

# **DIESEL & MOTOR ENGINEERING PLC**

**INTERIM FINANCIAL STATEMENTS - FOR THE 9 MONTHS PERIOD ENDED 31ST DECEMBER 2022**



**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Group Audited Year ended 31-03-2022 Rs.'000	Group					
	Unaudited 9 months to 31-12-2022 Rs.'000	Unaudited 9 months to 31-12-2021 Rs.'000	Variance %	Unaudited 3 months to 31-12-2022 Rs.'000	Unaudited 3 months to 31-12-2021 Rs.'000	Variance %
37,507,480	<b>Revenue</b>	27,374,118	(2)	<b>10,530,822</b>	9,034,579	17
-	Sales taxes	-	100	<b>(134,176)</b>	-	100
37,507,480	<b>Net revenue</b>	27,374,118	(2)	<b>10,396,646</b>	9,034,579	15
(27,643,775)	Cost of sales	(20,394,176)	(22)	<b>(6,565,967)</b>	(6,328,650)	4
9,863,705	<b>Gross profit</b>	6,979,942	55	<b>3,830,679</b>	2,705,929	42
220,499	Other operating income	164,307	15	<b>27,222</b>	27,482	(1)
(497,640)	Selling and distribution expenses	(466,776)	(16)	<b>(200,741)</b>	(192,429)	4
(117,195)	Impairment reversal/(loss) on trade receivables	25,244	147	<b>(33,889)</b>	8,689	(490)
(6,055,956)	Administrative expenses	(4,292,547)	39	<b>(2,185,669)</b>	(1,582,221)	38
3,413,413	<b>Operating profit</b>	2,410,170	94	<b>1,437,602</b>	967,450	49
56,313	Finance income	30,800	154	<b>33,122</b>	19,693	68
(2,320,011)	Finance costs	(713,774)	386	<b>(1,072,710)</b>	(287,002)	274
(2,263,698)	<b>Net finance costs</b>	(682,974)	396	<b>(1,039,588)</b>	(267,309)	289
15,630	Share of results of equity-accounted investees, net of tax	(869)	217	<b>(19,127)</b>	(749)	2,454
1,165,345	<b>Profit before tax</b>	1,726,327	(26)	<b>378,887</b>	699,392	(46)
(310,975)	Income tax expense	(432,011)	87	<b>(575,756)</b>	(187,996)	206
854,370	<b>Profit for the period</b>	1,294,316	(64)	<b>(196,869)</b>	511,396	(138)
	<b>Other comprehensive income</b>					
	<b>Items that will not be reclassified to profit or loss in subsequent periods</b>					
(15,399)	Remeasurement loss on defined benefit obligation	-	-	-	-	-
3,696	Deferred tax reversal on actuarial loss	-	-	-	-	-
2,224	Net change in fair value of equity investments at FVOCI	1,947	(66)	<b>(872)</b>	848	(203)
(9,479)		1,947		<b>(872)</b>	848	
	<b>Items that are or may be reclassified to profit or loss in subsequent periods</b>					
62,471	Foreign currency translation differences of foreign operations	(24,992)	295	<b>935</b>	6,443	(85)
62,471		(24,992)		<b>935</b>	6,443	
52,992	<b>Total other comprehensive income for the period, net of tax</b>	(23,045)	314	<b>63</b>	7,291	(99)
907,362	<b>Total comprehensive income for the period</b>	1,271,271	(59)	<b>(196,806)</b>	518,687	(138)
	<b>Profit attributable to:</b>					
702,119	Equity holders of the parent	1,110,710		<b>(222,897)</b>	448,474	
152,251	Non-controlling interest	183,606		<b>26,028</b>	62,922	
854,370		1,294,316		<b>(196,869)</b>	511,396	
	<b>Total comprehensive income attributable to:</b>					
753,108	Equity holders of the parent	1,089,415		<b>(222,780)</b>	453,797	
154,254	Non-controlling interest	181,856		<b>25,974</b>	64,890	
907,362		1,271,271		<b>(196,806)</b>	518,687	
<b>76.06</b>	Basic and diluted earnings per share (Rs.)	<b>120.32</b>		<b>(24.15)</b>	<b>48.58</b>	

