

ANNEXURE 1

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2020

OF

CHRISS WORLD (PVT) LTD

REGISTERED ADDRESS;

NO: 120/11C,
VIDYA MAWATHA
COLOMBO 07.

DINITWAY PARTNERS
Chartered Accountants



Dinitway Partners

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CHRISS WORLD (PVT) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CHRISS WORLD (PVT) LTD, which comprise the statement of financial position as at March 31, 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2020, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities "SLFRS for SMEs".

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 are independent of the Company in accordance with the ethical requirements of the code of ethics issued by CA Sri Lanka (code of ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Standard for Small and Medium-sized Entities "SLFRS for SMEs", and for such internal controls as the management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company'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 or to cease operations, or has no realistic alternative but to do so.

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

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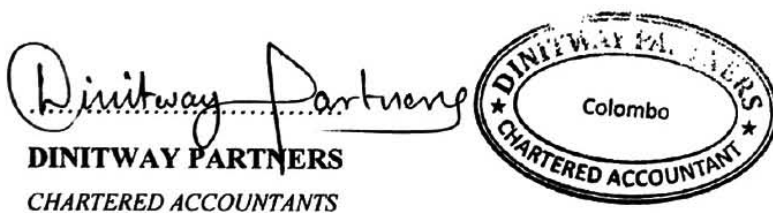
Partners - D.M.C.I Dassanayaka (ACA,FAAT, BSc Accountancy(Spl) 1st Class)Hons.
K.S.C.P.K. Gunasinghe (FCA, ACMA,MBA,B B Mgt accountancy(Spl)Hons, M.K.G. Mendis (B. Com(Special). MBA(Sri J), FCA, FCMA
Director - G.D. Pradeep Nishantha (B Com, MAAT)

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.

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.



Colombo.

June 24, 2020.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	Note	2020 Rs.	2019 Rs.
Revenue	3	215,992,411	74,315,662
Direct Cost	4	(145,259,091)	(61,389,418)
Gross Profit		70,733,320	12,926,245
Other Income	5	392,910	57,011
Selling and Distribution Expenses	6	(1,305,327)	(2,264,195)
Administrative Expenses	7	(41,174,615)	(20,012,139)
Profit / (Loss) from Operation		28,646,288	(9,293,078)
Finance Expenses	8	(7,883,568)	(1,430,181)
Profit / (Loss) before Tax		20,762,721	(10,723,259)
Taxation		-	-
Profit / (Loss) after Tax		20,762,721	(10,723,259)
Other Comprehensive Income		-	-
Total Comprehensive Income		20,762,721	(10,723,259)

The accounting policies and notes on pages 7 through 14 form an integral part of the financial statements.



STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 Rs.	2019 Rs.
ASSETS			
Non Current Asset			
Property, Plant & Equipment	9	5,320,412	3,147,877
Intangible Asset	10	24,000	36,000
Investment in Unit Trust		7,370,350	-
Total Non Current Assets		12,714,761	3,183,877
Current Asset			
Trade Debtors and Other Receivables	11	75,445,633	29,476,153
Cash at Bank	12	2,802,410	1,369,487
Total Current Assets		78,248,043	30,845,641
TOTAL ASSETS		90,962,804	34,029,517
EQUITY AND LIABILITIES			
Equity			
Share Capital	13	22,500,000	6,000,000
Retained Earnings		(10,727,118)	(28,489,838)
Total Equity		11,772,882	(22,489,838)
LIABILITIES			
Non Current Liabilities			
Retirement Benefit Obligation		980,150	926,600
Bank Loans		13,866,833	9,025,313
Amount Due to Related Party	14	14,860,088	9,990,305
Total Non Current Liabilities		29,707,071	19,942,218
Current Liabilities			
Trade Creditors & Other Payables	15	36,481,255	16,750,237
Bank Overdraft		13,001,596	19,826,901
Total Current Liabilities		49,482,851	36,577,138
TOTAL EQUITY AND LIABILITIES		90,962,804	34,029,517

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

.....
Chief Financial Officer

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

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

.....
Director
 Colombo
 May 23, 2020



.....
Director

The accounting policies and notes on pages 7 through 14 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March

	Stated Capital Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01 April 2018	6,000,000	(17,766,579)	(11,766,579)
Profit / (Loss) for the period	-	(10,723,259)	(10,723,259)
Balance as at 31st March 2019	6,000,000	(28,489,838)	(22,489,838)
Issue of Shares	16,500,000	-	16,500,000
Profit / (Loss) for the period	-	20,762,721	20,762,721
Dividend Proposed	-	(3,000,000)	(3,000,000)
Balance as at 31st March 2020	22,500,000	(10,727,118)	14,772,882



The accounting policies and notes on pages 7 through 14 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 March

	Note	2020 Rs.	2019 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit / (Loss) Before Taxation		20,762,721	(10,723,259)
ADJUSTMENTS FOR			
Gratuity Provision		397,800	1,090,663
Depreciation / Amortization		1,172,234	758,909
Operating Profit before Working Capital Changes		22,332,754	(8,873,688)
(Increase) / Decrease in Trade Debtors		(45,969,479)	(7,010,999)
Increase / (Decrease) in Amount Due to Related Party		4,869,783	(5,897,278)
Increase / (Decrease) Trade Creditors & Other Payables		16,731,018	5,390,825
Cash Generated from (used in) Operations		(2,035,925)	(16,391,140)
Taxes Paid		-	(342)
Gratuity Payment		(344,250)	(164,063)
Net Cash from (used in) Operating Activities		(2,380,175)	(16,555,544)
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Issue of Shares		16,500,000	-
Acquisition of Property, Plant and Equipment		(3,332,768)	(1,364,998)
Net Cash from (used in) Investment activities		13,167,232	(1,364,998)
CASH FLOWS FROM FINANCE & OTHER ACTIVITIES			
Investment in Unit Trust		(7,370,350)	-
Loan Obtained During the Year		6,500,000	9,025,313
Loan Repayment Made During the Year		(1,658,480)	-
Net Cash from (used in) Financing Activities		(2,528,830)	9,025,313
Net Increase / (Decrease) in Cash & Cash Equivalents		8,258,227	(8,895,229)
Cash & Cash Equivalents at the Beginning of the Year		(18,457,413)	(9,562,184)
Cash & Cash Equivalents at the End of the Year		(10,199,186)	(18,457,413)
Analysis of Cash & Cash Equivalents			
Cash & Bank Balances	12	2,802,410	1,369,487
Bank Overdraft		(13,001,596)	(19,826,901)
		(10,199,186)	(18,457,413)

The accounting policies and notes on pages 7 through 14 form an integral part of the financial statements.



NOTES TO THE FINANCIAL STATEMENTSFor the Year Ended 31st March 2020**1. CORPORATE INFORMATION****1.1. General**

Chrissworld (Pvt) Limited is a Limited liability company incorporated in Sri Lanka. The registered Office of the Company is in the District of Colombo and the principal place of business is situated in no. 120/11, Vidya Mawatha, Colombo 07.

1.2. Principal activities and nature of operations

The principal activity of the Company is providing Boats and Warehouse renting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1. Basis of Preparation**

These financial statements have been prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements are prepared on the historical cost basis in accordance with Generally Accepted Accounting Principles and the Sri Lanka Accounting Standards for SMEs. No adjustment is made for inflationary factors affecting these accounts.

The said financial statements are presented in Sri Lankan Rupees (LKR) which is the company's functional currency.

Comparative Information

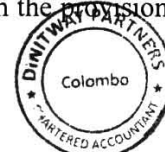
Where necessary, comparative figures have been adjusted to confirm with the changes in the presentation in the current year.

2.2. Going Concern

When preparing the financial statements the Management has assessed the ability of the Company to continue as a going concern. The Management has its reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company does not foresee a need for liquidation or cessation of operations, taking into account all available information about future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

2.3. Taxation***Current Taxes***

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed accordance with the provisions of the Inland Revenue Act No. 24 of 2017.



NOTES TO THE FINANCIAL STATEMENTSFor the Year Ended 31st March 2020**2.4. Financial Instruments****(i) Financial Assets****(a) Trade and Other Receivable**

Trade and other receivable are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(ii) Financial Liabilities**(a) Trade and Other Payables**

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade Payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

(b) Liabilities and Provisions

All known liabilities as at the balance sheet date have been included in the financial statements. A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.5. Assets and Basis of their Valuation**2.5.1. Property, Plant and Equipment****(a) Cost**

Property, Plant and Equipment are stated cost less accumulated depreciation and any accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably



NOTES TO THE FINANCIAL STATEMENTSFor the Year Ended 31st March 2020**(b) Subsequent Expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of Property, Plant and Equipment. All other expenditure is recognized in the Income Statement as an expense as incurred.

(c) De-recognition

An item of Property, Plant and Equipment is derecognized upon disposal when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of asset is calculated as the difference between the net disposal proceeds and the carrying amount.

(d) Depreciation

Depreciation is recognized in Profit and Loss on a straight line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment.

Leased assets are depreciated over the shorter of the lease terms and other useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease period, Freehold land is not depreciated.

Depreciation is calculated on a straight line basis over the useful life of the assets.

