

Sathosa Motors PLC
Interim Financial Statements
For the Period Ended 30th September 2018

SATHOSA MOTORS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30TH SEPTEMBER 2018

Amount in LKR

	Group				Company			
	Quarter Ended 30th September 2018	Quarter Ended 30th September 2017	Six Months Ended 30th September 2018	Six Months Ended 30th September 2017	Quarter Ended 30th September 2018	Quarter Ended 30th September 2017	Six Months Ended 30th September 2018	Six Months Ended 30th September 2017
Revenue	2,185,656,940	1,981,144,000	4,247,296,373	3,834,109,000	1,254,396,495	1,347,132,000	2,473,379,712	2,602,288,000
Sales Taxes- NBT	(3,169,117)	(3,662,000)	(5,662,021)	(6,699,000)	(1,559,337)	(1,895,000)	(2,626,337)	(3,536,000)
Net Revenue	2,182,487,823	1,977,482,000	4,241,634,352	3,827,410,000	1,252,837,158	1,345,237,000	2,470,753,375	2,598,752,000
Cost of Sales	(1,816,247,171)	(1,623,074,000)	(3,573,651,643)	(3,115,160,000)	(992,508,420)	(1,087,426,000)	(2,002,800,172)	(2,049,040,000)
Gross Profit	366,240,652	354,408,000	667,982,709	712,250,000	260,328,738	257,811,000	467,953,203	549,712,000
Other Income	5,136,723	17,329,000	8,450,726	34,119,000	889,664	16,643,000	2,221,714	33,085,000
Administrative Expenses	(200,319,539)	(150,595,000)	(361,032,450)	(287,553,000)	(118,187,196)	(72,330,000)	(204,095,350)	(129,745,000)
Other operating expenses	(2,000)	-	(67,065)	(2,000)	-	-	-	-
Selling & Distribution Expenses	(18,814,695)	(21,199,000)	(36,980,755)	(41,099,000)	(2,805,972)	(12,132,000)	(10,665,218)	(24,213,000)
Operating Profit	152,241,141	199,943,000	278,353,165	417,715,000	140,225,234	189,992,000	255,414,349	428,839,000
Finance Expenses	(87,527,987)	(46,492,000)	(147,745,733)	(72,771,000)	(56,251,566)	(17,660,000)	(73,735,522)	(23,305,000)
Profit before Tax	64,713,154	153,451,000	130,607,432	344,944,000	83,973,668	172,332,000	181,678,827	405,534,000
Income Tax Expenses	(27,002,341)	(44,174,000)	(50,870,072)	(105,147,000)	(27,002,341)	(44,175,000)	(50,870,072)	(105,147,000)
Net Profit for the period	37,710,813	109,276,000	79,737,360	239,797,000	56,971,327	128,157,000	130,808,755	300,387,000
Other Comprehensive Income								
Items that will not be reclassified to profit or loss								
Employee benefit plan Actuarial gain	-	-	-	-	-	-	-	-
Related tax	-	-	-	-	-	-	-	-
Total comprehensive Income	37,710,813	109,276,000	79,737,360	239,797,000	56,971,327	128,157,000	130,808,755	300,387,000
Total comprehensive income attributable to								
Equity holders of the parent	47,341,070	118,714,000	105,273,058	270,092,000	56,971,327	128,157,000	130,808,755	300,387,000
Non -controlling interest	(9,630,257)	(9,438,000)	(25,535,698)	(30,295,000)	-	-	-	-
	37,710,813	109,276,000	79,737,360	239,797,000	56,971,327	128,157,000	130,808,755	300,387,000
Basic Earnings Per Share	7.85	19.68	17.45	44.76	9.44	21.24	21.68	49.79

The Accounting Policies and Notes form an integral part of these Financial Statements.
Figures in brackets indicate deductions.
Above figures are subject to audit.