*Figures in brackets indicate deductions*

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Company Audited Year ended 31-03-2022 Rs.'000	Company					
	Unaudited 9 months to 31-12-2022 Rs.'000	Unaudited 9 months to 31-12-2021 Rs.'000	Variance %	Unaudited 3 months to 31-12-2022 Rs.'000	Unaudited 3 months to 31-12-2021 Rs.'000	Variance %
30,086,993	<b>Revenue</b>	21,669,991	(6)	<b>7,719,309</b>	7,082,097	9
-	Sales taxes	-	100	<b>(116,022)</b>	-	100
30,086,993	<b>Net revenue</b>	21,669,991	(6)	<b>7,603,287</b>	7,082,097	7
(21,741,818)	Cost of sales	(16,054,599)	(29)	<b>(4,554,458)</b>	(4,864,158)	(6)
8,345,175	<b>Gross profit</b>	5,615,392	58	<b>3,048,829</b>	2,217,939	37
506,333	Other operating income	362,566	15	<b>116,612</b>	114,108	2
(518,780)	Selling and distribution expenses	(390,951)	(19)	<b>(158,827)</b>	(172,712)	(8)
(40,370)	Impairment (loss)/reversal on trade receivables	30,488	(147)	<b>(30,324)</b>	19,129	(259)
(5,289,252)	Administrative expenses	(3,846,065)	29	<b>(1,799,726)</b>	(1,500,111)	20
3,003,106	<b>Operating profit</b>	1,771,430	127	<b>1,176,564</b>	678,353	73
27,565	Finance income	14,778	2,002	<b>144,124</b>	7,716	1,768
(2,303,824)	Finance costs	(571,259)	477	<b>(953,050)</b>	(220,484)	332
(2,276,259)	<b>Net finance costs</b>	(556,481)	437	<b>(808,926)</b>	(212,768)	280
15,630	Share of results of equity-accounted investees, net of tax	(869)	217	<b>(19,127)</b>	(749)	2,454
742,477	<b>Profit before tax</b>	1,214,080	(15)	<b>348,511</b>	464,836	(25)
(159,500)	Income tax expense	(295,762)	115	<b>(483,336)</b>	(116,198)	316
582,977	<b>Profit for the period</b>	918,318	(57)	<b>(134,825)</b>	348,638	(139)
	<b>Other comprehensive income</b>					
	<b>Items that will not be reclassified to profit or loss in subsequent periods</b>					
(14,723)	Remeasurement (loss)/gain on defined benefit obligation	-	-	-	-	-
3,534	Deferred tax reversal/(charge) on actuarial (loss)/gain	-	-	-	-	-
1,415	Net change in fair value of equity investments at FVOCI	1,520	(130)	<b>(407)</b>	430	(195)
(9,774)		1,520		<b>(407)</b>	430	
	<b>Items that are or may be reclassified to profit or loss in subsequent periods</b>					
48,941	Foreign currency translation differences of foreign operations	(13,452)	387	<b>2,669</b>	(2,128)	225
48,941		(13,452)		<b>2,669</b>	(2,128)	
39,167	<b>Total other comprehensive income for the period, net of tax</b>	(11,932)	419	<b>2,262</b>	(1,698)	233
622,144	<b>Total comprehensive income for the period</b>	906,386	(53)	<b>(132,563)</b>	346,940	(138)
<b>63.15</b>	Basic and diluted earnings per share (Rs.)	<b>99.48</b>		<b>(14.60)</b>	<b>37.77</b>	

