



# CM Holdings PLC

Annual Report 2019 | 2020



## Contents

Chairman's Review	2
Board of Directors	3
Corporate Governance	4
Audit Committee Report	7
Remuneration Committee Report	8
Related Party Transactions Review Committee Report	9
Annual Report of the Board of Directors	10

## Financial Reports

Independent Auditors' Report	14
Consolidated Statement of Financial Position	18
Consolidated Income Statement	19
Consolidated Statement of Comprehensive Income	20
Consolidated Statement of Changes in Equity	21
Consolidated Statement of Cash Flows	22
Notes to the Consolidated Financial Statements	23
Share Information	93
Three Year Summary-Group	95
Notice of Meeting	96
Notes	102
Form of Proxy	103
Corporate Information	Inner Back Cover

## Chairman's Review

On behalf of the Board of Directors it gives me great pleasure to welcome you to the Company's 108th Annual General Meeting and present the Annual Report and Audited Financial Statements of the Company for the year ended 31st March 2020.

The automobile industry has been severely impacted by the twin shocks of the Easter Sunday terrorist attacks and the Covid-19 pandemic. The first incident resulted in a substantial tightening of the taxation policy with regard to motor vehicles and the latter resulting in a complete ban on the importation of motor vehicles into Sri Lanka. The culmination of the above drastically impacted the performance of your Group including the vehicle sales and the vehicle aftersale segments. Further, GDP growth moderated to 2.3% in 2019 compared to 3.3% in the previous year reflecting subdued consumer and investor sentiments combined with political uncertainty, unprecedented currency devaluation and a fall in price indices and market capitalization in the Colombo Stock Exchange.

Amidst such unprecedented challenges taking place all around us, the Group recorded a revenue of Rs. 814 Million for the year under review, a drop of 50% over the previous year's achievement of Rs. 1,627 Million. This is mainly attributable to the loss of revenue generated from vehicle and spare part sales which resulted from the disposal of the Group's fully owned subsidiary, KIA Motors (Lanka) Limited in August 2019. However, I am pleased to note that the operating losses of the Group reduced to Rs. 95 Million for the year under review compared to Rs. 373 Million in the prior year mainly due to the stringent cost reduction model adopted to streamline our operational expense base against the previous year coupled with the disposal gain generated through the sale of KIA Motors (Lanka) Limited reflected in other income. Further on the positive side, rental income of the Holding Company substantially improved by Rs. 25 Million with the letting out of more of the Company's commercial space available for rent. Consequent to the above, the Group concluded the year with a pre - tax loss of Rs.223 Million compared to Rs.590 Million reported in the previous year.

However, the Group's share trading activity through its diverse portfolio of shares listed in the Colombo Stock Exchange was heavily affected by the market volatilities prevailed during the year under review. The Colombo Stock market has been on an overall downward trend during 2019 although a modest improvement was reflected during the second quarter of 2019 due to presidential elections. Thus, the ASPI and S&P SL 20 index both declined considerably by 18% and 28% respectively during the financial year which triggered an adverse impact on the movement of the Group's investment portfolio.

Under the present state of the industry the Directors are of the view that the payment of dividends should be deferred until a clearer picture of the future of the industry emerges.

I believe 2021 will be a year of mixed fortunes for Sri Lanka automobile industry given headwinds from weakening domestic growth and many negative externalities precipitated in the economy. In this context, the Group needs to take a firm grasp of the opportunities to realign and relaunch our strategy to survive and to emerge as a strong player in this industry.

In conclusion, I wish to extend my sincere appreciation to my colleagues on the Board for their wise counsel and guidance in determining the strategic direction of the Group. I am humbled by the loyalty of our treasured employees, customers, many business partners and our valued shareholders for their trust and confidence placed in our business as we forge ahead in our endeavors.

**A Rajaratnam**  
Chairman

3<sup>rd</sup> December 2020

## Board of Directors

### **A. Rajaratnam**

#### **Chairman**

FCA

Mr. A. Rajaratnam joined the Board in 1998 and was appointed Chairman in the year 2004. He serves as Chairman of The Colombo Fort Land & Building PLC (CFLB) and on the Boards of several listed and unlisted Companies within the CFLB Group in addition to holding other Directorships within the Group.

### **S.D.R. Arudpragasam**

#### **Deputy Chairman**

FCMA (UK)

Mr. S.D.R. Arudpragasam joined the Board in 1999 and was appointed Deputy Chairman in November, 2012. He serves as Chairman of several subsidiaries of The Colombo Fort Land and Building PLC (CFLB) including Chairman, Lankem Ceylon PLC and Chairman/Managing Director of E.B. Creasy & Company PLC. He holds the position of Deputy Chairman of The Colombo Fort Land and Building PLC, in addition to holding other Directorships within the CFLB Group.

### **Dr. J.M. Swaminathan**

#### **Director**

Attorney-at-Law, LLB (Ceylon), LLM, M. Phil. (Colombo) and LLD (Honoris Causa)

Dr. J.M. Swaminathan is an Attorney-at-Law with over 55 years in practice. He was the former Senior Partner of Messrs. Julius & Creasy. He is a Member of the Office for Reparations Sri Lanka. He has served as a Member of the Law Commission of Sri Lanka and Member of the Council of Legal Education and the Council of the University of Colombo. He is also a Member of the Company Law Advisory Commission and The Intellectual Property Law Advisory Commission. He is the Chairman of the Studies of the Council of Legal Education and also a Consultant at the Institute of Advanced Legal Studies of the Council of Legal Education. He is a Member of the Visiting Faculty of the LLM Course of the University of Colombo. He also serves on the Boards of several public and private Companies.

### **A.M. de S. Jayaratne**

#### **Director**

B.Sc. (Econ), FCA (Eng. and Wales), FCA (ICASL)

Mr. A.M. de S. Jayaratne having joined the Board in 1981 was appointed Chairman in 1998. He resigned in the year 2003 and rejoined the Board in 2005. He is a former Chairman of Forbes & Walker Ltd, Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission. He also served as Sri Lanka's High Commissioner in Singapore. Mr. Jayaratne is a Director of several listed and unlisted Companies.

### **S. Rajaratnam**

#### **Director**

B.Sc., CA

Mr. Sanjeev Rajaratnam was appointed to the Board in the year 2007. He holds a Bachelor of Science Degree in Business Administration from Boston College, U.S.A. and is a member of the Institute of Chartered Accountants in Australia. He has been associated with overseas Companies in the field of Finance and currently holds the position of Joint Managing Director of E.B. Creasy & Company PLC amongst other Directorships.

### **Anushman Rajaratnam**

#### **Director**

B.Sc. (Hons.), CPA, MBA

Mr. Anushman Rajaratnam was appointed to the Board in October 2013. He joined the Board of Lankem Ceylon PLC in 2005 and served as the Company's Managing Director from 2009 until December 2016. He relinquished that position in December 2016 to take up the role as the Group Managing Director of The Colombo Fort Land & Building PLC in January 2017. In addition, he serves on the board of several subsidiary Companies of the CFLB Group. Prior to joining the CFLB Group, he worked overseas for a leading global Accountancy Firm.

## Corporate Governance

The business and affairs of the Company and its subsidiaries are managed and directed with the objective of balancing the attainment of corporate objectives with the alignment of corporate behaviour within the legal good governance framework of the industry and the country and also the accountability to shareholders and responsibility to other stakeholders.

### Board

#### Composition of the Board

The Directors are from varied business and professional backgrounds. Their expertise enables them to exercise independent judgement and their views carry substantial weight in decision making. The Board currently comprises of six Non-Executive Directors of whom two are Independent. These Directors are listed below:

Mr. A. Rajaratnam	- Chairman - Non-Executive
Mr. S.D.R. Arudpragasam	- Deputy Chairman - Non- Executive
Dr. J.M. Swaminathan	- Independent Non-Executive
Mr. A.M. de S. Jayaratne	- Independent Non-Executive
Mr. S. Rajaratnam	- Non- Executive
Mr. Anushman Rajaratnam	- Non Executive

The Board met four times during the year and in addition to Board Meetings, matters are referred to the Board and decided by Resolutions in Writing.

The number of Meetings of the Board and the individual attendance by members is shown below:

Total number of Meetings held : 4

Name of Director	Directorship Status	Board Meetings Attended
Mr. A. Rajaratnam	Chairman - Non-Executive	1/4
Mr. S.D.R. Arudpragasam	Deputy Chairman - Non-Executive	4/4
Dr. J.M. Swaminathan	Independent Non-Executive	2/4
Mr. A.M. de S. Jayaratne	Independent Non-Executive	4/4
Mr. S. Rajaratnam	Non- Executive	3/4
Mr. Anushman Rajaratnam	Non Executive	4/4

The Non-Executive Directors have submitted their declarations of their Independence or Non Independence to the Board of Directors.

#### Independent Non- Executive Directors

Dr. J.M. Swaminathan has served on the Board of the Listed Entity and on the Board of a certain subsidiary of the Listed Entity for more than nine years. He also serves on the Boards of certain subsidiaries of C M Holdings PLC Where, a majority of the Directors of the Company are on the Boards of the subsidiaries. However the Board having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for Defining Independence, is of the opinion that Dr. J.M. Swaminathan is nevertheless Independent.

Mr. A.M. de S. Jayaratne is a Director of the Parent Company The Colombo Fort Land & Building PLC (CFLB) and has served on its Board, the Board of the Listed Entity and on the Board of a certain subsidiary of the Listed Entity for more than nine years. He also serves on the Boards of certain subsidiaries of C M Holdings PLC where a majority of the Directors of the Company are on the Boards of the subsidiary Companies. However, the Board having taken into consideration all other circumstances listed in the Rules pertaining to the Criteria for Defining Independence, is of the opinion that Mr. A.M. de S. Jayaratne is nevertheless Independent.

#### Decision Making of the Board

The Board is responsible for:

- Determining the strategic direction of the Company and also setting the corporate values.
- Implementation and monitoring of business strategy of the Company.
- Ensuring of an effective internal control system and a proactive risk management system.
- Ensuring compliance with ethical, legal, health, environment and safety standards.
- Approval of Interim and Annual Financial Statements.
- Approval of budgets, corporate plans, major capital investments, divestments and acquisitions

### Company Secretaries and Independent Professional Advice

The Company and all the Directors may seek advice from Corporate Managers & Secretaries (Private) Limited who are qualified to act as Secretaries as per the provisions of the Companies Act No. 07 of 2007. Advice is also sought from independent external professionals whenever the Board deems it necessary.

### Independent Judgment

The Board is committed to exhibit high standards of integrity and independence of judgment. Each Director dedicates the time and effort necessary to carry out his responsibilities.

### Financial Acumen

The Board includes five Finance Professionals who possess the knowledge and the competence to offer the Board the necessary guidance on matters of finance.

### Nomination Committee and Appointments to the Board

New Directors are proposed for appointment by the Nomination Committee in consultation with the Chairman of the Company and in keeping with the provisions of the Articles of Association of the Company and in compliance with the rules on corporate Governance.

The details of new appointments to the Board are made available to the shareholders by making announcements to the Colombo Stock Exchange.

The Company's Nomination Committee comprises of Dr. J.M. Swaminathan, Chairman, Mr. A.M. de S. Jayaratne, Independent Non-Executive Directors and Mr. S.D.R. Arudpragasam, Non-Executive Director.

### Re-election of Directors

In terms of the Articles of Association any Director appointed by the Board holds office until the next Annual General Meeting at which he seeks re-election by the Shareholders.

The Articles of Association require one third or a number nearest to one third of the Directors in office to retire at each Annual General Meeting. The Directors to retire in each year are those who have been longest in office since their last election or appointment. Retiring Directors are eligible for re-election by the Shareholders.

A Director appointed to the office of Chairman, Managing or Joint Managing Director shall not whilst holding that office be subject to retirement by rotation.

### Directors' Remuneration

#### Remuneration Committee

The Remuneration Committee comprises of Dr. J.M. Swaminathan, Chairman, Mr. A.M. de S. Jayaratne, Independent Non-Executive Directors and Mr. S.D.R. Arudpragasam, Non-Executive Director.

The Remuneration Committee Report is set out on page 08 of this Report.

#### Disclosures

Aggregate remuneration paid to Directors is disclosed in Note 24 to the Financial Statements on page 82

### Relationship With Shareholders

#### Constructive use of AGM / General Meetings

The Board considers the Annual General Meeting/ General Meetings an opportunity to communicate with shareholders and encourages their participation. Questions raised by the shareholders are answered and an appropriate dialogue is maintained with them.

#### Major Transactions

There have been no transactions during the year under review which falls within the definition of 'Major Transactions' as set out in the Companies Act No. 07 of 2007.

#### Others

The Company's principal communicator with all its stakeholders is its Annual Report and Quarterly Financial Statements.

### Accountability and Audit

#### Financial Reporting

The Board places emphasis on complete disclosure of financial and non- financial information within the bounds of commercial reality. This enables both existing and prospective shareholders to make fair assessment on the Company's performance and future prospects. The Financial Statements are prepared in accordance with Sri Lanka Accounting Standards.

#### Disclosures

The Annual Report of the Board of Directors is given on pages 10 to 12 in this Report. The Auditors' Report on the Financial Statements is given on pages 14 to 17 of the Report.

## Corporate Governance

### **Going Concern**

The Directors are of the belief that the Company is capable of operating in the foreseeable future after adequate assessment of the Company's financial position and resources. Therefore, the Going Concern principle has been adopted in the preparation of these Financial Statements.

However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time frame.

### **Audit Committee**

The Audit Committee Report is set out on page 07 of this Report.

### **Related Party Transactions Review Committee**

The Related Party Transactions Review Committee Report is set out on page 09 of this Report.

### **Internal Control**

The Board of Directors is responsible for the Company's system of internal controls and for reviewing its effectiveness. The system is designed to safeguard assets against unauthorized use or disposal and to ensure that proper records are maintained. It includes all controls including financial, operational and compliance controls and risk management.

However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time frame.



## Audit Committee Report

The Audit Committee Report focuses on the activities of the Company for the year under view, which the Audit Committee has reviewed and monitored so as to provide an additional assurance on the reliability of the financial statements.

### Composition

The Audit Committee comprises of three Non-Executive Directors of whom two are independent. The names of the members are set out below.

Mr. A.M. de S. Jayaratne	- Chairman - Independent Non- Executive Director
Dr. J.M. Swaminathan	- Member - Independent Non- Executive Director
Mr. S.D.R. Arudpragasam	- Member - Non- Executive Director

The Committee Members have a blend of experience in the commercial sector, audit exposure, corporate law and business acumen to carry out their role efficiently and effectively. The Committee consists of two finance professionals.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited functions as the Secretaries to the Audit Committee.

### Role of the Audit Committee

The Audit Committee acts as the advisory to the Board and its main objective is to assist the Board of Directors by giving recommendations to ensure that the Company follows best practices in line with best Corporate Governance practices. The Committee is responsible for ensuring a sound financial reporting system adhering to relevant accounting standards and principles, adequacy of internal controls and risk control measures, efficient management reporting systems and adherence to other statutory requirements. In fulfilling this role the Audit Committee is empowered to examine the financial records of the Company and other communications as necessary in order to ensure that the Company adheres to accepted norms of ethical guidelines, rules and regulations. The Audit Committee recommends the appointment of external Auditors ensuring independence and maintains a close professional relationship with them. The Committee also recommends the fees payable to external Auditors.

### Meetings and Attendance

The Audit Committee has met on 05 occasions during the financial year ended 31st March, 2020 and the attendance was as follows:

Mr. A. M. de S. Jayaratne – Chairman	– 5/5
Dr. J. M. Swaminathan	– 4/5
Mr. S. D. R. Arudpragasam	– 4/5

Other members of the Board and Managers from Corporate Managers & Secretaries (Private) Limited are invited to attend meetings as and when required. The proceedings of the Audit Committee are regularly reported to the Board.

### External Audit

The Company has appointed PricewaterhouseCoopers as its External Auditors and the services provided by them are segregated between audit/ assurance services and other advisory services such as tax consultancy.

PricewaterhouseCoopers has also issued a declaration as required by the Company's Act No. 07 of 2007 that they do not have any relationship or interest in any of the Companies in the Group, which may have a bearing on the independence of their role as Auditors.

The Committee after evaluating the independence and performance of the External Auditors has recommended to the Board the reappointment of Messrs. PricewaterhouseCoopers for the financial year ending 31st March, 2021 subject to the approval of the Shareholders at the Annual General Meeting of the Company.

(Sgd.)

**A.M. de S. Jayaratne**

*Chairman - Audit Committee*

3<sup>rd</sup> December 2020

## Remuneration Committee Report

The Remuneration Committee of C M Holdings PLC comprise of the following members.

Dr. J.M. Swaminathan - Chairman - Independent Non-Executive  
Mr. A.M. de S. Jayaratne - Member - Independent Non-Executive  
Mr. S.D.R. Arudpragasam - Member - Non-Executive

The main function of the Remuneration Committee is to assist the Board in developing and administering an equitable and transparent method for setting policy on the overall human resources strategy of the Group and the remuneration of Directors and senior management of the Group.

The key objective of the Committee is to attract, motivate and retain qualified and experienced personnel throughout the Group and to ensure that the remuneration of Executives at each level of management is competitive and are rewarded in a fair manner based on their performance.

*(Sgd.)*

**Dr. J.M. Swaminathan**

*Chairman Remuneration Committee*

3<sup>rd</sup> December 2020

## Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee is entrusted with the responsibility of ensuring that the interest of the Shareholders, are taken into consideration when entering into Related Party Transactions.

### Composition

The Related Party Transactions Review Committee of the Parent Company, The Colombo Fort Land & Building PLC (CFLB) functions as the Company's Related Party Transactions Review Committee which comprises of the following members:

Mr. R. Seevaratnam - Chairman  
Independent Non-Executive Director, CFLB

Mr. A.M. de S. Jayaratne - Member  
Independent Non-Executive Director, CFLB

Mr. S.D.R. Arudpragasam - Member  
Non- Executive Director, CFLB

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited, functions as the Secretaries to the Related Party Transactions Review Committee.

Further, Representatives from Corporate Managers & Secretaries (Private) Limited, Managers & Secretaries and other Directors and senior management personnel are invited to the meetings as and when required.

### Meetings of the Committee

The Related Party Transactions Review Committee has met on 3 occasions in respect of C M Holdings PLC during the financial year ended 31st March, 2020 and the attendance was as follows:

Mr. R. Seevaratnam – Chairman	- 2/3
Mr. A.M. de S. Jayaratne	- 3/3
Mr. S.D.R. Arudpragasam	- 2/3

Further during the said period, on five occasions the RPTRC has reviewed and recommended Related Party Transactions in respect of C M Holdings PLC by Resolutions in Writing which the Committee for the purpose hereof construe as equivalent to meetings being held.

The activities and views of the Committee would be communicated on a regular basis to the Board of Directors by tabling the Minutes of the Committee Meetings at Meetings of the Board.

### Functions of the Committee

- To identify the persons/entities considered to be Related Parties.
- Review all proposed Related Party Transactions. ( Except for transactions which are exempted)
- Advise Management on Related Party Transactions and where necessary direct the transactions for Board approval / Shareholder approval as deemed appropriate.
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.
- Establish guidelines for Senior Management to follow in ongoing dealings with Related Parties.
- Review and assess on an annual basis the transactions for Compliance against the Committee guidelines.

### Conclusion

The Related Party Transactions Review Committee has reviewed the Related Party Transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.

Related Party Transactions will be reviewed and disclosed in a manner consistent with the Listing Rules. The Committee is free to seek external professional advice on matters within their purview when necessary.

The Board of Directors have also declared in the Annual Report that there were no recurrent or non-recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of the Listing Rules of the Colombo Stock Exchange and that the Company has complied with the requirements of the Listing Rules on Related Party Transactions.

(Sgd.)

**R. Seevaratnam**

*Chairman - Related Party Transactions Review Committee*

3<sup>rd</sup> December 2020

## Annual Report of the Board of Directors

The Board of Directors of C M Holdings PLC present their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2020.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, and the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

### General

The Company was re-registered on 1st July, 2008 as required under the Companies Act No. 07 of 2007.

### Principal Activities /Business Review

The principal activities of the Company together with those of its subsidiary Companies are given in Note 01 to the Financial Statements on page 23. A review of the Company's business and its performance during the year with comments on financial results is contained in the Chairman's Review which together with the financial statements reflects the state of affairs of the Company.

The Directors to the best of their knowledge and belief confirm that the Company has not engaged in any activities that contravene laws and regulations.

### Financial Statements

The Financial Statements of the Company and the Group are given on pages 18 to 92.

### Auditors' Report

The Auditors' Report on the Financial Statements is given on pages 14 to 17.

### Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 24 to 40.

### Interest Register

#### Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192(2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 31 to the Financial Statements on pages 86 to 91

### Directors' Interest in Shares

The Directors of the Company who have an interest in the shares of the Company have disclosed their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act.

Details pertaining to Directors direct shareholdings are set out below:

Name of the Director	No. of Shares As at 31.03.2020	No. of Shares As at 31.03.2019
Mr. A. Rajaratnam	-	-
Mr. S.D.R. Arudpragasam	50,500	50,500
Dr. J.M. Swaminathan	561	561
Mr. A.M. de S. Jayaratne	467	467
Mr. S. Rajaratnam	70,919	49,998
Mr. Anushman Rajaratnam	-	-

### Directors' Remuneration

Directors' remuneration in respect of the Company and the Group for the financial year 2019/2020 is given in Note 24 to the financial statements on page 82.

### Corporate Donations

No donations were made by the Company for the financial year 2019/2020. (2018/2019 - Nil).

### Directorate

The names of the Directors who held office during the financial year are given below and brief profiles of the Directors appear on page 03.

Mr. A. Rajaratnam	- Chairman
Mr. S.D.R. Arudpragasam	- Deputy Chairman
Dr. J.M. Swaminathan	- Director
Mr. A.M. de S. Jayaratne	- Director
Mr. S. Rajaratnam	- Director
Mr. Anushman Rajaratnam	- Director

In terms of Article Nos. 88 and 89 of the Articles of Association, Mr. S.D.R. Arudpragasam retires by rotation and being eligible offers himself for re-election.

Mr. A.M. de S. Jayaratne, Director being over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Dr. J.M. Swaminathan, Director being over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A. Rajaratnam, Director being over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

### Auditors

The Financial Statements of the Company for the year have been audited by Messrs. PricewaterhouseCoopers who were reappointed as Auditors at the Annual General Meeting held on 25<sup>th</sup> September 2019.

The remuneration payable by the Company and the Group to the Independent Auditors is given in Note 24 to the Consolidated Financial Statements on page 82.

The Directors are satisfied that based on written representations made by the Independent Auditors to the Board, the Auditors do not have any relationship or any interest with the Company and its subsidiaries that would impair their independence.

### Revenue

The Revenue of the Group for the year was Rs. 814 Mn (2018/2019 – Rs. 1,627 Mn).

### Results

The Group made a loss before tax of Rs. 223 Mn. against a loss of Rs. 590 Mn. in the previous year. The detailed results are given in the Consolidated Income Statement on page 19.

### Investments

Investments made by the Company and the Group are given in Notes 10 and 11 on pages 46 to 72.

### Property, Plant & Equipment

During 2019/2020 the Group invested Rs. 301 Mn. in Property, Plant & Equipment (2018/2019 - Rs 200 Mn.). Further, your Directors are of the opinion that the net amounts at which Land and other Property, Plant & Equipment appear in the Consolidated Balance Sheet are not greater than their market value as at 31st March, 2020.

### Stated Capital

The Stated Capital of the Company as at 31st March, 2020 was Rs.288,386,885/- and is represented by 15,200,000 issued and fully paid Ordinary Shares.

### Reserves

The total reserves and their composition are set out in Note 17 on page 77 to the consolidated Financial Statements. The movements are shown in the Statement of Changes in Equity in the Financial Statements.

### Taxation

The Group's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto. Income Tax and other taxes paid and liable by the Group are disclosed in Note 27 on pages 83 and 84.

### Related Party Transactions

During the financial year there were no recurrent or non-recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of Colombo Stock Exchange Listing Rules and the Company has complied with the requirements of the Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the Financial Statements are disclosed in Note 31 from page 86 to 91.

### Share Information

Information relating to earnings, dividend, net assets, market value per share and share trading is given on pages 93 and 94.

### Events Occurring after the Reporting Date

Events occurring after the reporting date that would require adjustments to or disclosure are disclosed in Note 32 on page 92.

### Contingent Liabilities and Capital Commitment

Contingent liabilities and capital commitments as at the reporting date are disclosed in Notes 33 and 34 on page 92.

### Employment Policy

The Company does not employ any staff. All operational services are provided by Corporate Managers & Secretaries (Private) Limited who function as Managers & Secretaries of the Company.

## Annual Report of the Board of Directors

### Shareholders

It is the Company's policy to endeavour to ensure equitable treatment to its shareholders.

### Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due to the Government in respect of the Company have been made or where relevant provided.

### Internal Control

The Board of Directors takes overall responsibility for the Company's internal control system. A separate Internal Audit section will be set-up to review the effectiveness of the Company's internal controls in order to ensure reasonable assurance that assets are safeguarded and all transactions are properly authorized and recorded. The Board reviews the recommendations of External Auditors and takes appropriate action to maintain an adequate internal control system.

