | 191,538     | Cash and bank balances   | 1,896,818    | 492,830     |
| (8,594,068) | (8,161,883) | Short-term borrowings  | (13,220,874) | (7,943,498) |
| (8,328,536) | (7,970,345) | <b>Cash and cash equivalents</b>   | (11,324,056) | (7,450,668) |
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Figures in brackets indicate deductions.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. Corporate information

Diesel & Motor Engineering PLC (the Company) is a public limited liability Company, incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the company is located at No. 65, Jetawana Road, Colombo 14. The ordinary shares of the Company are listed at the Colombo Stock Exchange.

### 2. Basis of preparation

The interim condensed financial statements have been prepared in accordance with Sri Lanka Accounting Standard - LKAS 34 Interim Financial Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2018 except for changes required due to adoption of following standard.

SLFRS 15, 'Revenue from Contracts with Customers', is based on the principle that revenue is recognised when control of a good or service is transferred to the customer – so the notion of control replaces the existing notion of risk and rewards. A new five-step process must be applied before revenue can be recognised.

These financial statements provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.

### 3. Operating Segment Information

The operating business segments are organised and managed separately according to the nature of the products and services provided. The primary segment reporting format is determined based on products and services offered as the Group's risk and returns are affected predominantly by differences in the products and services offered.

### 4. Other information

#### 4.1 Contingent liabilities

The Contingent liabilities as at 31st December 2018, on guarantees given by the Company in respect of bid bonds, performance bonds and advance payments amounted to Rs. 1,392.7 million (Rs.1,278.9 million as at 31st March 2018).

#### 4.2 Income tax assessments

Assessment was received in December 2013 based on normal tax rates. Appeal was lodged against the tax assessed by the Department of Inland Revenue and the status of the appeal is as follows:

2010/2011 – An appeal made by the Company is currently with the Tax Appeals Commission.

Having discussed with the independent legal and tax expert and based on information available, the contingent liability as at 31st December 2018 is estimated to be Rs. 124.7 million (2017/18 – Rs. 124.7 million).

#### 4.3 Capital expenditure commitments

Capital expenditure committed by the Board of Directors for which a provision has not been made in the interim condensed Financial Statements amounted to approximately Rs. 913.3 million (2017/18 - Rs. 874.7 million).

#### 4.4 Comparative Information

Where necessary comparative figures have been reclassified to conform with the current year's presentation.

#### 4.5 Events Occurring after the reporting period

There were no material events that occurred after the reporting date that require adjustments or disclosure to the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

### OPERATING SEGMENT INFORMATION

The Group comprises of the following main business segments.

| Segment  | Product & Services  |
|--|---|
| <b>Vehicles – Sales</b>  | Sale of brand new passenger vehicles, commercial vehicles, special purpose vehicles and pre-owned passenger vehicles.   |
| <b>Vehicles – After Services</b>                               | Repair and service of vehicles included in the vehicle-sales segment, sale of franchised vehicle spare parts, accessories and components.   |
| <b>Marketing and Distribution</b>                              | Sale and service of power tools and accessories, lamps, lighting controls, switchgear, fittings and accessories, tyres, original equipment spare parts and auto components.   |
| <b>Construction &amp; Material Handling Equipment</b>          | Sales and Services of Earth Moving Machinery, Road Construction Machinery, Material Handling Machinery, Forklifts, Storage Systems, Dock Levellers, Car Parking Systems and Gondolas.   |
| <b>Agriculture</b>   | Import, sale and after sales services of agri machinery, import, processing and distribution of agro chemicals, seeds and fertilizer, import producing, processing and sale of agricultural seeds.  |
| <b>Electro-Mechanical , Bio-Medical and Marine Engineering</b> | Sale, installation, commissioning and maintenance of medical equipment, generating sets, diesel engines for marine propulsion and rail traction, building management systems, fluid management systems, industrial refrigeration systems and power engineering equipment and systems. |