The estimated useful life of asset is as follows:

Assets Category	Depreciation Rate
Furniture & Fittings	20%
Office Equipment	20%
Computer Equipment	20%
Motor Vehicle	20%

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

2.6. Income Statement**Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognizing of revenue.



NOTES TO THE FINANCIAL STATEMENTSFor the Year Ended 31st March 2020**2.7. Expenditure Recognition**

- (a) Expenses are recognized in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All the expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income in arriving at the profit/(loss) for the year.

2.8. Events occurring after the Reporting Period

The directors monitor events closely and where necessary adjustments or disclosures are made in the current Financial Statements in respect of material post balance sheet events as appropriate.

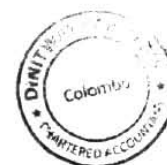
2.9. Contingent Liabilities

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

2.10. Statement of Cash Flow

The cash flow statement has been prepared by using Indirect Method in accordance with the SLFRS for SME Section 7 on Cash flow statements.

The Indirect Method discloses the profit or loss adjusted by the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March

	2020	2019
	Rs.	Rs.
3 REVENUE		
Warehouse Management Income	95,858,392	73,315,653
Warehouse Income - ZTE	120,134,019	-
Trading Income - Rowing Boat Note 2.1	-	500,009
Consultancy Income	-	500,000
	215,992,411	74,315,662
3.1 Trading Income- Rowing Boats sales	-	5,889,081
<i>Less:</i> Cost of Sales	-	(5,389,072)
Net Income	-	500,009
4 DIRECT COST		
Sales Promotion and Commission	3,350,485	1,461,900
Rent Expenses	54,412,269	22,590,781
Warehouse Maintenance	2,506,040	2,302,862
Electricity	2,204,370	943,874
Fork Lift Charges	5,983,908	5,048,932
Transport Charges	40,720,056	14,001,302
Vehicle Hire Charges	4,200,000	2,424,300
Security Charges	5,581,156	3,779,550
Salary & Wages-Labour	22,296,528	7,126,419
Unloading Charges-Handling	728,500	441,810
Storage Charges	32,350	160,038
Generator Hiring Charges	252,000	162,000
Pest Control Charges	309,327	158,440
Fuel Expenses for Warehouse	979,074	566,777
Night Operation Allowance	526,519	77,250
Meal Expenses	291,545	109,132
Staff Incentive for Warehouse	649,699	34,050
Security Charges	84,900	-
Other Direct Expenses	150,364	-
	145,259,091	61,389,418
5 OTHER INCOME		
Interest Income - Savings A/c	118,466	39,749
Fair Value Gain on Unit Trust Investment	120,350	-
Exchange Gain	624	17,263
Boat Sales	153,469	-
	392,910	57,011

Notes for the financial statements Continue.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March

	2020	2019
	Rs.	Rs.
6 SELLING & DISTRIBUTION EXPENSES		
Advertising	27,300	-
Travelling & Transport	133,350	172,161
Vehicle Maintenance	373,907	424,166
Business Promotion	273,555	150,496
Subscriptions	16,750	109,664
NBT	480,465	1,407,707
	1,305,327	2,264,195
7 ADMINISTRATIVE EXPENSES		
Staff Salaries	11,201,190	10,384,594
Bonus	705,000	-
Printing, Postage & Stationery	689,380	283,129
Travelling Allowance & Charges	3,635,631	2,600,733
Miscellaneous	312,800	221,651
Telephone	533,753	654,429
Staff Welfare	1,509,580	582,546
Entertainment	224,494	228,378
Charity & Donation	80,000	61,000
Registration Fees	35,000	113,000
Depreciation	1,160,234	746,909
Amortization	12,000	12,000
Secretarial Fees	136,000	55,250
EPF	1,291,271	1,201,517
ETF	322,818	300,379
Shared Services	15,391,951	-
Internet & E-mail	446,362	320,325
Renovation and Maintenance	938,240	103,500
Water	482,727	181,326
Insurance	113,968	164,478
Audit Fees	50,000	50,000
Professional Charges	235,500	-
Medical Expenses	451,782	335,610
Parking Charges Expenses	2,140	3,530
Penalty	6,133	25,293
Sundry Expenses	78,210	47,600
Water Bottle Charges	-	91,774
Gratuity Expense	397,800	1,090,663
Project Expenses	142,170	75,870
Legal Fees	132,160	76,655
Office Rent Expenses	192,000	-
Stamp Duty Charges	264,320	-
	41,174,615	20,012,139

Notes for the financial statements Continue.



NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2020

	2020 Rs.	2019 Rs.
8 FINANCIAL EXPENSES		
Bank Charges	283,200	88,294
Overdraft Interest	1,115,559	1,341,887
Loan Interest	6,484,809	-
	7,883,568	1,430,181

9 PROPERTY, PLANT & EQUIPMENT

(a) Cost / Valuation Free Hold Assets	Balance As at 01.04.2019 Rs.	Additions during the year Rs.	Disposals during the year Rs.	Balance As at 31.03.2020 Rs.
Furniture & Fittings	1,845,674	1,429,315	-	3,274,989
Office Equipment	1,996,664	999,689	-	2,996,353
Computer	362,829	723,764	-	1,086,593
Motor Vehicle	-	180,000	-	180,000
	4,205,167	3,332,768	-	7,537,935

(b) Depreciation	Balance As at 01.04.2019 Rs.	Charge for the year Rs.	Disposals for the year Rs.	Balance As at 31.03.2020 Rs.
Free Hold Assets				
Furniture & Fittings	526,456	500,760	-	1,027,216
Office Equipment	442,328	494,334	-	936,662
Computer	88,506	159,139	-	247,646
Motor Vehicle	-	6,000	-	6,000
	1,057,290	1,160,234	-	2,217,524

Carrying Value	As at 01.04.2019	As at 31.03.2020
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Written Down Value	3,147,877	5,320,412
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	2020 Rs.	2019 Rs.
10 INTANGIBLE ASSET		
Opening Balance	36,000	48,000
Amortization for the Period	(12,000)	(12,000)
Closing Balance	24,000	36,000



Notes for the financial statements Continue.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2020

	2020 Rs.	2019 Rs.
11 TRADE DEBTORS AND OTHER RECEIVABLES		
Trade Debtors	41,220,865	19,095,185
Income Receivable from ZTE (Labour)	1,169,540	-
Pre-Paid Rent-Kelani View Ware House	1,040,808	1,189,494
Carried Forward Boat Expenses	-	901,000
Ware Hose Rent Deposits	18,573,046	6,864,696
WHT Receivable	922,515	675,174
BDI Bond	100,090	148,684
Chriss Leisure (Pvt) Ltd	5,496,734	390,420
Chriss Leisure (Pvt) Ltd-Loan	6,418,107	-
Other Receivables	503,929	211,500
	75,445,633	29,476,153
12 CASH & CASH EQUIVALENTS		
Sampath Bank-5070 3100 0049 (USD)	8,386	7,578
Sampath Bank-1070 5757 9119 Lien A/c	2,717,275	1,336,095
Cash in Hand	76,749	25,814
	2,802,410	1,369,487
13 STATED CAPITAL		
Value per Shares 2,250,000 @ 10/-	22,500,000	6,000,000
	22,500,000	6,000,000
14 AMOUNT DUE TO RELATED PARTIES		
Mr. Suraj Suraweera-Loan	9,633,785	-
Chrisslogix (Pvt) Ltd	5,226,303	9,990,305
	14,860,088	9,990,305
15 TRADE CREDITORS & OTHER PAYABLES		
Accrued Expenses	1,871,678	3,209,919
Trade Creditors	29,321,684	1,368,085
WHT Payable	1,691,761	251,162
NBT	-	1,886,154
VAT Payable	-	8,669,679
Salary & Wages	-	1,013,762
Boat Payable	-	100,000
EPF	293,700	153,670
ETF	44,055	23,050
PAYE Tax	-	24,756
Audit Fee	50,000	50,000
Dividend Payable	3,000,000	-
Other Payable	208,377	-
	36,481,255	16,750,237
16 COMMITMENTS		
There were no material commitments approved by the Board of Directors or contracted by the company as at March 31, 2020		



ANNEXURE 2

INTERIM FINANCIAL STATEMENTS FOR THE

PERIOD ENDED

31ST JANUARY 2021



Dinitway Partners

CHARTERED ACCOUNTANTS

Address :- 7 1/2, Devanampiyathissa Mawatha,
Colombo - 10
Tel. :- +94 112 670 515
E-Mail :- dinitway@sltnet.lk
dinitway3@gmail.com

**INDEPENDENT PRACTITIONER'S REVIEW
REPORT TO THE MANAGEMENT OF
CHRISSWORLD LIMITED.**

Report On The Financial Statements

We have reviewed the accompanying condensed financial statements of Chrissworld Limited, which comprise the statement of financial position as at January 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with LKAS 34-interim financial reporting, 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.

Practitioner's Responsibility

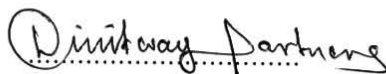
Our responsibility is to express a Conclusion on the accompanying financial statements. We conducted our review in accordance with Sri Lanka Standard on Review Engagements SL SRE 2410 (Revised), *Engagements to Review Historical Financial Statements*. SL SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statement, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with SLSRE 2410 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Sri Lanka Auditing Standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects the financial position of Chrissworld Limited as at January 31, 2021, and its financial performance and cash flows for the period ended, in accordance with the LKAS 34-interim financial reporting.