### Going Concern

The Board of Directors after making necessary inquiries and reviews including reviews of the Company's budget for the subsequent year, capital expenditure requirements future prospects and risks, cash flows and borrowing facilities have a reasonable expectation that the Company has adequate resources to continue its operations in the foreseeable future. Therefore, the Going Concern basis has been adopted in the preparation of the financial statements.

For and on behalf of the Board,

(Sgd.)  
**S D R Arudpragasam**  
Director

(Sgd.)  
**Anushman Rajaratnam**  
Director

By Order of the Board,

(Sgd.)  
**Corporate Managers & Secretaries (Private) Limited**  
Secretaries

3<sup>rd</sup> December 2020

## Financial Reports

Independent Auditors' Report	14
Consolidated Statement of Financial Position	18
Consolidated Income Statement	19
Consolidated Statement of Comprehensive Income	20
Consolidated Statement of Changes in Equity	21
Consolidated Statement of Cash Flows	22
Notes to the Consolidated Financial Statements	23
Share Information	93
Three Year Summary-Group	95

## Independent Auditors' Report



To the shareholders of C M Holdings PLC  
**Report on the audit of the financial statements**

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### Our Opinion

In our opinion, the financial statements of C M Holdings PLC (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Company and the Group as at 31 March 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### What we have audited

The financial statements of the Company and the consolidated financial statements of the Group, which comprise:

- the statement of financial position as at 31 March 2020;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

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**Partners D T S H Mudalige FCA, C S Manoharan FCA, Ms S Hadgie FCA, Ms S Perera ACA, N R Gunasekera FCA  
 T U Jayasinghe FCA, H P V Lakdeva FCA, M D B Boyagoda ACA**

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**To the shareholders of C M Holdings PLC (Contd)**  
**Report on the audit of the financial statements (Contd)**

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**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our audit report.

**Other information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

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

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

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

## Independent Auditors' Report

### To the shareholders of C M Holdings PLC (Contd) *Report on the audit of the financial statements (Contd)*

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#### ***Auditor's responsibilities for the audit of the financial statements***

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

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's / Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate / consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company / Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

**To the shareholders of C M Holdings PLC (Contd)**  
**Report on the audit of the financial statements (Contd)**

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

As required by section 163 (2) of the Companies Act, No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

(Sgd.)

PricewaterhouseCoopers

**CHARTERED ACCOUNTANTS**

CA Sri Lanka membership number - 2857

COLOMBO

3<sup>rd</sup> December 2020

# Consolidated Statement of Financial Position

(all amounts in Sri Lanka Rupees unless otherwise stated)

	Note	Group		Company	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	362,840,344	2,183,990,129	1,946,362	2,957,047
Capital work in progress	7	3,253,664	17,051,503	3,253,664	-
Investment property	8	1,068,249,773	669,530,794	1,068,249,773	779,553,168
Intangible assets	9	5,053,871	8,170,717	-	-
Right of use assets	6.1	102,009,409	-	-	-
Investment in subsidiaries	10	-	-	14,000,000	240,950,796
Deferred income tax assets	12	27,207,526	45,061,859	-	-
Financial assets at fair value through other comprehensive income	11	535,256,609	758,719,298	316,981,921	400,565,726
		2,103,871,196	3,682,524,300	1,404,431,720	1,424,026,737
<b>Current assets</b>					
Inventories	13	247,352,754	845,698,818	-	-
Trade and other receivables	14	596,289,260	254,542,538	539,771,237	127,401,091
Financial assets at fair value through profit or loss	11	455,636,761	572,366,155	39,571,020	48,880,397
Income tax receivables		3,191,933	23,610,234	2,080,994	2,919,820
Cash and cash equivalents	15	56,335,786	163,840,087	27,515,456	5,536,325
		1,358,806,494	1,860,057,832	608,938,707	184,737,633
<b>Total assets</b>		<b>3,462,677,690</b>	<b>5,542,582,132</b>	<b>2,013,370,427</b>	<b>1,608,764,370</b>
<b>EQUITY</b>					
Stated capital	16	288,386,885	288,386,885	288,386,885	288,386,885
Other reserves	17	287,463,755	822,693,487	39,060,803	127,644,609
Retained earnings	17	1,921,224,384	1,866,545,502	1,632,248,880	1,151,514,613
		2,497,075,024	2,977,625,874	1,959,696,568	1,567,546,107
Non-controlling interest		906,106	363,205,269	-	-
<b>Total equity</b>		<b>2,497,981,130</b>	<b>3,340,831,143</b>	<b>1,959,696,568</b>	<b>1,567,546,107</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	19	155,148,000	119,768,423	-	-
Property liability	-	-	24,640,000	-	-
Deferred income tax liabilities	12	12,870,164	178,807,020	12,870,164	14,970,392
Defined benefit obligations	20	7,187,632	46,517,023	-	-
Lease liability	6.2	53,437,604	-	-	-
Trade and other payables	18	8,309,000	1,662,313	8,309,000	1,662,313
		236,952,400	371,394,779	21,179,164	16,632,705
<b>Current liabilities</b>					
Trade and other payables	18	124,944,572	370,325,058	32,494,695	24,585,558
Current income tax liabilities	-	-	3,871,599	-	-
Lease liability	6.2	13,152,298	-	-	-
Borrowings	19	589,647,290	1,456,159,553	-	-
		727,744,160	1,830,356,210	32,494,695	24,585,558
<b>Total liabilities</b>		<b>964,696,560</b>	<b>2,201,750,989</b>	<b>53,673,859</b>	<b>41,218,263</b>
<b>Total equity and liabilities</b>		<b>3,462,677,690</b>	<b>5,542,582,132</b>	<b>2,013,370,427</b>	<b>1,608,764,370</b>
Net Asset Value per share	30	164	196	129	103

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

(Sgd.)

**M V M Paulraj**

Director - Corporate Managers & Secretaries (Private) Limited

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.)

**SD R Arudpragasam**

Director

(Sgd.)

**Anushman Rajaratnam**

Director

03<sup>rd</sup> December 2020

The accounting policies and notes as set out in pages 23 to 92 form an integral part of these financial statements.

## Consolidated Income Statement

(all amounts in Sri Lanka Rupees unless otherwise stated)

	Note	Group Year ended 31 March		Company Year ended 31 March	
		2020	2019	2020	2019
Revenue	21	813,609,430	1,626,616,327	57,171,464	58,399,640
Cost of sales	24	(550,833,282)	(1,247,698,416)	-	-
<b>Gross profit</b>		<b>262,776,148</b>	<b>378,917,911</b>	<b>57,171,464</b>	<b>58,399,640</b>
Distribution costs	24	(15,391,875)	(41,506,675)	-	-
Administrative expenses	24	(313,320,639)	(555,081,101)	(54,675,880)	(32,333,752)
Impairment of Investments	10	-	-	(141,640,476)	-
Other income - net	22	104,870,282	41,615,236	632,366,711	69,922,060
Other (losses) / gains - net	23	(133,891,420)	(197,325,252)	(9,951,088)	(15,451,585)
<b>Operating (loss) / profit</b>		<b>(94,957,504)</b>	<b>(373,379,881)</b>	<b>483,270,731</b>	<b>80,536,363</b>
Finance income	26	39,111,395	6,770,060	38,613,809	4,669,793
Finance costs	26	(167,623,865)	(223,743,269)	(663,658)	-
Finance costs / income - net		(128,512,470)	(216,973,209)	37,950,151	4,669,793
<b>(Loss) / profit before income tax</b>		<b>(223,469,974)</b>	<b>(590,353,090)</b>	<b>521,220,882</b>	<b>85,206,156</b>
Income tax expense	27	(20,885,113)	6,740,488	(10,086,615)	(9,779,571)
<b>(Loss) / profit for the year</b>		<b>(244,355,087)</b>	<b>(583,612,602)</b>	<b>511,134,267</b>	<b>75,426,585</b>
<b>Attributable to:</b>					
Owners of the parent		(220,017,084)	(491,562,951)	511,134,267	75,426,585
Non - controlling interests		(24,338,003)	(92,049,651)	-	-
		<b>(244,355,087)</b>	<b>(583,612,602)</b>	<b>511,134,267</b>	<b>75,426,585</b>

The accounting policies and notes as set out in pages 23 to 92 form an integral part of these financial statements.

## Consolidated Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees unless otherwise stated)

	Note	Group Year ended 31 March		Company Year ended 31 March	
		2020	2019	2020	2019
(Loss) / profit for the year		(244,355,087)	(583,612,602)	511,134,267	75,426,585
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurement of post employment benefit obligations - net of income tax		272,721	(4,725,891)	-	-
Change in Value of financial assets at FVOCI		(230,567,163)	22,020,022	(88,583,806)	13,307,178
Revaluation gain - net of income tax		-	549,764,860	-	-
<b>Other comprehensive income for the year</b>		<b>(230,294,442)</b>	<b>567,058,991</b>	<b>(88,583,806)</b>	<b>13,307,178</b>
<b>Total comprehensive income for the year</b>		<b>(474,649,529)</b>	<b>(16,553,611)</b>	<b>422,550,461</b>	<b>88,733,763</b>
<b>Attributable to:</b>					
Owners of the parent		(450,150,850)	(53,456,227)	422,550,461	88,733,763
Non - controlling interests		(24,498,679)	36,902,616	-	-
<b>Total comprehensive income for the year</b>		<b>(474,649,529)</b>	<b>(16,553,611)</b>	<b>422,550,461</b>	<b>88,733,763</b>
<b>Earnings per share attributable to owners of the parent during the year</b>					
Basic earnings per share	28	(14.47)	(32.34)	33.63	4.96

The accounting policies and notes as set out in pages 23 to 92 form an integral part of these financial statements.

## Consolidated Statement of Changes in Equity

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (a) Group

	Stated capital	Retained earnings	Other reserves	Total	Non-controlling interest	Total
Balance at 1 April 2018	288,386,885	2,416,476,280	379,423,887	3,084,287,052	304,496,385	3,388,783,437
Change in accounting policy	-	(2,003,117)	1,709,297	(293,820)	(704,863)	(998,683)
Restated equity as at 1 April 2018	288,386,885	2,414,473,163	381,133,184	3,083,993,232	303,791,522	3,387,784,754
Loss for the year	-	(491,562,951)	-	(491,562,951)	(92,049,651)	(583,612,602)
Other comprehensive income	-	(3,453,579)	441,560,303	438,106,724	128,952,267	567,058,991
Total comprehensive income for the year	-	(495,016,530)	441,560,303	(53,456,227)	36,902,616	(16,553,611)
Effect of change in percentage holding in subsidiary	-	(22,511,131)	-	(22,511,131)	22,511,131	-
Dividends	-	(30,400,000)	-	(30,400,000)	-	(30,400,000)
<b>Balance at 31 March 2019</b>	<b>288,386,885</b>	<b>1,866,545,502</b>	<b>822,693,487</b>	<b>2,977,625,874</b>	<b>363,205,269</b>	<b>3,340,831,143</b>
Balance at 1 April 2019	288,386,885	1,866,545,502	822,693,487	2,977,625,874	363,205,269	3,340,831,143
Loss for the year	-	(220,017,084)	-	(220,017,084)	(24,338,003)	(244,355,087)
Other comprehensive income	-	272,721	(230,406,487)	(230,133,766)	(160,676)	(230,294,442)
Total comprehensive income for the year	-	(219,744,363)	(230,406,487)	(450,150,850)	(24,498,679)	(474,649,529)
Equity adjustments on KIA sale	-	304,823,245	(304,823,245)	-	(337,800,484)	(337,800,484)
Dividends	-	(30,400,000)	-	(30,400,000)	-	(30,400,000)
<b>Balance at 31 March 2020</b>	<b>288,386,885</b>	<b>1,921,224,384</b>	<b>287,463,755</b>	<b>2,497,075,024</b>	<b>906,106</b>	<b>2,497,981,130</b>

### (b) Company

	Stated capital	Retained earnings	Other reserves	Total
Balance at 1 April 2018	288,386,885	1,106,488,028	114,337,431	1,509,212,344
Profit for the year	-	75,426,585	-	75,426,585
Other comprehensive income	-	-	13,307,178	13,307,178
Total comprehensive income for the year	-	75,426,585	13,307,178	88,733,763
Dividends	-	(30,400,000)	-	(30,400,000)
<b>Balance at 31 March 2019</b>	<b>288,386,885</b>	<b>1,151,514,613</b>	<b>127,644,609</b>	<b>1,567,546,107</b>
Balance at 1 April 2019	288,386,885	1,151,514,613	127,644,609	1,567,546,107
Profit for the year	-	511,134,267	-	511,134,267
Other comprehensive income	-	-	(88,583,806)	(88,583,806)
Total comprehensive income for the year	-	511,134,267	(88,583,806)	422,550,461
Dividends	-	(30,400,000)	-	(30,400,000)
<b>Balance at 31 March 2020</b>	<b>288,386,885</b>	<b>1,632,248,880</b>	<b>39,060,803</b>	<b>1,959,696,568</b>

The accounting policies and notes as set out in pages 23 to 92 form an integral part of these financial statements.

## Consolidated Statement of Cash Flows

(all amounts in Sri Lanka Rupees unless otherwise stated)

	Note	Group Year ended 31 March		Company Year ended 31 March	
		2020	2019	2020	2019
<b>Cash flows from operating activities</b>					
Cash (used in) / generated from operating activities	29	(386,093,447)	877,861,167	(375,833,041)	20,661,715
Interest paid		(158,196,059)	(208,478,819)	(663,658)	-
Defined benefit obligations paid	20	(1,701,125)	(10,913,625)	-	-
Income tax paid		(6,412,083)	(27,014,158)	(5,986,846)	(17,571,978)
<b>Net cash (used in) / generated from operating activities</b>		<b>(552,402,714)</b>	<b>631,454,565</b>	<b>(382,483,545)</b>	<b>3,089,737</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	6/8	(300,561,099)	(200,387,224)	(295,177,661)	(2,140,357)
Disposal of Subsidiary		714,000,000	-	714,000,000	54,000,000
Proceeds from sale of property, plant and equipment		-	5,221,738	-	-
Purchase of intangible assets	9	(55,000)	(1,689,970)	-	-
Addition to capital work-in-progress	7	(3,253,664)	(17,051,503)	(3,253,664)	-
(Purchase) / disposals of investments		(24,828,558)	(5,279,876)	(5,641,711)	(50,299,250)
Interest received		22,560,258	-	22,062,672	-
Dividends received		25,968,723	27,931,997	2,873,040	14,861,360
<b>Net cash generated from / (used in) investing activities</b>		<b>433,830,660</b>	<b>(191,254,838)</b>	<b>434,862,676</b>	<b>16,421,753</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings / leases		1,761,857,351	1,176,682,972	-	-
Repayment of loans / leases		(1,574,059,357)	(1,649,280,191)	-	-
Dividends paid		(30,400,000)	(30,400,000)	(30,400,000)	(30,400,000)
<b>Net cash generated from / (used in) financing activities</b>		<b>157,397,994</b>	<b>(502,997,219)</b>	<b>(30,400,000)</b>	<b>(30,400,000)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>38,825,940</b>	<b>(62,797,492)</b>	<b>21,979,131</b>	<b>(10,888,510)</b>
<b>Movement in cash and cash equivalents</b>					
At 1 April		(85,606,017)	(22,808,525)	5,536,325	16,424,835
Increase / (decrease)		38,825,940	(62,797,492)	21,979,131	(10,888,510)
<b>At 31 March</b>	<b>15</b>	<b>(46,780,077)</b>	<b>(85,606,017)</b>	<b>27,515,456</b>	<b>5,536,325</b>

The accounting policies and notes as set out in pages 23 to 92 form an integral part of these financial statements.



# Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

## 1. General information

C M Holdings PLC is a public limited liability Company domiciled in Sri Lanka and incorporated on 9 July 1909 under the Companies Ordinance. There Registered office of the Company is located at No.297, Union Place, Colombo 02. The Company was re-registered under the Companies Act, No.7 of 2007 on 1 July 2008. The principal activities of the Company is carrying on the businesses of holding investments and property development.

Carplan Limited, a partially - owned subsidiary of C M Holdings PLC is a limited liability Company domiciled in Sri Lanka and incorporated on 16 October 1987 under Companies Act, No. 17 of 1982. The Company was re-registered under the Companies Act, No.7of 2007on 19 November 2009. The registered office of the Company is located at No.297, Union Place, Colombo 2. The principal activity of the Company is repairing and servicing of motor vehicles. The holding percentage of C M Holdings PLC was 70%. Carplan limited ceased to be a subsidiary of C M Holdings PLC as of 6th August 2019.

Union Investments (Private) Limited, a wholly owned subsidiary of C M Holdings PLC is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company and the principal place of the business is located at No. 8-5/2, Leyden Bastian Road, York Arcade building, Colombo 1. The Company was incorporatedon 16 February 1978 and re-registered under the Companies Act, No.7 of 2007 on 29 July 2008. The principal activity of the Company is carrying on the business of an investment Company.

KIA Motors (Lanka) Limited, a partially-owned subsidiary of C M Holdings PLC is a limited liability Company domiciled in Sri Lanka and incorporated on 14 August 2007 under the Companies Act, No.7 of 2007. The registered office of the Company is located at No.297, Union Place, Colombo 02. The principal activity of the Company is import and sale of motor vehicles. The holding percentage of C M Holdings PLC was 70%. KIA Motors (Lanka) Limited ceased to be a subsidiary of C M Holdings PLC as of 6th August 2019.

The parent of the Group is The Colombo Fort Land and Building PLC and the Group structure as at 31 March is as follows:

Name of the Company	Relationship	Holding	Proportion of voting power interest	
			2020	2019
Carplan Limited	Subsidiary	Indirect	-	70.00%
Union Investments (Private) Limited	Subsidiary	Direct	99.99%	99.99%
KIA Motors (Lanka) Limited	Subsidiary	Direct	-	70.00%
Guardian Asset Management Limited	Subsidiary	Direct/Indirect	93.75%	93.75%
Colonial Motors (Ceylon) Limited	Subsidiary	Direct	99.99%	99.99%
Motor Mart Ceylon (Pvt) Limited	Subsidiary	Indirect	99.99%	99.99%

Guardian Asset Management Limited, a partially - owned subsidiary of C M Holdings PLC is a limited liability Company domiciled in Sri Lanka and incorporated on 8 March 1995 under the Companies Act, No. 17 of 1982. The registered office of the Company is located at No. 8-5/2, Leyden Bastian Road, York Arcade building, Colombo 01. The principal activities of the Company are asset management, funds and portfolio management and the management of trusts.

Guardian Trustees Limited is a wholly owned subsidiary of Guardian Asset Management Limited. It is a limited liability Company domiciled in Sri Lanka and incorporated on 26th May 1995 under Companies Act, No.17 of 1982.It is an indirect subsidiary of C M Holdings PLC. The registered office of the Company is located at No.8-5/2, Leyden Bastian Road, York Arcade building, Colombo 01. The principal activities of the Company are asset management funds, portfolio management and the management of trusts. The Company having ceased all operations in 2015, The Board of Directors resolved to strike off the entity from the Company register as of August 2015 and the said strike off process is in progress as at date.

Colonial Motors (Ceylon) Limited, a wholly owned subsidiary of C M Holdings PLC is a limited liability Company domiciled in Sri Lanka and incorporated on 18th November 1996 under the Companies Act, No.7 of 2007,and commenced its operations on 23rd October 2012. The registered office of the Company is located at No. 449, Negombo Road, Peliyagoda. The principal activity of the Company is import and sale of motor vehicles, and spare parts and providing vehicle maintenance services.

Motor Mart Ceylon (Private) Limited is a wholly owned subsidiary of Colonial Motors (Ceylon ) Limited. It is a limited liability Company domiciled in Sri Lanka and incorporated on 4th November 2016 under the Companies Act No.07 of 2007. It is an in direct subsidiary of C M Holdings PLC. The registered office of the Company is located at No.449, Negombo Road, Peliyagoda. The principal activity of the Company is to secure agencies for commercial vehicles.

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

C M Holdings PLC entered into an agreement on 2 August 2019, for the sale of 42,000,000 ordinary shares of KIA Motors (Lanka) Limited for a consideration of Rs.714 Mn to Mr. Mahendra Thambiah subject to the fulfillment of identified terms and conditions and consequent to giving effect to the terms and conditions set out in the sale agreement KIA Motors (Lanka) Limited and Carplan Limited (a fully owned subsidiary of KIA Motors (Lanka) Limited) ceased to be subsidiaries of C M Holdings PLC as of 6 August 2019.

### 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below: These policies have been consistently applied to all years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis certain financial assets and liabilities, certain classes of property plant and equipment and investment property measured at fair value except for the following:

The financial statements of the Company and the Group are prepared in accordance with Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, which comprise Sri Lanka Financial Reporting Standards (SLFRSs), Sri Lanka Accounting Standards (LKASs), relevant interpretations of the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC).

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's and the Group's financial statements are disclosed in Note 4

#### 2.2 Changes in accounting policies and disclosures

##### (a) New accounting standards, amendments and interpretations adopted during the financial year.

- (i) SLFRS 16, 'Leases' SLFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss will also be affected because of the total expense is typically higher in the earlier years of a lease and lower in later years.

Additionally operating expense will be replaced with interest and depreciation so key meters like Earnings Before Interest Tax & Amortisation will change.

Operating cash flows will be higher as cash payment for principal portion of the lease are classified within financial activities. Only the part of the payments that reflect interest can continue to be presented.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under SLFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The standard is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted if SLFRS 15, 'Revenue from Contracts with Customers', is also applied.

- (ii) IFRIC 23, 'Uncertainty over Income Tax Treatments' This IFRIC clarifies how the recognition and measurement requirements of LKAS 12 'Income Taxes', are applied where there is uncertainty over income tax treatments.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

- (iii) Amendments to SLFRS 9, 'Financial Instruments', enable entities to measure certain pre-payable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at Fair Value through Comprehensive Income.

To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

- (iv) Amendments to LKAS 28, 'Investments in Associates and Joint Ventures', clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under SLFRS 9, 'Financial Instruments', before applying the loss allocation and impairment requirements in LKAS 28, 'Investments in Associates and Joint Ventures'.
- (v) The amendments to LKAS 19, 'Employee Benefits' clarifies the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must: calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- (vi) Annual improvements to following SLFRSs;
- SLFRS 3, 'Business Combinations'
  - SLFRS 11, 'Joint Arrangements',
  - LKAS 12, 'Disclosure of Interests in Other Entities'
  - LKAS 23, 'Borrowing Costs', separately recognise any changes in the asset ceiling through other comprehensive income.

**(b) New accounting standards, amendments and interpretations issued but not yet adopted. The following standards and interpretations had been issued but not mandatory for annual reporting periods ending 31 March 2020.**

Definition of Material – Amendments to LKAS 1 and LKAS 8

The amendments to LKAS 1 Presentation of Financial Statements and LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in LKAS 1 about immaterial information. In particular, the amendments clarify:

- (a) that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- (b) the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need

Amendments to SLFRS 3, 'Business Combination', revised the definition of a business. The amendment to the standard is effective for accounting periods beginning on or after 1 January 2020.

Amendments to SLFRS 10, 'Consolidated financial statements', and LKAS 28, 'Investments in associates and joint ventures', clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. The effective date of this amendment is yet to be announced.

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions. The revised Conceptual Framework is effective for accounting periods beginning on or after 1 January 2020.

The adoption of amendments to published standards are not expected to have a material impact to the financial statements of the Company and the Group.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company and the Group in the current or future reporting periods and on foreseeable future transactions.

## 2.3 Comparative information

Previous period figures and notes have been changed and reclassified wherever necessary to conform to the current year's presentation.

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### 2.4 Consolidation

#### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Inter Company transactions, balances and unrealised gains on transactions between Group Companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

#### Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of C M Holdings PLC.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### 2.5 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Sri Lanka Rupees' (LKR), which is the Company's and the Group's functional and presentation currency since the entities use LKR in majority of their transactions and reflect the economic substance of the underlying events and circumstances relevant to the Group.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss on a net basis within 'Finance income or cost'

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified at Fair Value through Other Comprehensive income are recognised in other comprehensive income.

### 2.6 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income

or directly in equity respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2.7 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

## 2.8 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. Cost of the trading stock is determined using the first-in, first-out (FIFO) method. Cost of the finished goods and work in progress is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

## 2.9 Financial assets

### 2.9.1 Classification

The Company and the Group classify its financial assets in the following measurement categories.

- those to be measured at amortised cost
- those to be measured at Fair Value through Other Comprehensive Income (OCI) or through profit or loss

The classification depends on the Company's and the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in comprehensive income or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company and the Group have made an irrevocable election at the time of initial recognition to account for the equity investment at Fair Value through Other Comprehensive Income (FVOCI). The Company and the Group reclassify debt investments when and only when its business model for managing those assets changes.

### 2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Company and the Group commit to purchase or sell the asset.

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

At initial recognition, the Company and the Group measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in comprehensive income.

### 2.9.3 Subsequent measurement

#### (i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which debt instruments are classified:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in comprehensive income and presented in other income/ (losses) together with foreign exchange gains and losses.

**FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to comprehensive income and recognised in other income/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in comprehensive income.

**FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in comprehensive income and presented net within other gains/ (losses) in the period in which it arises.