*Figures in brackets indicate deductions*

## STATEMENT OF FINANCIAL POSITION

Group		Company		Group		Company	
Audited as at 31-03-2022 Rs.'000	Audited as at 31-03-2022 Rs.'000	Unaudited as at 31-12-2022 Rs.'000	Unaudited as at 31-12-2021 Rs.'000	Unaudited as at 31-12-2022 Rs.'000	Unaudited as at 31-12-2021 Rs.'000	Unaudited as at 31-12-2022 Rs.'000	Unaudited as at 31-12-2021 Rs.'000
<b>ASSETS</b>							
14,071,712	13,648,665	14,385,363	14,087,081	13,569,591	13,701,163	13,569,591	13,701,163
624,385	548,254	548,196	586,965	488,581	505,328	488,581	505,328
316,123	194,726	1,195,191	137,400	312,148	15,330	312,148	15,330
-	728,278	-	-	1,669,224	727,330	1,669,224	727,330
45,430	45,430	97,784	25,998	97,784	25,998	97,784	25,998
7,829	6,952	8,500	7,552	6,489	7,057	6,489	7,057
164,436	-	241,912	158,714	-	-	-	-
15,229,915	15,172,305	16,476,946	15,003,710	16,143,817	14,982,206	16,143,817	14,982,206
9,799,949	7,529,200	11,364,793	9,272,097	7,179,046	7,034,272	7,179,046	7,034,272
9,299,796	6,944,985	9,221,060	9,586,315	5,575,535	6,915,995	5,575,535	6,915,995
2,032,933	1,149,175	2,449,939	1,724,210	1,315,501	1,065,512	1,315,501	1,065,512
83,377	-	112,142	83,377	16,432	-	16,432	-
40,923	1,070,985	31,929	18,544	2,782,427	287,762	2,782,427	287,762
3,818,097	2,337,628	2,852,099	3,061,687	1,479,803	1,639,797	1,479,803	1,639,797
25,075,075	19,031,973	26,031,962	23,746,230	18,348,744	16,943,338	18,348,744	16,943,338
40,304,990	34,204,278	42,508,908	38,749,940	34,492,561	31,925,544	34,492,561	31,925,544
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
620,578	620,578	620,578	620,578	620,578	620,578	620,578	620,578
6,202,697	6,149,097	6,252,333	6,118,710	6,187,205	6,086,809	6,187,205	6,086,809
8,237,608	6,912,926	8,506,240	8,657,902	7,189,099	7,259,456	7,189,099	7,259,456
15,060,883	13,682,601	15,379,151	15,397,190	13,996,882	13,966,843	13,996,882	13,966,843
405,604	-	357,844	433,206	-	-	-	-
15,466,487	13,682,601	15,736,995	15,830,396	13,996,882	13,966,843	13,996,882	13,966,843
1,164,133	1,164,133	1,469,211	1,254,560	1,218,860	1,254,560	1,218,860	1,254,560
574,443	505,849	472,966	525,916	418,054	438,258	418,054	438,258
864,286	781,892	1,022,619	840,663	881,399	760,852	881,399	760,852
1,417,856	1,417,856	2,055,945	1,779,758	2,052,476	1,779,758	2,052,476	1,779,758
361,524	22,663	581,097	331,736	34,611	35,930	34,611	35,930
4,382,242	3,892,393	5,601,838	4,732,633	4,605,400	4,269,358	4,605,400	4,269,358
7,793,051	7,292,195	2,337,589	3,530,489	1,546,437	2,927,875	1,546,437	2,927,875
3,045,424	2,179,222	3,662,542	2,775,651	2,545,943	2,091,521	2,545,943	2,091,521
564,441	559,541	720,094	545,463	571,235	535,538	571,235	535,538
105,140	78,039	165,521	118,780	134,819	103,420	134,819	103,420
1,221,572	365,358	1,069,889	1,163,956	338,113	404,466	338,113	404,466
-	-	-	31,766	-	31,766	-	31,766
503,666	441,451	98,740	515,129	-	384,696	-	384,696
7,222,967	5,712,212	12,585,545	9,505,677	10,558,564	7,200,309	10,558,564	7,200,309
-	1,266	530,155	-	195,168	9,752	195,168	9,752
20,456,261	16,629,284	21,170,075	18,186,911	15,890,279	13,689,343	15,890,279	13,689,343
24,838,503	20,521,677	26,771,913	22,919,544	20,495,679	17,958,701	20,495,679	17,958,701
40,304,990	34,204,278	42,508,908	38,749,940	34,492,561	31,925,544	34,492,561	31,925,544

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

(Sgd.) M.H.B.U.S.B. Mahagedara  
General Manager - Finance

The Board of Directors is responsible for these Financial Statements.  
Signed for and on behalf of the Board.

(Sgd.) A.R.Pandithage  
Chairman/Managing Director  
13th February 2023

(Sgd.) B.C.S.A.P.Gooneratne  
Director/Chief Financial Officer

## Statement of Changes in Equity

### Group

	Other Components of Equity			Revenue Reserves		Non-Controlling Interests	Total	
	Stated Capital	Revaluation Reserve	Fair value Reserve	Foreign Currency Translation Reserve	General Reserve			Retained Earnings
For the nine months ended 31st December	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
As at 01st April 2021	425,297	6,112,161	4,147	23,697	5,392,290	2,584,390	419,270	14,961,252
Total comprehensive income								
Profit for the period	-	-	-	-	-	1,110,710	183,606	1,294,316
Other comprehensive income/(loss), net of tax	-	-	1,947	(23,242)	-	-	(1,750)	(23,045)
	-	-	1,947	(23,242)	-	1,110,710	181,856	1,271,271
Dividends to equity holders								
2020/21 Final dividend	-	-	-	-	-	(110,955)	-	(110,955)
Acquisition of non-controlling interest - contributions and distributions	-	-	-	-	-	(123,252)	(167,920)	(291,172)
Reserve capitalisation	195,281	-	-	-	-	(195,281)	-	-
	195,281	-	-	-	-	(429,488)	(167,920)	(402,127)
As at 31st December 2021	620,578	6,112,161	6,094	455	5,392,290	3,265,612	433,206	15,830,396
<b>As at 01st April 2022</b>	620,578	6,112,161	6,371	84,165	5,392,290	2,845,318	405,604	15,466,487
<b>Total comprehensive income</b>								
Profit for the period	-	-	-	-	-	384,026	85,588	469,614
Other comprehensive income/(loss), net of tax	-	-	671	48,965	-	-	(348)	49,288
	-	-	671	48,965	-	384,026	85,240	518,902
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	(133,000)	(133,000)
Dividends to equity owners								
-2021/22 Final dividend	-	-	-	-	-	(115,394)	-	(115,394)
	-	-	-	-	-	(115,394)	(133,000)	(248,394)
<b>As at 31st December 2022</b>	<b>620,578</b>	<b>6,112,161</b>	<b>7,042</b>	<b>133,130</b>	<b>5,392,290</b>	<b>3,113,950</b>	<b>357,844</b>	<b>15,736,995</b>