DINITWAY PARTNERS
Chartered Accountants

Colombo.

25th February 2021.



Partners - D.M.C.I Dassanayaka (ACA,FAAT, BSc Accountancy(Spl) 1st Class)Hons.
K.S.C.P.K. Gunasinghe (FCA, ACMA,MBA,B B Mgt accountancy(Spl)Hons, M.K.G. Mendis (B. Com(Special). MBA(Sri J), FCA, FCMA
Director - G.D. Pradeep Nishantha (B Com, MAAT)

CHRISSWORLD LIMITED

FIANCIAL STATEMENTS FOR THE PERIOD ENDED 31.01.2021

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Comprehensive Income statement

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Statement of Changes in Equity

Statement of Cash Flows

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CHRISSWORLD LIMITED**COMPREHENSIVE INCOME STATEMENT - BY FUNCTION OF EXPENSES**

(Amounts in LKR.)

	Period Ended		Change %
	31/01/2021 Rs.	31/01/2020 Rs.	
Revenue	201,308,448	174,172,152	16%
Direct Cost	(154,641,876)	(108,051,352)	43%
Gross Profit	46,666,572	66,120,800	-29%
Other Income	333,220	327,425	2%
Selling and Distribution Expenses	(75,581)	(4,166,872)	-98%
Administrative Expenses	(35,081,404)	(40,194,826)	-13%
Profit / (Loss) from Operation	11,842,808	22,086,527	-46%
Finance Expenses	(3,987,606)	(6,472,761)	-38%
Profit / (Loss) before Tax	7,855,201	15,613,766	-50%
Taxation	-	-	-
Profit / (Loss) after Tax	7,855,201	15,613,766	-50%
Other Comprehensive Income	-	-	-
Total Comprehensive Income	7,855,201	15,613,766	-50%
Earnings per share attributable to the equity holders of the company			
Basic Earnings Per Share (Expressed in LKR)	0.35	0.69	

Notes

The above figures are not audited.

Figures in brackets indicate deductions.



CHRISSWORLD LIMITED**STATEMENT OF FINANCIAL POSITION**

(Amounts in LKR.)

	31st January 2021	Audited 31st March 2020
ASSETS		
Non Current Asset		
Property, Plant & Equipment	7,344,790	5,320,412
Intangible Asset	197,360	24,000
Investment in Unit Trust	4,430,350	7,370,350
Total Non Current Assets	11,972,499	12,714,761
Current Asset		
Trade Debtors and Other Receivables	88,883,733	75,445,633
Cash at Bank	4,508,538	2,802,410
Total Current Assets	93,392,271	78,248,043
TOTAL ASSETS	105,364,770	90,962,804
EQUITY AND LIABILITIES		
Equity		
Share Capital	22,500,000	22,500,000
Retained Earnings	(2,871,917)	(10,727,118)
Total Equity	19,628,083	11,772,882
LIABILITIES		
Non Current Liabilities		
Retirement Benefit Obligation	1,030,150	980,150
Bank Loans	24,638,821	13,866,833
Amount Due to Related Party	-	14,860,088
Total Non Current Liabilities	25,668,971	29,707,071
Current Liabilities		
Trade Creditors & Other Payables	45,696,551	36,481,255
Bank Overdraft	14,371,164	13,001,596
Total Current Liabilities	60,067,715	49,482,851
TOTAL EQUITY AND LIABILITIES	105,364,770	90,962,804
Net Assets Per Share (LKR.)	0.87	0.52

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

.....
Chief Financial Officer

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

Approved and signed for and on behalf of the Board of Directors of the Company.

.....


Director
Colombo
10th February, 2021

.....

Director



CHRISSWORLD LIMITED
STATEMENT OF CHANGES IN EQUITY

(Amounts in LKR.)

	Stated Capital	Retained Earnings	Total Equity
Balance as at 01st April 2019	6,000,000	(28,489,838)	(22,489,838)
Profit for the Period	Nil	15,613,766	15,613,766
Other Comprehensive Income for the Period	Nil	-	-
Transactions with Owners-Dividends	Nil	-	-
Un Audited balance as at 31st January 2020	6,000,000	(12,876,072)	(6,876,072)
Balance as at 01st April 2020	22,500,000	(10,727,118)	11,772,882
Profit for the period	Nil	7,855,201	7,855,201
Other Comprehensive Income for the Period	Nil	-	-
Transactions with Owners-Dividends	Nil	-	-
Un Audited balance as at 31st January 31 2021	22,500,000	(2,871,916)	19,628,084



CHRISSWORLD LIMITED
STATEMENT OF FINANCIAL POSITION

(Amounts in LKR.)

	Period Ended 31.01.2021 Rs.	Period Ended 31.01.2020 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit Before Taxation	7,855,201	15,613,766
ADJUSTMENTS FOR		
Gratuity Provision	50,000	-
Amortization	10,000	10,000
Depreciation	1,827,320	966,850
Operating Profit before Working Capital Changes	9,742,521	16,590,616
(Increase) / Decrease in Trade Debtors	(13,438,100)	(14,278,834)
Increase / (Decrease) in Amount Due to Related Party	(5,226,403)	9,974,698
Increase / (Decrease) Trade Creditors & Other Payables	9,215,296	9,125,247
Cash Generated from (used in) Operations	293,315	21,411,727
Gratuity Payment	-	-
Net Cash from (used in) Operating Activities	293,315	21,411,727
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Acquisition of Property, Plant and Equipment	(3,851,698)	(3,148,369)
Acquisition of Intangible Assets	(183,360)	-
Net Cash from (used in) Investment activities	(4,035,058)	(3,148,369)
CASH FLOWS FROM FINANCE & OTHER ACTIVITIES		
Redemption / Investment in Unit Trust	2,940,000	(3,327,425)
Loan Obtained During the Year	2,400,000	-
Loan Repayment Made During the Year	(1,261,797)	(1,291,113)
Net Cash from (used in) Financing Activities	4,078,203	(4,618,538)
Net Increase / (Decrease) in Cash & Cash Equivalents	336,460	13,644,820
Cash & Cash Equivalents at the Beginning of the Year	(10,199,186)	(18,457,414)
Cash & Cash Equivalents at the End of the Year	(9,862,726)	(4,812,594)



CHRISSWORLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Unless otherwise stated specifically, figures in these financial statements are not audited.
2. These condensed financial statements comply with Sri Lanka Accounting Standard 34 (LKAS 34)
3. There are no changes to the accounting policies adopted as compared to the audited financial statements of 31st March 2020.
4. There are no material contingent liabilities as at 31st January 2021.
5. No material events have taken place subsequent to the date of the balance sheet that require a disclosure or an adjustment to financial statements.
6. The Company has carried out a sub-division of shares on 15th August 2020 in the proportion of every 1 share being sub-divided to 10 shares. As a result, total number of shares increased from 2,250,000 to 22,500,000 shares without any change to the Stated Capital.



ANNEXURE 3

**ACCOUNTANT'S REPORT
AND
FIVE-YEAR SUMMARY**



Dinitway Partners

CHARTERED ACCOUNTANTS

Address :- 7 1/2, Devanampiyathissa Mawatha,
Colombo - 10

Tel. :- +94 112 670 515

E-Mail :- dinitwayp@sltnet.lk
dinitway3@gmail.com

07th December 2020

Board of Directors
Chrissworld (Private) Limited
No. 120/11C, Vidya Mawatha,
Colombo-07,
Sri Lanka

Dear Sir/Madam,

ACCOUNTANT'S REPORT CHRISSWORLD (PVT) LTD

This report has been prepared for the purpose of prospectus issued with the proposed offer for subscription of 7,500,000 ordinary voting shares at LKR 7.50 per share and the listing through an Initial Public Offering (IPO).

We have examined the Financial Statements of Chirssworld (Pvt) Ltd {the "Company"} for the years ended 31st March 2016 to 31st March 2020, and report as follows.

1. Incorporation

Chrissworld (Pvt) Limited was incorporated as a Private limited Company on 26th June 2013 under the provisions of the Companies Act No 07 of 2007. The registered office of the Company is at No. 120/11C, Vidya Mawatha, Colombo-07, at which the Company's Head Office is also situated. The Company's principal activities during the period were to engage in trading and 3PL business operations.

2. Financial Information

2.1 Summary of Five-years Audited Financial Statements

A summary of Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statements of Cash Flow of the Company for the financial years ended 31st March 2016 to 31st March 2020, based on the audited financial statements are set out on Annexure 01 of the Accountant's Report.

Please be informed that we were the Statutory Auditor to the company from the financial year commencing from April 01, 2018 and the Financial Statements for the year ended 31st March 2016 to 31st March 2018 has been audited by the Messrs. Abeysinghe & Co.,

Partners - D.M.C.I Dassanayaka (ACA,FAAT, BSc Accountancy(Spl) 1st Class)Hons.
K.S.C.P.K. Gunasinghe (FCA, ACMA,MBA,B B Mgt accountancy(Spl)Hons, M.K.G. Mendis (B. Com(Special). MBA(Sri J), FCA, FCMA
Director - G.D. Pradeep Nishantha (B Com, MAAT)

2.2 Audited Financial Statements for the Year ended 31st March 2020

Our audit report on the Financial Statement of the Company for the year ended 31st March 2020 together with such Financial Statements comprising the Statement of Financial Position, Statement of Comprehensive Income, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow along with the accounting policies and notes thereon is available on the Annexure 1 of the Prospectus.