#### (ii) Equity instruments

The Company and the Group subsequently measure all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognised in comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/ (losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 2.9.4 Impairment

From 01st April 2018 The Company and Group assesses on a forward looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company and the Group apply the simplified approach permitted by SLFRS 9, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been Grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of customers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

### 2.9.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company and the Group have transferred substantially all risks and rewards of ownership.

### 2.9.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events

and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the Counterparty

### 2.9.7 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company and the Group designate certain derivatives as either:

- (i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges),
- (ii) Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- (iii) Hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Company and the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company and the Group documents its risk management objective and strategy for undertaking its hedge transactions."

### 2.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

In the Consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### 2.11 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in

the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance

### 2.12 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Company and the Group have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

### 2.14 Property, plant and equipment

Property, plant and equipment other than land is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Land is shown at fair value based on a valuation performed by an external independent professional valuer. Where an item of property, plant and equipment is revalued, the entire class of such asset is revalued. Revaluations are made with sufficient regularity (every three or five years) to ensure that their carrying value do not differ materially from their fair value at the reporting date.

Increases in the carrying amount arising on revaluation of land is credited to other comprehensive income and shown as revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the statement of comprehensive income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows;

	%
Building	5
Plant, machineries	10-50
Motor vehicles	25
Leasehold Improvements	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains / (losses) net' in the statement of comprehensive income.

### 2.15 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Land held under operating leases is classified and accounted for by the Group and Company as investment property when the definition of investment property would otherwise be met.

Investment property is depreciated using a straight line method over its estimated useful life of 20 years.

Investment property is measured initially at its cost, including related transaction costs and (where applicable) borrowing costs.

After initial recognition, investment property is accounted for under the cost model. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and Company the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment.

### 2.16 Impairment of non financial assets (Excluding Goodwill)

Non financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.17 Provisions

Provisions are recognised when the Company and the Group have a present legal or constructive obligation as a result of past events, when it is more probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.



Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions for asset retirement obligations are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as finance cost.

## 2.18 Employee benefits

### (a) Defined benefit plans – gratuity

Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The defined benefit plan comprises the gratuity provided under the Act No 12 of 1983.

The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yield rate of the long term government bonds that have terms to maturity approximating to the terms of the related defined benefit obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and included in employee benefit expense in the comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise and will not be reclassified to the profit or loss. They are included in retained earnings in the statement of changes in equity and in the financial statement.

Past service costs are recognised immediately in the comprehensive income

The assumptions based on which the results of the actuarial valuation was determined, are included in note 20 to the financial statements.

### (b) Defined contribution plans

For defined contribution plans, such as the Employees' Provident Fund and Employees' Trust Fund, the Group contributes 12% and 3% respectively, of the employees' basic or consolidated wage or salary. The Company and the Group have no further payment obligations once the contributions have been paid. The Group and the employees are members of these defined contribution plans.

### (c) Short term employee benefits

Wages, salaries, bonuses and non monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company and the Group.

## 2.19 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

## 2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

## 2.21 Revenue recognition

Revenue from Goods and services deliverable under contracts with customers are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own or together with other resources that are readily available to the customer and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified. The Group generates revenue from import and sale of motor vehicles, spare parts, providing vehicle maintenance services and rental income from its investment properties.

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

The Company and the Group determines the transaction price to which it expects to be entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Company and the Group would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis. Where the Group does not sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. When estimating the standalone price, the Group maximises the use of external input; observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach. Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable. The revenue is recognised as follows;

### (a) Sale of motor vehicles, spare parts and repair & maintenance

Revenue from the sale of motor vehicles and motor vehicle spare parts, are recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are any significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of items sold.

Revenue from motor vehicle repair and maintenance service contracts is recognized in the income statement by reference to the stage of completion of the transaction at the end of the reporting period. Recognition of revenue is based on the percentage of completion of the contract, and is determined by the proportion costs incurred to date bear to estimated total cost of the transaction.

### (b) Rental income

Rental income is recognised on an accrual basis.

## 2.22 Interest income

Interest income is recognised using the effective interest method. When a loan granted or a receivable is impaired, the Company and the Group reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate. Interest income on bank balances and bank deposits are recognised on accrual basis.

## 2.23 Dividend income

Dividend income is recognised when the right to receive payment is established.

## 2.24 Leases

The Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described in this note and the impact of the change in (note 6.1 & 6.2).

Until 31 March 2019 leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases (note 6.1 & 6.2).

Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

## 2.25 Intangible assets

### (a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of

consideration transferred, non controlling interest recognized and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in the income statement.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

#### (b) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met: it is technically feasible to complete the software so that it will be available for use

- management intends to complete the software and use it
- there is an ability to use the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Software are amortised over three years.

### 3. Financial risk management

The principal financial instruments of the Group and Company comprise of bank loans, finance leases, short term deposits, investment in equity securities, unit trust and cash. The main purpose of these finance instruments is to raise and maintain liquidity for the Group's and Company's operations, and maximize returns on the Group's and Company's financial reserves. The Group and Company has various other financial instruments such as receivables and payables which arise directly from its business activities.

#### Financial risk factors

The Group's and Company's activities are exposed to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk, and price risk), credit risk and liquidity risk.

The Group's and Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and Company. Financial risk management is carried out through risk reviews, and adherence to the Group's and Company's financial risk management policies. The Board of Directors regularly reviews these risks and approves the risk management policies, which covers the management of these risks.

#### Market risk consists of:

Foreign exchange risk – risk that the value of recognized assets and liabilities, future commercial transactions will fluctuate due to changes in foreign exchange rates.

Fair value interest rate risk – risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate.

Price risk – risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instrument traded in the market.

Credit risk – risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Liquidity risk (funding risk) – risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

#### 3.1 Foreign Currency Exchange Risk

The Group is principally exposed to foreign exchange risk arising with respect to the Great Britain Pound, United States Dollar and Japanese Yen, due to its import activities of motor vehicles and motor vehicle spare parts for local sale and / or repair and maintenance services. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

As at 31 March 2020, if LKR has weakened by 1%, all other variables held constant the resultant net foreign exchange losses are as follows –

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

	Group
Great Britain Pound	143,937
United State Dollar	229,662
Japanese Yen	208,399

### 3.2 Credit risk

Credit risk is managed on Group and Company basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, and deposits with banks, as well as credit exposures to customers, including outstanding receivables (net of deposits held). The utilization of credit limits is regularly monitored.

### 3.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient liquid funds to meet its financial obligations.

In the management of liquidity risk, the Group and Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Company's and the Group's operations and to mitigate the effects of fluctuations in cash flows. Due to the nature of the underlying business, the Group and Company aim at maintaining flexibility in funding by credit lines available.

The table below analyses the Group's and the Company's on-derivative financial liabilities into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date.

#### Group

As at 31 March 2020	Less than 3 months	Between 3 months and 1 year	Between year 1 and year 2	Between year 2 and year 5	Over 5 years
Borrowings	103,115,863	486,531,427	155,148,000	-	-
Trade and other payables (excluding non - financial liabilities)	94,646,328	30,298,244	1,661,800	6,647,200	-

As at 31 March 2019	Less than 3 months	Between 3 months and 1 year	Between year 1 and year 2	Between year 2 and year 5	Over 5 years
Borrowings	280,694,302	1,174,074,126	46,883,669	74,275,879	-
Trade and other payables (excluding non - financial liabilities)	280,084,011	87,805,626	2,179,486	25,828,442	-

#### Company

As at 31 March 2020	Less than 3 months	Between 3 months and 1 year	Between year 1 and year 2	Between year 2 and year 5	Over 5 years
Borrowings	-	-	-	-	-
Trade and other payables (excluding non - financial liabilities)	2,196,451	30,298,244	1,661,800	6,647,200	-

As at 31 March 2019	Less than 3 months	Between 3 months and 1 year	Between year 1 and year 2	Between year 2 and year 5	Over 5 years
Borrowings	-	-	-	-	-
Trade and other payables	556,581	23,860,000	1,662,313	-	-

### 3.4 Capital risk management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group and Company manage its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and Company may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

Consistent with others in the industry, the Group and Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. Total equity is calculated as 'Total equity' in the statements of financial position.

The gearing ratio as at 31 March were as follows:

Group	2020	2019
Total borrowings (note 19)	744,795,290	1,575,927,976
Less: Cash and cash equivalents (note 15)	(56,335,786)	(163,840,087)
Net debt	688,459,504	1,412,087,889
Total equity	2,497,981,130	3,340,831,143
Total capital	3,186,440,634	4,752,919,032
<b>Gearing ratio</b>	<b>21.61%</b>	<b>29.71%</b>

Company	2020	2019
Total borrowings (note 19)	-	-
Less: Cash and cash equivalents (note 15)	(27,515,456)	(5,536,325)
Net debt	(27,515,456)	(5,536,325)
Total equity	1,959,696,568	1,567,546,107
Total capital	1,932,181,112	1,562,009,782
<b>Gearing ratio</b>	<b>0.00%</b>	<b>0.00%</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### 3.5 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation methods. The different levels have been defined as follows;

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Group	Level 1	Level 2	Level 3	Total
<b>31 March 2020</b>				
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
Investment in unit trusts	5,668,176	-	-	5,668,176
Investment in equity shares	449,968,585	-	-	449,968,585
<b>Financial Assets at FVOCI</b>				
Investment in equity shares	314,417,493	220,839,116	-	535,256,609
	<b>770,054,254</b>	<b>220,839,116</b>	-	<b>990,893,370</b>

### 31 March 2019

#### Assets

#### Financial assets at fair value through profit or loss

Investment in unit trusts	6,528,173	-	-	6,528,173
Investment in equity shares	565,837,982	-	-	565,837,982

#### Financial Assets at FVOCI

Investment in equity shares	525,286,813	233,432,485	-	758,719,298
	<b>1,097,652,968</b>	<b>233,432,485</b>	-	<b>1,331,085,453</b>

Company	Level 1	Level 2	Level 3	Total
<b>31 March 2020</b>				
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
Investment in unit trusts	4,805,081	-	-	4,805,081
Investment in equity shares	34,765,939	-	-	34,765,939
<b>Financial Assets at FVOCI</b>				
Investment in equity shares	96,795,736	220,186,185	-	316,981,921
	<b>136,366,756</b>	<b>220,186,185</b>	-	<b>356,552,940</b>
<b>31 March 2019</b>				
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
Investment in unit trusts	5,665,407	-	-	5,665,407
Investment in equity shares	43,214,990	-	-	43,214,990
<b>Financial Assets at FVOCI</b>				
Investment in equity shares	167,639,963	232,925,763	-	400,565,726
	<b>216,520,360</b>	<b>232,925,763</b>	-	<b>449,446,123</b>

Critical accounting estimates and judgments Estimates and judgments are continually valuated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 4. Critical accounting estimates and judgements

##### 4.1 Critical accounting estimates and assumptions

The Group and Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### Impairment assessment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy stated in note 2.25 (a) and whenever events or change in circumstances indicate that this is necessary within the financial year. The cash generating unit, being the lowest level of assets for which there are separately identifiable cash flows, was assessed as the subsidiary for the purpose of such testing of impairment of goodwill.

The recoverable amount of the CGU is determined based on Value - In - Use (VIU) calculations.

The VIU calculations apply Discounted Cash Flow Model using cash flow projections based on the forecasts and projections approved by the management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rate as stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

In the Discounted Cash Flow (DCF) model, the free cash flows have been discounted by the pre-tax discount rate.

The subsidiary is engaged in the business of asset management, fund and portfolio management, and management of Trusts including unit trusts and investment trusts and to act as trustees thereof.

These forecasts and projections reflect management expectations of revenue growth, operating costs and margins for the CGU based on past experience and future plans and strategies.

The following assumptions were applied in the value in use computation.

- EBIDTA margin**  
Projected EBIDTA margin is determined based on expected growth potential of the business.
- Free cash flow (FCF) growth rate**  
FCF growth projections are based on expected growth in operational cashflows.
- Pre-tax discount rate**  
Pre-tax discount rate of the Group is used as the discount rate for cash flow projections.
- Terminal growth rate**  
Terminal growth reflects the management expectations on the growth potential of the business in Sri Lanka for the foreseeable future.

Given below are the projected variables used for the impairment test for 2020 and 2019:

	2020	2019
EBITDA margin (1)	4%	15%
Free cash flow growth rate (2)	10%	14%
Pre-tax discount rate (3)	14%	14%
Terminal growth rate (4)	2%	2%

Based on the impairment test performed, the recoverable amounts exceed the carrying value, hence no provision for impairment of goodwill was recognised as of 31 March 2020.

##### Impact of possible changes in key assumptions

The Group's review includes an impact assessment of change in key assumptions. Sensitivity analysis shows that no impairment loss is required for the carrying value of the goodwill, including where realistic variances are applied to key assumptions.

##### Defined benefit plan - gratuity

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit plan include the discount rate, future salary increase rate, mortality rate, withdrawal and disability rates and retirement age. Any changes in these assumptions will impact the carrying amount of defined benefit plan. The Group and Company determine

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows, expected to be required to settle the defined benefit plan. In determining the appropriate discount rate, the Group and Company consider the interest yield of long term government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit plan. Other key assumptions for defined benefit plan are based in part on current market conditions.

### *Impairment of receivables*

The Company and the Group review all receivables at the date of statement of financial position to assess whether an allowance should be recorded in the statement of comprehensive income. Management uses judgment in estimating such amounts in the light of the duration of outstanding and any other factors management are aware of that indicates uncertainty in recovery.

### *Contingent liabilities*

Determination of the treatment of contingent liabilities in the financial statements is based on the management's view of the expected outcome of the applicable contingency. The Group consults with legal counsel on matters related to litigation and other experts both within and outside the Group and Company with respect to matters in the ordinary course of business.

## 5. Segment information

### (a) Primary reporting format - business segments

The Group is organised into three main business segments:

- Sale of motor vehicles and related services
- Providing motor vehicle repair and maintenance services including sale of spare parts
- Investment and property holding

The segment results for the year ended 31 March 2020 are as follows:

	Motor vehicle sales & related services	Repair & maintenance services	Investment & property holding	Group
Total segmental revenue	274,571,113	487,067,478	51,970,839	813,609,430
	<b>274,571,113</b>	<b>487,067,478</b>	<b>51,970,839</b>	<b>813,609,430</b>
Finance income	-	-	-	39,111,395
Finance costs	-	-	-	(167,623,865)
Finance costs - net	-	-	-	(128,512,470)
Loss before income tax	-	-	-	(223,469,974)
Income tax expense	-	-	-	(20,885,113)
<b>Net Loss</b>	-	-	-	<b>(244,355,087)</b>



The segment results for the year ended 31 March 2019 are as follows:

	Motor vehicle sales & related services	Repair & maintenance services	Investment & property holding	Group
Total segmental revenue	849,096,825	750,804,237	26,715,265	1,626,616,327
	<b>849,096,825</b>	<b>750,804,237</b>	<b>26,715,265</b>	<b>1,626,616,327</b>
Finance income	-	-	-	6,770,060
Finance costs	-	-	-	(223,743,269)
Finance costs - net	-	-	-	(216,973,209)
Loss before income tax	-	-	-	(590,353,090)
Income tax expense	-	-	-	6,740,488
<b>Net Loss</b>	-	-	-	<b>(583,612,602)</b>

Other segment items included in the income statement are as follows -  
Year ended 31 March 2020 are as follows:

	Motor vehicle sales & related services	Repair & maintenance services	Investment & property holding	Group
Depreciation	55,612,749	7,146,573	7,496,050	70,255,372
Amortisation	731,377	4,130	74,750	810,257

Year ended 31 March 2019 are as follows:

	Motor vehicle sales & related services	Repair & maintenance services	Investment & property holding	Group
Depreciation	70,351,137	22,390,224	7,494,581	100,235,942
Amortisation	3,393,215	303,959	84,625	3,781,799

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (a) Primary reporting format - business segments (Contd)

The segment assets and liabilities at 31 March 2020 and capital expenditure for the year then ended are as follows:

Year ended 31 March 2020 are as follows:

	Motor vehicle sales & related services	Repair & maintenance services	Investment & property holding	Group
Assets	824,085,460	-	2,638,592,230	3,462,677,690
Liabilities	872,427,107	-	92,269,453	964,696,560
Capital expenditure	5,438,438	-	298,431,325	303,869,763

Year ended 31 March 2019 are as follows:

	Motor vehicle sales & related services	Repair & maintenance services	Investment & property holding	Group
Assets	3,225,707,737	128,545,057	2,188,329,338	5,542,582,132
Liabilities	2,041,589,998	58,702,352	101,458,639	2,201,750,989
Capital expenditure	214,792,157	2,196,183	2,140,357	219,128,697

Inter segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, trade and other receivables and cash and cash equivalents.

Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

### (b) Secondary reporting format - geographical segments

The Group's two business segments operate in one main geographical area, hence they do not qualify for secondary reporting.

## 6. Property, plant, and equipment

Group	Freehold land	Leasehold improvements	Buildings	Plant, machinery & other equipment	Motor vehicles	Total
<b>Year ended 31 March 2019</b>						
Opening net book amount	1,148,085,708	106,558,414	193,851,460	74,726,442	60,542,646	1,583,764,670
Additions	7,736,987	285,000	128,727,375	55,564,493	6,437,561	198,751,416
Revaluation surplus	763,562,305	-	-	-	-	763,562,305
Disposals	-	(8,147,006)	-	(2,100,000)	(7,284,967)	(17,531,973)
Transferred from capital work-in-progress	-	-	381,724,424	-	-	381,724,424
Transferred to IP	(614,294,341)	-	(32,439,049)	-	-	(646,733,390)
Depreciation charge	-	(7,600,802)	(25,082,740)	(32,961,798)	(29,804,556)	(95,449,896)
Depreciation on disposal	-	6,517,605	-	2,100,000	7,284,968	15,902,573
<b>Closing net book amount</b>	<b>1,305,090,659</b>	<b>97,613,211</b>	<b>646,781,470</b>	<b>97,329,137</b>	<b>37,175,652</b>	<b>2,183,990,129</b>
<b>At 31 March 2019</b>						
Cost/revalued amount	1,305,090,659	108,909,709	705,186,302	196,139,130	173,819,454	2,489,145,254
Accumulated depreciation	-	(11,296,498)	(58,404,832)	(98,809,993)	(136,643,802)	(305,155,125)
<b>Net book amount</b>	<b>1,305,090,659</b>	<b>97,613,211</b>	<b>646,781,470</b>	<b>97,329,137</b>	<b>37,175,652</b>	<b>2,183,990,129</b>
<b>Year ended 31 March 2020</b>						
Opening net book amount	1,305,090,659	97,613,211	646,781,470	97,329,137	37,175,652	2,183,990,129
Additions	-	-	2,762,618	2,115,075	1,091,020	5,968,713
Transferred to IP	(102,205,660)	-	(13,843,963)	-	-	(116,049,623)
Depreciation charge	-	(1,481,595)	(16,325,673)	(18,877,690)	(10,856,829)	(47,541,787)
Depreciation transferred to IP	-	-	6,027,249	-	-	6,027,249
Transferred from capital work-in-progress	-	-	3,992,695	-	-	3,992,695
Transferred to ROU on adoption of SLFRS 16	-	(87,727,537)	-	-	-	(87,727,537)
Depreciation transferred to ROU on adoption of SLFRS 16	-	6,143,682	-	-	-	6,143,682
Depreciation on disposal of subsidiary	-	6,634,411	35,795,537	67,967,551	108,358,518	218,756,017
Disposal of subsidiary	(976,884,999)	(21,182,172)	(559,917,452)	(121,809,869)	(130,924,702)	(1,810,719,194)
<b>Closing net book amount</b>	<b>226,000,000</b>	<b>-</b>	<b>105,272,481</b>	<b>26,724,204</b>	<b>4,843,659</b>	<b>362,840,344</b>
<b>At 31 March 2020</b>						
Cost/revalued amount	226,000,000	-	138,180,200	76,444,336	43,985,772	484,610,308
Accumulated depreciation	-	-	(32,907,719)	(49,720,132)	(39,142,113)	(121,769,964)
<b>Net book amount</b>	<b>226,000,000</b>	<b>-</b>	<b>105,272,481</b>	<b>26,724,204</b>	<b>4,843,659</b>	<b>362,840,344</b>

- IP - Investment property
- ROU - Right of use assets

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

Company	Freehold land	Leasehold improvements	Buildings	Plant, machinery & other equipment	Motor vehicles	Total
<b>Year ended 31 March 2019</b>						
Opening net book amount	-	-	1,106,947	3,357,579	-	4,464,526
Additions	-	-	-	504,549	-	504,549
Depreciation charge	-	-	(56,048)	(1,955,980)	-	(2,012,028)
<b>Closing net book amount</b>	<b>-</b>	<b>-</b>	<b>1,050,899</b>	<b>1,906,148</b>	<b>-</b>	<b>2,957,047</b>
<b>At 31 March 2019</b>						
Cost	-	-	1,120,959	8,222,441	-	9,343,400
Accumulated depreciation	-	-	(70,060)	(6,316,293)	-	(6,386,353)
<b>Net book amount</b>	<b>-</b>	<b>-</b>	<b>1,050,899</b>	<b>1,906,148</b>	<b>-</b>	<b>2,957,047</b>
<b>Year ended 31 March 2020</b>						
Opening net book amount	-	-	1,050,899	1,906,148	-	2,957,047
Additions	-	-	-	585,275	-	585,275
Depreciation charge	-	-	(56,048)	(1,539,912)	-	(1,595,960)
<b>Closing net book amount</b>	<b>-</b>	<b>-</b>	<b>994,851</b>	<b>951,511</b>	<b>-</b>	<b>1,946,362</b>
<b>At 31 March 2020</b>						
Cost	-	-	1,120,959	8,807,716	-	9,928,675
Accumulated depreciation	-	-	(126,108)	(7,856,205)	-	(7,982,313)
<b>Net book amount</b>	<b>-</b>	<b>-</b>	<b>994,851</b>	<b>951,511</b>	<b>-</b>	<b>1,946,362</b>

Property, plant and equipment in use of the Group include fully depreciated assets, the cost of which amounted to Rs. 89,660,235 (2019 - Rs. 125,657,213) at the reporting period end.

The Group reassessed its accounting policy for freehold land under property, plant and equipment with respect to measurement of a land after initial recognition in 2018/2019. The Group had previously measured all lands using the cost model after initial recognition of the asset. During the year 2018/2019 the Group decided to change the method of accounting for land to the revaluation model as it provides more relevant information for the users of its financial statements. The Group applied the revaluation model prospectively in 2018/2019.

Details of the valuation of freehold land are given below:

Description of Property	Fair Value of Land	No of Buildings	Valuation Technique	Significant Unobservable Inputs	Estimates for Unobservable Inputs	Level of Fair Value Hierarchy	Sensitivity of Fair Value to Unobservable Inputs	Valuation date	Independent Valuer
41/35, Nagahamulla Road, Thalagama South	226,000,000	2	Direct comparison method of valuation	Price per Perch	53.45 Perch of Land @ Rs. 2,000,000/- per perch. 79.55 perch under high-tension line @Rs. 1,500,000/- per perch.	Level - 03	Positivity Correlated Sensitivity	25/03/2109	Mr. N.B.S.A Nanayakkara

### Initial Application of SLFRS 16 - Leases

The Group's Subsidiary Colonial Motors (Ceylon) Limited as a lessee has applied SLFRS 16 as initial application with effect from 01<sup>st</sup> April 2019 using the modified retrospective approach (Cumulative Catchup – Transition Method) and therefore the comparative information has not been restated and continues to be reported under LKAS 17. At inception of a contract the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset

the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use assets of the Company consist of land, buildings & installations, plant and machinery and vehicles taken on rent which were previously recognised as operating leases under LKAS 17.