|  | <b>*Vehicles<br/>- Sales</b> |                   | <b>*Vehicles<br/>- After Services</b> |                  | <b>*Marketing<br/>and Distribution</b> |                  | <b>Construction and Material<br/>Handling Equipment</b> |                  | <b>Agriculture</b> |                  | <b>Electro-Mechanical, Bio-<br/>Medical and Marine<br/>Engineering</b> |                  | <b>Total</b>      |                   |
|--|------------------------------|-------------------|---------------------------------------|------------------|--|------------------|---|------------------|--------------------|------------------|--|------------------|-------------------|-------------------|
| For the period ended 31st December             | 2018<br>Rs.'000              | 2017<br>Rs.'000   | 2018<br>Rs.'000                       | 2017<br>Rs.'000  | 2018<br>Rs.'000                        | 2017<br>Rs.'000  | 2018<br>Rs.'000   | 2017<br>Rs.'000  | 2018<br>Rs.'000    | 2017<br>Rs.'000  | 2018<br>Rs.'000  | 2017<br>Rs.'000  | 2018<br>Rs.'000   | 2017<br>Rs.'000   |
|  |                              | (Restated)        |                                       | (Restated)       |  | (Restated)       |   | (Restated)       |                    | (Restated)       |  | (Restated)       |                   | (Restated)        |
| <b>Business Segment Turnover and Results</b>   |                              |                   |                                       |                  |  |                  |   |                  |                    |                  |  |                  |                   |                   |
| Total segment revenue                          | 15,382,401                   | 19,798,917        | 3,771,727                             | 3,420,590        | 3,345,472                              | 3,470,544        | 1,606,927   | 1,960,904        | 3,213,587          | 2,571,720        | 2,074,622  | 1,832,930        | 29,394,736        | 33,055,605        |
| Inter-segment revenue                          | (31,925)                     | (28,822)          | (592,387)                             | (563,774)        | (90,330)                               | (81,644)         | (55,631)  | (65,736)         | (80,679)           | (52,252)         | (60,758)   | (43,496)         | (911,710)         | (835,724)         |
| <b>Total external revenue</b>                  | <b>15,350,476</b>            | <b>19,770,095</b> | <b>3,179,340</b>                      | <b>2,856,816</b> | <b>3,255,142</b>                       | <b>3,388,900</b> | <b>1,551,296</b>  | <b>1,895,168</b> | <b>3,132,908</b>   | <b>2,519,468</b> | <b>2,013,864</b>   | <b>1,789,434</b> | <b>28,483,026</b> | <b>32,219,881</b> |
| <b>Segment results</b>                         | <b>650,813</b>               | <b>803,355</b>    | <b>608,490</b>                        | <b>576,278</b>   | <b>299,992</b>                         | <b>246,602</b>   | <b>191,019</b>  | <b>196,764</b>   | <b>224,657</b>     | <b>120,980</b>   | <b>152,225</b>   | <b>106,956</b>   | <b>2,127,196</b>  | <b>2,050,935</b>  |
| Unallocated other income                       | -                            | -                 | -                                     | -                | -                                      | -                | -   | -                | -                  | -                | -  | -                | 83,376            | 114,331           |
| Unallocated expenses                           | -                            | -                 | -                                     | -                | -                                      | -                | -   | -                | -                  | -                | -  | -                | (1,339,428)       | (1,076,886)       |
| Finance costs- net                             | -                            | -                 | -                                     | -                | -                                      | -                | -   | -                | -                  | -                | -  | -                | (987,260)         | (677,356)         |
| Income tax (expense)/reversal                  | -                            | -                 | -                                     | -                | -                                      | -                | -   | -                | -                  | -                | -  | -                | 66,202            | (106,967)         |