### Company

	Other Components of Equity			Revenue Reserves		Total	
	Stated Capital	Revaluation Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	General Reserve		Retained Earnings
For the nine months ended 31st December	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
As at 01st April 2021	425,297	6,090,133	4,087	4,521	4,929,464	1,717,910	13,171,412
Total comprehensive income							
Profit for the period	-	-	-	-	-	918,318	918,318
Other comprehensive income/(loss), net of tax	-	-	1,520	(13,452)	-	-	(11,932)
	-	-	1,520	(13,452)	-	918,318	906,386
Dividends to equity owners							
2020/21 Final dividend	-	-	-	-	-	(110,955)	(110,955)
Reserve capitalisation	195,281	-	-	-	-	(195,281)	-
	195,281	-	-	-	-	(306,236)	(110,955)
As at 31st December 2021	620,578	6,090,133	5,607	(8,931)	4,929,464	2,329,992	13,966,843
<b>As at 01st April 2022</b>	<b>620,578</b>	<b>6,090,133</b>	<b>5,502</b>	<b>53,462</b>	<b>4,929,464</b>	<b>1,983,462</b>	<b>13,682,601</b>
<b>Total comprehensive income</b>							
Profit for the period	-	-	-	-	-	391,567	391,567
Other comprehensive income/(loss), net of tax	-	-	(463)	38,571	-	-	38,108
	-	-	(463)	38,571	-	391,567	429,675
Dividends to equity owners							
-2021/22 Final dividend	-	-	-	-	-	(115,394)	(115,394)
	-	-	-	-	-	(115,394)	(115,394)
<b>As at 31st December 2022</b>	<b>620,578</b>	<b>6,090,133</b>	<b>5,039</b>	<b>92,033</b>	<b>4,929,464</b>	<b>2,259,635</b>	<b>13,996,882</b>

Figures in brackets indicate deductions.