#### 6.1 Right of Use Asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the Company's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The movement of right of use lease asset of the Group is as follows,

	Recognized on adoption of SLFRS 16 as at 01.04.2019	Additions	Balance as at 31.03.2020
<b>At Gross Value</b>			
Property at Peliyagoda (Plan no: 2921)	34,024,141	-	34,024,141
Property at Peliyagoda (Plan no: 3179)	18,205,006	-	18,205,006
Property at Peliyagoda (Plan no: 2006/299)	63,330,927	-	63,330,927
Property at Polhengoda (Plan no: 1787)	3,267,139	-	3,267,139
	<b>118,827,213</b>	<b>-</b>	<b>118,827,213</b>

	Recognized on adoption of SLFRS 16 as at 01.04.2019	Charge for the Year	Balance as at 31.03.2020
<b>Accumulation Depreciation</b>			
Property at Peliyagoda (Plan no: 2921)	-	4,639,654	4,639,654
Property at Peliyagoda (Plan no: 3179)	-	2,482,501	2,482,501
Property at Peliyagoda (Plan no: 2006/299)	-	8,636,036	8,636,036
Property at Polhengoda (Plan no: 1787)	-	1,059,613	1,059,613
	<b>-</b>	<b>16,817,804</b>	<b>16,817,804</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

	Net book values Balance as at 31.03.2020
Property at Peliyagoda (Plan no: 2921)	29,384,487
Property at Peliyagoda (Plan no: 3179)	15,722,505
Property at Peliyagoda (Plan no: 2006/299)	54,694,891
Property at Polhengoda (Plan no: 1787)	2,207,526
	<b>102,009,409</b>

### 6.2 Lease Liability/Lease Creditors

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Company's incremental borrowing rate. The movement of Lease creditor for the period is as follows,

	Recognized on adoption of SLFRS 16 as at 01.04.2019	Interest Expense Recognized in Profit or Loss	Repayment of Liability	Balance as at 31.03.2020
Property at Peliyagoda (Plan no: 2921)	34,024,141	4,106,656	(3,024,000)	35,106,796
Property at Peliyagoda (Plan no: 3179)	18,205,005	2,197,053	(1,620,000)	18,782,058
Property at Peliyagoda (Plan no: 2006/299)	6,387,072	845,751	-	7,232,823
Property at Polhengoda (Plan no: 1787)	3,267,139	348,186	(630,000)	2,985,326
	<b>61,883,358</b>	<b>7,497,645</b>	<b>(5,274,000)</b>	<b>64,107,003</b>

	Amount repayable within 1 year	Amount repayable after 1 year	Total
Property at Peliyagoda (Plan no: 2921)	6,655,393	28,451,403	35,106,796
Property at Peliyagoda (Plan no: 3179)	3,568,720	15,213,338	18,782,058
Property at Peliyagoda (Plan no: 2006/299)	-	7,232,824	7,232,824
Property at Polhengoda (Plan no: 1787)	1,654,384	1,330,941	2,985,325
	11,878,497	52,228,506	64,107,003
Other lease liabilities	1,273,801	1,209,098	2,482,899
	<b>13,152,298</b>	<b>53,437,604</b>	<b>66,589,902</b>

### 7. Capital work-in-progress

	Group		Company	
	2020	2019	2020	2019
At 1 April	17,051,503	381,724,424	-	-
Additions	3,253,664	17,051,503	3,253,664	-
Disposal of Subsidiary	(13,058,808)	-	-	-
Transfers to property plant and equipment (note 6)	(3,992,695)	(381,724,424)	-	-
<b>At 31 March</b>	<b>3,253,664</b>	<b>17,051,503</b>	<b>3,253,664</b>	<b>-</b>

## 8. Investment property

	Group		Company	
	2020	2019	2020	2019
At 1 April - Opening balance	669,530,794	25,947,642	779,553,168	783,395,604
Additions	294,592,386	1,635,808	294,592,386	1,635,808
Transferred from PPE	116,049,623	646,733,390	-	-
Depreciation transferred from PPE	(6,027,249)	-	-	-
Depreciation charge	(5,895,781)	(4,786,046)	(5,895,781)	(5,478,244)
<b>At 31 March</b>	<b>1,068,249,773</b>	<b>669,530,794</b>	<b>1,068,249,773</b>	<b>779,553,168</b>
<b>At 31 March</b>				
<b>Cost</b>				
- Land	997,610,249	614,294,341	997,610,249	716,500,000
- Building	123,956,798	96,630,697	123,956,798	110,474,661
	1,121,567,047	710,925,038	1,121,567,047	826,974,661
Accumulated depreciation	(53,317,274)	(41,394,244)	(53,317,274)	(47,421,493)
<b>At 31 March</b>	<b>1,068,249,773</b>	<b>669,530,794</b>	<b>1,068,249,773</b>	<b>779,553,168</b>

The Company and the Group has initially accounted for the investment property at cost, and subsequently accounted for it under the cost model in accordance with the policy adopted by its ultimate parent. The investment property is depreciated using a straight line method over its estimated useful life of 20 years.

Rental income as disclosed in Note 21 - revenue is generated by the Investment property at 297, Union Place, Colombo 02. Material direct expenses attributable to the above property are Repairs and maintenance expenditures, utilities, business running expenses and non - refundable government taxes as disclosed in Note 24 - Expenses by nature.

Details of the valuation of the land and buildings under Investment Property of the Company carried out by Chartered Valuation Surveyor Mr. P.P.T.Mohideen is as follows:

### a. Property at Union Place

Total extent of land	1 acre - 1 rood - 6 perches
Total valuation for land and building	2,670,000,000
Number of Buildings	3
Location	No. 297, Dr. Colvin R. De Silva Mawatha, Colombo 02
Date of valuation	31st March 2019

### b. Property at Pelawatta

Total extent of land	109.2 perches
Total valuation for land	363,090,000
Number of Buildings	-
Location	497/C Pannipitiya Road, Pelawatta
Date of valuation	31st Decemer 2018

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### 9. Intangible assets

Group	Goodwill	Software	Total
<b>At 31 March 2018</b>			
Cost	4,870,824	23,078,583	27,949,407
Accumulated amortisation	-	(17,686,861)	(17,686,861)
<b>Net book amount</b>	<b>4,870,824</b>	<b>5,391,722</b>	<b>10,262,546</b>
<b>Year ended 31 March 2019</b>			
Opening net book amount	4,870,824	5,391,722	10,262,546
Additions	-	1,689,970	1,689,970
Amortisation charge	-	(3,781,799)	(3,781,799)
<b>Closing net book amount</b>	<b>4,870,824</b>	<b>3,299,893</b>	<b>8,170,717</b>
<b>At 31 March 2019</b>			
Cost	4,870,824	24,768,553	29,639,377
Accumulated amortisation	-	(21,468,660)	(21,468,660)
<b>Net book amount</b>	<b>4,870,824</b>	<b>3,299,893</b>	<b>8,170,717</b>
<b>Year ended 31 March 2020</b>			
Opening net book amount	4,870,824	3,299,893	8,170,717
Additions	-	55,000	55,000
Disposal of subsidiary	-	(16,682,540)	(16,682,540)
Amortisation charge	-	(810,257)	(810,257)
Amortisation of disposal of subsidiary	-	14,320,951	14,320,951
<b>Closing net book amount</b>	<b>4,870,824</b>	<b>183,047</b>	<b>5,053,871</b>
<b>At 31 March 2020</b>			
Cost	4,870,824	8,141,013	13,011,837
Accumulated amortisation	-	(7,957,966)	(7,957,966)
<b>Net book amount</b>	<b>4,870,824</b>	<b>183,047</b>	<b>5,053,871</b>

Goodwill Represents the excess of the cost of acquisition of the net assets of Guardian Asset Management Limited.

Amortization is included under Note 24 - Expenses by nature.

Software cost includes the cost of software and website owned by Colonial Motors (Ceylon) Limited and is amortized over its estimated useful life of 3 years.

### 10. Investments in subsidiaries

The Group has the following principal subsidiary undertakings as at 31 March 2020.

Name	Proportion of ordinary shares		
	directly held by parent	held by Group	held by non - controlling interests
Union Investments (Private) Limited	99.99%	99.99%	-
Guardian Asset Management Limited	75.00%	93.75%	6.25%
Colonial Motors (Ceylon) Limited	99.99%	99.99%	-
Motor Mart Ceylon (Private) Limited	-	99.99%	-



	31 March	
	2020	2019
<b>Investments at cost</b>		
Union Investments (Private) Limited	2,000,000	2,000,000
KIA Motors (Lanka) Limited	-	85,310,320
Guardian Asset Management Limited	12,000,000	12,000,000
Colonial Motors (Ceylon) Limited	216,999,980	216,999,980
	230,999,980	316,310,300
<b>Impairment of investments</b>		
Colonial Motors (Ceylon) Limited	(216,999,980)	(75,359,504)
<b>Net investments</b>	<b>14,000,000</b>	<b>240,950,796</b>
<b>At end of the year</b>	<b>14,000,000</b>	<b>240,950,796</b>

The Investment in Colonial Motors (Ceylon) Limited was fully impaired as at 31<sup>st</sup> March 2020 due to continuous losses made by the entity led by adverse economic conditions in the motor vehicle industry. The impairment loss recognized for the year 2019/2020 was Rs. 141,640,476/-

(a) Details of the principal activities of each subsidiary, are set out below.

Name of the subsidiary	Principal activities
Union Investments (Private) Limited	Carrying on the business of an investment Company.
Guardian Asset Management Limited	Asset management funds, portfolio management and the management of all types of trusts.
Colonial Motors (Ceylon) Limited	Import and sale of motor vehicles, and spare parts and providing vehicle maintenance services.
Motor Mart Ceylon (Private) Limited	Secure agencies for commercial vehicles.

(b) No provision for impairment of long term investments carried at cost was required, other than the amounts mentioned under note 10 - impairment of investments.

(c) All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent Company do not differ from the proportion of the ordinary shares held.

(d) KIA Motors (Lanka) Limited along with its subsidiary Carplan Limited was disposed from the Group during the year for a total consideration of Rs. 714,000,000/- . The gain on disposal is recorded under note 22 - Other Income.

The net assets of KIA Motors (Lanka) Limited and Carplan Limited was Rs. 970,060,783/- and Rs. 65,298,623/- respectively as at the date of disposal.

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### 11. Financial Instruments

#### (a) Financial instruments by category

##### Group

31 March 2020	Fair value through profit or loss	Fair value through OCI	Amortized Cost	Total
<b>Assets as per balance sheet</b>				
Investments in unit trust	5,668,176	-	-	5,668,176
Equity investments	449,968,585	535,256,609	-	985,225,194
Trade and other receivables (excluding pre-payments and advances on investments)	-	-	593,412,326	593,412,326
Cash and cash equivalents	-	-	56,335,786	56,335,786
<b>Total</b>	<b>455,636,761</b>	<b>535,256,609</b>	<b>649,748,112</b>	<b>1,640,641,482</b>

31 March 2020	Amortized Cost	Total
<b>Liabilities as per balance sheet</b>		
Borrowings	744,795,290	744,795,290
Trade and other payables (excluding non - financial liabilities)	133,253,572	133,253,572
<b>Total</b>	<b>878,048,862</b>	<b>878,048,862</b>

31 March 2019	Fair value through profit or loss	Fair value through OCI	Amortized Cost	Total
<b>Assets as per balance sheet</b>				
Investments in unit trust	6,528,173	-	-	6,528,173
Equity investment	565,837,982	758,719,298	-	1,324,557,280
Trade and other receivables (excluding pre-payments and advances on investments)	-	-	223,858,398	223,858,398
Cash and cash equivalents	-	-	163,840,087	163,840,087
<b>Total</b>	<b>572,366,155</b>	<b>758,719,298</b>	<b>387,698,485</b>	<b>1,718,783,938</b>

	Other liabilities	Total
<b>Liabilities as per balance sheet</b>		
Borrowings	1,575,927,976	1,575,927,976
Trade and other payables (excluding non - financial liabilities)	395,897,565	395,897,565
<b>Total</b>	<b>1,971,825,541</b>	<b>1,971,825,541</b>

## Company

31 March 2020	Fair value through profit or loss	Fair value through OCI	Amortized Cost	Total
<b>Assets as per balance sheet</b>				
Investments in unit trust	4,805,081	-	-	4,805,081
Equity investment	34,765,939	316,981,921	-	351,747,860
Trade and other receivables (excluding pre-payments and advances on investments)	-	-	539,698,927	539,698,927
Cash and cash equivalents	-	-	27,515,456	27,515,456
<b>Total</b>	<b>39,571,020</b>	<b>316,981,921</b>	<b>567,214,383</b>	<b>923,767,324</b>

	Other liabilities	Total
<b>Liabilities as per balance sheet</b>		
Borrowings	-	-
Trade and other payables (excluding non - financial liabilities)	40,803,695	40,803,695
<b>Total</b>	<b>40,803,695</b>	<b>40,803,695</b>

31 March 2019	Fair value through profit or loss	Fair value through OCI	Amortized Cost	Total
<b>Assets as per balance sheet</b>				
Investments in unit trust	5,665,407	-	-	5,665,407
Equity investment	43,214,990	400,565,726	-	443,780,716
Trade and other receivables (excluding pre-payments and advances on investments)	-	-	126,786,422	126,786,422
Cash and cash equivalents	-	-	5,536,325	5,536,325
<b>Total</b>	<b>48,880,397</b>	<b>400,565,726</b>	<b>132,322,747</b>	<b>581,768,870</b>

	Other liabilities	Total
<b>Liabilities as per balance sheet</b>		
Borrowings	-	-
Trade and other payables (excluding non - financial liabilities)	26,078,894	26,078,894
<b>Total</b>	<b>26,078,894</b>	<b>26,078,894</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Group	2020	2019
<b>Trade receivables</b>		
<b>Counterparties without external credit rating</b>		
Group 1	24,125,572	40,962,002
Group 2	21,904,208	22,701,670
Group 3	-	-
<b>Total</b>	<b>46,029,780</b>	<b>63,663,672</b>

### Cash at bank and short-term bank deposits (Fitch ratings)

AAA lka		-
AA+ lka	49,051,709	11,944,080
AA lka	1,381,125	409,306
AA- lka	4,872,636	52,046,375
A+lka to A-lka	-	89,395,340
Below A	-	492,920
Counterparties without external credit rating, and cash in hand	1,030,316	9,552,066
<b>Total</b>	<b>56,335,786</b>	<b>163,840,087</b>

Company	2020	2019
<b>Trade receivables</b>		
<b>Counterparties without external credit rating</b>		
Group 1	-	-
Group 2	-	-
Group 3	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### Cash at bank and short-term bank deposits (Fitch ratings)

AAA lka		
AA+ lka	25,784,944	5,096,776
AA lka	1,381,125	-
AA- lka	349,387	439,549
A+lka to A-lka	-	-
Below A	-	-
Counterparties without external credit rating, and cash in hand	-	-
<b>Total</b>	<b>27,515,456</b>	<b>5,536,325</b>

Group 1 - new customers/related parties (less than 6 months).

Group 2 - existing customers/related parties (more than 6 months) with no defaults in the past.

Group 3 - existing customers/related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered.

## (c) Financial assets / liabilities at fair value through profit or loss

(i) Net financial assets and liabilities at fair value through profit or loss are as follows:

	Group		Company	
	2020	2019	2020	2019
Investment in unit trust	5,668,176	6,528,173	4,805,081	5,665,407
Equity investment	449,968,585	565,837,982	34,765,939	43,214,990
	<b>455,636,761</b>	<b>572,366,155</b>	<b>39,571,020</b>	<b>48,880,397</b>

(ii) The movement of the financial assets at fair value through profit or loss is as follows:

	Group		Company	
	2020	2019	2020	2019
Investment in unit trusts	6,528,173	8,145,567	5,665,407	7,229,926
Equity investment	565,837,982	751,965,794	43,214,990	56,460,560
	<b>572,366,155</b>	<b>760,111,361</b>	<b>48,880,397</b>	<b>63,690,486</b>
<b>Additions</b>				
Investment in unit trusts	-	-	-	-
Equity investment	18,685,365	11,935,746	641,711	641,496
	<b>18,685,365</b>	<b>11,935,746</b>	<b>641,711</b>	<b>641,496</b>
<b>Disposals</b>				
Equity investment	(708,598)	-	-	-
	<b>(708,598)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Market fair value changes</b> <b>- to comprehensive income statement</b>				
Investment in unit trusts (Note 23)	(859,997)	(1,617,394)	(860,326)	(1,564,519)
Equity investment (Note 23)	(133,846,164)	(198,063,558)	(9,090,762)	(13,887,066)
	<b>(134,706,161)</b>	<b>(199,680,952)</b>	<b>(9,951,088)</b>	<b>(15,451,585)</b>
<b>At the end of the year</b>				
Investment in unit trusts	5,668,176	6,528,173	4,805,081	5,665,407
Equity investment	449,968,585	565,837,982	34,765,939	43,214,990
	<b>455,636,761</b>	<b>572,366,155</b>	<b>39,571,020</b>	<b>48,880,397</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (d) Fair value through other Comprehensive income

	Group		Company	
	2020	2019	2020	2019
Opening balance	758,719,298	735,485,385	400,565,726	337,258,548
Change in accounting policy - SLFRS 9	-	1,709,297	-	-
Investments made during the year	7,110,302	33,186	5,000,001	50,000,000
Disposals made during the year	(5,828)	(528,592)	-	-
Change in fair value	(230,567,163)	22,020,022	(88,583,806)	13,307,178
<b>As at 31 March</b>	<b>535,256,609</b>	<b>758,719,298</b>	<b>316,981,921</b>	<b>400,565,726</b>

### (e) Financial assets at fair value through profit or loss

#### Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Bank, finance and insurance</b>						
Commercial Bank of Ceylon PLC	1,005,274	60,416,968	33,757,859	989,327	97,646,575	32,081,417
Commercial Bank of Ceylon PLC (Non Voting)	114,002	6,669,117	4,096,997	111,867	9,396,828	3,904,586
Hatton National Bank PLC	306,223	32,184,037	14,063,393	301,729	52,802,575	13,253,773
Hatton National Bank PLC (Non Voting)	57,107	5,727,832	2,296,840	56,033	8,236,851	2,170,700
Lanka Orix Leasing Company Holdings PLC	394,000	35,775,200	938,887	394,000	35,026,600	938,887
Lanka Orix Finance PLC	99,250	218,350	619,623	79,400	246,140	544,193
Lanka Ventures PLC	339,700	12,229,200	11,404,583	339,700	13,214,330	11,404,583
Merchant Bank of Sri Lanka PLC	124,879	699,322	8,170,229	124,879	1,298,742	8,170,229
National Development Bank PLC	22,892	1,515,450	1,010,983	22,040	2,076,168	948,949
Development Finance Corporation of Ceylon PLC	105,802	6,411,601	7,478,048	105,802	7,406,140	7,478,048
Pan Asia Bank PLC	467,100	3,783,510	4,703,226	467,100	6,025,590	4,703,226
Sampath Bank PLC	121,420	14,448,980	11,697,959	116,626	21,004,343	10,956,028
Seylan Bank PLC (Non Voting)	399,454	12,945,545	7,741,640	288,321	10,350,724	5,033,427
Amana Takaful PLC	75,000	330,000	753,490	75,000	210,000	753,490
Softlogic Life Insurance PLC	100,000	2,470,000	284,446	100,000	3,150,000	284,446
Central Finance PLC	39,134	3,169,854	773,693	38,777	3,276,657	743,680
HNB Assurance PLC	100,000	12,100,000	1,307,990	100,000	11,570,000	1,307,990
Nation Lanka Finance PLC	11,250	7,875	67,500	11,250	6,750	67,500
Nations Trust Bank PLC	115,331	7,288,919	2,278,535	115,331	10,368,257	2,278,535
People's Merchant Bank PLC	1,500	13,050	27,005	1,500	13,800	27,005
Union Bank of Colombo PLC	100	810	2,500	100	1,100	2,500
Alliance Finance Company PLC	80,000	2,752,000	352,690	80,000	4,288,000	352,690
	<b>4,079,418</b>	<b>221,157,620</b>	<b>113,828,116</b>	<b>3,918,782</b>	<b>297,616,170</b>	<b>107,405,882</b>
<b>Balance carried forward</b>	<b>4,079,418</b>	<b>221,157,620</b>	<b>113,828,116</b>	<b>3,918,782</b>	<b>297,616,170</b>	<b>107,405,882</b>

## (e) Financial assets at fair value through profit or loss

## Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
Balance brought forward	4,079,418	221,157,620	113,828,116	3,918,782	297,616,170	107,405,882
<b>Beverage, food and tobacco</b>						
Ceylon Cold Stores PLC	9,320	6,104,600	177,516	9,320	5,359,000	177,516
Ceylon Tobacco Company PLC	3,500	3,500,000	140,004	3,500	4,689,650	140,004
Ceylon Tea Services PLC	1,428	758,268	86,333	1,428	885,217	86,333
Cargills (Ceylon) PLC	146,057	24,829,690	4,386,183	146,057	29,211,400	4,386,183
Keells Food Products PLC	3,570	386,274	174,451	3,570	445,536	174,451
Lanka Milk Foods PLC	133	9,842	3,830	133	14,630	3,830
Nestle Lanka PLC	4,700	4,753,110	404,444	4,700	7,635,620	404,444
Renuka Agrifoods PLC	91,560	173,964	306,641	91,560	183,120	306,641
Three Acre Farms PLC	25,000	2,000,000	215,528	25,000	2,457,500	215,528
Renuka Foods PLC (voting)	23,770	325,649	294,669	23,770	311,387	294,669
Renuka Foods PLC (Non voting)	1,914	15,695	23,925	1,914	19,140	23,925
	<b>310,952</b>	<b>42,857,092</b>	<b>6,213,524</b>	<b>310,952</b>	<b>51,212,200</b>	<b>6,213,524</b>
<b>Footwear and Textile</b>						
Odel PLC	1,500	28,500	22,500	1,500	39,150	22,500
Hayleys Fabric PLC	8,590	74,733	194,121	8,590	73,015	194,121
	<b>10,090</b>	<b>103,233</b>	<b>216,621</b>	<b>10,090</b>	<b>112,165</b>	<b>216,621</b>
Balance carried forward	4,400,460	264,117,945	120,258,261	4,239,824	348,940,535	113,836,027

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (e) Financial assets at fair value through profit or loss

#### Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Balance brought forward</b>	<b>4,400,460</b>	<b>264,117,945</b>	<b>120,258,261</b>	<b>4,239,824</b>	<b>348,940,535</b>	<b>113,836,027</b>
<b>Chemicals and pharmaceuticals</b>						
Haycarb PLC	345	55,200	10,090	345	43,815	10,090
Lankem Ceylon PLC	12,000	205,200	309,125	12,000	264,000	309,125
Chemanex PLC	17,700	708,000	1,557,813	17,700	1,044,300	1,557,813
Union Chemicals Lanka PLC	100	40,000	1,000	100	40,000	1,000
	<b>30,145</b>	<b>1,008,400</b>	<b>1,878,028</b>	<b>30,145</b>	<b>1,392,115</b>	<b>1,878,028</b>
<b>Construction and Engineering</b>						
Lankem Development PLC	8,150,000	12,225,000	46,553,482	8,150,000	27,710,000	46,553,482
Colombo Dockyard PLC	16,380	597,870	926,832	16,380	868,140	926,832
	<b>8,166,380</b>	<b>12,822,870</b>	<b>47,480,314</b>	<b>8,166,380</b>	<b>28,578,140</b>	<b>47,480,314</b>
<b>Hotels and travel</b>						
Asian Hotels & Properties PLC	72,000	2,088,000	988,895	72,000	3,016,800	988,895
Eden Hotel Lanka PLC	350,000	5,390,000	7,005,939	350,000	4,725,000	7,005,939
John Keells Hotels PLC	530,416	3,553,787	8,907,235	530,416	3,978,120	8,907,235
The Light House Hotel PLC	114,800	2,755,200	1,947,676	114,800	2,938,880	1,947,676
Ceylon Hotel Corporation PLC	10,478	89,063	253,714	10,478	96,398	253,714
Pegasus Hotels of Ceylon PLC	22,666	432,921	499,202	22,666	543,984	499,202
Palm Garden Hotels PLC	15,164	272,952	710,548	15,164	280,534	710,548
Aitken Spence Hotel Holdings PLC	100,625	1,519,438	1,855,824	100,625	2,384,813	1,855,824
Amaya Leisure PLC	67,443	1,686,074	2,335,378	67,443	2,508,880	2,335,378
The Fortress Resorts PLC	50	390	866	50	500	866
	<b>1,283,642</b>	<b>17,787,825</b>	<b>24,505,277</b>	<b>1,283,642</b>	<b>20,473,909</b>	<b>24,505,277</b>
<b>Balance carried forward</b>	<b>13,880,627</b>	<b>295,737,040</b>	<b>194,121,880</b>	<b>13,719,991</b>	<b>399,384,699</b>	<b>187,699,646</b>



## (e) Financial assets at fair value through profit or loss

## Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Balance brought forward</b>	<b>13,880,627</b>	<b>295,737,040</b>	<b>194,121,880</b>	<b>13,719,991</b>	<b>399,384,699</b>	<b>187,699,646</b>
<b>Hotels and travel (Contd)</b>						
Galadari Hotels PLC	7,000	42,700	60,075	7,000	47,600	60,075
Citrus Hikkaduwa PLC	-	-	-	168,714	708,599	4,029,412
Royal Palms Beach PLC	15,700	199,390	628,738	15,700	252,770	628,738
Taj Lanka Hotels PLC	19,500	150,150	182,097	19,500	183,300	182,097
Serendib Hotels PLC (Non - voting)	31,250	343,750	296,268	31,250	393,750	296,268
Dolphin Hotels PLC	20,000	366,000	275,131	20,000	530,000	275,131
Renuka City Hotels PLC	12,740	2,433,340	896,879	12,740	3,185,000	896,879
Tangerine Beach Hotels PLC	11,400	400,140	348,343	11,400	462,840	348,343
Hikkaduwa Beach Resort PLC	33,742	107,974	674,840	33,742	124,845	674,840
Marawila Resorts PLC	6,681,037	7,349,141	11,356,338	-	-	-
	<b>6,832,369</b>	<b>11,392,585</b>	<b>14,718,709</b>	<b>320,046</b>	<b>5,888,704</b>	<b>7,391,783</b>
<b>Power and energy</b>						
Lanka IOC PLC	174,600	2,758,680	5,417,806	174,600	3,038,040	5,417,806
Vallibel Power Erathna PLC	39,017	210,692	85,634	39,017	230,200	85,634
Vidullanka PLC	652,053	2,673,417	1,029,836	652,053	2,869,033	1,029,836
Resus Energy PLC	142,250	2,873,450	2,813,207	142,250	2,631,625	2,813,207
Panasian Power PLC	29,200	73,000	87,600	29,200	87,600	87,600
	<b>1,037,120</b>	<b>8,589,239</b>	<b>9,434,083</b>	<b>1,037,120</b>	<b>8,856,498</b>	<b>9,434,083</b>
<b>Land and property</b>						
York Arcade Holdings PLC	35	2,170	38	35	2,454	38
C T Land Development PLC	3,333	67,993	13,740	3,333	94,657	13,740
East West Properties PLC	48,000	278,400	338,143	48,000	840,000	338,143
Colombo Land & Development Company PLC	522,460	7,157,702	4,782,685	522,460	6,165,028	4,782,685
Equity Two PLC	25,200	1,141,560	217,016	25,200	1,335,600	217,016
Touchwood Investments PLC	600,000	-	10,602,116	600,000	-	10,602,116
Property Development PLC	8,000	1,041,600	132,712	8,000	928,000	132,712
	<b>1,207,028</b>	<b>9,689,425</b>	<b>16,086,450</b>	<b>1,207,028</b>	<b>9,365,739</b>	<b>16,086,450</b>
<b>Balance carried forward</b>	<b>22,957,144</b>	<b>325,408,289</b>	<b>234,361,122</b>	<b>16,284,185</b>	<b>423,495,640</b>	<b>220,611,962</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (e) Financial assets at fair value through profit or loss

#### Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Balance brought forward</b>	<b>22,957,144</b>	<b>325,408,289</b>	<b>234,361,122</b>	<b>16,284,185</b>	<b>423,495,640</b>	<b>220,611,962</b>
<b>Manufacturing</b>						
ACL Cables PLC	72,000	2,239,200	1,485,020	72,000	2,325,600	1,485,020
Dankotuwa Porcelain PLC	52,500	236,250	414,489	52,500	278,250	414,489
Dipped Products PLC	35,024	1,996,368	1,561,838	35,024	2,731,872	1,561,838
Kelani Tyres PLC	160	5,296	934	160	4,944	934
Regnis (Lanka) PLC	137,853	8,243,609	2,464,335	137,853	8,629,598	2,464,335
Sierra Cables PLC	824,000	1,730,400	1,515,337	824,000	1,318,400	1,515,337
Tokyo Cement Company (Lanka) PLC	87,109	1,959,953	160,098	87,109	1,803,156	160,098
Tokyo Cement Company (Lanka) PLC (Non Voting)	445,500	8,910,000	3,379,162	445,500	8,241,750	3,379,162
Chevron Lubricants PLC	20,000	1,070,000	387,253	20,000	1,252,000	387,253
Bogala Graphite Lanka PLC	11,200	115,360	37,270	11,200	136,640	37,270
Ceylon Grain Elevators PLC	30,000	1,206,000	301,978	30,000	1,563,000	301,978
Lanka Cement PLC	5,000	12,500	39,153	5,000	12,500	39,153
Pelwatte Sugar Industries PLC	5,000	-	95,792	5,000	-	95,792
Singer Industries (Ceylon) PLC	82,680	5,200,572	844,420	82,680	4,795,440	844,420
Hayleys Fiber PLC	489	42,592	21,022	489	41,907	21,022
Richard Pieris Exports PLC	40,600	7,746,480	1,066,400	40,600	8,607,200	1,066,400
Textured Jersey Lanka PLC	10,000	233,000	150,000	10,000	304,000	150,000
Kelani Cables PLC	400	20,800	6,557	400	26,960	6,557
Lanka Walltiles PLC	100,000	4,110,000	3,946,907	100,000	6,000,000	3,946,907
Lanka Floortiles PLC	25,000	1,252,500	629,625	25,000	1,750,000	629,625
	<b>1,984,515</b>	<b>46,330,880</b>	<b>18,507,590</b>	<b>1,984,515</b>	<b>49,823,217</b>	<b>18,507,590</b>
<b>Plantations</b>						
Watawala Plantations PLC	364,201	7,284,020	494,532	360,000	6,660,000	438,202
Hatton Plantations PLC	432,000	1,814,400	-	432,000	2,894,400	-
	<b>796,201</b>	<b>9,098,420</b>	<b>494,532</b>	<b>792,000</b>	<b>9,554,400</b>	<b>438,202</b>
<b>Balance carried forward</b>	<b>25,737,860</b>	<b>380,837,589</b>	<b>253,363,244</b>	<b>19,060,700</b>	<b>482,873,257</b>	<b>239,557,754</b>

## (e) Financial assets at fair value through profit or loss

## Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Balance brought forward</b>	<b>25,737,860</b>	<b>380,837,589</b>	<b>253,363,244</b>	<b>19,060,700</b>	<b>482,873,257</b>	<b>239,557,754</b>
<b>Telecommunication</b>						
Dialog Axiata PLC	15,000	127,500	224,453	15,000	136,500	224,453
	<b>15,000</b>	<b>127,500</b>	<b>224,453</b>	<b>15,000</b>	<b>136,500</b>	<b>224,453</b>
<b>Oil Palm</b>						
Bukit Darah PLC	548	98,640	121,470	548	109,600	121,470
	<b>548</b>	<b>98,640</b>	<b>121,470</b>	<b>548</b>	<b>109,600</b>	<b>121,470</b>
<b>Motors</b>						
United Motors Lanka PLC	34,881	1,583,597	334,361	34,881	2,330,051	334,361
	<b>34,881</b>	<b>1,583,597</b>	<b>334,361</b>	<b>34,881</b>	<b>2,330,051</b>	<b>334,361</b>
<b>Services</b>						
John Keells PLC	20,000	860,000	382,531	20,000	960,000	382,531
	<b>20,000</b>	<b>860,000</b>	<b>382,531</b>	<b>20,000</b>	<b>960,000</b>	<b>382,531</b>
<b>Diversified holdings</b>						
Hayleys PLC	100,016	12,361,978	2,372,698	100,016	16,802,688	2,372,698
Hemas Holding PLC	21,653	1,216,898	429,510	21,653	1,623,975	431,821
Richard Peiris & Company PLC	4,740	36,972	11,121	4,740	43,608	11,121
Carson Cumberbatch PLC	664	102,920	80,980	664	106,240	80,980
John Keells Holdings PLC	69,137	7,978,410	5,685,686	69,137	10,785,372	5,685,686
Browns Investments PLC	706,000	1,341,400	1,932,938	706,000	1,059,000	1,932,938
Vallibel One PLC	104,000	1,248,000	2,600,000	104,000	1,487,200	2,600,000
Dunamis Capital PLC	60,875	1,381,862	419,447	60,875	1,844,513	419,447
Sunshine Holdings PLC	712	26,985	23,736	712	33,464	23,736
	<b>1,067,797</b>	<b>25,695,425</b>	<b>13,556,116</b>	<b>1,067,797</b>	<b>33,786,060</b>	<b>13,558,427</b>
<b>Balance carried forward</b>	<b>26,876,086</b>	<b>409,202,751</b>	<b>267,982,175</b>	<b>20,198,926</b>	<b>520,195,468</b>	<b>254,178,996</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (e) Financial assets at fair value through profit or loss

#### Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Balance brought forward</b>	<b>26,876,086</b>	<b>409,202,751</b>	<b>267,982,175</b>	<b>20,198,926</b>	<b>520,195,468</b>	<b>254,178,996</b>
<b>Trading</b>						
Singer Sri Lanka PLC	2,000	40,400	2,989	2,000	50,000	2,989
Brown & Company PLC	28,900	1,213,800	2,744,783	28,900	1,387,200	2,744,783
	<b>30,900</b>	<b>1,254,200</b>	<b>2,747,772</b>	<b>30,900</b>	<b>1,437,200</b>	<b>2,747,772</b>
<b>Investment trusts</b>						
Guardian Capital Partners PLC	113,000	2,113,100	8,252,675	113,000	2,293,900	8,252,675
Ceylon Guardian Investments Trust PLC	151,420	10,871,956	1,517,846	151,420	9,357,756	1,517,846
Ceylon Investments PLC	595,848	17,339,178	2,861,656	595,848	21,748,452	2,861,656
	<b>860,268</b>	<b>30,324,234</b>	<b>12,632,177</b>	<b>860,268</b>	<b>33,400,108</b>	<b>12,632,177</b>
<b>Healthcare</b>						
The Lanka Hospital Corporation PLC	33,000	907,500	488,930	33,000	1,442,100	488,930
Ceylon Hospitals PLC	13,330	1,066,400	300,144	13,330	963,756	300,144
Asiri Hospitals PLC	353,000	6,001,000	894,671	353,000	7,130,600	894,671
Asiri Surgical PLC	112,500	1,012,500	277,419	112,500	1,068,750	277,419
	<b>511,830</b>	<b>8,987,400</b>	<b>1,961,164</b>	<b>511,830</b>	<b>10,605,206</b>	<b>1,961,164</b>
<b>Total listed shares</b>	<b>28,279,084</b>	<b>449,768,585</b>	<b>285,323,288</b>	<b>21,601,924</b>	<b>565,637,982</b>	<b>271,520,109</b>
<b>Unlisted shares</b>						
Bartleet Transcapital (Pvt) Limited	10,000	200,000	200,000	10,000	200,000	200,000
	<b>10,000</b>	<b>200,000</b>	<b>200,000</b>	<b>10,000</b>	<b>200,000</b>	<b>200,000</b>
<b>Unit trusts</b>						
Ceybank Unit Trust	318,639	4,805,081	5,037,138	318,639	5,665,407	5,037,138
National Equity Fund	12,000	256,324	120,000	12,000	295,560	120,000
NDB Wealth Growth & Income Fund	15,826	606,771	290,768	15,826	567,206	290,768
	<b>346,465</b>	<b>5,668,176</b>	<b>5,447,906</b>	<b>346,465</b>	<b>6,528,173</b>	<b>5,447,906</b>
<b>Financial assets at fair value through profit or loss</b>	<b>28,635,549</b>	<b>455,636,761</b>	<b>290,971,194</b>	<b>21,958,389</b>	<b>572,366,155</b>	<b>277,168,015</b>

## (e) Financial assets at fair value through profit or loss

## Listed shares

Company	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Bank, finance and insurance</b>						
Commercial Bank of Ceylon PLC	14,407	865,861	557,752	14,179	1,399,467	558,565
Hatton National Bank PLC	55,999	5,885,495	2,917,902	55,177	9,655,975	2,850,403
Hatton National Bank PLC (Non Voting)	24,301	2,437,390	1,152,944	23,844	3,505,068	1,123,693
Lanka Orix Leasing Company Holdings PLC	27,000	2,451,600	138,639	27,000	2,400,300	138,639
Lanka Ventures PLC	60,000	2,160,000	2,777,356	60,000	2,334,000	2,777,356
Merchant Bank of Sri Lanka PLC	124,879	699,322	8,170,229	124,879	1,298,742	8,170,229
National Development Bank PLC	4,587	303,659	196,972	4,587	432,095	222,123
Development Finance Corporation of Ceylon PLC	5,802	351,601	304,478	5,802	406,140	304,478
Pan Asia Bank PLC	9,000	72,900	95,298	9,000	116,100	95,298
Sampath Bank PLC	6,563	780,997	379,564	6,304	1,135,350	706,522
Seylan Bank PLC (Non Voting)	38,260	845,546	484,740	27,616	991,414	437,241
	<b>370,798</b>	<b>16,854,371</b>	<b>17,175,874</b>	<b>358,388</b>	<b>23,674,651</b>	<b>17,384,547</b>
<b>Beverage, food and tobacco</b>						
Ceylon Cold Stores PLC	3,600	2,358,000	52,293	3,600	2,070,000	52,293
Ceylon Tobacco Company PLC	2,000	2,000,000	80,028	2,000	2,679,800	80,028
Ceylon Tea Services PLC	1,428	758,268	86,333	1,428	885,217	86,333
	<b>7,028</b>	<b>5,116,268</b>	<b>218,654</b>	<b>7,028</b>	<b>5,635,017</b>	<b>218,654</b>
<b>Balance carried forward</b>	<b>377,826</b>	<b>21,970,639</b>	<b>17,394,528</b>	<b>365,416</b>	<b>29,309,668</b>	<b>17,603,201</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (e) Financial assets at fair value through profit or loss

#### Listed shares

Company	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Balance brought forward</b>	<b>377,826</b>	<b>21,970,639</b>	<b>17,394,528</b>	<b>365,416</b>	<b>29,309,668</b>	<b>17,603,201</b>
<b>Chemicals and pharmaceuticals</b>						
Haycarb PLC	345	55,200	10,090	345	43,815	10,090
	<b>345</b>	<b>55,200</b>	<b>10,090</b>	<b>345</b>	<b>43,815</b>	<b>10,090</b>
<b>Hotels and travel</b>						
Asian Hotels Corporation PLC	20,000	580,000	277,228	20,000	838,000	277,228
Eden Hotel PLC	100,000	1,540,000	1,960,343	100,000	1,350,000	1,960,345
John Keells Hotels PLC	76,030	509,401	456,180	76,030	570,225	456,180
Light House Hotel PLC	24,800	595,200	259,528.00	24,800	634,880	259,528
Ceylon Hotel Corporation PLC	10,478	89,063	253,714	10,478	96,398	253,714
Pegasus Hotels of Ceylon PLC	2,400	45,840	49,144	2,400	57,600	49,144
Palm Garden Hotels PLC	15,164	272,952	710,548	15,164	280,534	710,548
	<b>248,872</b>	<b>3,632,456</b>	<b>3,966,687</b>	<b>248,872</b>	<b>3,827,637</b>	<b>3,966,687</b>
<b>Power and energy</b>						
Lanka IOC PLC	15,800	249,640	665,931	15,800	274,920	665,931
Vallibel Power Erathna PLC	7,610	41,094	17,150	7,610	44,899	17,150
	<b>23,410</b>	<b>290,734</b>	<b>683,081</b>	<b>23,410</b>	<b>319,819</b>	<b>683,081</b>
<b>Land and property</b>						
C T Land Development PLC	3,333	67,993	13,740	3,333	94,657	13,740
East West Properties PLC	24,000	139,200	117,778	24,000	420,000	117,778
	<b>27,333</b>	<b>207,193</b>	<b>131,518</b>	<b>27,333</b>	<b>514,657</b>	<b>131,518</b>
<b>Balance carried forward</b>	<b>677,786</b>	<b>26,156,222</b>	<b>22,185,904</b>	<b>665,376</b>	<b>34,015,596</b>	<b>22,394,577</b>

## (e) Financial assets at fair value through profit or loss

## Listed shares

Company	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Balance brought forward</b>	<b>677,786</b>	<b>26,156,222</b>	<b>22,185,904</b>	<b>665,376</b>	<b>34,015,596</b>	<b>22,394,577</b>
<b>Manufacturing</b>						
ACL Cables PLC	20,000	622,000	419,041	20,000	646,000	419,041
Dankotuwa Porcelain PLC	22,500	101,250	216,647	22,500	119,250	216,647
Dipped Products PLC	5,000	285,000	405,750	5,000	390,000	405,750
Kelani Tyres PLC	160	5,296	934	160	4,944	934
Regnis (Lanka) PLC	13,253	792,529	221,568	13,253	829,638	221,568
Sierra Cables PLC	2,500	5,250	6,177	2,500	4,000	6,177
Tokyo Cement Company (Lanka) PLC	1,573	35,393	4,450	1,573	32,561	4,450
	<b>64,986</b>	<b>1,846,718</b>	<b>1,274,567</b>	<b>64,986</b>	<b>2,026,393</b>	<b>1,274,567</b>
<b>Plantations</b>						
Watawala Plantations PLC	143,320	2,866,400	174,201	141,667	2,620,840	174,201
Hatton Plantations PLC	170,000	714,000	-	170,000	1,139,000	-
	<b>313,320</b>	<b>3,580,400</b>	<b>174,201</b>	<b>311,667</b>	<b>3,759,840</b>	<b>174,201</b>
<b>Telecommunication</b>						
Dialog Axiata PLC	15,000	127,500	224,453	15,000	136,500	224,453
	<b>15,000</b>	<b>127,500</b>	<b>224,453</b>	<b>15,000</b>	<b>136,500</b>	<b>224,453</b>
<b>Service</b>						
John Keells PLC	8,000	344,000	192,783	8,000	384,000	192,783
	<b>8,000</b>	<b>344,000</b>	<b>192,783</b>	<b>8,000</b>	<b>384,000</b>	<b>192,783</b>
<b>Diversified holdings</b>						
Hayleys PLC	16	1,978	1,446	16	2,688	1,446
Hemas Holding PLC	777	43,667	16,311	777	58,275	16,311
Richard Peiris & Company PLC	195	1,521	486	195	1,794	486
	<b>988</b>	<b>47,166</b>	<b>18,243</b>	<b>988</b>	<b>62,757</b>	<b>18,243</b>
<b>Balance carried forward</b>	<b>1,080,080</b>	<b>32,102,006</b>	<b>24,070,151</b>	<b>1,066,017</b>	<b>40,385,086</b>	<b>24,278,824</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (e) Financial assets at fair value through profit or loss

#### Listed shares

Company	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
Balance brought forward	1,080,080	32,102,006	24,070,151	1,066,017	40,385,086	24,278,824
<b>Trading</b>						
Singer Sri Lanka PLC	1,000	20,200	1,749	1,000	25,000	1,749
	<b>1,000</b>	<b>20,200</b>	<b>1,749</b>	<b>1,000</b>	<b>25,000</b>	<b>1,749</b>
<b>Investment trusts</b>						
Guardian Capital Partners PLC	2,000	37,400	445,989	2,000	40,600	445,989
Ceylon Guardian Investments Trust PLC	12,887	925,287	370,402	12,887	796,417	370,402
Ceylon Investments PLC	38,438	1,118,546	284,701	38,438	1,402,987	284,701
	<b>53,325</b>	<b>2,081,233</b>	<b>1,101,092</b>	<b>53,325</b>	<b>2,240,004</b>	<b>1,101,092</b>
<b>Healthcare</b>						
The Lanka Hospital Corporation PLC	3,000	82,500	46,505	3,000	131,100	46,505
Ceylon Hospitals PLC	6,000	480,000	139,509	6,000	433,800	139,509
	<b>9,000</b>	<b>562,500</b>	<b>186,014</b>	<b>9,000</b>	<b>564,900</b>	<b>186,014</b>
<b>Total listed shares</b>	<b>1,143,405</b>	<b>34,765,939</b>	<b>25,359,006</b>	<b>1,129,342</b>	<b>43,214,990</b>	<b>25,567,679</b>
<b>Unit trusts</b>						
Ceybank Unit Trust	318,639	4,805,081	5,037,138	318,639	5,665,407	5,037,138
	<b>318,639</b>	<b>4,805,081</b>	<b>5,037,138</b>	<b>318,639</b>	<b>5,665,407</b>	<b>5,037,138</b>
<b>Financial assets at fair value through profit or loss</b>	<b>1,462,044</b>	<b>39,571,020</b>	<b>30,396,144</b>	<b>1,447,981</b>	<b>48,880,397</b>	<b>30,604,817</b>



## (f) Financial asset at Fair Value through Other Comprehensive Income

## Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Bank, finance and insurance</b>						
Commercial Bank of Ceylon PLC	307	18,451	13,995	303	29,906	13,473
Hatton National Bank PLC	10	1,051	225	10	1,750	225
Lanka Orix Leasing Company Holdings PLC	800	72,640	917	800	71,120	917
Lanka Ventures PLC	100	3,600	767	100	3,890	767
Merchant Bank of Sri Lanka PLC	67	375	643	67	697	643
National Development Bank PLC	86	5,693	4,484	82	7,724	4,484
Housing Development & Finance Co PLC	100	2,010	3,650	100	2,300	3,650
Pan Asia Bank PLC	3,000	24,300	23,638	3,000	38,700	23,638
Sampath Bank PLC	305	36,295	24,754	293	52,769	21,915
Seylan Bank PLC	8	268	361	6	377	270
Amana Takaful PLC	402	764	8,775	402	2,211	8,775
Arpico Finance Company PLC	333	41,658	11,111	333	51,282	11,111
Asia Capital PLC	100	440	466	100	580	466
Softlogic Life Insurance PLC	1,000	24,700	1,120	1,000	31,500	1,120
Central Finance PLC	10	810	206	10	845	206
Ceylinco Insurance Co. PLC	22	39,050	451	22	46,719	451
DFCC Bank PLC	18	1,091	596	18	1,260	596
First Capital Holdings PLC	3,600	82,080	10,707	3,600	83,160	10,707
HNB Assurance PLC	200	24,200	2,655	200	23,140	2,655
Janashakthi Insurance Company PLC	1,800	40,860	56,247	1,800	47,880	56,247
LB Finance PLC	1,156	139,298	3,196	1,156	138,836	3,196
Nation Lanka Finance PLC	625	438	4,641	625	375	4,641
Nation Trust Bank PLC	2,671	168,807	47,530	2,671	240,123	47,530
	<b>16,720</b>	<b>728,879</b>	<b>221,135</b>	<b>16,698</b>	<b>877,144</b>	<b>217,683</b>
<b>Balance carried forward</b>	<b>16,720</b>	<b>728,879</b>	<b>221,135</b>	<b>16,698</b>	<b>877,144</b>	<b>217,683</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (f) Financial asset at Fair Value through Other Comprehensive Income

#### Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Balance brought forward</b>	<b>16,720</b>	<b>728,879</b>	<b>221,135</b>	<b>16,698</b>	<b>877,144</b>	<b>217,683</b>
<b>Bank, finance and insurance</b>						
People's Merchant Bank PLC	270	2,349	3,517	270	2,484	3,517
Seylan Merchant Bank PLC	3,610	1,083	2,731	3,610	1,444	2,731
Seylan Bank PLC. - (Non Voting)	200	4,420	5,249	145	5,206	3,776
Vanik Incorporation PLC	100	-	165	100	-	165
Vanik Incorporation PLC. - (Non Voting)	10	-	25	10	-	25
The Finance Co PLC	20	26	336	20	26	336
Union Bank of Colombo PLC	100	810	2,500	100	1,100	2,500
	<b>4,310</b>	<b>8,688</b>	<b>14,523</b>	<b>4,255</b>	<b>10,260</b>	<b>13,050</b>
<b>Beverage, food and tobacco</b>						
Ceylon Cold Stores PLC	64	41,920	1,097	64	36,800	1,097
Ceylon Tobacco Company PLC	7	7,000	239	7	9,379	239
Ceylon Tea Services PLC	80	42,480	3,249	80	49,592	3,249
Bairaha Farms PLC	100	7,870	717	100	11,480	717
Lion Brewery Ceylon PLC	50	40,000	5,217	50	41,250	5,217
Cargills (Ceylon) PLC	343	58,310	8,522	343	68,600	8,522
Renuka Foods PLC	20	274	165	20	262	165
Distilleries Company of Sri Lanka PLC	118	1,534	878	118	1,711	878
Keells Food Products PLC	219	23,696	10,808	219	27,331	10,808
Lanka Milk Foods PLC	133	9,842	3,052	133	14,630	3,052
Nestle Lanka PLC	40	40,452	3,972	40	64,984	3,972
Convenience Foods (Lanka) PLC	90	30,366	646	90	35,964	646
Tea Smallholders Factories PLC	142	2,712	3,023	142	3,422	3,023
Three Acre Farms PLC	19	1,520	301	19	1,868	301
	<b>1,425</b>	<b>307,976</b>	<b>41,886</b>	<b>1,425</b>	<b>367,273</b>	<b>41,886</b>
<b>Balance carried forward</b>	<b>22,455</b>	<b>1,045,543</b>	<b>277,544</b>	<b>22,378</b>	<b>1,254,677</b>	<b>272,619</b>

## (f) Financial asset at Fair Value through Other Comprehensive Income

## Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Balance brought forward</b>	<b>22,455</b>	<b>1,045,543</b>	<b>277,544</b>	<b>22,378</b>	<b>1,254,677</b>	<b>272,619</b>
<b>Footwear and Textile</b>						
Hayleys Management PLC	409	3,558	7,302	409	3,477	7,302
Odel PLC	100	1,900	1,500	100	2,610	1,500
	<b>509</b>	<b>5,458</b>	<b>8,802</b>	<b>509</b>	<b>6,087</b>	<b>8,802</b>
<b>Chemicals and pharmaceuticals</b>						
Haycarb PLC	27	4,320	857	27	3,429	857
Lankem Ceylon PLC	560,300	9,581,130	23,478,206	560,300	12,326,600	23,478,206
Chemanex PLC	177	7,080	2,143	177	10,443	2,143
Industrial Asphalts Ceylon PLC	10	2,925	907	10	3,710	907
J.L Morison Son & Jones (Ceylon) PLC	200	-	4,060	200	130,460	4,060
Standard Capital PLC	400	21,600	16,791	400	21,600	16,791
J.L Morison Son & Jones (Ceylon) PLC (Non - Voting)	60	-	17,406	60	25,470	17,406
CIC Holdings PLC	27	945	366	27	1,040	366
Muller & Phipps (Ceylon) PLC	500	300	515	500	300	515
	<b>561,701</b>	<b>9,618,300</b>	<b>23,521,251</b>	<b>561,701</b>	<b>12,523,052</b>	<b>23,521,251</b>
<b>Information Technology</b>						
E - Channeling PLC	1,162	4,067	2,186	1,162	4,648	2,186
PC House PLC	1,000	-	11,000	1,000	100	11,000
	<b>2,162</b>	<b>4,067</b>	<b>13,186</b>	<b>2,162</b>	<b>4,748</b>	<b>13,186</b>
<b>Construction and Engineering</b>						
Colombo Dockyard PLC	15	548	413	15	795	413
Lankem Developments PLC	296	444	1,610	296	1,006	1,995
	<b>311</b>	<b>992</b>	<b>2,023</b>	<b>311</b>	<b>1,801</b>	<b>2,408</b>
<b>Balance carried forward</b>	<b>587,138</b>	<b>10,674,360</b>	<b>23,822,806</b>	<b>587,061</b>	<b>13,790,365</b>	<b>23,818,266</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (f) Financial asset at Fair Value through Other Comprehensive Income

#### Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Balance brought forward</b>	<b>587,138</b>	<b>10,674,360</b>	<b>23,822,806</b>	<b>587,061</b>	<b>13,790,365</b>	<b>23,818,266</b>
<b>Hotels and travel</b>						
Eden Hotel PLC	200	3,080	1,616	200	2,700	1,616
John Keells Hotels PLC	1,506	10,090	5,481	1,506	11,295	5,481
The Light House Hotel PLC	100	2,400	742	100	2,560	742
Marawila Resorts PLC	1,000,640	1,100,704	7,684,396	1,000,640	1,601,024	7,684,396
Pegasus Hotels of Ceylon PLC	133	2,540	1,443	133	3,192	1,443
Aitken Spence Hotel Holdings PLC	140	2,114	1,616	140	3,318	1,616
Asian Hotels Properties PLC	200	5,800	616	200	8,380	616
Browns Beach Hotels PLC	150	1,140	341	150	1,740	341
Amaya Leisure PLC	277	6,925	2,209	277	10,304	2,209
Dolphine Hotels PLC	125	2,288	717	125	3,313	717
The Fortress Resorts PLC	500	3,900	4,884	500	5,000	4,884
Galadari Hotels PLC	100	610	241	100	680	241
Hotel Developers PLC	4	-	296	4	-	296
The Kingsbury PLC	687	5,977	3,142	687	8,794	3,142
Ceylon Hotels Corporation PLC	534	4,539	2,120	534	4,913	2,120
Hunas Falls Hotel PLC	50	7,050	303	50	9,000	303
Mahaweli Reach Hotel PLC	100	1,200	867	100	1,360	867
Miramar Beach Hotels PLC	100	-	616	100	6,190	616
Nuwara Eliya Hotels PLC	12	10,021	3,553	12	15,000	3,553
Citrus Leisure PLC	53	307	606	53	223	606
Royal Palms Beach PLC	100	1,270	892	100	1,610	892
Taj Lanka Hotels PLC	100	770	316	100	940	316
Beruwala Resorts PLC	30,000	18,000	63,000	30,000	18,000	63,000
Palm Garden Hotels PLC	56	1,008	2,826	56	1,036	2,826
	<b>1,035,867</b>	<b>1,191,733</b>	<b>7,782,839</b>	<b>1,035,867</b>	<b>1,720,572</b>	<b>7,782,839</b>
<b>Power and energy</b>						
Lanka IOC PLC	800	12,640	21,600	800	13,920	21,600
Vallibel Power Erathna PLC	3,000	16,200	8,000	3,000	17,700	8,000
	<b>3,800</b>	<b>28,840</b>	<b>29,600</b>	<b>3,800</b>	<b>31,620</b>	<b>29,600</b>
<b>Balance carried forward</b>	<b>1,626,805</b>	<b>11,894,933</b>	<b>31,635,245</b>	<b>1,626,728</b>	<b>15,542,557</b>	<b>31,630,705</b>

## (f) Financial asset at Fair Value through Other Comprehensive Income

## Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Balance brought forward</b>	<b>1,626,805</b>	<b>11,894,933</b>	<b>31,635,245</b>	<b>1,626,728</b>	<b>15,542,557</b>	<b>31,630,705</b>
<b>Power and energy (Contd)</b>						
Vidullanka PLC	2,042	8,372	2,335	2,042	8,985	2,335
Resus Energy PLC	1,293	26,119	19,280	1,293	23,921	19,280
Panasian Power PLC	1,000	2,500	3,000	1,000	3,000	3,000
	<b>4,335</b>	<b>36,991</b>	<b>24,615</b>	<b>4,335</b>	<b>35,905</b>	<b>24,615</b>
<b>Land and property</b>						
York Arcade Holdings PLC	28	1,736	22,555	28	1,963	578
C T Land Development PLC	167	3,407	767	167	4,743	767
East West Properties PLC	1,200	6,960	5,920	1,200	21,000	5,920
City Housing PLC	180	648	968	180	648	968
Seylan Developments PLC	204	1,958	1,438	204	2,040	1,438
Colombo Land & Development Company PLC	1,200	19,180	5,920	1,400	16,520	2,259
Equity Two PLC	337	4,530	4,156	100	5,300	717
Kelsey Developments PLC	155	9,099	241	337	8,459	4,156
On'ally Holding PLC	300	3,674	2,156	31	3,100	241
Overseas Reality (Ceylon) PLC	30	3,600	2,134	300	4,920	2,156
Serendib Land PLC	204	35,310	1,438	30	39,000	2,134
Touchwood Investments PLC	2,400	-	1,221	2,400	6,240	1,221
	<b>6,405</b>	<b>90,102</b>	<b>48,914</b>	<b>6,377</b>	<b>113,933</b>	<b>22,555</b>
<b>Manufacturing</b>						
ACL Cables PLC	576	17,914	1,916	576	18,605	1,916
Dankotuwa Porcelain PLC	166	747	2,534	166	880	2,534
Dipped Products PLC	86	4,902	1,518	86	6,708	1,518
	<b>828</b>	<b>23,563</b>	<b>5,968</b>	<b>828</b>	<b>26,193</b>	<b>5,968</b>
<b>Balance carried forward</b>	<b>1,638,373</b>	<b>12,045,588</b>	<b>31,714,742</b>	<b>1,638,268</b>	<b>15,718,588</b>	<b>31,683,843</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (f) Financial asset at Fair Value through Other Comprehensive Income

#### Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Balance brought forward</b>	<b>1,638,373</b>	<b>12,045,588</b>	<b>31,714,742</b>	<b>1,638,268</b>	<b>15,718,588</b>	<b>31,683,843</b>
<b>Manufacturing (Contd)</b>						
Kelani Tyres PLC	360	11,916	1,594	360	11,124	1,594
Regnis (Lanka) PLC	30	1,794	567	30	1,878	567
Sierra Cables PLC	1,200	2,520	3,600	1,200	1,920	3,600
Tokyo Cement Company (Lanka) PLC	147	3,308	455	147	3,043	455
Abans Electricals PLC	240	14,472	10,341	240	12,480	10,341
Chevron Lubricants PLC	400	21,400	8,395	400	25,040	8,395
ACL Plastics PLC	100	11,520	3,174	100	7,880	3,174
ACME Printing & Packaging PLC	300	810	3,116	300	1,050	3,116
Alufab PLC	90	621	2,551	90	1,215	2,551
Blue Diamond Jewellery World Wide PLC	22	11	76	22	9	76
Bogala Graphite Lanka PLC	200	2,060	867	200	2,440	867
Piramal Glass Ceylon PLC	3,428	11,312	5,552	3,428	11,998	5,552
Ceylon Grain Elevators PLC	10	402	158	10	521	158
Lanka Aluminium Industrires PLC	10	430	118	10	544	118
Lanka Cement PLC	100	250	241	100	250	241
Lanka Ceramic PLC	7	540	528	7	979	528
Lanka Tiles PLC	52	2,605	1,194	52	3,640	1,194
Swistek (Ceylon) PLC	100	2,700	366	100	3,480	366
Pelwatte Sugar Industries PLC	100	-	466	100	-	466
Royal Ceramic Lanka PLC	6	335	62	6	354	62
Samson International PLC	50	3,605	562	50	4,895	562
Singer Industries PLC	85	5,347	891	85	4,930	891
Hayleys Fibre PLC	105	9,146	1,830	105	8,999	1,830
Richard Pieris Exports PLC	92	17,554	2,542	92	19,504	2,542
Lanka Walltiles PLC	33	1,356	4,432	33	1,980	4,432
Laxapana Batteries PLC	300	2,670	2,241	300	3,240	2,241
	<b>7,567</b>	<b>128,684</b>	<b>55,919</b>	<b>7,567</b>	<b>133,393</b>	<b>55,919</b>
<b>Balance carried forward</b>	<b>1,645,940</b>	<b>12,174,272</b>	<b>31,770,661</b>	<b>1,645,835</b>	<b>15,851,981</b>	<b>31,739,762</b>

## (f) Financial asset at Fair Value through Other Comprehensive Income

## Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
Balance brought forward	1,645,940	12,174,272	31,770,661	1,645,835	15,851,981	31,739,762
<b>Plantations</b>						
Watawala Plantations PLC	4,215	84,300	16,075	4,167	77,090	15,000
Agalawatte Plantation PLC	100	1,590	717	100	1,350	717
Balangoda Plantation PLC	110	803	2,225	110	1,276	2,225
Bogawantalawa Plantation PLC	46	409	331	46	501	331
Hapugastenne Plantation PLC	200	2,140	2,892	200	3,400	2,892
Horana Plantation PLC	20	340	155	20	340	155
Kahawatte Plantation PLC	266	9,496	3,631	266	10,374	3,631
Kegalle Plantation PLC	100	4,080	817	100	5,500	817
Kelani Valley Plantation PLC	100	8,000	993	100	9,300	993
Kotagala Plantations PLC	279	1,395	943	279	1,953	943
Madulsima Plantation PLC	100	450	2,500	100	610	2,500
Malwatte Valley Plantation PLC	1,000	3,500	1,221	1,000	6,800	1,221
Maskeliya Plantation PLC	1,400	8,680	29,400	1,400	15,120	29,400
Namunukula Plantation PLC	100	7,800	717	100	6,400	717
Talawakelle Plantation PLC	600	23,940	12,000	600	29,220	12,000
Udapussellawa Plantation PLC	100	1,800	892	100	2,990	892
Hatton Plantations PLC	5,000	21,000	-	5,000	33,500	-
	<b>13,736</b>	<b>179,723</b>	<b>75,509</b>	<b>13,688</b>	<b>205,724</b>	<b>74,434</b>
<b>Telecommunication</b>						
Dialog Axiata PLC	100	850	2,337	100	910	2,337
Sri Lanka Telecom PLC	200	4,400	3,377	200	4,280	3,377
	<b>300</b>	<b>5,250</b>	<b>5,714</b>	<b>300</b>	<b>5,190</b>	<b>5,714</b>
<b>Oil Palm</b>						
Bukit Darah PLC	10	1,800	3,041	10	2,000	3,041
Indo-Malay Estates PLC	5	5,252	892	5	6,500	892
Selinsing Company PLC	36	25,196	9,111	36	25,610	9,111
	<b>51</b>	<b>32,248</b>	<b>13,044</b>	<b>51</b>	<b>34,110</b>	<b>13,044</b>
Balance carried forward	1,660,027	12,391,493	31,864,928	1,659,874	16,097,005	31,832,954

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (f) Financial asset at Fair Value through Other Comprehensive Income

#### Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Balance brought forward</b>	<b>1,660,027</b>	<b>12,391,493</b>	<b>31,864,928</b>	<b>1,659,874</b>	<b>16,097,005</b>	<b>31,832,954</b>
<b>Motors</b>						
Autodrome PLC	100	5,800	2,337	100	8,490	2,337
Lanka Ashok Leyland PLC	90	63,180	827	90	56,520	827
Sathosa Motors PLC	66	17,173	2,142	66	30,221	2,142
Diesel & Motor Engineering PLC	6	1,500	195	6	1,828	195
C M Holdings PLC	185	7,863	5,020	185	6,679	5,020
	<b>447</b>	<b>95,516</b>	<b>10,521</b>	<b>447</b>	<b>103,738</b>	<b>10,521</b>
<b>Service</b>						
John Keells PLC	336	14,448	1,751	336	16,128	1,751
Paragon Ceylon PLC	100	5,970	1,017	100	5,000	1,017
	<b>436</b>	<b>20,418</b>	<b>2,768</b>	<b>436</b>	<b>21,128</b>	<b>2,768</b>
<b>Stores &amp; Suppliers</b>						
E B Creasy & Company PLC	267,772	218,742,947	20,122,028	267,772	398,980,280	20,122,028
Gestetner of Ceylon PLC	229	20,839	8,264	229	20,152	8,264
Hunter & Company PLC	24	8,458	755	24	9,600	755
	<b>268,025</b>	<b>218,772,244</b>	<b>20,131,047</b>	<b>268,025</b>	<b>399,010,032</b>	<b>20,131,047</b>
<b>Diversified holdings</b>						
Hayleys PLC	9	1,112	1,013	9	1,512	1,013
Hemas Holding PLC	719	40,408	9,968	719	53,925	9,968
Richard Peiris & Company PLC	3,705	28,899	2,032	3,705	34,086	2,032
The Colombo Fort Land & Building PLC	5,590,013	43,502,498	14,173,660	5,089,930	68,713,630	9,172,830
Aitken Spence PLC	555	17,039	9,852	555	22,755	9,852
Carson Cumberbatch PLC	191	29,605	10,125	191	30,560	10,125
C T Holdings PLC	223	35,680	6,921	223	36,327	6,921
John Keells Holdings PLC	192	22,157	10,898	192	29,952	10,898
Browns Investments PLC	6,000	11,400	18,750	6,000	9,000	18,750
Melstacorp PLC	400	9,440	892	400	14,400	892
Dunamis Capital PLC	-	-	-	206	6,242	1,852
	<b>5,602,007</b>	<b>43,698,238</b>	<b>14,244,111</b>	<b>5,102,130</b>	<b>68,952,389</b>	<b>9,245,133</b>
<b>Balance carried forward</b>	<b>7,530,942</b>	<b>274,977,909</b>	<b>66,253,375</b>	<b>7,030,912</b>	<b>484,184,292</b>	<b>61,222,423</b>



## (f) Financial asset at Fair Value through Other Comprehensive Income

## Listed shares

Group	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
Balance brought forward	7,530,942	274,977,909	66,253,375	7,030,912	484,184,292	61,222,423
<b>Trading</b>						
Brown & Company PLC	100	4,200	2,945	100	4,800	2,945
C. W. Mackie PLC	1,010,100	39,191,880	54,220,642	1,010,100	40,808,040	54,220,642
Ceylon & Foreign Trades PLC	10,000	32,000	4,559	10,000	32,000	4,559
Tess Agro PLC	2,053	616	1,517	2,053	821	1,517
	<b>1,022,253</b>	<b>39,228,696</b>	<b>54,229,663</b>	<b>1,022,253</b>	<b>40,845,661</b>	<b>54,229,663</b>
<b>Investment trusts</b>						
Ceylon Guardian Investments Trust PLC	174	12,493	1,670	174	10,753	1,670
Ceylon Investments PLC	463	13,473	2,591	463	16,900	2,591
Colombo Fort Investment PLC	84	4,620	1,913	83	4,167	1,813
Colombo Investments Trust PLC	145	8,845	2,358	143	8,580	2,186
Renuka Holdings PLC	164	2,214	1,470	164	2,198	1,470
Renuka Holdings PLC (Non Voting)	1,180	11,446	17,256	1,180	10,620	17,256
Lanka Century Investments PLC	1,002	8,116	1,791	1,002	9,218	1,791
	<b>3,212</b>	<b>61,207</b>	<b>29,049</b>	<b>3,209</b>	<b>62,436</b>	<b>28,777</b>
<b>Healthcare</b>						
The Lanka Hospital Corporation PLC	100	2,750	1,500	100	4,370	1,500
Asiri Hospitals PLC	2,660	45,220	6,099	2,660	53,732	6,099
Asiri Surgical PLC	1,499	13,491	3,646	1,499	14,241	3,646
Nawaloka Hospitals PLC	26,666	77,330	20,000	26,666	111,997	20,000
Ceylon Hospitals PLC	130	9,490	2,270	130	8,784	2,270
Singhe Hospitals PLC	1,000	1,400	2,500	1,000	1,300	2,500
	<b>32,055</b>	<b>149,681</b>	<b>36,015</b>	<b>32,055</b>	<b>194,424</b>	<b>36,015</b>
<b>Total listed shares</b>	<b>8,588,462</b>	<b>314,417,493</b>	<b>120,548,102</b>	<b>8,088,429</b>	<b>525,286,813</b>	<b>115,516,878</b>

## (f) Financial asset at Fair Value through Other Comprehensive Income

## Unlisted shares

Group	31 March 2020			31 March 2019		
	Number of shares	Fair value	Cost	Number of shares	Fair value	Cost
<b>Unlisted shares</b>						
Agarapatana Plantations Ltd	250,000	652,313	500,521	250,000	506,104	500,521
Metropolitan Resource Holdings	22	618	1,243	22	618	1,243
Colombo Fort Hotels Ltd	19,014,348	220,186,185	425,358,700	475,358,700	232,925,763	425,358,700
	<b>19,264,370</b>	<b>220,839,116</b>	<b>425,860,464</b>	<b>475,608,722</b>	<b>233,432,485</b>	<b>425,860,464</b>
<b>Financial Asset at Fair Value through Other Comprehensive Income</b>	<b>27,852,832</b>	<b>535,256,609</b>	<b>546,408,566</b>	<b>483,697,151</b>	<b>758,719,298</b>	<b>541,377,342</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### (f) Financial asset at Fair Value through Other Comprehensive Income

#### Listed shares

Company	31 March 2020			31 March 2019		
	Number of shares	Market value	Cost	Number of shares	Market value	Cost
<b>Chemicals and pharmaceuticals</b>						
Lankem Ceylon PLC	160,000	2,736,000	4,419,581	160,000	3,520,000	4,419,581
	<b>160,000</b>	<b>2,736,000</b>	<b>4,419,581</b>	<b>160,000</b>	<b>3,520,000</b>	<b>4,419,581</b>
<b>Stores &amp; Suppliers</b>						
E B Creasy and Company PLC	100,000	81,690,000	19,194,750	100,000	149,000,000	19,194,750
	<b>100,000</b>	<b>81,690,000</b>	<b>19,194,750</b>	<b>100,000</b>	<b>149,000,000</b>	<b>19,194,750</b>
<b>Diversified holdings</b>						
The Colombo Fort Land & Building PLC	1,500,000	11,250,000	6,898,740	1,000,000	13,500,000	1,898,740
	<b>1,500,000</b>	<b>11,250,000</b>	<b>1,898,740</b>	<b>1,000,000</b>	<b>13,500,000</b>	<b>1,898,740</b>
<b>Hotels and travels</b>						
Marawila Resorts PLC	1,000,000	1,100,000	7,681,000	1,000,000	1,600,000	7,681,000
Beruwala Resorts PLC	30,000	18,000	63,000	30,000	18,000	63,000
	<b>1,030,000</b>	<b>1,118,000</b>	<b>7,744,000</b>	<b>1,030,000</b>	<b>1,618,000</b>	<b>7,744,000</b>
<b>Land and property</b>						
York Arcade Holdings PLC	28	1,736	578	28	1,963	578
	<b>28</b>	<b>1,736</b>	<b>578</b>	<b>28</b>	<b>1,963</b>	<b>578</b>
<b>Total listed shares</b>	<b>2,790,028</b>	<b>96,795,736</b>	<b>33,257,649</b>	<b>2,290,028</b>	<b>167,639,963</b>	<b>33,257,649</b>

Company	31 March 2020			31 March 2019		
	Number of shares	Fair value	Cost	Number of shares	Fair value	Cost
<b>Unlisted shares</b>						
Colombo Fort Hotels Ltd	19,014,348	220,186,185	425,358,700	475,358,700	232,925,763	425,358,700
	<b>19,014,348</b>	<b>220,186,185</b>	<b>425,358,700</b>	<b>475,358,700</b>	<b>232,925,763</b>	<b>425,358,700</b>
<b>Financial Asset at Fair Value through Other Comprehensive Income</b>	<b>21,804,376</b>	<b>316,981,921</b>	<b>458,616,349</b>	<b>477,648,728</b>	<b>400,565,726</b>	<b>458,616,349</b>

## 12. Deferred income tax (liabilities) / assets

### (a) Deferred income tax assets

	Group		Company	
	2020	2019	2020	2019
At beginning of the year	45,061,859	72,321,137	-	-
Income statement (charge) / release	(10,798,498)	17,074,697	-	-
Disposal of subsidiary	(6,949,776)	-	-	-
Amount recognized during the year to other comprehensive income	(106,059)	(44,333,975)	-	-
<b>At end of the year</b>	<b>27,207,526</b>	<b>45,061,859</b>	<b>-</b>	<b>-</b>

### (b) Deferred income tax liabilities

	Group		Company	
	2020	2019	2020	2019
At beginning of the year	178,807,020	15,459,657	14,970,392	15,459,657
Income statement (release) / charge	(2,100,228)	(4,385,255)	(2,100,228)	(489,265)
Disposal of subsidiary	(163,836,628)	-	-	-
Amount recognized during the year to other comprehensive income	-	167,732,618	-	-
<b>At end of the year</b>	<b>12,870,164</b>	<b>178,807,020</b>	<b>12,870,164</b>	<b>14,970,392</b>
<b>Net deferred tax asset / (liability)</b>	<b>14,337,362</b>	<b>(133,745,161)</b>	<b>(12,870,164)</b>	<b>(14,970,392)</b>

### Deferred Tax Composition

	Group		Company	
	2020	2019	2020	2019
Property, plant & equipment	(30,014,251)	(42,859,969)	(12,870,164)	(14,970,392)
Defined benefit obligations	2,012,534	13,024,766	-	-
Intangibles	-	33,529	-	-
Provision for inventory	-	11,780,598	-	-
Lease liability	(22,323,253)	-	-	-
Unclaimed right of use asset rental	17,949,961	-	-	-
Impairment of debtors	-	(788,181)	-	-
Revaluation	(44,451,198)	(213,797,445)	-	-
Tax losses carried forward	91,163,569	98,861,541	-	-
<b>At end of the year</b>	<b>14,337,362</b>	<b>(133,745,161)</b>	<b>(12,870,164)</b>	<b>(14,970,392)</b>

Deferred tax assets in respect of tax losses for Union Investments (Pvt) Limited and Guardian Asset Management Limited have not been recognized in the financial statements as it is not probable that future taxable profits will be available against which the Companies can utilize the tax losses.

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### 13. Inventories

The amounts attributable to the different categories are as follows:

	Group		Company	
	2020	2019	2020	2019
Spares and consumables	175,167,771	334,781,943	-	-
Motor vehicles	63,476,738	521,636,888	-	-
Repair job-in-progress	3,349,167	13,579,190	-	-
Goods-in-transit	5,359,078	17,774,363	-	-
Provision for slow moving stocks	-	(42,073,566)	-	-
	<b>247,352,754</b>	<b>845,698,818</b>	-	-

### 14. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
Trade receivables	48,302,914	70,757,953	-	-
Provision for impairment of debtors (ECL/Specific provisions)	(2,273,134)	(7,094,281)	-	-
Trade receivables - net	46,029,780	63,663,672	-	-
Amounts due from related parties [note 31 (b)]	535,619,356	115,964,353	538,363,496	125,379,436
Provision for impairment of doubtful related party receivables	-	(421,659)	-	-
Amounts due from related parties - net	535,619,356	115,542,694	538,363,496	125,379,436
Prepayments	2,876,934	30,684,140	72,310	614,669
other receivables	11,763,190	44,926,558	1,335,430	1,681,512
Provision for impairment of other receivables	-	(274,526)	-	(274,526)
Other receivables - net	11,763,190	44,652,032	1,335,430	1,406,986
	<b>596,289,260</b>	<b>254,542,538</b>	<b>539,771,237</b>	<b>127,401,091</b>

## Trade receivables by credit quality are as follows:

	Group	
	2020	2019
Neither past due nor impaired	8,410,949	5,399,187
Past due but not impaired	39,891,965	65,358,766
Fully impaired	-	-
	<b>48,302,914</b>	<b>70,757,953</b>

	Company	
	2020	2019
Neither past due nor impaired	-	-
Past due but not impaired	-	-
Fully impaired	-	-
	-	-

Past due but not impaired balances include trade receivable balances with a carrying amount of Rs. 39,891,965 (2019 - Rs. 65,358,766) which are past due at the end of the reporting period but which the Group has not fully impaired as there has not been a significant change in credit quality and believe that overdue amounts are fully recoverable.

## The aging of trade receivables are as follows:

	Group	
	2020	2019
1 month to 6 months	24,125,572	47,185,858
6 months to 1 year	24,177,342	1,464,748
More than 1 year	-	22,107,347
	<b>48,302,914</b>	<b>70,757,953</b>

	Company	
	2020	2019
1 month to 6 months	-	-
6 months to 1 year	-	-
More than 1 year	-	-
	-	-

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

The movement of the provision for impairment of trade receivables are as follows:

	Group	
	2020	2019
At beginning of the year	7,094,281	2,462,558
Provision for impairment of receivables	285,889	4,631,723
Reversal of provision	-	-
Reversal of provision on disposal of subsidiary	(5,107,036)	-
<b>At end of the year</b>	<b>2,273,134</b>	<b>7,094,281</b>

	Company	
	2020	2019
At beginning of the year	-	-
Provision for impairment of receivables	-	-
Reversal of provision	-	-
<b>At end of the year</b>	<b>-</b>	<b>-</b>

### 15. Cash and cash equivalents

Cash and cash equivalents wholly consist of cash held in local banks and cash in hand.