SATHOSA MOTORS PLC				
STATEMENT OF FINANCIAL POSITION				
AS AT 30TH SEPTEMBER 2018				
Amount in LKR				
As at	Group		Company	
	30.09.2018	31.03.2018	30.09.2018	31.03.2018
	Unaudited	Audited	Unaudited	Audited
ASSETS				
Non-Current Assets				
Property Plant & Equipment	1,168,362,677	973,084,493	833,394,377	666,279,353
Intangible Assets	34,079,627	2,630,357	33,929,820	1,858,246
Prepaid Lease Payments	45,671,878	53,960,009	8,171,879	8,960,010
Investment in Subsidiary	-	-	264,940,082	264,940,092
Investment in Debentures	652,335,258	655,877,464	652,335,258	655,877,464
Total Non Current Assets	1,900,449,440	1,685,552,323	1,792,771,416	1,597,915,165
Current Assets				
Inventories	2,360,314,881	2,086,217,477	786,458,901	1,035,781,854
Trade and Other Receivables	1,864,068,852	1,492,343,995	1,212,903,926	632,153,372
Amount due from Related Parties	74,924,609	24,328,669	790,351	5,553,492
Cash and Cash Equivalents	198,218,912	93,521,637	81,676,890	81,677,251
Total Current Assets	4,497,527,254	3,696,411,778	2,081,830,068	1,755,165,969
Total Assets	6,397,976,694	5,381,964,101	3,874,601,484	3,353,081,134
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Stated Capital	115,924,290	115,924,290	115,924,290	115,924,290
Retained Earnings	1,586,470,455	1,481,197,397	1,611,005,654	1,480,196,899
Equity attributable to equity holders of the parent	1,702,394,745	1,597,121,687	1,726,929,944	1,596,121,189
Non controlling interest	249,415,118	274,950,815	-	-
Total Equity	1,951,809,863	1,872,072,502	1,726,929,944	1,596,121,189
Non Current Liabilities				
Deferred Grants	5,923,485	5,923,485	5,923,485	5,923,485
Loans and borrowings	94,125,134	108,405,134	-	-
Employee Benefits	36,217,125	35,215,674	25,595,792	24,594,341
Deferred Tax Liability	23,777,060	23,777,090	21,955,137	21,955,167
Total Non Current Liabilities	160,042,804	173,321,383	53,474,414	52,472,993
Current Liabilities				
Trade and Other Payables	1,110,002,355	1,018,459,269	158,896,387	511,759,120
Amount due to Related Parties	232,488,872	160,814,724	25,734,330	26,353,970
Loans and borrowings	2,596,169,320	2,018,545,626	1,814,718,060	1,084,650,898
Unclaimed Dividends	4,174,360	4,525,028	4,174,360	4,525,028
Current Tax Payable	8,215,310	60,074,071	6,319,846	58,178,606
Bank Overdraft	335,073,810	74,151,498	84,354,143	19,019,330
Total Current Liabilities	4,286,124,027	3,336,570,216	2,094,197,126	1,704,486,952
Total Liabilities	4,446,166,831	3,509,891,599	2,147,671,540	1,756,959,945
Total Equity and Liabilities	6,397,976,694	5,381,964,101	3,874,601,484	3,353,081,134
Net Asset per Share	282.15	264.70	286.22	264.54

The Accounting Policies and Notes form an integral part of these Financial Statements.

The Financial Statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.

Signed

Indrajeewa Alahapperuma

General Manager- Finance

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

Approved and signed for and on behalf of the Board of Directors of Sathosa Motors PLC.

Signed

Eshan Coorey

Director/COO

Signed

Tilak Dias Gunasekera

Managing Director

30th October 2018

Colombo

SATHOSA MOTORS PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30TH SEPTEMBER 2018

Amount in LKR

Group	Attributable to Equity Holders of the Parent			Non controlling interest	Total Equity
	Stated Capital	Retained Earnings	Total		
Balance as at 1st April 2017	115,924,290	1,365,109,746	1,481,034,036	178,113,389	1,659,147,425
Profit for the Period	-	270,092,000	270,092,000	(30,295,000)	239,797,000
Right issue	-	-	-	99,970,000	99,970,000
Dividends paid	-	(30,169,000)	(30,169,000)	-	(30,169,000)
Balance as at 30th September 2017	115,924,290	1,605,032,746	1,720,957,036	247,788,389	1,968,745,425
Balance as at 1st April 2018	115,924,290	1,481,197,397	1,597,121,687	274,950,815	1,872,072,502
Profit for the Period	-	105,273,058	105,273,058	(25,535,698)	79,737,361
Balance as at 30th September 2018	115,924,290	1,586,470,455	1,702,394,745	249,415,118	1,951,809,863