2.3 Auditors Opinion

We being the Statutory Auditors of the company have issued unmodified audit opinion on the financial statement as at March 31, 2019 and March 31, 2020 by our reports dated 13th November 2019 and 24th June 2020 respectively. Further, Messrs. Abeysinghe & Co has also issued unmodified audit opinion on the Financial Statements of the Company for the year ended 31st March 2016 to 31st March 2018, by their reports dated 24th November 2016, 30th November 2017, 25th November 2018,

3 Accounting Policies

The Financial Statements of the Company for the years ended 31st March 2016 to 31st March 2020 complies with Sri Lanka Accounting Standard for Small and Medium-sized Entities “SLFRS for SMEs” We have audited the Financial Statements of the Company for the years ended 31st March 2019 and 31st March 2020.

The accounting policies of the Company are stated in detail in the Audited Financial Statements of the Company for the year ended 31st March 2020. There were no material changes in the accounting policies of the Company for the years ended 31st March 2016 to 31st March 2020.

4 Events after Reporting Date

There were no significant events occurred after the last audit report date.

5 Restriction on Use

This report is made solely for the purpose of prospectus issued with the proposed offer for subscription of seven Million Five Hundred Thousand (7,500,000) ordinary voting shares at LKR 7.50 per share of Chrissworld (Pvt) Ltd

Yours Faithfully,


DINITWAY PARTNERS
CHARTERED ACCOUNTANTS
Colombo.



STATEMENT OF COMPREHENSIVE INCOME

Five Year Summary

	2020	2019	2018 (Restated)	2017	2016
	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue					
	215,992,411	74,315,662	58,775,507	20,255,596	2,156,432
Direct Cost					
	(145,259,091)	(61,389,418)	(52,091,362)	(19,404,628)	(1,814,526)
Gross Profit	70,733,320	12,926,245	6,684,145	850,968	341,906
Other Income					
	392,910	57,011	6,711	16,482	339,961
Selling and Distribution Expenses					
	(1,305,327)	(2,264,195)	(2,433,758)	(1,694,642)	(54,950)
Administrative Expenses					
	(41,174,615)	(20,012,139)	(14,428,593)	(2,359,650)	(463,665)
Profit / (Loss) from Operation	28,646,288	(9,293,078)	(10,171,495)	(3,186,842)	163,252
Finance Expenses					
	(7,883,568)	(1,430,181)	(847,177)	(739,977)	(964,759)
Profit / (Loss) before Tax	20,762,721	(10,723,259)	(11,018,672)	(3,926,819)	(801,507)
Taxation					
	-	-	(342)	(498)	(739)
Profit / (Loss) after Tax	20,762,721	(10,723,259)	(11,019,014)	(3,927,317)	(802,246)
Other Comprehensive Income					
	-	-	-	-	-
Total Comprehensive Income	20,762,721	(10,723,259)	(11,019,014)	(3,927,317)	(802,246)



STATEMENTS OF FINANCIAL POSITION

Five Year Summary

	Notes	2020 Rs.	2019 Rs.	2018 (Restated) Rs.	2017 Rs.	2016 Rs.
ASSETS						
Non Current Asset						
Property, Plant & Equipment	9	5,320,412	3,147,877	2,529,788	67,999	36,000
Intangible Asset	10	24,000	36,000	48,000	-	-
Investment in Unit Trust		7,370,350	-	-	-	-
Total Non Current Assets		12,714,761	3,183,877	2,577,788	67,999	36,000
Current Asset						
Inventory		-	-	-	-	3,313,743
Trade Debtors and Other Receivables	11	75,445,633	29,476,153	22,465,154	7,468,912	488,610
Amount Due to Related Party	14	-	-	-	-	2,988,233
Cash at Bank	12	2,802,410	1,369,487	226,250	361,351	197,404
Total Current Assets		78,248,043	30,845,641	22,691,404	7,830,263	6,987,990
TOTAL ASSETS		90,962,804	34,029,517	25,269,192	7,898,262	7,023,990
EQUITY AND LIABILITIES						
Equity						
Share Capital	13	22,500,000	6,000,000	6,000,000	6,000,000	1,000
Retained Earnings		(10,727,118)	(28,489,838)	(17,766,579)	(6,747,565)	(2,820,249)
Total Equity		11,772,882	(22,489,838)	(11,766,579)	(747,565)	(2,819,249)
LIABILITIES						
Non Current Liabilities						
Retirement Benefit Obligation		980,150	926,600	-	-	-
Loang Term Loans		13,866,833	9,025,313	-	-	7,012,500
Amount Due to Related Party	14	14,860,088	9,990,305	15,887,583	2,529,561	-
Total Non Current Liabilities		29,707,071	19,942,218	15,887,583	2,529,561	7,012,500
Current Liabilities						
Trade Creditors & Other Payables	15	36,481,255	16,750,237	11,359,412	3,047,078	2,830,000
Tax Payable	15	-	-	342	437	739
Bank Overdraft		13,001,596	19,826,901	9,788,434	3,068,751	-
Total Current Liabilities		49,482,851	36,577,138	21,148,188	6,116,266	2,830,739
TOTAL EQUITY AND LIABILITIES		90,962,804	34,029,517	25,269,192	7,898,262	7,023,990

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

.....
Chief Financial Officer

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

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

.....
Director
 Colombo
 December 07, 2020

.....
Director

STATEMENT OF CHANGES IN EQUITY

Five Year Summary

	Stated Capital Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance As At 01st April 2015	1,000	(2,018,003)	(2,017,003)
Profit (Loss) for the period	-	(802,246)	(802,246)
Balance as at 31st March 2016	1,000	(2,820,249)	(2,819,249)
Share Issues	5,999,000	-	5,999,000
Profit (Loss) for the period	-	(3,927,317)	(3,927,317)
Balance as at 31st March 2017	6,000,000	(6,747,565)	(747,565)
Profit (Loss) for the period	-	(11,019,014)	(11,019,014)
Balance as at 31st March 2018	6,000,000	(17,766,579)	(11,766,579)
Profit / (Loss) for the period	-	(10,723,259)	(10,723,259)
Balance as at 31st March 2019	6,000,000	(28,489,839)	(22,489,839)
Issue of Shares	16,500,000	-	16,500,000
Profit / (Loss) for the period	-	20,762,721	20,762,721
Dividend Proposed	-	(3,000,000)	(3,000,000)
Balance as at 31st March 2020	22,500,000	(10,727,118)	11,772,882



STATEMENTS OF CASH FLOWS

Five Year Summary

	2020 Rs.	2019 Rs.	2018 (Restated) Rs.	2017 Rs.	2016 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Profit / (Loss) Before Taxation	20,762,721	(10,723,259)	(11,018,672)	(3,926,819)	(801,507)
ADJUSTMENTS FOR					
Gratuity Provision	397,800	1,090,663	-	-	-
Depreciation / Amortization	1,172,234	758,909	265,381	23,000	12,000
Operating Profit before Working Capital Changes	22,332,754	(8,873,688)	(10,753,291)	(3,903,819)	(789,507)
(Increase) / Decrease in Trade Inventories	-	-	-	3,313,743	(2,760,774)
(Increase) / Decrease in Accounts Receivable	-	-	(14,996,242)	(6,980,301)	2,090
Increase / (Decrease) in Accounts Payable	(45,969,479)	(7,010,999)	8,312,334	217,078	2,800,000
(Increase) / Decrease in Amount Due from Related Party	-	-	-	2,988,233	2,275,433
Increase / (Decrease) in Amount Due to Related Party	4,869,783	(5,897,278)	13,369,022	2,528,561	-
Increase / (Decrease) Trade Creditors & Other Payables	16,731,018	5,390,825	-	-	-
Cash Generated from (used in) Operations	(2,035,925)	(16,391,140)	(4,068,177)	(1,836,506)	1,527,241
Taxes Paid	-	(342)	(1,437)	(800)	(1,629)
Gratuity Payment	(344,250)	(164,063)	-	-	-
Net Cash from (used in) Operating Activities	(2,380,175)	(16,555,544)	(4,069,614)	(1,837,306)	1,525,612
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Issue of Shares	16,500,000	-	-	6,000,000	-
Acquisition of Property, Plant and Equipment	(3,332,768)	(1,364,998)	(2,785,170)	(54,999)	-
Net Cash from (used in) Investment activities	13,167,232	(1,364,998)	(2,785,170)	5,945,001	-
CASH FLOWS FROM FINANCE & OTHER ACTIVITIES					
Investment in Unit Trust	(7,370,350)	-	-	-	-
Loan Obtained During the Year	6,500,000	9,025,313	-	-	8,250,000
Loan Repayment Made During the Year	(1,658,480)	-	-	(7,012,500)	(1,237,500)
Net Cash from (used in) Financing Activities	(2,528,830)	9,025,313	-	(7,012,500)	7,012,500
Net Increase / (Decrease) in Cash & Cash Equivalents	8,258,227	(8,895,229)	(6,854,784)	(2,904,805)	8,538,112
Cash & Cash Equivalents at the Beginning of the Year	(18,457,413)	(9,562,184)	(2,707,400)	197,404	(8,340,708)
Cash & Cash Equivalents at the End of the Year	(10,199,186)	(18,457,413)	(9,562,184)	(2,707,400)	197,404



ANNEXURE 4

RESEARCH REPORT OF THE MANAGER TO THE ISSUE JUSTIFYING THE OFFER PRICE

Research Report



Chrissworld Limited

We, Atarah Capital Partners (Pvt) Limited ("ACP") hereby declare that we possess the requisite expertise to perform reports of this nature involving a company that would be classified under the Capital Goods sector of the Colombo Stock Exchange

We also declare that the Research Report has been prepared in accordance with the disclosures specified in the 'Valuation/ Research Report - Guidance Note' issued by the CSE.