| <b>Profit/ (loss) for the period</b>           | <b>-</b>                     | <b>-</b>          | <b>-</b>                              | <b>-</b>         | <b>-</b>                               | <b>-</b>         | <b>-</b>  | <b>-</b>         | <b>-</b>           | <b>-</b>         | <b>-</b>   | <b>-</b>         | <b>(49,914)</b>   | <b>304,057</b>    |
| <b>Business Segment Assets and Liabilities</b> |                              |                   |                                       |                  |  |                  |   |                  |                    |                  |  |                  |                   |                   |
| Segment assets                                 | 7,416,668                    | 7,281,862         | 1,958,618                             | 2,148,024        | 2,593,232                              | 3,460,992        | 1,467,055   | 1,673,955        | 2,916,766          | 2,368,349        | 2,733,870  | 2,556,381        | 19,086,209        | 19,489,563        |
| Unallocated assets                             | -                            | -                 | -                                     | -                | -                                      | -                | -   | -                | -                  | -                | -  | -                | 14,101,119        | 5,271,852         |
| <b>Total assets</b>                            |                              |                   |                                       |                  |  |                  |   |                  |                    |                  |  |                  | <b>33,187,328</b> | <b>24,761,415</b> |
| Segment liabilities                            | 6,854,290                    | 5,892,572         | 1,411,509                             | 627,839          | 690,876                                | 958,897          | 392,672   | 455,591          | 1,593,952          | 971,713          | 346,143  | 214,691          | 11,289,442        | 9,121,303         |
| Unallocated liabilities                        | -                            | -                 | -                                     | -                | -                                      | -                | -   | -                | -                  | -                | -  | -                | 10,193,028        | 5,169,392         |
| Equity   | -                            | -                 | -                                     | -                | -                                      | -                | -   | -                | -                  | -                | -  | -                | 11,704,858        | 10,470,720        |
| <b>Total equity and liabilities</b>            | <b>-</b>                     | <b>-</b>          | <b>-</b>                              | <b>-</b>         | <b>-</b>                               | <b>-</b>         | <b>-</b>  | <b>-</b>         | <b>-</b>           | <b>-</b>         | <b>-</b>   | <b>-</b>         | <b>33,187,328</b> | <b>24,761,415</b> |
| <b>Other Information</b>                       |                              |                   |                                       |                  |  |                  |   |                  |                    |                  |  |                  |                   |                   |
| Capital expenditure                            | 12,612                       | 37,391            | 30,521                                | 45,673           | 17,736                                 | 11,410           | 31,237  | 7,810            | 94,209             | 53,396           | 15,042   | 12,837           | 201,357           | 168,517           |
| Unallocated capital expenditure                | -                            | -                 | -                                     | -                | -                                      | -                | -   | -                | -                  | -                | -  | -                | 71,289            | 168,201           |
| Depreciation and amortisation                  | 30,145                       | 27,290            | 82,445                                | 87,342           | 10,017                                 | 9,047            | 7,957   | 4,382            | 35,170             | 3,668            | 8,438  | 10,237           | 174,172           | 141,966           |
| Unallocated depreciation and amortisation      | -                            | -                 | -                                     | -                | -                                      | -                | -   | -                | -                  | -                | -  | -                | 139,554           | 134,715           |