Company

	Stated Capital	Retained Earnings	Total Equity
Balance as at 1st April 2017	115,924,290	1,351,966,408	1,467,890,698
Profit for the Period	-	300,387,000	300,387,000
Dividends paid	-	(30,169,000)	(30,169,000)
Balance as at 30th September 2017	115,924,290	1,622,184,408	1,738,108,698
Balance as at 1st April 2018	115,924,290	1,480,196,899	1,596,121,189
Profit for the Period	-	130,808,755	130,808,755
Balance as at 30th September 2018	115,924,290	1,611,005,654	1,726,929,944

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Above figures are subject to Audit.

SATHOSA MOTORS PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2018

For the Six Months Ended 30th September,	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	130,607,432	344,944,000	181,678,827	405,534,000
Adjustments to reconcile profit before tax to net cash flows generated from operations:				
Depreciation & amortization	62,808,876	56,474,000	22,182,466	15,130,000
Provision for Employee Benefits	1,750,808	1,609,000	1,750,808	1,609,000
Profit on sale of Property, Plant & Equipment	(2,277,512)	-	-	-
Net Finance Cost	147,745,733	72,771,000	73,735,522	23,305,000
Write off of bad debts	42,260,550	-	42,260,550	-
	382,895,887	475,798,000	321,608,173	445,578,000
Working Capital Adjustments:				
(Increase)/Decrease in Inventories	(274,097,404)	200,158,000	249,322,953	468,666,000
Increase in Trade and Other Receivables	(413,985,437)	(1,236,124,000)	(623,011,124)	(897,879,000)
(Increase)/Decrease in Related Party Receivables	(50,595,940)	(2,916,000)	4,763,141	(1,169,000)
Increase/(Decrease) in Trade and Other Payables	91,192,418	(316,932,000)	(353,213,401)	(353,987,000)
Increase/ (Decrease) in Related Party Payables	71,674,148	2,240,000	(619,640)	2,000
Cash Flows Used in Operating activities	(192,916,329)	(877,776,000)	(401,149,899)	(338,789,000)
Income Tax Paid	(102,728,832)	(32,311,000)	(102,728,832)	(32,311,000)
Gratuity Paid	(749,357)	(1,312,000)	(749,357)	(1,312,000)
Net Cash Flows used in Operating Activities	(296,394,518)	(911,399,000)	(504,628,088)	(372,412,000)
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES				
Purchase of Property, Plant & Equipment	(248,009,135)	(28,715,000)	(187,341,870)	(26,948,000)
Purchase of Intangible Assets	(33,239,064)	-	(33,239,064)	-
Investment in Subsidiary	-	-	-	(99,970,000)
Consideration on maturity of investment in debentures	2,560,000	-	2,560,000	-
Interest received	34,848,699	12,738,000	34,007,066	12,738,000
Proceeds from Sale of Property, Plant & Equipment	2,277,512	-	-	-
Net Cash flows Generated from /(Used in) Investing Activities	(241,561,988)	(15,977,000)	(184,013,868)	(114,180,000)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Net proceeds from borrowings	563,343,693	255,057,000	730,067,162	(74,000,000)
Interest paid	(181,612,226)	(72,771,000)	(106,760,382)	(23,305,000)
Proceed from issue of shares	-	99,970,000	-	-
Dividends Paid to Equity Holders of the Parent	-	(30,169,000)	-	(30,169,000)
Net Cash Flows From / (used in) Financing Activities	381,731,467	252,087,000	623,306,780	(127,474,000)
Net Decrease in Cash and Cash Equivalents	(156,225,038)	(675,289,000)	(65,335,175)	(614,066,000)
Cash & Cash Equivalents at the beginning of the period	19,370,140	(18,579,000)	62,657,922	(1,722,000)
Cash & Cash Equivalents at the end of the period	(136,854,898)	(693,868,000)	(2,677,253)	(615,788,000)

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Above figures are subject to Audit.