Atarah Capital Partners (Pvt) Limited
Financial Advisors & Managers to the Issue

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GLOSSARY OF TERMS AND ABBREVIATIONS

3PL	Third-Party Logistics
ACP	Atarah Capital Partners (Pvt) Limited
CAGR	Compound Annual Growth Rate
CBSL	Central Bank of Sri Lanka
CDS	Central Depository Systems (Pvt) Limited
CLG, Chrisslogix or the parent	Chrisslogix (Pvt) Limited
CSE	Colombo Stock Exchange
CWL, Chrissworld, the Company	Chrissworld Limited
DCF	Discounted Cash Flow
EBIT	Earnings before Interest and Tax
EDB	Sri Lanka Export Development Board
FMCG	Fast-moving Consumer Goods
FY	Financial Year
FYE	Financial Year Ended
GDP	Gross Domestic Production
GICS	Global Industry Classification Standards
IPO	Initial Public Offering
LPI	Logistics Performance Index
Mn	Million
NAV	Net Assets Value
P/ BV	Price to Book Value ratio
P/ E	Price to Earnings Ratio
Rs or LKR	Sri Lankan Rupees
SEC	Securities and Exchange Commission of Sri Lanka
SMEs	Small and Medium Sized Enterprises
WACC	Weighted Average Cost of Capital
WMS	Warehouse Management System
YoY	Year on Year

1.0 INTRODUCTION

1.1 Executive Summary

We, Atarah Capital Partners (Pvt) Limited has conducted a research and carried out the valuation of shares using the Income approach and applied Discounted Cash Flows technique to arrive at an appropriate equity value for the Company, and the results are summarized as below.

Method	Equity Value (LKR)	Value per Share (LKR)
Discounted Cash Flows	195,004,568	8.67

We have adopted the DCF method as the preferred valuation technique due to the following reasons:

- Company's business model is to provide services relating to third party logistics management (3PL) i.e. warehousing and related services without incurring significant investments to construct own warehouses. Therefore, assets-based evaluation would not reflect the true potential of the business.
- Historical financial statements prior to FY 2019/20 are not reflective of the positive change of the revenue recognition practice for a key client (please refer section 2.3 of this report for details) and expansion of the clientele in the recent past. Therefore, the equity value can be best explained by considering future cash flows.
- The business model of the Company is different compared to its peer companies of the sector where the company is likely to be classified (i.e. Capital Goods sector of GICS adopted by CSE) resulting the market-based approach for valuation to be less effective.

Therefore, an asset-based approach or a market-based approach was not considered in determining the fair value of the shares.

Based on our analysis, we recommend a value of LKR 7.50 per share to offer the Company's shares to the public via the proposed Initial Public Offering. The price recommended by ACP is with a discount of 13.5% to the value per share derived using DCF method. The said discount is recommended to provide an upside to the potential investors who would subscribe for shares in the IPO, with a view to make the offer more attractive.

1.2 Objective of the Report

ACP has been engaged by the management of Chrissworld Limited to determine the fair value of a share and advise the Company on the appropriate issue price for shares to be offered via the proposed IPO. Accordingly, this Research Report has been prepared by ACP in order to provide the said basis in determining the fair value of Ordinary Voting Shares of Chrissworld in connection with the proposed IPO, as required under Rule 3.1.4 (c) of the CSE Listing Rules.

Accordingly, the report provides information pertaining to the industry in which Chrissworld is operating and the basis adopted in determining the fair value of the company's Ordinary Voting Shares.

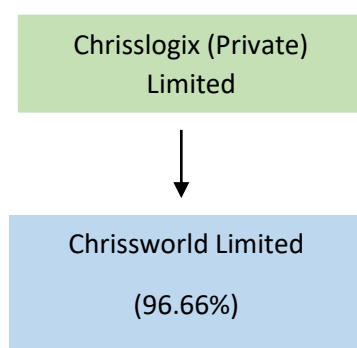
2.0 OVERVIEW OF THE COMPANY

2.1 The Company

Chrissworld Limited is a limited liability company incorporated on 26th June 2013 in Sri Lanka under the Companies Act No. 07 of 2007. Registered office of the Company is situated at 120/11C, Vidya Mawatha, Colombo 07.

CWL is engaged in the provision of Third-party logistics (3PL) services. Over the years, the Company is providing its professional services primarily in warehousing, inventory management, distribution/ transportation and value-added services to corporate clients in different industry verticals.

The parent Company of CWL is Chrisslogix (Private) Limited, which currently holds 96.66% of ordinary voting shares of the Company. The Group Structure is as follows:



Shareholders of Chrisslogix (Pvt) Limited are Mr. Christopher A.M. Perera, Mr. Sithira Wickramasekera, Mr. S.A.D. Niranjana Suraj and Mr. Laksiri Nonis. Chriss group also consists of a company in the leisure sector namely Chrissleisure (Private) Limited. As of the date of this Prospectus, shareholders of this company are individual shareholders and neither Chrisslogix nor Chrissworld hold shares in Chrissleisure (Pvt) Limited.

The warehousing business has been initially under the parent company and upon incorporation of CWL, in 2017 the warehousing related 3PL business has been transferred to enable the Company to act as the warehousing arm of the group whilst Chrisslogix operated in the space of freight forwarding and clearing activities. At present, CWL provides specialized 3PL services at competitive rates whilst gradually expanding its clientele.

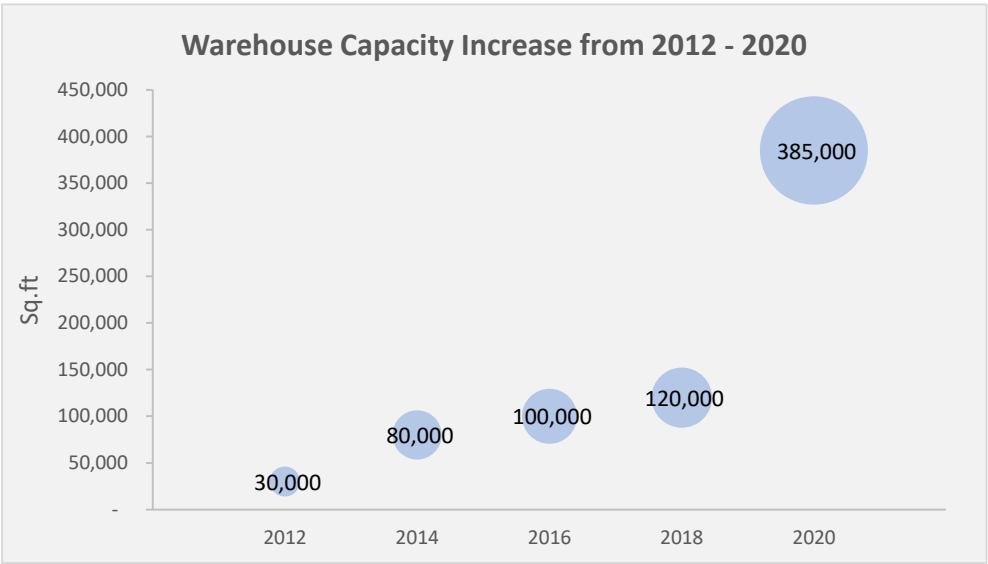
Main revenue streams of the Company are derived in the form of Inventory management income (i.e. rent and handling charges for cargo stored in the warehouses), transportation charges, project cargo management income and income from value added services. These revenues generally vary based on the volume, location and types of cargo handled etc.

2.2 Main Business Activities

Provision of Inventory Management Services

At present, the Company manages around 385,000 sq.ft. of warehousing space in 6 main locations operated within Colombo and Gampaha districts and provides storage, handling and distribution services to its clients. The clientele includes corporates from telecommunications, manufacturing, FMCG, trading and other sectors.

The locations of warehouses have convenient access to the Colombo Port, Katunayake International Airport and within close proximity to the Colombo city. The company always ensures that goods are stored as per required quality standards and adequate safety measures are applied in storing and handling of cargo by its work force. The leadership team is well-experienced in the business of warehouse management and is committed to provide customized services and solutions as per the demands of the diverse clientele.



Transportation

CWL provides its services as an end-to-end 3PL logistics service provider, where the Company also engages in inbound transportation of goods for clients and island wide distribution. Clients enjoy the benefit of a professional and economical service where both storage and transportation are handled by a single party. CWL provides a timely and efficient service using cargo specific vehicles load and route planning methods with tracking systems.