## Statement of Cash Flows

Group	Company	Group		Company	
Audited	Audited	Unaudited	Unaudited	Unaudited	Unaudited
Year Ended	Year Ended	2022	2021	2022	2021
31-03-2022	31-03-2022	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>For the Period Ended 30th September</b>					
1,165,345	742,477	<b>Cash Flows from Operating Activities</b>			
		Profit before taxation	1,277,283	1,726,327	1,026,187
		<b>Adjustments for;</b>			
383,785	325,957	Depreciation on property, plant and equipment	295,840	314,146	250,468
11,615	8,309	Amortisation of intangible assets	8,266	7,908	5,696
100,751	78,948	Depreciation and derecognition of right-of-use assets	101,985	79,059	85,469
68,030	68,030	Unrealised (gain)/loss on foreign exchange	(28,754)	-	49,648
-	96,649	Impairment of investments in subsidiaries	-	-	-
(21,092)	(22,093)	Gains on sale of property, plant and equipment	(6,538)	(23,202)	(6,538)
115,358	115,358	Derecognition of capital work-in-progress	-	115,358	-
850,492	652,993	Interest expenses	2,384,107	575,386	2,028,302
(56,313)	(27,565)	Interest income	(78,341)	(30,800)	(310,687)
(235)	(235)	Dividend income	(320)	(235)	(320)
(15,630)	(15,630)	Share of results of equity-accounted investees, net of tax	2,751	869	2,751
117,195	40,370	(Reversal of)/provision for impairment of trade receivables	(62,460)	(25,244)	14,290
97,915	112,091	Provision for slow moving inventories	541,141	42,632	512,443
125,721	110,050	Provision for employee benefits obligation excluding actuarial gain	140,060	111,965	119,636
2,942,937	2,285,709		4,575,020	2,894,169	3,777,345
		<b>Changes in working capital</b>			
(3,699,046)	(3,254,795)	Increase in inventories	(2,065,347)	(3,115,911)	(162,289)
(835,439)	(714,172)	Decrease/(increase) in trade and other receivables	896,434	(1,318,033)	1,355,160
(408,975)	(32,775)	Increase in other current assets	(426,594)	(187,112)	(175,914)
(22,281)	(1,043,714)	Decrease/(increase) in amounts due from related parties	140,245	98	(1,551,832)
2,661,826	2,967,798	(Decrease)/increase in trade and other payables	(5,633,040)	(1,485,800)	(5,745,758)
502,136	446,349	Increase in other current liabilities	509,535	63,654	262,474
(546,521)	(546,521)	Decrease in deferred income	-	(514,755)	-
399,886	(120,468)	Increase/(decrease) in contract liabilities	67,890	312,482	(15,297)
-	(42,130)	(Decrease)/increase in amounts due to related parties	(132,068)	-	50,150
994,523	(54,719)	<b>Cash (used in)/from operating activities</b>	(2,067,925)	(3,351,208)	(2,205,961)
(842,042)	(644,543)	Interest paid	(2,270,416)	(560,709)	(1,914,611)
(74,842)	(58,720)	Employee benefits paid	(25,228)	(69,310)	(20,129)
(417,628)	(269,912)	Income tax paid	(561,148)	(162,493)	(457,883)
(339,989)	(1,027,894)	<b>Net cash used in operating activities</b>	(4,924,717)	(4,143,720)	(4,598,584)
		<b>Cash Flows from Investing Activities</b>			
43,523	43,406	Net proceeds from sale of property, plant and equipment	12,036	43,382	12,036
235	235	Dividends received	320	235	320
48,555	27,565	Interest received	57,789	25,633	151,077
(192,850)	-	Investment in deposits	(181,161)	-	-
(202,184)	(202,184)	Investment in subsidiaries and joint venture	(37,912)	(201,236)	(263,776)
-	-	Acquisition of subsidiaries, net of cash acquired	(512,285)	-	(640,080)
(753,695)	(676,491)	Acquisition and construction of property, plant and equipment and capital work-in-progress	(277,493)	(424,676)	(176,892)
(180,630)	(180,449)	Acquisition of intangible assets and capital work-in-progress	(123,440)	(181)	(123,117)
(1,237,046)	(987,918)	<b>Net cash used in investing activities</b>	(1,062,146)	(556,843)	(1,040,432)
		<b>Cash Flows from Financing Activities</b>			
652,130	652,130	Proceeds from long-term borrowings	440,000	652,130	440,000
-	-	Short-term borrowings from related parties	-	-	500,000
(481,796)	(460,678)	Repayment of long-term borrowings	(473,316)	(342,353)	(432,673)
		Repayment of related party borrowings	-	-	(435,000)
4,154,507	3,502,787	Net movement of short-term borrowings	5,053,235	6,499,874	4,704,490
(99,999)	(58,956)	Repayment of lease liabilities	(65,079)	(76,908)	(56,939)
(110,955)	(110,955)	Dividends paid	(115,394)	(110,955)	(115,394)
4,113,887	3,524,328	<b>Net cash from financing activities</b>	4,839,446	6,621,788	4,604,484
2,536,852	1,508,516	<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,147,417)	1,921,225	(1,034,532)
1,040,328	745,684	Cash and cash equivalents as at 01st April	3,653,478	1,040,328	2,299,207
76,298	45,007	Effect of exchange rate changes on cash and cash equivalents	36,090	(1,828)	34,845
3,653,478	2,299,207	<b>Cash and cash equivalents at the end of the period (Note-A)</b>	2,542,151	2,959,725	1,299,520
		<b>Note - A</b>			
		<b>Analysis of Cash and Cash Equivalents at the end of the period</b>			
3,818,097	2,337,628	Cash and bank balances	2,852,099	3,061,687	1,479,803
(164,619)	(38,421)	Bank overdrafts	(309,948)	(101,962)	(180,283)
3,653,478	2,299,207	<b>Cash and cash equivalents</b>	2,542,151	2,959,725	1,299,520

*Figures in brackets indicate deductions.*

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. Corporate information

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

### 2. Basis of preparation

The interim condensed financial statements have been prepared in accordance with Sri Lanka Accounting Standard - LKAS 34 Interim Financial Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2022.

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

### 3. Operating segment information

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

### 4. Other information

#### 4.1 Contingent liabilities

The Contingent liabilities as at 31st December 2022, on guarantees given by the Company in respect of bid bonds, performance bonds and advance payments amounted to Rs. 4,701 million (Rs.4,106.7 million as at 31st March 2022).

#### 4.2 Capital expenditure commitments

Capital expenditure committed by the Board of Directors for which a provision has not been made in the interim condensed financial statements amounted to approximately Rs.1,400.5 million (Rs. 745.5 million as at 31st March 2022).

#### 4.3 Comparative information

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

#### 4.4 Investment and Acquisition of Subsidiaries

a) DIMO Bangladesh (Private) Limited was incorporated on 10th May 2022 in Bangladesh with an investment of Rs. 213 million (99.99% holding) by Diesel and Motor Engineering PLC. The Group invested in the company as a part of an expansion into construction machinery and after-sales services in overseas.

b) The Group acquired equity interest in the following companies during the 9 month period ended 31st December 2022 as stated herein below as part of its agriculture and healthcare business expansion plan.