SATHOSA MOTORS PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2018

01 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRS and LKAS (hereafter referred as “SLFRS”), as issued by the Institute of Chartered Accountants of Sri Lanka. Accordingly the Interim Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standard - LKAS 34 – Interim Financial Reporting.

There were no changes to the Accounting Policies and method of computation since, publication of Annual Report for the year ended 31 March 2018.

02 Related Party Transactions

	Group		Company	
	2018	2017	2018	2017
For the period ended 30 September,	Rs.	Rs.	Rs.	Rs.
Transactions with related parties				
Construction of Peliyagoda building	(150,531,902)	-	(150,531,902)	-
Sale of goods & services	202,875,404	7,145,477	742,220	7,017,838
Purchase of goods & services	(6,950,311)	(8,111,173)	(211,985)	(397,479)
Right issue	-	-	-	(99,970,031)
Debenture interest accrued	8,934,413	-	8,934,413	-
Purchase of Assets	-	(10,120)	-	(10,120)

03 Events after the Reporting Period

There have been no events subsequent to the reporting period, which would have any material effect on the Company's or on the Group's Financial Statements.

SATHOSA MOTORS PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2018

04 <u>Business Segment</u>	<u>Group</u>						<u>Rs.000</u>	
	<u>Work Shop Repairs</u>		<u>Vehicle Sales</u>		<u>Spare Part Sales</u>		<u>Group</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Six Months Period Ended 30th September,								
Revenue	151,951	190,376	3,767,289	3,324,560	328,056	319,173	4,247,296	3,834,109
Sales Taxes- NBT	(2,561)	(3,144)	(71)	(381)	(3,030)	(3,174)	(5,662)	(6,699)
Total Revenue from External	149,390	187,232	3,767,218	3,324,179	325,026	464,591	4,241,634	3,827,410
Segment Results	57,452	73,969	534,232	559,676	76,298	78,605	667,983	712,250
Other Income							8,451	34,119
Administrative & other expenses							(398,080)	(328,654)
Operating profit							278,353	417,715
Net finance expenses							(147,746)	(72,771)
Profit before tax							130,607	344,944
Income Tax Expenses							(50,870)	(105,147)
Net profit for the period							79,737	239,797
Capital expenditure							281,248	28,715
Depreciation & amortization							62,809	56,474

<u>Business Segment</u>	<u>Company</u>						<u>Rs.000</u>	
	<u>Work Shop Repairs</u>		<u>Vehicle Sales</u>		<u>Spare Part Sales</u>		<u>Company</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Six Months Period Ended 30th September,								
Revenue	105,604	141,418	2,249,370	2,339,375	118,406	121,495	2,473,380	2,602,288
Sales Taxes- NBT	(1,669)	(2,198)	-	(123)	(957)	(1,215)	(2,626)	(3,536)
Total Revenue from External	103,935	139,220	2,249,370	2,339,252	117,449	120,280	2,470,753	2,598,752
Segment Results	52,318	67,619	362,783	429,380	52,852	52,713	467,953	549,712
Other Income							2,222	33,085
Administrative & other expenses							(214,761)	(153,958)
Operating profit							255,414	428,839
Net finance expenses							(73,736)	(23,305)
Profit before tax							181,679	405,534
Income Tax Expenses							(50,870)	(105,147)
Net profit for the period							130,809	300,387
Capital expenditure							220,581	26,948
Depreciation & amortization							22,182	15,130

Figures in brackets indicate deductions.
The above figures are subject to Audit.

SATHOSA MOTORS PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2018

05 Share Information

05.1 Public Share Holdings

The percentage of shares held by the public as at 30th September 2018 was 15.462% comprising of 1,132 shareholders.