Logistics support and Value-added services

CWL has extended its position to provide logistics support services and value-added services. Key areas in which the Company provides such services are consultation services, project cargo handling, price marking, packing, product quality checking etc. These services are provided to in-house clients or for clients that have their own storage facilities that require expert services. In-house clients also have the benefit of receiving these services according to their requirements under one roof, saving time and resources.

Freight Brokering

As a means of diversifying the revenue streams, CWL also explores opportunities to engage in other logistic industry related activities where freight brokering is one of such areas. The Company has already commenced engaging in these transactions and is planning to partner with suitable parties and expand into such activities in the future to generate additional revenues. It will provide the opportunity for CWL to optimize the returns whilst business risks are being managed effectively. Related income will be generated in the form of a brokerage/ commission for the resources deployed by the Company.

2.3 Summary of historical financial information and future outlook

Revenue

Company's revenue consists of three (3) broader categories as follows:

Source of Income	Contribution to total income
Inventory management fees (rent, handling charges)	93%
Transportation	5%
Value-added services and other income	2%

Revenues are subject to fluctuations due to the changes in volumes stored and handled, since clients' requirements to store the goods also vary at different times.

Key highlights

In FY 2019/20, an exponential growth in revenue is observed compared to previous years. This has been caused by two (2) main factors.

1) One of the main clients that occupy warehouses of the Company is a party in the telecommunication industry, together with local partners in Sri Lanka. Even though the warehousing facilities are provided by Chrissworld, the original service agreement is with Chrisslogix (Pvt) Limited, which is the parent company. As such, revenues of this key customer had been recognized under CLG whilst certain cost elements taken by CWL due to the nature of the arrangements existed between the two companies. The reason for this being a transfer of the contract to CWL from CLG has not been feasible due to corporate policies of the client.

Recognizing the need to establish CWL as an independent operator of 3PL services and derive the full benefits of the services provided, from FY 19/20 onwards Chrissworld has made arrangements with CLG to invoice back for the corresponding revenues of this client to CLG and recognize revenues under the Company. Accordingly, all the revenues and costs are properly accounted under CWL at present.

The accounting treatment adopted by the Company as above is in compliance with SLFRS for SMEs and provisions of the Inland Revenue Act No 24 of 2017 (as amended) on transfer pricing are not applicable.

2) In addition to this key change, there are also new clients secured by the company during FY 2019/20 and expansion of business operations, which has also contributed to a significant increase in revenues from other clients (up by 30% compared to FY 2018/19).

When considered the current level of contribution from the aforesaid client, it is approximately around 55% compared to total revenue (in March 2021). In the future, the captioned contribution will decline due to major part of the projects being completed during the year 2021, as such this client's contribution would be approximately 25% - 30% of the total revenue estimated in FY 2021/22 and thereafter.

Revenue forecasts have been made considering the current businesses in hand, expected changes in volumes handled in respect of current businesses of the Company, and with a reasonable growth expectation as described under 'Forecasted financial statements' and 'Assumptions' sections of this report.

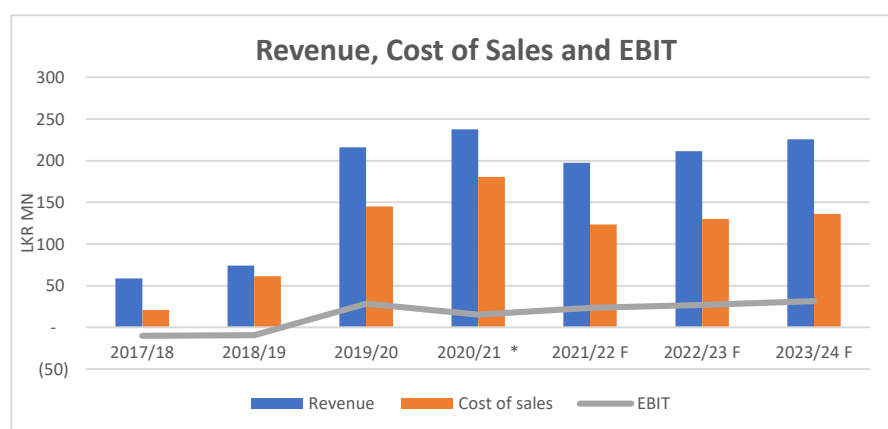
Cost of Sales

Direct costs relating to warehouse operations are accounted as cost of sales. The main component of this category is the rent paid by the Company to owners of the warehouses since all such warehouses have been obtained on rent basis.

Apart from the above, labor charges, hiring charges for machineries (forklifts), security charges and transportation charges for rented vehicles are amongst the main cost components. Similar to changes in revenues, these costs are also dependent of the level of cargo handled at different times (apart from the rent expenses) and extent of services provided. The table below sets out the major cost categories and their approximate contribution to the total direct cost.

Cost Category	Contribution to total direct cost
Facility costs (warehouse rent, labour, transport charges, machinery rent etc.)	80%
Labour charges	10%
Other direct costs	10%

In FY 21/22, direct costs are expected to decline notably as a result of handover of temporary warehouses due to reduction in volumes from a key client (as explained under Revenue), and the shift to a centralized operations model. Going forward (from FY 2022/ 23), direct costs are also expected to move in tandem with the level of operations, hence will experience an upward trend due to general increase in operating costs.



*Values herein consists 10 months actuals and 2 months forecasts

Administrative Expenses

Administrative expenses mainly include overhead items such as staff salaries, other staff costs, shared services fees, utility expenses and maintenance etc. relating to daily back-office activities.

During the current financial year, CWL has closely managed the overhead costs with the impact of COVID-19 pandemic, although the costs are expected to rise in future financial years with the expectation of business getting back to normalcy.

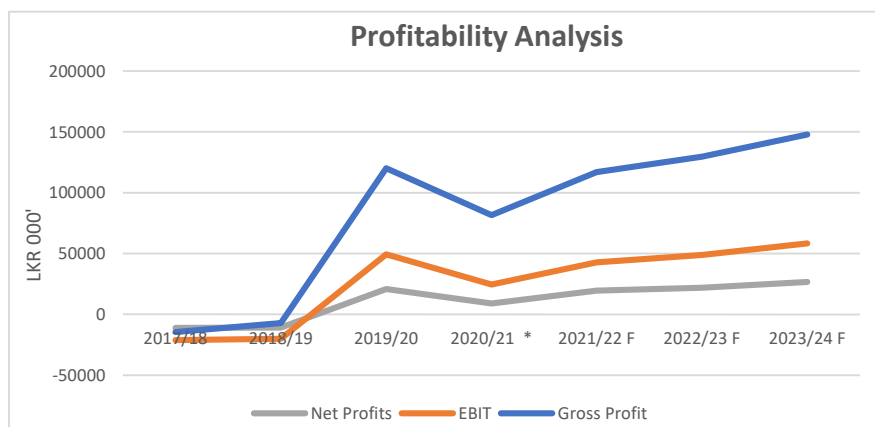
Finance Cost

At present, the company incurs interest costs on long-term and short-term borrowings obtained to facilitate fund requirements for the purpose of developing the business. These funds are used as rent deposits for warehouses rented by the Company, and to support other expenses whenever there is a shortage of liquid funds.

With the gradual improvement of cash flows, together with the proposed capital infusion and part settlement of debt, interest costs of the Company are expected to reduce substantially in the future.

Profitability and Returns

Due to the factors mentioned under 'Revenue' above, the profitability in the past has been on a negative trajectory until FY 2018/19. However, the policy decision taken by the Company as detailed therein has resulted an improvement on reported returns, which is also expected to continue to the future. Driven by the impact of COVID 19 pandemic, there is a drop in revenues and profit margins in FY 2020/21 (up to 31st January 2021). However, the expectation of CWL is that the Company would be able to sustain the business and improve returns along with the use of IPO proceeds effectively, where net margins are expected to grow from FY 2021/22 onwards.



Detailed description of assumptions made in the financial forecast is set out under Section 5.3 of this Research Report.

Interim Financial Statements for the period ended 31st January 2021

During the interim period, profitability of the Company has declined as compared to that of financial year 2019/20. Lower level of revenues than anticipated with the drop in volumes handled due to restricted operations during lock-down period is a key reason whilst the main fixed cost element of rent expenses continued to increase. Import restrictions imposed by the government is another factor for lower utilization of warehouse space and generating modest revenues. Accordingly, combined effect of these two factors have adversely impacted the revenue growth whilst fixed costs are on the high side, leading to shrinking gross profits, ultimately resulting net profits being declined compared to FY 2019/20.

3.0 OVERVIEW OF THE INDUSTRY

Logistics is the management of the flow of activities between the point of origin and the point of consumption. The Logistics Industry includes many segments that are inter-related and cater to the movement of goods and information between the provider and the receiver.

Logistics management is a sub element of supply chain management and consists with main functions of procurement, transportation, warehousing and distribution of goods to meet the requirements of the provider and the 'end user'. Each of these key segments has multifold activities that involve many stakeholders such as manufacturers, transporters (Road, Rail, Water and Air), freight forwarders, warehousing and value-added service providers. These services connect individuals and firms to markets inside and outside the borders, hence play an important role by contributing to economic development worldwide.