Acquiree	Date of acquisition	Nature of the business operation	Investment amount (million)	% of shareholding	Total net Assets/ (liabilities) acquired (million)	Non-controlling interests (million)	Provisional Goodwill recognised in the Interim Financial statements (million)
Tropical Health Food (Private) Limited	25th May 2022	Processing and preparing fruits and vegetables for export market.	450.0	94.45%	201.5	11.8	248.5
Virgin Oil International (Private) Limited	02nd August 2022	Producing, processing and exporting pure virgin coconut oil and coconut based products.	40.0	51%	(97.6)	(93.8)	137.6*
Mansel (Ceylon) (Private) Limited	28th September 2022	Importation, sale and distribution of pharmaceutical products.	179.9	75%	(25.1)	(8.3)	205.0
Associated Laboratories (Private) Limited	28th September 2022	Importation, sale and distribution of pharmaceutical products.	45.0	75%	(128.0)	(42.7)	173.0

\* Goodwill changed from 134.4 million to 137.6 million due to adjustments made in audited financial statements

The non-controlling interest in the acquiree was measured at the proportionate share of its interest in the acquiree's identifiable net assets/(liabilities).

The goodwill has arisen due to the present value of the projected future cashflows shown a excess over the net assets/(liabilities) acquired reflecting the value of expected synergies arising from the acquisition.

c) Diesel and Motor Engineering PLC made an additional investment of Rs. 12.0 million in Moveflex (Private) Limited (fully owned subsidiary) on 31st August 2022 and Rs. 51.2 million in Azend Technologies (Private) Limited (joining venture) on 08th July 2022.

Other than disclosed above, there has not been a change in the composition of the Group to what was disclosed in the audited financial statements for the year ended 31st March 2022.

### 4.5 Finance cost

#### 4.5.1 Net foreign exchange loss

The finance cost of the Group and the Company comprises a net foreign exchange loss amounting to Rs. 1,083.4 million (2021/22 - Rs. 138.4 million) and Rs. 1,268.7.9 million (2021/22 - Rs. 115.1 million) respectively, of which Rs. 1,062.7 and Rs. 1,160.1 respectively were recorded during the quarter ended 30th June 2022. The selling rate of the USD published by the Central Bank of Sri Lanka as at the beginning of the financial year was Rs. 299.49, as at quarter ended 30th June 2022 and 31st December 2022 were Rs. 367.12 and Rs. 371.60 respectively. The increase in loss of exchange due to rapid increase in exchange rate and the higher forex exposure due to forex constrains in settling bills on due dates eased up during the quarter ended 30th September 2022 and 31st December 2022.

#### 4.5.2 Net interest cost

The interest cost increased due to the increase in interest rates compared to the same period in last year. (2022/23 - Rs. 2,384.1 million, 2021/22 - Rs. 575.4 million)

### 4.6 Administrative expenses

The administrative expenses of the Group and the Company are Rs. 5,979.7 million (2021/22 - Rs. 4,292.5 million) and Rs. 4,947.9 million (2021/22 - Rs. 3,846.1 million) respectively.

This was driven by rising prices due to inflation.

### 4.7 Income tax expense

Income Tax expense for the nine months ended 31st December 2022 amounted to Rs. 807.7 million (2021/22 - Rs. 432.0 million). Of this amount, Rs. 142.0 million was on account of the income tax payable for the period, whilst the balance of Rs. 665.7 million was on account of deferred tax. The significant increase in deferred tax charge is due to the deferred tax liability getting adjusted for the higher income tax rate that came into effect from 01st October 2022 that amounted to Rs. 426.6 million.

### 4.8 Events occurring after the reporting period

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

## NOTES TO THE FINANCIAL STATEMENTS

### OPERATING SEGMENT INFORMATION

The Group comprises of the following main business segments.

Segment	Product & Services
<b>Vehicles</b>	Sale of brand new passenger vehicles, commercial vehicles, special purpose vehicles and pre-owned passenger vehicles.
<b>After sale services</b>	Repair and service of vehicles included in the vehicle-sales segment, sale of franchised vehicle spare parts, accessories and components.
<b>Retail</b>	Sale and service of power tools and accessories, lamps, lighting controls, switchgears, Consumer products, fittings and accessories, home appliances, paints, tyres, original equipment spare parts and auto components, water pumps, industrial chemicals and pharmaceutical products.
<b>Construction Industry and logistical solutions</b>	Sales and services of earth moving machinery, road construction machinery, material handling machinery, forklifts, storage systems, dock levellers, car parking systems and gondolas.
<b>Agriculture</b>	Import, sale and after sales services of agri machinery, import, processing, producing and sale of agro chemicals, seeds and fertilizer.
<b>Engineering solutions</b>	Sale and after sales in the business domains of bio-medical engineering, generating sets, elevators and escalators, diesel engines for marine propulsion and rail traction, building management systems, fluid management systems, industrial refrigeration systems and power engineering equipment and systems and Joint ventures with providing IT and Marine solutions.