\*Restated to reflect the changes due to introduction of the new "Agriculture" operating segment.



## INVESTOR INFORMATION

### Market Value of Shares

The market value of an ordinary share of Diesel & Motor Engineering PLC is as follows:

|                             | <b>Quarter to<br/>31-Dec-18<br/>Rs.</b> |                   | <b>Quarter to<br/>31-Dec-17<br/>Rs.</b> |                   |
|-----------------------------|---|-------------------|---|-------------------|
| Highest Price per Share     | 380.00                                  | October 4, 2018   | 530.00                                  | October 26, 2017  |
| Lowest Price per Share      | 330.00                                  | October 1, 2018   | 472.00                                  | December 13, 2017 |
| Last Traded Price per Share | 343.50                                  | December 31, 2018 | 490.00                                  | December 29, 2017 |

### Market Capitalisation

|                                 | <b>As at<br/>31-Dec-18</b> | <b>As at<br/>31-Dec-17</b> |
|---------------------------------|----------------------------|----------------------------|
| Market Capitalisation (Rs.'000) | 3,049,056                  | 4,349,454                  |

### Ratios

|                            | <b><u>Group</u></b> |                  | <b><u>Company</u></b> |                  |
|----------------------------|---------------------|------------------|-----------------------|------------------|
|                            | <b>31-Dec-18</b>    | <b>31-Dec-17</b> | <b>31-Dec-18</b>      | <b>31-Dec-17</b> |
| E.P.S. Rs*                 | (7.44)              | 34.40            | (20.53)               | 26.28            |
| Net asset value per share* | 1318.64             | 1,179.61         | 1177.01               | 1,068.07         |
| Quick asset ratio          | 0.62                | 0.63             | 0.54                  | 0.55             |
| Interest cover (times)     | 0.90                | 1.52             | 0.73                  | 1.39             |

\* Earnings & net assets per share are based on 8,876,437 shares in issue as at 31st December 2018.

The stated capital consists of 8,876,437 Ordinary shares.

## Statement of share holding of Directors (Including Spouses)

| NAME              | 31ST DECEMBER 2018 |               |
|-------------------|--------------------|---------------|
|                   | SHARES             | %             |
| Mr A R Pandithage | 1,929,735          | 21.74%        |
| Mr S C Algama     | 574,779            | 6.48%         |
| Mr A G Pandithage | 570,862            | 6.43%         |
| Mr A M Pandithage | 224,172            | 2.53%         |
| Mr A N Algama     | 213,739            | 2.41%         |
| Mr M V Bandara    | 1,882              | 0.02%         |
|                   | <b>3,515,169</b>   | <b>39.61%</b> |

H.Cabral, B.C.S.A.P Gooneratne, P.K.W.Mahendra, S.R.W.M.C.Ranawana, A. N. Ranasinghe, R.Seevaratnam & A.D.B.Talwatte who are Directors of the Company did not hold any shares of the Company as at 31st December 2018.

## PUBLIC HOLDING

### As at 31st December 2018

Public Holding % 53.18%  
 Number of Public shareholders 1,925  
 Float adjusted market capitalisation LKR 1,621,492,781  
 The Company complies with option 5 of the Listing Rules 7.13.1 (a) – Less than Rs.2.5Billion Float Adjusted Market Capitalization which requires 20% minimum Public Holding.

## Twenty Major Shareholders

| NAME   | 31ST DECEMBER 2018 |               |
|--|--------------------|---------------|
|  | SHARES             | %             |
| Employees Provident Fund                                     | 1,765,260          | 19.89%        |
| Mr. A R Pandithage   | 991,233            | 11.17%        |
| Mrs. J C Pandithage  | 938,502            | 10.57%        |
| A & G Investments Pvt Limited                                | 640,765            | 7.22%         |
| Mr. S C Algama   | 567,786            | 6.40%         |
| Mr. A G Pandithage   | 525,814            | 5.92%         |
| Almar Trading Co (Pvt) Ltd                                   | 279,945            | 3.15%         |
| Mr. A N Algama   | 213,739            | 2.41%         |
| Mr. T G H Peries   | 193,069            | 2.18%         |
| Mr. A M Pandithage   | 182,319            | 2.05%         |
| Dr. D Jayanntha  | 160,000            | 1.80%         |
| Miss. T R N C Peries   | 148,009            | 1.67%         |
| Mr. L P Algama   | 134,569            | 1.52%         |
| Estate Of The Late Mr. N U Algama                            | 118,845            | 1.34%         |
| Deutsche Bank Ag As Trustee For Jb Vantage Value Equity Fund | 110,697            | 1.25%         |
| United Motors Lanka Plc                                      | 109,883            | 1.24%         |
| The Trustee, Bank Of Ceylon No. 1 Account                    | 77,935             | 0.88%         |
| Almar International (Pvt) Ltd                                | 62,861             | 0.71%         |
| Mr. C R Pandithage   | 51,340             | 0.58%         |
| Mrs. I S Salgado   | 46,000             | 0.52%         |
|  | <b>7,318,571</b>   | <b>82.47%</b> |

## CORPORATE INFORMATION

### Name of the Company

Diesel & Motor Engineering PLC

### Legal Form

A Quoted Public Company with Limited Liability, incorporated in Sri Lanka in 1945.