3.1 Global Logistics Industry

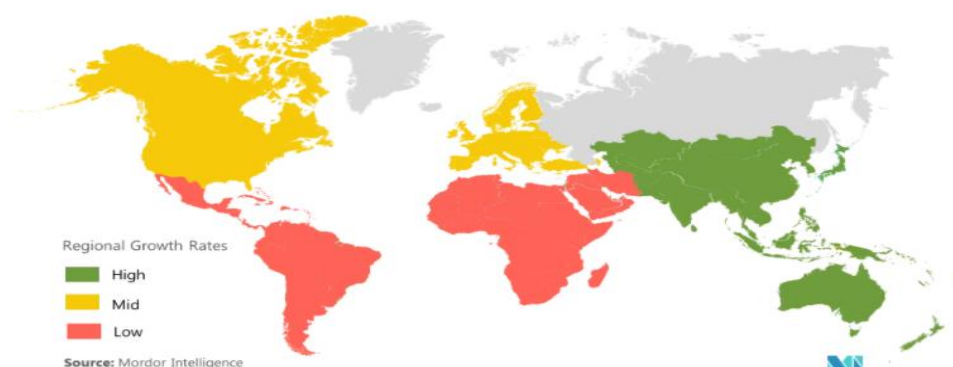
The total global logistics market size amounted to EUR 6.0 trillion (US\$ 6.6 trillion) in 2019 as per a report published on the website of Transport Intelligence (Ti) - United Kingdom. Asia Pacific has been the largest contributor with nearly 45% contribution to the global logistics spends.

According to a report of MordorIntelligence titled *Global Third-Party Logistics (3PL) Market - Growth, Trends, COVID - 19 Impact and Forecasts (2021 – 2026)*, the global 3PL market is estimated to reach more than USD 1.7 trillion by 2026, registering a CAGR of over 8% over the forecasted period of 2021 – 2026. It has been identified that increasing outsourcing of major transportation and logistics services and growing e-commerce penetration as key drivers of the captioned growth.

3.1.1 Global Warehousing and Storage services market

The Warehousing and Storage Services Market is segmented by Type (General Warehousing and Storage, Refrigerated Warehousing and Storage, and Farm Product Warehousing and Storage), Ownership (Private Warehouses, Public Warehouses, and Bonded Warehouses), End-User Industry (Manufacturing, Consumer Goods, Food and Beverage, Retail, Healthcare). The industry is known to provide storage for another organization's or individual's property, including parts, equipment, vehicles, products, and perishable goods. The services generally include inventory management and distribution, value added services such as price marking, packing, part assembly etc.

Warehousing and Storage Services Market - Growth Rate by Region (2020-2025)



According to a report published by MorderIntelligence titled *Warehousing and Storage Services Market - Growth, Trends, COVID - 19 Impact and Forecasts (2021 – 2026)*, it is expected that the warehousing and storage services market would record a CAGR of 10% from 2021 to 2026 and Asia Pacific region is identified as the fastest growing region.

3.2 New developments and drivers for increasing demand for third party logistic providers

- **Lack of expertise amongst end users**

Organizations involved in manufacturing, trading etc. are focused on their core operations and therefore at times lacks expertise in managing their inventories causing material wastage, production delays as well as wasting time spent for inventory management if no proper knowledge on such areas. As the business grow in volumes, these companies discover that it is more productive to outsource logistic functions to a party specialized in 3PL services so that 'end user' companies can focus on their core operations.

- **Rapid development in the e-commerce industry**

The upsurge in internet retailing and the increasing popularity of online shopping are some of the other factors supporting warehousing market growth. E-commerce is becoming a preferred choice of shopping and therefore traders losing the control of goods whilst manufacturers being able to directly provide the products to anywhere in the world. Often this happens through a distribution chain where 3PL companies playing a vital role in storing and distribution.

- **Advancement of Information Technology**

The advancements in technology, which involves automated material handling equipment, biometrics, order tracking, etc. aid organizations and businesses to work proficiently, thereby spurring growth in the logistics market across the globe. 3PL companies are investing in complex warehouse management systems (WMS) which provides the opportunity to increase the accuracy and efficiency of cargo handling, transport management etc. whilst ensuring clients are served with best quality services.

3.3 Impact of COVID 19 pandemic on logistics industry

The impact of COVID 19 outbreak on the world economy is yet to be known, although International Monetary Fund anticipates a 3.5% contraction in the global economy in 2020 (International Monetary Fund Report - World Economic Outlook Update – January 2021). The expected recession in the world economy will deliver a hit to the demand for goods, thus logistics companies are directly affected as their major exposure is to manufacturing and trading companies. In a report published in statista.com (<https://www.statista.com/statistics/1112493/global-logistics-industry-gross-value-added-growth-covid-19/>), it is estimated that in a worst-case scenario, the industry's gross value added could be down 6.1 percent in 2020.

Amidst the lock downs and disruptions to businesses worldwide, logistics service is still a key to maintain the supply of essentials such as medicines, medical equipment and foods to different parts of the globe. Therefore, 3PL logistics companies are adopting various strategies in response to the uncertainties and to ensure supply chain is continued.

- **New safety protocols**

To protect their staff's physical health, some companies have introduced new protocols on social distancing at warehouses, disinfecting work areas and also providing protective gear whilst providing staff unlimited unpaid time off.

- **Alternative modes of transport**

Since the reduction of passenger flights has reduced airplane's cargo capacity, companies such as DHL have used charter flights to transport shipments to and from China whilst some airlines are also repurposing passenger aircraft for cargo.

- **Adapting service offerings to current high demand segments**

Warehousing companies are also adapting to the current demand where warehouses and retailers focusing on grocery deliveries due to high demand for essential products. Further, the transportation and storage of medicines, medical equipment is continuing where air transport is used to cater to immediate requirements.

Even though it is not certain on the timing of recovery of the global economy with the impact of COVID 19, discovery of various vaccines and recent developments in vaccination programs gives hope for a better future. Amid several uncertainties, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022 (International Monetary Fund Report - World Economic Outlook Update – January 2021). Faster the people get back to usual lifestyle, world economies would also bounce back to normalcy where the logistics industry would also reap the benefits.

3.4 Logistics Industry in Sri Lanka

Sri Lankan logistics services contribute to around 2.5% of gross domestic product, which represents around USD 2 billion (source: EDB website). This value is generated from container trucking, warehousing, ports and shipping however exclude domestic transport of passengers, fisheries and inter-regional domestic cargo transportation and the Port City project.

According to the Logistics Performance Index (LPI) of 2018 published in a report Captioned "Trade Logistics in the Global Economy" by The World Bank, Sri Lanka has been ranked at 94th place amongst 160 countries. The LPI measures the ease of carrying out trade logistic activities in a country based on six (6) key aspects that covers quality of physical infrastructure and efficiency of the process. This ranking indicates that the country needs to develop in many aspects encompassing inbound and outbound transportation, infrastructure, customs and port operations, technology implementation etc. On the other hand, this is a clear indication of growth potential for businesses carrying out logistic related services where strong government interest on development of infrastructure and use of technology will place the country among the top logistic hubs in the future.

Country's strategic location in the Indian Ocean is the most advantageous factor as it opens the opportunity to be the logistic hub in the South Asian region as it has been the case for thousands of years. Investments to expand the seaports and container terminals has brought the Colombo Port amongst the top 50 World Container Ports and above other South Asia ports according to the World Shipping Council (based on the volume of containers handled).

3.4.1 Third Party Logistics (3PL) – Warehousing & Storage services, Distribution and Value-added services

When considered 3PL services as a separate segment, it plays a key role to facilitate the storage and related requirements of many industry verticals encompassing manufacturers, traders etc. Most common functions of 3PL are warehousing, distribution and value-added services.

Professional 3PL providers take out the ‘producer’ and ‘end users’ burden of storing, management and transportation of goods and takes care of these functions whilst providing an efficient service. Such companies ensure that goods are maintained properly and deploy their expertise to provide value added services such as packing, part assembly, quality checks, project cargo management, export/ import coordination etc.

As of early 2020, the grade A and grade B warehouse space availability in Sri Lanka was 7.41 Million sq. ft (based on a research article published on <https://www.jll.com.lk/>). The demand for storage space could easily increase in the next few years with the new policies of the Government on expanding exports, development in agriculture related industries, encouragement for inland manufacturing where such parties involved in these segments need third party services to store their raw materials and finished products. The Colombo Port City project and mega infrastructure development activities are also expected to create a significant demand for storage of materials. Therefore, the temporary drop in volumes due to the impact of COVID -19 pandemic (as also experienced by CWL) would be eliminated in the long run.

4.0 VALUATION METHODOLOGY AND VALUATION RESULTS

4.1 Valuation Methodology

ACP has adopted the income-based approach in arriving at the fair value of shares of the Company. In doing so, **Discounted Cash flow technique** has been applied to derive the equity value.

DCF takes into consideration the future earnings potential of a company and uses forecasted cash flows for the purpose of valuing the business. Given the Company is in the services sector operating with a lean asset base, we have concluded that DCF method would provide a value that is most appropriate for a company of this nature.