	Vehicles		After sale services		Retail		Construction Industry and logistical solutions		Agriculture		Engineering solutions		Total	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
<b>For the period ended 31st December</b>														
<b>Business Segment Turnover and Results</b>														
Total segment revenue	2,096,343	3,831,146	4,664,119	4,851,483	5,203,325	4,766,908	1,546,441	2,680,898	8,468,283	7,658,225	6,005,234	4,492,177	27,983,745	28,280,837
Inter-segment revenue	(809)	(3,146)	(396,718)	(433,947)	(178,065)	(189,007)	(43,478)	(60,490)	(71,279)	(101,498)	(405,613)	(118,631)	(1,095,962)	(906,719)
<b>Total external revenue</b>	<b>2,095,534</b>	<b>3,828,000</b>	<b>4,267,401</b>	<b>4,417,536</b>	<b>5,025,260</b>	<b>4,577,901</b>	<b>1,502,963</b>	<b>2,620,408</b>	<b>8,397,004</b>	<b>7,556,727</b>	<b>5,599,621</b>	<b>4,373,546</b>	<b>26,887,783</b>	<b>27,374,118</b>
<b>Segment results</b>	<b>(91,492)</b>	<b>137,887</b>	<b>1,180,075</b>	<b>1,133,369</b>	<b>1,245,436</b>	<b>655,832</b>	<b>368,866</b>	<b>428,768</b>	<b>3,306,123</b>	<b>1,453,199</b>	<b>690,836</b>	<b>147,022</b>	<b>6,699,844</b>	<b>3,956,077</b>
Unallocated other income	-	-	-	-	-	-	-	-	-	-	-	-	188,679	164,307
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-	(2,219,357)	(1,710,214)
Finance income	-	-	-	-	-	-	-	-	-	-	-	-	78,341	30,800
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	(3,467,473)	(713,774)
Share of results of equity-accounted investees	-	-	-	-	-	-	-	-	-	-	(2,751)	(869)	(2,751)	(869)
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	(807,669)	(432,011)
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>469,614</b>	<b>1,294,316</b>
<b>Business Segment Assets and Liabilities</b>														
Segment assets	856,837	1,463,906	1,795,157	1,962,227	5,017,815	3,976,681	1,679,276	1,352,949	7,906,705	7,449,758	9,902,243	7,930,165	27,158,033	24,135,686
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	15,350,875	14,614,254
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,508,908</b>	<b>38,749,940</b>
Segment liabilities	538,141	558,048	592,693	1,337,282	2,210,920	1,547,127	703,188	889,866	4,135,482	3,329,063	3,335,591	3,137,947	11,516,015	10,799,333
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	15,255,898	12,120,211
Equity	-	-	-	-	-	-	-	-	-	-	-	-	15,736,995	15,830,396
<b>Total equity and liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,508,908</b>	<b>38,749,940</b>
<b>Other Information</b>														
Capital expenditure	2,950	832	31,070	45,637	22,701	9,735	8,413	46,106	97,514	16,033	27,660	25,030	190,308	143,373
Unallocated capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-	210,625	281,484
Depreciation and amortisation	23,679	24,662	60,307	61,643	25,096	17,764	15,075	8,353	56,476	60,580	26,686	34,093	207,319	207,095
Unallocated depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	-	96,787	114,959



## INVESTOR INFORMATION

### Market Value of Shares

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

	<b>Quarter to 31-Dec-22 Rs.</b>		<b>Quarter to 31-Dec-21 Rs.</b>	
Highest Price per Share	736.00	October 3, 2022	699.00	November 26, 2021
Lowest Price per Share	566.50	December 28, 2022	456.00	October 1, 2021
Last Traded Price per Share	599.00	December 30, 2022	618.00	December 31, 2021

### Market Capitalisation

	<b>As at 31-Dec-22</b>	<b>As at 31-Dec-21</b>
Market Capitalisation (Rs.'000)	5,529,665	5,705,063

<b>Ratios</b>	<b>Group</b>		<b>Company</b>	
	<b>31-Dec-22</b>	<b>31-Dec-21</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>
E.P.S. Rs*	41.60	120.32	42.42	99.48
Net asset value per share*	1,665.94	1,667.90	1,516.21	1,512.96
Quick asset ratio	0.69	0.80	0.70	0.72
Interest cover (times)	1.54	3.42	1.51	3.13

\* Earnings & net assets per share are based on 9,231,494 shares in issue as at 31st December 2022.

The stated capital consists of 9,231,494 Ordinary shares.