### Company Registration Number

PQ 146

### Board of Directors

A. R. Pandithage - Dipl. Ing (Chairman, Managing Director)  
A. G. Pandithage - FCMA (Chief Executive Officer)  
A. N. Algama  
S. C. Algama - FIED (SL)  
M .V. Bandara - Postgraduate Certificate (USQ-Aus)  
Dr. H. Cabral- PC, PhD  
B. C. S. A. P. Gooneratne - FCA, MBA (Sri.J)  
P. K. W. Mahendra - B.Eng (University of Greenwich-UK)  
A. M. Pandithage  
S. R. W. M. C. Ranawana - MBA (Warnborough University-UK)  
A. N. Ranasinghe - BSc (Hons) Colombo, FCIM, Chartered Marketer, MBA (PIM)  
R. Seevaratnam- FCA, B.Sc (Lon), FCA (E&W)  
A. D. B. Talwatte - FCMA, FCA, MBA (Sri.J)

### Company Secretary

B. C. S. A. P. Gooneratne - FCA, MBA(Sri.J)

### Registrars

Jacey and Company  
NO.9/5, Thambiah Avenue,  
off Independence Avenue,  
Colombo 07, Sri Lanka

### Audit Committee

A. D. B. Talwatte (Chairman)  
R. Seevaratnam  
Dr. H. Cabral  
A. M. Pandithage

### Remuneration Committee

Dr. H. Cabral (Chairman)  
A. M. Pandithage  
R. Seevaratnam  
A. D. B. Talwatte

### Nomination Committee

Dr. H. Cabral (Chairman)  
A. R. Pandithage  
A. M. Pandithage  
R. Seevaratnam  
A. D. B. Talwatte

### Related Party Transactions Review Committee

R. Seevaratnam (Chairman)  
Dr. H. Cabral  
A. M. Pandithage  
A. D. B. Talwatte

### Group Management Committee

A. R. Pandithage (Chairman)  
A. G. Pandithage  
S. C. Algama  
M .V. Bandara  
B. C. S. A. P. Gooneratne  
R. K. J. Gunasekera  
E. D. C. Kodituwakku  
D.N.K.Kurukulasuriya  
P. K. W. Mahendra  
C. R. Pandithage  
S.R.W.M.C.Ranawana  
A. N. Ranasinghe  
V. Wickramaratne

### Bankers

Bank of Ceylon  
Commercial Bank of Ceylon PLC  
DFCC Vardhana Bank  
Hatton National Bank PLC  
Hong Kong & Shanghai Banking Corporation Ltd.  
Nations Trust Bank PLC  
People's Bank  
Sampath Bank PLC

### Auditors

KPMG  
Chartered Accountants,  
P.O. Box 186,  
No.32A, Sir Mohamed Macan Markar Mawatha,  
Colombo 03, Sri Lanka

### Lawyers

Julius & Creasy  
Attorneys-at-law & Notaries Public  
P.O.Box 154,  
No 41, Janadhipathi Mawatha  
Colombo 01, Sri Lanka

### Registered Office

P.O. Box 339, No. 65, Jetawana Road, Colombo 14,  
Sri Lanka  
Telephone:0094-11- 2449797, 0094-11- 2338883  
Facsimile: 0094-11-2449080  
<http://www.dimolanka.com>  
e-mail: [dimo@dimolanka.com](mailto:dimo@dimolanka.com)