	Group		Company	
	2020	2019	2020	2019
Cash in hand	-	6,863,179	-	-
Cash at bank	43,248,451	131,976,908	14,515,456	5,536,325
Cash in transit	87,335	-	-	-
Fixed deposits	13,000,000	25,000,000	13,000,000	-
	<b>56,335,786</b>	<b>163,840,087</b>	<b>27,515,456</b>	<b>5,536,325</b>

For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the following:

	Group		Company	
	2020	2019	2020	2019
Cash and bank balances	56,335,786	163,840,087	27,515,456	5,536,325
Bank overdraft (note 19)	(103,115,863)	(249,446,104)	-	-
	<b>(46,780,077)</b>	<b>(85,606,017)</b>	<b>27,515,456</b>	<b>5,536,325</b>

## 16. Stated capital

	Number of shares	Stated capital
At 31 March 2020 / 2019	15,200,000	288,386,885

All issued shares are fully paid.

## 17. Retained earnings

### (a) Revaluation reserve

	Group		Company	
	2020	2019	2020	2019
At beginning of the year	419,126,327	-	-	-
Revaluation surplus	-	419,126,327	-	-
Equity adjustment on KIA sale	(304,823,245)	-	-	-
<b>At end of the year</b>	<b>114,303,082</b>	<b>419,126,327</b>	<b>-</b>	<b>-</b>

### (b) Fair value reserve

	Group		Company	
	2020	2019	2020	2019
At beginning of the year	403,567,160	379,423,887	127,644,609	114,337,431
Change in accounting policy - SLFRS 9/SLFRS 15	-	1,709,297	-	-
Change in fair value of financial assets at FVOCI	(230,406,487)	22,433,976	(88,583,806)	13,307,178
<b>At end of the year</b>	<b>173,160,673</b>	<b>403,567,160</b>	<b>39,060,803</b>	<b>127,644,609</b>

### (c) Retained earnings

	Group		Company	
	2020	2019	2020	2019
At beginning of the year	1,866,545,502	2,416,476,280	1,151,514,613	1,106,488,028
Change in accounting policy - SLFRS 9/SLFRS 15	-	(2,003,117)	-	-
(Loss) / profit for the year	(220,017,084)	(491,562,951)	511,134,267	75,426,585
Remeasurement of post employment benefits	272,721	(3,453,579)	-	-
Effect of change in percentage holding in subsidiary	-	(22,511,131)	-	-
Equity adjustment on KIA sale	304,823,245	-	-	-
Dividend to equity holders	(30,400,000)	(30,400,000)	(30,400,000)	(30,400,000)
<b>At end of the year</b>	<b>1,921,224,384</b>	<b>1,866,545,502</b>	<b>1,632,248,880</b>	<b>1,151,514,613</b>

### (d) Other reserve

	Group		Company	
	2020	2019	2020	2019
Revaluation reserve	114,303,082	419,126,327	-	-
Fair value reserve	173,160,673	403,567,160	39,060,803	127,644,609
<b>At end of the year</b>	<b>287,463,755</b>	<b>822,693,487</b>	<b>39,060,803</b>	<b>127,644,609</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### 18. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
Trade payables	17,028,327	22,617,434	-	-
Amounts due to related parties [note 31 (b)]	1,791,403	141,349,850	-	4,019
Other payables	81,875,334	111,463,194	40,803,695	26,243,852
Contract liabilities	5,792,803	3,203,616	-	-
Accrued expenses and provisions	26,765,705	93,353,277	-	-
	133,253,572	371,987,371	40,803,695	26,247,871
Less: Non-current portion	(8,309,000)	(1,662,313)	(8,309,000)	(1,662,313)
<b>Current Portion</b>	<b>124,944,572</b>	<b>370,325,058</b>	<b>32,494,695</b>	<b>24,585,558</b>

Trade and other payables consist of advances received from customers amounting to Rs. 12,464,012 (2019 - 3,872,563) for the Group and Company.

### 19. Borrowings

	Group		Company	
	2020	2019	2020	2019
<b>Current</b>				
Bank overdrafts (note 15)	103,115,863	249,446,104	-	-
Bank borrowings	486,531,427	1,205,699,871	-	-
Lease liabilities	-	1,013,578	-	-
	589,647,290	1,456,159,553	-	-
<b>Non-current</b>				
Bank borrowings	155,148,000	117,399,402	-	-
Lease liabilities	-	2,369,021	-	-
	155,148,000	119,768,423	-	-
<b>Total borrowings</b>	<b>744,795,290</b>	<b>1,575,927,976</b>	<b>-</b>	<b>-</b>

The carrying amounts of the Group's and Company's borrowings is denominated in Sri Lanka Rupees.

Details of assets pledged as securities by each subsidiary are as follows:

#### Colonial Motors (Ceylon) Limited

Institution and Facility	Principal Amount	Amount Outstanding	Interest Rate	Security Offered
<b>Commercial Bank of Ceylon PLC</b>				
Short Term Loan	50,223,681	50,223,681	AWPLR + 1.75% p.a	} 19.1
Long Term Loan				
• Diribala - 1903944	20,000,000	6,672,000	8.5% p.a	
• Diribala - 1851271	26,000,000	7,090,000	8.5% p.a	
• EIB - 1859449	65,000,000	28,200,000	8.5% p.a	
Finance Lease	4,387,500	2,482,899	13.5% p.a	



Institution and Facility	Principal Amount	Amount Outstanding	Interest Rate	Security Offered
<b>Hatton National Bank PLC</b>				
Short Term Loan	170,000,000	159,645,491	AWPLR + 1.25% p.a	Demand Promissory Note for Rs.215Mn
Long Term Loan	45,000,000	29,521,417	AWPLR + 1.5% p.a	Demand Promissory Note for Rs.215Mn
<b>Sampath Bank PLC</b>				
Short Term Loan	208,314,060	148,305,489	AWPLR + 2.00% p.a	
<b>National Development Bank PLC</b>				
Short Term Loan	63,890,248	62,021,341	15% p.a	Primary Mortgage over stocks and book debts
Medium Short Term Loan	150,000,000	150,000,000	16% p.a	

#### 19.1 Facilities obtained by Commercial Bank of Ceylon PLC for Short Term Loans and Long Term Loans are securitized against the following:

Floating Primary Mortgage Bond No.3639 - No.41/35,Nagahamulla Road,Thalangama South and more fully depicted as Lot A in plan No.1706A dated 30.09.2004 drawn by Mr.K M A H Bandara (L/S) in extent of 133.0 Perches owned by M/s.Colonial Motors (Ceylon) Ltd.

Floating Primary Mortgage Bond No.CTY/VM/14/05 dated 25/02/2015 for Rs.66.0 Mn .Obtained over the Stocks of "Mazda" brand Vehicles and spare parts (Mazda/Tata/Land Rover) and/or other movable assets.

Floating Secondary Mortgage Bond No.CTY/15/04 dated 20.08.2015 for Rs.20.0 Mn over stocks obtained.

## 20. Defined benefit obligations

	Group		Company	
	2020	2019	2020	2019
Present value of the unfunded obligations	7,187,632	46,517,023	-	-
<b>Liability in the balance sheet</b>	<b>7,187,632</b>	<b>46,517,023</b>	<b>-</b>	<b>-</b>

	Group		Company	
	2020	2019	2020	2019
<i>Balance sheet obligations for:</i>				
Defined benefits (gratuity)	7,187,632	46,517,023	-	-
<i>Income statement charge / (release)</i>				
Defined benefits (gratuity)	2,320,167	10,313,158	-	-
<i>Remeasurements for:</i>				
Defined benefits (gratuity)	(378,779)	6,563,737	-	-

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

The income statement charge included within operating profit includes current service cost and interest expense.

The defined benefit plan of each subsidiary of the Group is unfunded, where each subsidiary meets the benefit payment obligation as it falls due. Accordingly, the liability in the Consolidated Statement of Financial Position represents the present value of unfunded obligations.

Amounts recognised in the Consolidated Statement of Financial Position are as follows:

	Group		Company	
	2020	2019	2020	2019
At beginning of the year	46,517,023	40,553,753	-	-
Interest expense	694,739	4,492,199	-	-
Current service cost	1,625,428	5,820,959	-	-
Benefits paid	(1,701,125)	(10,913,625)	-	-
Disposal of Subsidiary	(39,569,654)	-	-	-
Remeasurements	-	5,954,018	-	-
Actuarial gains/losses	(378,779)	609,719	-	-
<b>At end of the year</b>	<b>7,187,632</b>	<b>46,517,023</b>	<b>-</b>	<b>-</b>

Amounts recognised in the profit or loss are as follows:

	Group		Company	
	2020	2019	2020	2019
Interest expense	694,739	4,492,199	-	-
Current service cost	1,625,428	5,820,959	-	-
	<b>2,320,167</b>	<b>10,313,158</b>	<b>-</b>	<b>-</b>
Remeasurements	(378,779)	6,563,737	-	-
	<b>(378,779)</b>	<b>6,563,737</b>	<b>-</b>	<b>-</b>

Defined benefit obligation of Colonial Motors (Ceylon) Limited is determined through the formula method carried out internally for the year ended 31 March 2020.

The Principal Assumptions used are as follows:

Company Name	Staff Turnover rate	Salary Escalation rate for future years	Discount rate
Colonial Motors (Ceylon) Limited	27%	8%	10.0%

A quantitative sensitivity analysis for significant assumptions as at 31st March 2020 is shown below

	Salary Escalation Rate		Discount Rate	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Impact on Present Value of Defined Benefit Obligation	183,860	(179,541)	(174,745)	182,153

## 21. Revenue

Revenue of the Group consists of revenue earned from the sale of spare parts, repairing and servicing motor vehicles, sale of motor vehicles and income earned from renting out of property as follows:

	Group		Company	
	2020	2019	2020	2019
Rent income	51,970,839	26,715,265	57,171,464	58,399,640
Sale of spares and repair work	487,067,478	750,804,237	-	-
Sale of motor vehicles	274,571,113	849,096,825	-	-
	<b>813,609,430</b>	<b>1,626,616,327</b>	<b>57,171,464</b>	<b>58,399,640</b>

## 22. Other income - net

	Group		Company	
	2020	2019	2020	2019
Dividend income				
- Subsidiaries	-	-	-	9,999,998
- Financial assets at fair value through profit or loss	20,678,907	23,089,809	1,615,794	1,713,998
- Financial assets at FVOCI	5,898,708	10,497,909	1,032,215	3,751,290
Profit on sale of subsidiary	70,441,078	-	628,689,680	-
Profit on sale of investments	-	-	-	54,000,000
Commission income on vehicles	-	1,897,753	-	-
Sundry Income	4,652,248	2,506,324	1,029,022	456,774
Profit on sale of property, plant and equipment	2,525,000	3,592,338	-	-
Reversal of impairment of other receivables	421,659	31,103	-	-
Profit on equity trading	252,683	-	-	-
	<b>104,870,282</b>	<b>41,615,236</b>	<b>632,366,711</b>	<b>69,922,060</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### 23. Other (losses) / gains - net

	Group		Company	
	2020	2019	2020	2019
Financial assets at fair value through profit or loss (Note 11)				
-Fair value gains	175,480,441	310,186,602	14,793,691	24,744,779
-Fair value adjustment for previous year	(310,186,602)	(509,867,554)	(24,744,779)	(40,196,364)
Exchange gain / (losses) - net	814,741	2,355,700	-	-
	<b>(133,891,420)</b>	<b>(197,325,252)</b>	<b>(9,951,088)</b>	<b>(15,451,585)</b>

### 24. Expenses by nature

	Group		Company	
	2020	2019	2020	2019
Cost of purchases	550,833,282	1,182,965,741	-	-
Directors' emoluments	9,170,000	12,675,000	4,080,000	4,080,000
Auditor's remuneration	1,291,965	2,246,904	600,000	600,000
Under provision for audit fee in previous years	186,788	246,503	186,788	78,671
Fees for other professional services	26,292,365	17,300,007	22,452,178	7,936,009
Staff costs (note 25)	103,078,918	239,570,451	-	-
<b>Depreciation of</b>				
- Property, Plant, and equipment (note 6)	47,541,787	95,449,896	1,595,960	2,012,028
- Investment Property (note 8)	5,895,781	4,786,046	5,895,781	5,478,244
- Right of use asset (note 6.1)	16,817,804	-	-	-
Amortisation of intangible assets (note 9)	810,257	3,781,799	-	-
<b>Repairs and maintenance expenditure</b>				
- Investment Property	7,905,357	5,342,739	7,905,357	5,342,739
- Property, Plant and equipment	23,568,832	39,434,457	-	-
Travelling and transportation expenses	7,120,622	13,291,073	65,780	43,892
Agency costs, commission and Incentives	3,579,293	8,392,305	-	-
Sales & Promotional expenses	14,039,137	31,305,118	-	-
Utilities	13,833,333	25,995,417	642,747	326,643
Business running expenses	22,940,261	87,387,149	3,494,923	1,809,352
Non - refundable government taxes	4,005,584	5,313,443	1,814,120	1,814,120
Donations	104,280	111,800	-	-
Receivables written off	1,224,530	35,906,030	-	274,526
Other expenses	19,305,620	32,784,314	5,942,246	2,537,528
<b>Total costs of sales, distribution costs, and administrative expenses</b>	<b>879,545,796</b>	<b>1,844,286,192</b>	<b>54,675,880</b>	<b>32,333,752</b>

**25. Staff costs**

	Group		Company	
	2020	2019	2020	2019
Wages, salaries, and related costs to administrative expenses	88,603,167	200,882,580	-	-
Defined contribution plans	12,155,586	28,374,713	-	-
Defined benefit plans	2,320,165	10,313,158	-	-
	<b>103,078,918</b>	<b>239,570,451</b>	-	-

**26. Finance costs - net**

	Group		Company	
	2020	2019	2020	2019
Interest income from loans to related parties	35,155,079	4,000,968	36,514,257	4,000,968
Other interest income	3,956,316	2,769,092	2,099,552	668,825
<b>Finance income</b>	<b>39,111,395</b>	<b>6,770,060</b>	<b>38,613,809</b>	<b>4,669,793</b>
Interest expenses on:				
- Overdraft	(16,345,034)	(12,477,680)	(663,658)	-
- Other loans	(136,314,735)	(202,955,820)	-	-
- Other interest expenses	(5,358,756)	(7,609,323)	-	-
- Interest expense on loans from related parties	(177,534)	(177,534)	-	-
- Finance leases	(9,427,805)	(522,912)	-	-
<b>Finance costs</b>	<b>(167,623,865)</b>	<b>(223,743,269)</b>	<b>(663,658)</b>	-
<b>Finance costs - net</b>	<b>(128,512,470)</b>	<b>(216,973,209)</b>	<b>37,950,151</b>	<b>4,669,793</b>

**27. Income tax expense**

	Group		Company	
	2020	2019	2020	2019
Current income tax	11,422,758	10,365,722	11,422,758	10,365,722
Deferred income tax charge	8,698,270	(21,352,962)	(2,100,228)	(489,265)
Under provision in previous years	764,085	4,246,752	764,085	(96,886)
<b>Total current tax</b>	<b>20,885,113</b>	<b>(6,740,488)</b>	<b>10,086,615</b>	<b>9,779,571</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

The tax on the profit / (loss) before tax differs from the theoretical amount that would arise using the basic tax rate applicable to the Group and Company as follows:

	Group		Company	
	2020	2019	2020	2019
(Loss) / profit before tax	(223,469,974)	(590,353,090)	521,220,882	85,206,156
Tax calculated at a tax rate of 28% (2019 - 28%)	(62,528,780)	(165,298,865)	109,456,385	23,857,724
Tax calculated at a tax rate of 24%	(795,411)	-	31,273,253	-
Tax calculated at a tax rate of 14%	778,453	-	16,160	-
Tax impact of allowable items / income not subject to tax	(189,350,589)	(14,028,774)	(186,141,950)	(19,371,024)
Tax impact of dis-allowable items	253,043,525	130,642,403	56,818,910	6,664,583
Tax losses adjusted	10,275,560	59,050,958	-	(785,561)
Net adjustment of deferred tax	8,698,270	(21,352,962)	(2,100,228)	(489,265)
Under / (over) provision in the previous year	764,085	4,246,752	764,085	(96,886)
	<b>20,885,113</b>	<b>(6,740,488)</b>	<b>10,086,615</b>	<b>9,779,571</b>

In accordance with the provisions of the Inland Revenue Act No. 24 of 2017, the Company is liable to income tax at 28% (2019 - 28%). As per the Notice issued by the Inland Revenue Department Implementation of proposed changes to the Inland Revenue Act No. 24 of 2017, the Company is liable to income tax at 24% and Dividend Income received from a resident Company is liable to income tax at 14% w.e.f. 01.01.2020.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Group		Company	
	2020	2019	2020	2019
Remeasurements of post employment benefit liabilities	(106,058)	1,837,846	-	-
Revaluation surplus	-	213,797,445	-	-

### 28. Earnings per share

#### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2020	2019	2020	2019
(Loss) / profit attributable to owners of the parent	(220,017,084)	(491,562,951)	511,134,267	75,426,585
Weighted average number of ordinary shares in issue	15,200,000	15,200,000	15,200,000	15,200,000
Basic earnings per share	(14.47)	(32.34)	33.63	4.96

## 29. Cash generated from operations

Reconciliation of (loss) / profit before tax to cash generated from operations.

	Group		Company	
	2020	2019	2020	2019
(Loss) / profit before tax	(223,469,974)	(590,353,090)	521,220,882	85,206,156
Depreciation	70,255,372	100,235,942	7,491,741	7,490,272
Amortization of intangible assets	810,257	3,781,799	-	-
Dividend income	(26,577,615)	(33,587,718)	(2,648,009)	(15,465,286)
Interest expense/income	128,512,470	216,973,209	(37,950,151)	(4,669,793)
(Profit) / loss on sale of investments	(252,683)	-	(628,689,680)	(54,000,000)
Profit on sale of property, plant and equipment	-	(3,592,338)	-	-
Provision/ (Reversal of provision) for receivables	(129,770)	1,672,403	-	-
Gain on sale of subsidiary	(70,441,078)	-	-	-
Debtors/creditors written off/written back	839,292	33,153,000	-	(379)
Impairment of Investment	-	-	141,640,476	-
Defined benefit obligations	2,320,167	10,313,158	-	-
Changes in fair value of financial assets at FVTPL	134,706,162	199,680,952	9,951,088	15,451,585
Changes in working capital				
- trade and other receivables	(424,268,102)	113,524,632	(401,405,212)	(12,054,906)
- inventories	174,790,684	735,433,532	-	-
- trade and other payables	(153,188,628)	90,625,686	14,555,824	(1,295,934)
<b>Cash (used in) / generated from operations</b>	<b>(386,093,447)</b>	<b>877,861,167</b>	<b>(375,833,041)</b>	<b>20,661,715</b>

## 30. Net assets value per share

	Group		Company	
	2020	2019	2020	2019
Stated capital	288,386,885	288,386,885	288,386,885	288,386,885
Reserves	2,208,688,139	2,689,238,989	1,671,309,683	1,279,159,222
Net assets	2,497,075,024	2,977,625,874	1,959,696,568	1,567,546,107
Number of shares	15,200,000	15,200,000	15,200,000	15,200,000
<b>Net assets per share</b>	<b>164</b>	<b>196</b>	<b>129</b>	<b>103</b>

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### 31. Related parties

The Group is controlled by The Colombo Fort Land and Building PLC which owns 63% of the Company's shares. The remaining 37% of shares are widely held. Colombo Fort Land and Building PLC is also the ultimate parent of the Group.

#### (a) Common directorships

The Directors of the Company are also Directors of the following Companies with which the Group and/ or Company had business transactions in the ordinary course of business:

	Mr A Rajaratnam	Mr S Rajaratnam	Mr SDR Arudpragasam	Mr J M Swaminathan	Mr A M de S Jayaratne	Mr. Anushman Rajaratnam
C M Holdings PLC	x	x	x	x	x	x
Carplan Limited	-	-	x	x	x	-
KIA Motors (Lanka) Limited	-	-	x	x	x	-
Union Investments (Private) Limited	x	x	x	x	x	x
Colonial Motors (Ceylon) Limited	-	x	x	x	x	x
The Colombo Fort Land & Building PLC	x	x	x	-	x	x
Colombo Fort Hotels Limited	-	x	x	-	-	x
Lankem Ceylon PLC	-	-	x	-	-	x
Colombo Fort Group Services (Private) Limited	-	-	x	-	-	x
Colombo Fort Properties (Private) Limited	x	-	-	-	-	-
Lankem Developments PLC	x	-	x	-	-	x
Motor Mart Ceylon (Private) Limited	-	x	x	-	-	x
Agarapatana Plantations Limited	-	-	x	-	-	x
C. W. Mackie PLC	-	-	x	-	x	x
Darley Butler & Company Limited	-	x	x	-	x	-
Candy Delights Limited	-	x	x	-	x	-
Marawila Resorts PLC	-	x	x	-	-	x
Beruwala Resorts PLC	-	x	x	-	-	x
E B Creasy & Company PLC	x	x	x	-	x	-
Kotagala Plantations PLC	-	-	x	-	x	x
Sigiriya Village Hotels PLC	-	x	x	-	-	x
Union Commodities (Pvt) Limited	-	-	x	-	-	x

- Mr.S.D.R. Arudpragasam , Dr. J.M.Swaminathan and Mr.A.M.de S. Jayaratne resigned from the Boards of Carplan Limited and KIA Motors (Lanka) Ltd on 29.07.2019.
- Mr.Alagarajah Rajaratnam resigned from the Board of Lankem Developments PLC on 20.06.2019.