05.2 Directors Share Holdings

The number of shares held by the Board of Directors as at 30th September 2018 are as follows:

	Number of Shares	%
Mr. T D Gunasekara	5,875	0.097
Mr. M M N De silva	1,100	0.018

Mr. S J S Perera, Mr. J C Joshua, Mr. S D Munasinghe, Mr. S H S Mendis, Mr. D A R Fernando, Mr. W A C O Wijesinghe, Mr. E S Coorey, Mr. R S Dahanayake (appointed as an independent Non-Executive Director of the Company with effect from 14th August 2018) who are directors of the company did not hold any share of the Company as at 30th September 2018.

05.3 Twenty largest shareholders of the company as at 30th September 2018 are as follows.

	Number of Shares	%
1 ACCESS ENGINEERING PLC	5,093,745	84.423
2 LAKSHMANS HOUSING AND CONSTRUCTION CO (PVT) LTD	621,904	10.307
3 MR M MAHIBALAN	33,741	0.559
4 BANK OF CEYLON NO. 1 ACCOUNT	13,197	0.219
5 MR N A N D GUNASEKARA	6,000	0.099
6 MR R D LEELARATNA	5,977	0.099
7 HATTON NATIONAL BANK PLC/ TILAK DIAS GUNASEKARA	5,875	0.097
8 MR. U I SURIYABANDARA	5,221	0.087
9 MRS. A N HERATH AND MRS N E HERATH	5,000	0.083
10 MR K C VIGNARAJAH	4,208	0.070
11 MR.G C GOONETILLEKE	4,050	0.067
12 MR. R D U A RANAMUKA	4,000	0.066
13 MR A H MUNASINGHA	3,598	0.060
14 MR S GOWRISANGAR	3,300	0.055
15 TEA CEYLON INVESTMENTS (PVT) LTD	2,850	0.047
16 MRS S A KALEEL	2,500	0.041
17 MR L M DIAS	2,400	0.040
18 MR P K SAMBASIVAM	2,260	0.037
19 MR N I WIKRAMANAYAKE & MR S N WIKRAMANAYAKE	2,206	0.037
20 MRS R R RUMY	2,059	0.034
SUB TOTAL	5,824,091	96.53
OTHERS	209,531	3.47
Total	6,033,622	100.00

05.4 Stated Capital

Stated Capital is represented by number of shares in issue as given below.

As at 30th September	2018	2017
Ordinary Shares	6,033,622	6,033,622

05.5 Market Price Per Share

	2018/19 Q2	2017/18 Q2
Highest	479.00	349.80
Lowest	300.00	250.10
Last Traded	430.00	300.00

05.6 Market Capitalization

The float adjusted market capitalization of the company as at 30th September 2018 is Rs. 401,147,860.00

Ordinary voting shares of Sathosa Motors PLC have been transferred from Main Board to Diri Savi Board, with effect from 02nd July 2018.

The float adjusted market capitalization of the company falls under Option 2 of rule 7.13.1 (b) of the listing rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

SATHOSA MOTORS PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2018

CORPORATE INFORMATION

Name of Company

Sathosa Motors PLC

General Office/Business Address

No. 25, Vauxhall Street

Colombo 02.

Tel: +94 11 2432858, 94 11 2431568, 94 11 2331621

Fax: +94 11 2446129

Web: www.sathosamotorsplc.com

Legal Form

A Public Limited Liability Company incorporated in Sri Lanka on 11th March 1982 under the Companies Ordinance No. 51 of 1938 and re-registered under the Companies Act No. 07 of 2007.

Listed on the Colombo stock exchange on 07th November 1993

Company Registration Number

PQ105

Bankers

Bank of Ceylon

Sampath Bank PLC

Hatton National Bank PLC

Commercial Bank of Ceylon PLC

DFCC Bank PLC

People's Bank

National Development Bank PLC

Secretaries & Registrars

P W Corporate Secretarial (Private) Limited

No 3/17, Kynsey Road

Colombo 08.

Tel: +94 11 4640360

Fax: +94 11 4740588

Auditors

Messrs. KPMG

Chartered Accountants

32A, Sir Mohamed Macan Markar Mawatha,

Colombo 03.

Tel: +94 11 2426426

Fax: +94 11 2445872