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

NAME	31ST DECEMBER 2022	
	SHARES	%
Mr.A.R.Pandithage	2,006,924	21.74%
Mr.S.C.Algama	597,769	6.48%
Mr.A.G.Pandithage	593,695	6.43%
Mr.A.M.Pandithage	233,138	2.53%
Mr.C.R.Pandithage	222,644	2.41%
Mr.M.V.Bandara	1,749	0.02%
	<b>3,655,919</b>	<b>39.60%</b>

Mr. A. D. B. Talwatte, Dr.H.Cabral, Mr.B.C.S.A.P Gooneratne, Mr. P. K. W. Mahendra, Mr. S. R. W. M. C. Ranawana, D.N.K Kurukulasuriya and Mr. J. M. De Silva who are Directors of the Company did not hold any shares of the Company as at 31st Decemebre 2022.

**PUBLIC HOLDING****As at 31st December 2022**

Public Holding %	53.17%
Number of Public shareholders	2,175
Float adjusted market capitalisation	2,939,999,820

The Company complies with option 04 of the Listing Rules 7.14.1 (a) – Float Adjusted Market Capitalization of Rs.2.5 Billion requires 10% minimum Public Holding.

**Twenty Major Shareholders**

NAME	31ST DECEMBER 2022	
	SHARES	%
EMPLOYEE'S PROVIDENT FUND	1,835,870	19.89%
MR.A.R.PANDITHAGE	1,030,882	11.17%
MRS.J.C.PANDITHAGE	976,042	10.57%
A & G INVESTMENTS (PVT) LTD	667,395	7.23%
MR.S.C.ALGAMA	590,497	6.40%
MR.A.G.PANDITHAGE	546,846	5.92%
MR.C.R.PANDITHAGE	222,644	2.41%
MR.A.N.ALGAMA	222,288	2.41%
ALMAR TRADING CO (PVT) LTD	198,900	2.15%
MR.A.M.PANDITHAGE	189,611	2.05%
MR.T.G.H.PERIES	189,407	2.05%
MR.D.JAYANNTHA	166,400	1.80%
MISS.T.R.N.C.PERIES	153,929	1.67%
MR.N.U.ALGAMA	123,598	1.34%
IDEAL AUTOMOBILE (PVT) LTD	87,938	0.95%
MR.M.L.ALGAMA	69,976	0.76%
MS.L.S.ALGAMA	69,975	0.76%
BANK OF CEYLON	61,054	0.66%
MRS.I.S.SALGADO	47,840	0.52%
MRS.H.S.PANDITHAGE	46,849	0.51%
	<b>7,497,941</b>	<b>81.22%</b>

## CORPORATE INFORMATION

### Name of the Company

Diesel & Motor Engineering PLC

### Legal Form

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

### Company Registration Number

PQ 146

### Board of Directors

A. R. Pandithage - Dipl. Ing (Chairman, Managing Director)  
A. G. Pandithage - FCMA (Chief Executive Officer)  
S. C. Algama - FIED (SL)  
M. V. Bandara - Postgraduate Certificate (USQ-Aus)  
Dr. H. Cabral - PC, PhD  
B. C. S. A. P. Gooneratne - FCA, MBA (Sri.J)  
P. K. W. Mahendra - B.Eng (University of Greenwich-UK)  
A. M. Pandithage  
S. R. W. M. C. Ranawana - MBA (Warnborough University-UK)  
J. M. De Silva - FBSC, FCITP  
A. D. B. Talwatte - FCMA, FCA, MBA (Sri.J)  
D. N. K. Kurukulasuriya - EMBA, Attorney at Law (appointed w.e.f 30/05/2022)  
C. R. Pandithage - BBSCom (Australia), Certified Manager (Daimler) (appointed w.e.f 30/05/2022)

### Company Secretary

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

### Registrars

Jacey and Company  
No.9/5, Thambiah Avenue,  
Off Independence Avenue,  
Colombo 07, Sri Lanka

### Audit Committee

A. D. B. Talwatte (Chairman)  
J. M. De Silva  
Dr. H. Cabral  
A. M. Pandithage

### Remuneration Committee

Dr. H. Cabral (Chairman)  
A. M. Pandithage  
J. M. De Silva  
A. D. B. Talwatte

### Nomination Committee

Dr. H. Cabral (Chairman)  
A. R. Pandithage  
A. M. Pandithage  
J. M. De Silva  
A. D. B. Talwatte

### Related Party Transactions Review Committee

J. M. De Silva (Chairman)  
Dr. H. Cabral  
A. M. Pandithage  
A. D. B. Talwatte

### Group Management Committee

A. R. Pandithage (Chairman)  
A. G. Pandithage  
S. C. Algama  
M. V. Bandara  
B. C. S. A. P. Gooneratne  
R. K. J. Gunasekera  
D.N.K.Kurukulasuriya  
P. K. W. Mahendra  
C. R. Pandithage  
S.R.W.M.C.Ranawana  
R.D.M.P. Wickramasinghe  
H.M.P.D.B. Dematawa  
G.P.M.S. Karunaratne

### Bankers

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

### Auditors

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

### Lawyers

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

### Registered Office

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