**(b) Year - end balances arising in the ordinary course of business****Amounts due from related parties**

		Group		Company	
		2020	2019	2020	2019
Carplan Limited	Subsidiary	-	-	-	4,953,614
The Colombo Fort Land & Building PLC	Parent	254,003,293	109,101,563	224,394,121	71,523,703
Union Investments (Pvt) Limited	Subsidiary	-	-	15,000,000	-
Union Commodities (Pvt) Limited	Sub - CFLB	278,533,511	-	278,533,511	-
Colonial Motors (Ceylon) Limited	Subsidiary	-	-	20,435,864	20,435,864
Agarapatana Plantations Limited	Sub - CFLB	2,177,883	1,080,879	-	-
Beruwala Resorts PLC	Sub - CFLB	19,545	49,307	-	-
Candy Delights Limited	Sub - CFLB	14,450	-	-	-
Darley Butler & Company Limited	Sub - CFLB	-	366,675	-	-
E B Creasy & Company PLC	Sub - CFLB	128,536	1,004,208	-	-
Kotagala Plantations PLC	Sub - CFLB	325,048	1,602,558	-	-
KIA Motors (Lanka) Limited	Subsidiary	-	-	-	28,466,255
C W Mackie PLC	Sub - CFLB	44,995	20,336	-	-
Sigiriya Village Hotels PLC	Sub - CFLB	-	857,154	-	-
Marawila Resorts PLC	Sub - CFLB	-	141,893	-	-
Lankem Ceylon PLC	Sub - CFLB	372,095	1,103,773	-	-
York Hotel Management Services Limited	Sub - CFLB	-	214,348	-	-
		<b>535,619,356</b>	<b>115,542,694</b>	<b>538,363,496</b>	<b>125,379,436</b>

Amounts due from related parties includes receivables from:

- The Colombo Fort Land & Building PLC due to C M Holdings PLC amounting to Rs. 149,500,000/- on which interest is charged at AWPLR+2% per annum and Rs.35,000,000 at 12% per annum
- Union Commodities (Pvt) Ltd due to C M Holdings PLC amounting to Rs. 275,500,000/- on which interest is charged at 13% per annum
- Union Investments (Pvt) Ltd due to C M Holdings PLC amounting to Rs. 15,000,000/- on which interest is charged at AWPLR+2% per annum

**Amounts due to related parties**

		Group		Company	
		2020	2019	2020	2019
C W Mackie PLC	Sub - CFLB	-	120,177,535	-	-
Colombo Fort Group Services (Private) Limited	Affiliate - CFLB	1,791,403	977,819	-	4,019
Lankem Tea & Rubber Plantations (Private) Limited	Sub - CFLB	-	20,194,496	-	-
		<b>1,791,403</b>	<b>141,349,850</b>	<b>-</b>	<b>4,019</b>

Transactions with Related Parties are carried out in the ordinary course of business on an arm's length basis. Related Party balances at the year end are unsecured and repayable on demand

**(c) Key management compensation**

Key management includes the board of directors (executive and non - executive) of the Company / Group. The compensation paid or payable to key management for employee service is shown below:

	Group		Company	
	2020	2019	2020	2019
Salaries and short term employee benefits	21,914,000	25,419,000	4,080,000	4,080,000

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

(d) The details of transactions carried out by the Group with related parties are as stated below;

### Group

	Purchase of goods		Repair services supplied / (received)		Dividends (paid) / received	
	2020	2019	2020	2019	2020	2019
Lankem Ceylon PLC	-	-	927,341	1,876,643	(628,650)	(677,094)
The Colombo Fort Land & Building PLC	-	3,000,000	-	420,207	(17,918,868)	(19,299,700)
Colombo Fort Hotels Limited	-	-	-	-	-	-
Agarapatana Plantations Limited	-	-	7,692,584	3,754,601	-	-
Lankem Developments PLC	-	-	-	-	-	-
C W Mackie PLC	-	-	742,903	1,140,576	-	-
Darley Butler & Company Limited	-	-	-	1,058,142	-	-
Beruwala Resorts PLC	-	-	69,919	175,669	-	-
E B Creasy & Company PLC	-	-	395,939	2,332,061	2,763,241	9,637,200
Kotagala Plantations PLC	-	-	2,343,374	5,475,751	-	-
Sigiriya Village Hotels PLC	-	-	-	815,829	-	-
Candy Delights Limited	-	-	107,381.61	45,890	-	-
Colombo Fort Group Services (Pvt) Limited	-	-	-	-	-	-
Colombo Fort Properties (Pvt) Limited	-	-	-	-	-	-
Union Commodities (Pvt) Limited	-	-	258,724	-	-	-
	-	3,000,000	12,528,166	17,095,369	(15,784,277)	(10,339,594)

Rent (paid) / received		Fees (paid) / received		Interest (paid) / received		Loans received / (given)		Investment in / (transfer of) shares		Other	
2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	15,549,942	4,000,968	(152,500,000)	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	(177,534)	(177,534)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	(1,402,643)	(2,640,437)	-	-	-	-	-	-	-	-
-	-	(2,750,000)	(2,136,000)	-	-	-	-	-	-	-	-
-	-	-	-	19,605,137	-	(275,500,000)	-	-	-	-	-
-	-	(4,152,643)	(4,776,437)	34,977,545	3,823,434	(428,000,000)	-	-	-	-	-

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### Company

Company	Purchase of goods		Repair services supplied / (received)		Dividends (paid) / received	
	2020	2019	2020	2019	2020	2019
Guardian Asset Management Limited	-	-	-	-	-	-
KIA Motors (Lanka) Limited	-	-	-	-	-	-
Lankem Ceylon PLC	-	-	-	-	(628,650)	(677,094)
The Colombo Fort Land & Building PLC	-	-	-	-	(17,918,868)	(19,299,700)
Colonial Motors (Ceylon)Limited	-	-	-	-	-	-
Union Investments (Pvt) Limited	-	-	-	-	-	9,999,998
Colombo Fort Group Services (Pvt) Limited	-	-	-	-	-	-
E B Creasy & Company PLC	-	-	-	-	1,032,216	3,600,000
Colombo Fort Properties (Pvt) Limited	-	-	-	-	-	-
Colombo Fort Hotels Limited	-	-	-	-	-	-
Union Commodities (Pvt) Limited	-	-	-	-	-	-
	-	-	-	-	(17,515,302)	(6,376,796)

Rent (paid) / received		Fees (paid) / received		Interest (paid) / received		Loans received / (given)		Investment in / (transfer of) shares		Other	
2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
-	-	-	-	-	-	-	-	-	-	-	-
5,200,625	22,474,000	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	15,549,942	4,006,968	(152,500,000)	-	-	-	-	-
-	9,210,375	-	-	-	-	-	-	-	-	-	-
-	-	-	-	1,359,178	-	(15,000,000)	-	-	-	-	-
-	-	(44,853)	(48,229)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	(2,136,000)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	50,000,000	-	-
-	-	-	-	19,605,137	-	(275,500,000)	-	-	-	-	-
5,200,625	31,684,375	-	(2,184,229)	36,514,257	4,006,968	(457,500,000)	-	-	50,000,000	-	-

## Notes to the Consolidated Financial Statements

(all amounts in Sri Lanka Rupees unless otherwise stated)

### 32. Events after the reporting period

The Company's wholly owned subsidiary Union Investments (Pvt) Limited has acquired on 24<sup>th</sup> July 2020 an equity Stake of 23.12% (i.e 2,080,518 Ordinary Shares ) in Sigiriya Village Hotels PLC on the trading floor of the Colombo Stock Exchange. The value of the total Investment is Rs. 67 Mn.

### 33. Contingencies

#### Contingent liabilities

There were no contingent liabilities as at the end of the reporting period

### 34. Commitments

There were no other material financial commitments outstanding as at the end of the reporting period

### 35. Impact of Covid 19 pandemic

The Government restrictions placed on the import of motor vehicles due to the events led by the Covid 19 crisis is expected to have a significant impact on the performance of the Company's Subsidiary Colonial Motors (Ceylon) Limited. Until the restrictions are lifted the Group will not have any significant revenue from this sector.

C M Holdings PLC has entered into long term rental agreements with its tenants for the property it owns at Union Place. In these difficult circumstances due to Covid 19, the Company has negotiated temporary rent waivers for a short period of time with some of its tenants during the first half of 2020/2021.

The Group/Company's Investment portfolio which includes investments listed in the Colombo Stock Exchange was impacted by the prolonged closure of the exchange and broader decline in the market. However, the listed investments have gradually increased in value during the first half of 2020/2021 in line with the market indices.

## Share Information

### Distribution of Shareholding

Shareholdings	As At 31st March 2020			As At 31st March 2019		
	No of Shareholders	Total Holding	Holding %	No of Shareholders	Total Holding	Holding %
1 - 1,000	674	126,771	0.84	621	119,187	0.78
1,001 - 10,000	233	810,816	5.33	196	706,159	4.65
10,001 - 100,000	82	2,376,039	15.63	82	2,503,195	16.46
100,001 - 1,000,000	10	2,236,524	14.71	10	2,221,609	14.62
Over 1,000,000	1	9,649,850	63.49	1	9,649,850	63.49
	1,000	15,200,000	100.00	910	15,200,000	100.00

### Categories of Shareholders

	31st March 2020			31st March 2019		
	No of Shareholders	Total Holdings	%	No of Shareholders	Total Holdings	%
Individuals	901	2,749,536	18.09%	816	2,675,548	17.60%
Institutions	99	12,450,464	81.91%	94	12,524,452	82.40%
	1,000	15,200,000	100.00%	910	15,200,000	100.00%

Market Prices of the Year	31.03.2020	31.03.2019
Highest	90.00	72.80
Lowest	25.00	35.20
Market Value as at the year end	42.50	36.10

### Public Holding

The percentage of shares held by the public as at 31<sup>st</sup> March 2020 was 28.74% ( 31.03. 2019 - 29.21% )

### Public Shareholders

The Number of Public Shareholders as at 31<sup>st</sup> March 2020 were 985 (31.03. 2019 -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 31.03.2020 was Rs.185.66Mn. (31.03.2019- Rs. 160.28Mn)

## Share Information

## Top 20 Shareholders as at 31.03.2020

Position	Name of the Shareholder	31st March 2020		31st March 2019	
		No of Ord. Vot. Shares	Percentage	No of Ord. Vot. Shares	Percentage
1	The Colombo Fort Land and Building PLC	9,649,850	63.49%	9,649,850	63.49%
2	Sri Lanka Insurance Corporation Ltd-Life Fund	392,076	2.58%	392,076	2.58%
3	Mrs Agnes.e De Vos (Decd)	374,978	2.47%	374,978	2.47%
4	Pan Asia Banking Corporation PLC/Lankem Ceylon PLC	338,547	2.23%	338,547	2.23%
5	Colombo Investment Trust PLC	317,718	2.09%	285,000	1.88%
6	People's Leasing & Finance PLC/Mr.h.m. Abdulhussein	183,481	1.21%	183,481	1.21%
7	People's Leasing & Finance PLC/Dr. H.S.D. Soysa Mrs. G. Soysa	143,615	0.94%	164,966	1.09%
8	Mr. Dueleep Fairlie George Dalpethado and Mrs. Hewa Fonsekage Anne Kumudini Devika Fonseka	131,603	0.87%	130,305	0.86%
9	Trust Holdings & Investments (Pvt) Limited	128,892	0.85%	127,142	0.84%
10	Glenford Investments (Private) Limited	116,214	0.76%	115,714	0.76%
11	Colombo Fort Investments PLC	109,400	0.72%	109,400	0.72%
12	Island Consumer Supplies (Private) Limited	95,640	0.63%	95,640	0.63%
13	Dr. Sena Yaddehige	90,000	0.59%	90,000	0.59%
14	Mr. Jawaharlal Vijaya Srikumaradas Corea	88,328	0.58%	88,328	0.58%
15	Bimputh Finance PLC	77,000	0.51%	77,000	0.51%
16	Mr. Weerahennedige Sohan Raminal Fernando	75,565	0.50%	75,565	0.50%
17	Mr. Sidath Vivendra Kodikara	75,001	0.49%	95,550	0.63%
18	York Arcade Holdings PLC	71,707	0.47%	71,707	0.47%
19	Mr. Sanjeev Rajaratnam	70,919	0.47%	49,998	0.33%
20	Oakley Investments (Private) Limited	63,000	0.41%	60,000	0.39%
Total		12,593,534	82.85%	12,575,247	82.76%



## Three Year Summary-Group

	2019/2020	2018/2019	2017/2018
<b>Assets Employed</b>			
Property , plant and equipment	362,840,344	2,183,990,129	1,583,764,670
Capital work in progress	3,253,664	17,051,503	381,724,424
Investment property	1,068,249,773	669,530,794	25,947,642
Intangible assets	5,053,871	8,170,717	10,262,546
Right of use assets	102,009,408	-	-
Financial assets at FVOCI	535,256,609	758,719,298	735,485,385
Deferred income tax assets	27,207,526	45,061,859	72,321,137
Trade and other receivables	-	-	11,530,081
Current assets	1,358,806,494	1,860,057,832	2,837,378,624
Liabilities net of debt	(153,311,368)	(625,823,013)	(361,086,953)
	3,309,366,322	4,916,759,119	5,297,327,556
<b>Capital Employed</b>			
Stated capital	288,386,885	288,386,885	288,386,885
Reserves	2,208,688,139	2,689,238,989	2,795,900,167
	2,497,075,024	2,977,625,874	3,084,287,052
Non controlling interest	906,106	363,205,269	304,496,385
Total equity	2,497,981,130	3,340,831,143	3,388,783,437
Total debt	811,385,192	1,575,927,976	1,908,544,119
	3,309,366,322	4,916,759,119	5,297,327,556
<b>Operating Results</b>			
Revenue	813,609,430	1,626,616,327	2,402,414,481
EBIT	(94,957,504)	(373,379,881)	(27,076,478)
Finance expenses - net	(128,512,470)	(216,973,209)	(184,076,476)
Loss before tax	(223,469,974)	(590,353,090)	(211,152,954)
Tax (expense)/ release	(20,885,113)	6,740,488	47,951,490
Loss after tax	(244,355,087)	(583,612,602)	(163,201,464)
<b>Cash Flow</b>			
Net cash generated from/(used) in operating activities	(552,402,714)	631,454,565	(907,792,958)
Net cash generated from/(used) in investing activities	433,830,660	(191,254,838)	(225,364,391)
Net cash generated from/(used) in financing activities	157,397,994	(502,997,219)	936,821,212
Increase/ (Decrease) in cash and cash equivalents	38,825,940	(62,797,492)	(196,336,137)
<b>Key Indicators</b>			
Basic earnings per share (Rs)	(14.47)	(32.34)	(7.14)
Dividend per share (Rs)	2.00	2.00	6.00
Net asset per share	164	196	203
Debt - Equity ratio	0.32	0.47	0.56
Current ratio (times covered)	1.87	1.01	1.38
Dividend payout ratio	-14%	-6%	-84%

## Notice of Meeting

Notice is hereby given that the 108th Annual General Meeting of C M Holdings PLC will be held on 30<sup>th</sup> December, 2020 at 3.00 p.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 or 98, Sri Sangaraja Mawatha, Colombo 10, for the following purposes, namely :

1. To receive and consider the Annual Report of the Board of Directors and Statement of Accounts for the year ended 31<sup>st</sup> March, 2020 with the Report of the Auditors thereon.
2. To re-elect as a Director, Mr. S.D.R. Arudpragasam who retires in accordance with Articles 88 and 89 of the Articles of Association.
3. To reappoint Mr. A.M. de S. Jayaratne who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.5)
4. To reappoint Dr. J.M. Swaminathan who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.6)
5. To reappoint Mr. A. Rajarathnam who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.7)
6. To authorize the Directors to determine contributions to charities.
7. To reappoint as Auditors, Messrs. PricewaterhouseCoopers and to authorize the Directors to determine their remuneration.
8. Special Business

To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company in the manner following:

### Special Resolution

#### Resolved -

- That the following words and meaning be included in the table under Article 2 of the Articles of Association immediately following the words "The Statutes" and the meaning set opposite:

Electronic Facility/ies -	A system or method providing an electronic means of participating at a meeting including audio, or audio and visual communication by which all shareholders and or participants participating can simultaneously hear each other throughout the meeting.
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Listing Rules -	for the time being in force of the Colombo Stock Exchange and or the Central Depository Systems (Pvt) Ltd., and amendments thereto.
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- That the following words and meaning be included in the table under Article 2 of the Articles of Association immediately following the words "The Directors" and the meaning set opposite

The Board -	The Directors of the Company acting collectively at Meetings of Directors properly convened and constituted and shall include a reference to "the Directors".
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Members -	The shareholders of the Company for the time being and from time to time
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- That the following words and meaning be included in the table under Article 2 of the Articles of Association immediately following the word "Seal " and the meaning set opposite:

Working day -	A day other than Saturday, Sunday or a Public Holiday.
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## Notice of Meeting

- (i) In the case of an Annual General Meeting, by all the Members entitled to attend and vote thereat; and
- (ii) In the case of any other meeting, by the members having the right to attend and vote at the meeting, being members together holding shares which carry not less than ninety-five per centum of the voting rights, on each issue to be considered and voted on at that meeting.

(2) Notice of every General Meeting shall be given in any manner herein authorised to-

- a) every Member except those Members who (having no registered address within Sri Lanka) have not supplied to the Company an address within Sri Lanka for the giving of Notices to them;
- b) every person upon whom the ownership of a share devolves by reason of his being a legal representative or a trustee in bankruptcy or insolvency of a Member where the Member but for his death or bankruptcy would be entitled to receive Notice of the meeting;
- c) the auditors for the time being of the Company.

No other person shall be entitled to receive Notices of General Meetings.

- That the following new Article 52 (d) be included immediately after the existing Article 52 (c):

52 (d) In the case of any General Meeting being conducted partly or completely by an Electronic Facility/ies the notice and or a circular accompanying the notice shall provide details on the method of access and participation including how to speak and vote at the meeting.

- That the existing Article 55 be deleted and the following be substituted therefor:

55 (1) No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business. The quorum for all purposes shall be Three (03) each being a Member or a proxy for a Member or attorney or (in the case of a corporation) by an authorized representative.

(2) In determining attendance at a General Meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

(3) Where a General meeting is held partly or completely by Electronic Facility/ies, the Board and the Chairman may stipulate any requirement that is reasonably necessary to ensure the identification of such participants and the security of the electronic communication.

- That the existing Article 59 be renumbered as Article 59 (1).

That of the renumbered Article 59 (1) Sub Article 59 (1) (ii) be deleted and the following be substituted therefor:

59 (1) (ii) Not less than five persons present in person or by attorney or representative or by proxy and entitled to vote; or

- That the following new Article numbered 59 (2) be included immediately after the renumbered Article 59 (1) :

59 (2) Notwithstanding the aforesaid provisions contained in Article 59 (1) at any General Meeting held partly or completely by means of an Electronic Facility/ies, a resolution put to the vote shall be decided either by members signifying their assent or dissent via electronic means or in the event of a poll, such poll votes may be cast by such electronic means as the Board deems appropriate.

- That the following new Article 69 (iii) be included immediately after the Article 69 (ii):

69 (iii) In the case of a non-resident shareholder, such shareholder may appoint and revoke proxies by cable or facsimile or by any other electronic means provided such appointment or revocation by cable, facsimile or any other electronic means under the shareholder's signature is received not less than Forty Eight (48) hours before the commencement of the Meeting at which it is to be used.

- That the existing Article 96 be renumbered as Article 96 (1) and the following new Articles 96 (2) and 96 (3) be included immediately after the renumbered Article 96 (1) :

96 (2) The Directors may concurrently participate either in person or by telephone, radio, conference television or similar equivalent communication or any other form of audio or audiovisual instantaneous communication by which all persons participating in the conference are able to hear and be heard by all other participants for the dispatch of business and adjourn and otherwise regulate the conference as they think fit or by a combination of such methods. All provisions relating to the convening of a meeting of the Board, including the giving of Notice thereof and Agenda, the quorum for such conference meeting and the votes to be cast shall be the same as is applicable under these Presents in relation to such Meetings.

(3) A resolution passed by such conference meeting may be constituted by an instrument in hard copy or electronic form (duly executed) and shall notwithstanding that the Directors are not present together at one place at the time of the conference, be deemed to have been passed at a conference of the Directors held on the day and at the time at which the conference was held and shall be deemed to have been held at the registered office of the Company unless otherwise agreed, and all Directors and other persons including the Secretary participating at that conference shall be deemed for all purposes to be present at the conference.

- That the existing Article 97 be deleted and the following be substituted therefor:

97. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed at any other number shall be two. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors. PROVIDED however that in the event of a quorum not being present within fifteen minutes of the time appointed for the meeting, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and time and place as the Chairman of such Meeting shall determine and if at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting the adjourned Meeting shall stand cancelled.

- That the existing Article 104 be deleted and the following be substituted therefor:

104. A resolution in writing signed by all the Directors for the time being in Sri Lanka (provided such number of Directors in Sri Lanka shall constitute a valid quorum of Directors as hereinbefore set out) shall be as effective as a resolution passed at a meeting of the Directors duly convened and held, and may consist of several documents in the like form, each signed by one or more of the Directors. Provided always that a resolution faxed, emailed or transmitted by any other electronic means, under their respective signature/s shall be deemed to have been signed by them for all purposes hereof and shall be as effective as a resolution duly voted on at a meeting of the Board.

- That the existing Article 119 be deleted and the following be substituted therefor:

119. The Directors shall cause minutes to be maintained in either books or electronic means as permitted by law for the purpose:-

(a) of all the appointments of officers made by the Directors;

(b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;

(c) of all resolutions and proceedings at all Meetings of the Company, and of the Directors, and of committees of Directors;

and every Director present at any meeting of Directors or committee of Directors shall sign his name in a attendance register to be kept for that purpose.

## Notice of Meeting

- That the existing Article 143 be deleted and the following be substituted therefor:

143. A copy of every balance sheet and profit and loss account which is to be laid before a General Meeting of the Company (including every document required by law to be annexed thereto) together with a copy of every report of the Auditors relating thereto and of the Directors' report, shall not less than fifteen working days before the date of the meeting be sent by post or any other instantaneous method of communication, or made available on the Company's website and/or on the website of the Colombo Stock Exchange to every Member of, and every holder of debentures of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these presents (provided that this Article shall not require a copy of these documents to be sent to any person of whose address in Sri Lanka the Company is not aware or to more than one of the joint-holders, but any Member to whom a copy of these documents has not been sent, shall be entitled to receive a copy free of charge on application at the office).

Notwithstanding anything to the contrary and in accordance with section 167 of the Act, the Company may, in the first instance, send every Member by post or any other instantaneous method of communication, or made available on the Company's website and/or on the website of the Colombo Stock Exchange the Annual Report together with the Financial Statements in the summarised form as may be prescribed, in consultation with the Institute of Chartered Accountants of Sri Lanka. The Company shall inform each Member that he is entitled to receive, if he so requires, the full Financial Statement or a printed copy of the Annual Report within a stipulated period of time.

- That the existing Article 148 be renumbered as Article 148 (1) and the following new Article numbered 148 (2) be included immediately after the renumbered Article 148 (1) :

148 (2) In the event of a postal disruption, the Company may issue communication/notices through the Company's website and/ or on the website of the Colombo Stock Exchange and/or by any other electronic means.

- That the existing Article 152 be deleted and the following be substituted therefor:

152. If a Member has no registered address in Sri Lanka, and has not supplied to the Company an address outside Sri Lanka for the giving of notices to him, a notice posted up in the registered office of the Company and/or on the Company's website and/or the Colombo Stock Exchange website shall be deemed to be duly given to him at the expiration of 24 hours from the time when it is so posted up.

By Order of the Board,

**Corporate Managers & Secretaries (Private) Limited**

*Secretaries*

Colombo

3<sup>rd</sup> December 2020

## Notes:

1. A member of the Company who is entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed in this Report. The instrument appointing a proxy must reach the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited, No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than forty-eight (48) hours before the time fixed for the meeting.
3. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company in accordance with the instructions given on the reverse of the Form of Proxy.
4. Please refer to the "Circular to Shareholders" dated 3<sup>rd</sup> December 2020 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
5. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

Resolved –

That Mr. A.M. de S. Jayaratne who is eighty years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director,  
Mr. A.M. de S. Jayaratne.

6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

Resolved –

That Dr. J.M. Swaminathan who is seventy nine years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director,  
Dr. J.M. Swaminathan.

7. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.

Resolved –

That Mr. A. Rajaratnam who is seventy nine years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director,  
Mr. A. Rajaratnam.

8. In the event the Company is required to take any further action in relation to the meeting due to COVID-19 Pandemic, and / or any communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of an announcement to the Colombo Stock Exchange.





## Form of Proxy

I/We the undersigned .....  
of ..... being a member/members of  
C M Holdings PLC hereby appoint .....  
..... of .....  
..... or failing him

- |                                       |                           |
|---------------------------------------|---------------------------|
| 1. Alagarajah Rajaratnam              | of Colombo or failing him |
| 2. Sri Dhaman Rajendram Arudpragasam  | of Colombo or failing him |
| 3. Dr. Jayanta Mootatamby Swaminathan | of Colombo or failing him |
| 4. Ajit Mahendra de Silva Jayaratne   | of Colombo or failing him |
| 5. Sanjeev Rajaratnam                 | of Colombo or failing him |
| 6. Anushman Rajaratnam                | of Colombo                |

as my/our proxy to represent me/us, to speak and to vote on my/our behalf at the Annual General Meeting of the Company to be held on 30<sup>th</sup> December 2020, at 3.00 p.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31 <sup>st</sup> March, 2020 with the Report of the Auditors thereon.		
2. To re-elect Mr. S.D.R. Arudpragasam as a Director.		
3. To reappoint Mr. A.M. de S. Jayaratne as a Director.		
4. To reappoint Dr. J.M. Swaminathan as a Director.		
5. To reappoint Mr. A. Rajaratnam as a Director.		
6. To authorize Directors to determine contributions to Charities.		
7. To reappoint as Auditors Messrs. PricewaterhouseCoopers and authorize the Directors to determine their remuneration.		
8. Special Business To amend the Articles of Association by way of a Special Resolution as set out in the Notice of Meeting.		

As witness my/our hand(s) this ..... day of ..... 2020.

.....  
Signature of Shareholder

### Note:

A proxy need not be a member of the Company. If no words are deleted or there is in the view of the proxy doubt (by reason of the manner in which the instructions contained in the Form of Proxy have been completed) as to the way in which the proxy should vote, the proxy may vote as he/she thinks fit.

Instructions as to completion are noted on the reverse hereof.

**Instructions as to Completion**

1. Perfect the Form of Proxy, after filling in legibly your full name, address and by signing in the space provided and filling in the date of signature.
2. In the case of corporate members the Form of Proxy must be under the Common Seal of the Company or under the hand of an Authorized Officer or Attorney.
3. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of the same, or a copy certified by a Notary Public must be lodged with the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited along with the Form of Proxy.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited, 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than 48 hours before the time appointed for the meeting.

# Corporate Information

## Date Of Incorporation

09 July 1909

## Company Number

PQ 169

## Stock Exchange Listing

The Ordinary Shares of the Company are Listed with the Colombo Stock Exchange of Sri Lanka.

## Legal Form

Public Quoted Company with Limited Liability Domiciled in Sri Lanka.

## Registered Office

297, Union Place, Colombo 02.

## Board of Directors

### *Chairman*

A. Rajaratnam  
FCA

### *Deputy Chairman*

S.D.R. Arudpragasam  
FCMA (UK)

### *Directors*

Dr. J.M. Swaminathan  
Attorney-At-Law, LLB (Ceylon), LLM, M. Phil. (Colombo) and  
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A.M. De S. Jayaratne  
B.Sc.(Econ.), FCA

S. Rajaratnam  
B.Sc., CA

Anushman Rajaratnam  
B.Sc. (Hons.), CPA, MBA

## Auditors

Messrs. PricewaterhouseCoopers

## Secretaries

Corporate Managers & Secretaries (Private) Limited  
8-5/2, Leyden Bastian Road,  
York Arcade Building,  
Colombo 01.

## Lawyers

Messrs. Julius & Creasy

## Bankers

People's Bank  
Hatton National Bank PLC  
Commercial Bank of Ceylon PLC