4.2 Valuation Results

Discounted Cash flow valuation

	LKR
Equity Value as per FCF valuation	195,004,568
Number of shares in issue	22,500,000
Per share value	8.67

4.3 Proposed Capital Raising

CWL has proposed to raise LKR 56.25 Mn for multiple objectives as detailed below:

Objective	LKR
1. Installation of racking system	15,000,000
2. Purchase of machineries for warehouse operations	6,000,000
3. Purchase of movable racks	6,500,000
4. Purchase of a new Warehouse Management System (WMS)	2,500,000
5. Part settlement of borrowings	9,633,785
6. IPO expenses	2,400,000
7. Future Working Capital	14,216,215
Total	56,250,000

Details of shares to be issued to raise the above amount of funds are as follows:

Proposed Capital Infusion Consideration	
Expected proceeds from issue of new shares (LKR)	56,250,000
Per share value (LKR)	7.50
Number of shares to be issued via IPO	7,500,000

4.4 Capital Structure Post-Share Issue

Assuming a full subscription of the proposed IPO of 7,500,000 Ordinary Voting Shares, capital structure of the Company post-share issue would stand as follows:

Capital structure - Post IPO	Number of shares	Percentage
Shares held by existing shareholders	22,500,000	75.0%
Shares held by IPO shareholders	7,500,000	25.0%
Total	30,000,000	100.0%

4.5 Free Cash Flow Valuation

	01.02.2021 - 31.03.2021 (f)	31-Mar-2022 (f)	31-Mar-2023 (f)	31-Mar-2024 (f)
EBIT	3,694,697	23,392,165	26,801,928	31,575,748
Add: Depreciation	376,954	4,732,782	5,165,395	4,595,380
Less: Taxation	(1,462,461)	(1,464,703)	(3,569,032)	(4,357,505)
<i>Net cash flows</i>	2,609,191	26,660,244	28,398,291	31,813,623
Long term capital investments ¹	-	(30,000,000)	-	-
Incremental Working capital investment ²	(290,089)	(3,235,224)	(554,156)	(1,044,620)
Free cash flow to the firm	2,319,102	(6,574,980)	27,844,135	30,769,004
Terminal value	-	-	-	262,570,097
Free cash flows	2,319,102	(6,574,980)	27,844,135	293,339,101
Discount factor (@ 13.95%)	0.978	0.859	0.754	0.661
Discounted free cash flows	2,269,163	(5,645,669)	20,981,177	193,972,973
Present value of discounted Free cashflows	211,577,644			
Less: Net Debt ⁶	(16,573,076)			
Free Cash flows to equity	195,004,568			

Assumptions	
5-year T- Bond secondary market avg. yield as of 24.02.2021	6.93%
Market Risk premium ³	8.00%
Cost of equity (K _e)	14.93%
Value of Equity (V _e) ⁴	80%
Weighted Avg. Cost of debt (K _d)	11.68%
Cost of debt (1-T)	10.04%
Value of debt (V _d) ⁴	20%
Discount factor (WACC)	13.95%
Long term growth rate ⁵	2.00%

4.6 Assumptions used in DCF Valuation

1. Long Term Capital Investments include funds that are allocated for objectives 1 to 4 mentioned in Table “Proposed Capital Raising” of Section 4.3 above.
2. Annual net change in working capital items are reflected as incremental working capital.
3. Market risk premium of 8% is considered as appropriate to capture 3PL services industry related risks. The business model of the Company permits them to reasonably manage the impact of adverse economic and market risks, hence we believe the risk premium applied herein is adequate.
4. Considering the fact that the borrowings position is reducing gradually, we assumed a debt and equity composition of 20%:80% in the long run, giving due consideration to future strategies of the Company.
5. Long term growth rate of 2% is applied in the valuation, considering the earnings growth and assuming increasing demand for warehousing and related services in the long run.
6. Net debt includes borrowings of the Company and net cash and cash equivalent as of 31st January 2021, adjusted for proposed settlement of borrowings.

	LKR
Total debt	16,344,235
Net cash and cash equivalent	9,862,626
Net debt	26,206,861
Proposed settlement of debt	(9,633,785)
Net debt after settlement	16,573,076

5.0 FORECASTED FINANCIAL STATEMENTS AND ASSUMPTIONS

5.1 Forecasted Financial Statements

LKR

Statement of Comprehensive Income	2019/20 (Audited)	10 months 31.01.2021 (Actual)	01.02.2021 - 31.03.2021 (f)	2020/21 (Cumulative)	2021/22 (f)	2022/23 (f)	2023/24 (f)
Revenue	215,992,411	201,308,448	36,378,968	237,687,416	197,628,157	211,252,128	225,829,777
Cost of Sales	(145,259,091)	(154,577,111)	(26,034,793)	(180,611,904)	(123,599,520)	(130,231,940)	(136,206,719)
Gross Profit	70,733,320	46,731,338	10,344,175	57,075,513	74,028,637	81,020,189	89,623,059
Other Income	392,910	333,220	210,344	543,564	1,025,502	1,812,325	2,617,095
Admin Expenses	(41,174,615)	(34,874,705)	(6,784,822)	(41,659,526)	(51,286,393)	(55,587,447)	(60,201,953)
S & D Expenses	(1,305,327)	(347,045)	(75,000)	(422,045)	(375,581)	(443,139)	(462,452)
Operating Profit	28,646,288	11,842,808	3,694,697	15,537,505	23,392,165	26,801,928	31,575,748
Finance Expenses	(7,883,568)	(3,987,606)	(1,103,749)	(5,091,356)	(2,467,839)	(1,308,839)	(450,714)
Profit Before Tax	20,762,721	7,855,201	2,590,948	10,446,149	20,924,326	25,493,089	31,125,035
Income Tax	-	-	(1,462,461)	(1,462,461)	(1,464,703)	(3,569,032)	(4,357,505)
Profit for the period	20,762,721	7,855,201	1,128,487	8,983,688	19,459,623	21,924,057	26,767,530
Earnings per share	0.92	0.35	0.05	0.40	0.65	0.73	0.89

Statement of Financial Position	31-Mar-2020 (Audited)	31-Jan-2021 (Actual)	31-Mar-2021 (f)	31-Mar-2022 (f)	31-Mar-2023 (f)	31-Mar-2024 (f)
ASSETS						
Non-current assets						
Property, Plant and Equipment	5,320,412	7,344,790	6,969,835	30,249,054	25,583,658	21,488,279
Intangible assets	24,000	197,360	195,360	2,183,360	1,683,360	1,183,360
Investments	7,370,350	4,430,350	4,430,350	21,298,183	38,081,075	71,187,885
	12,714,762	11,972,499	11,595,545	53,730,597	65,348,094	93,859,524
Current Assets						
Trade and other receivables	63,530,792	78,326,042	37,387,390	59,480,219	61,719,776	64,116,102
Short term loans	6,418,107	6,028,086	5,857,728	4,735,316	3,445,279	1,962,586
Amounts due from related parties	5,496,734	4,529,603	4,269,115	2,669,248	2,259,199	2,259,199
Cash and cash equivalents	2,802,410	4,508,538	189,580	7,229,071	16,782,892	14,188,633
	78,248,042	93,392,270	47,703,814	74,113,854	84,207,146	82,526,520
Total Assets	90,962,804	105,364,769	59,299,358	127,844,451	149,555,240	176,386,044
EQUITY AND LIABILITIES						
Capital and reserves						
Stated capital	22,500,000	22,500,000	22,500,000	76,350,000	76,350,000	76,350,000
Retained earnings	(10,727,118)	(2,871,917)	(1,743,430)	17,716,193	39,640,250	66,407,780
Total Equity	11,772,882	19,628,083	20,756,570	94,066,193	115,990,250	142,757,780
Non-current liabilities						
Interest bearing borrowings	23,500,618	24,638,821	23,875,519	9,398,346	5,343,397	2,804,492
Retirement benefit liability	980,150	1,030,150	1,030,150	1,450,150	1,912,150	2,374,150
	24,480,768	25,668,971	24,905,669	10,848,496	7,255,547	5,178,642
Current liabilities						
Trade and other payables	36,481,255	45,696,551	4,207,321	21,465,060	22,740,411	24,092,117
Amounts due to related parties	5,226,303					
Income tax payable		-	1,462,461	1,464,703	3,569,032	4,357,505
Bank OD	13,001,596	14,371,164	7,967,337	-	-	-
	54,709,154	60,067,715	13,637,119	22,929,762	26,309,443	28,449,622
Total Equity and Liabilities	90,962,804	105,364,769	59,299,358	127,844,451	149,555,240	176,386,044
 Net assets per share	 0.52	 0.87	 0.92	 3.14	 3.87	 4.76

Statement of Cash Flow	31-Mar-2020 (Audited)	01.02.2021 - 31.03.2021 (f)	31-Mar-2022 (f)	31-Mar-2023 (f)	31-Mar-2024 (f)
Cash flows from / (used in) Operating Activities					
Profit Before Income Tax Expense	20,762,721	2,590,948	20,924,326	25,493,089	31,125,035
Adjustments for :					
Depreciation and amortization	1,172,234	376,954	4,732,782	5,165,395	4,595,380
Finance cost	7,883,568	1,103,749	2,467,839	1,308,839	450,714
Interest Income		(210,344)	(1,025,502)	(1,812,325)	(2,617,095)
Provision for defined benefit plans	397,800	-	420,000	462,000	462,000
Provision for doubtful debt		-	-	-	-
Operating Profit before Working Capital Changes	30,216,322	3,861,308	27,519,445	30,616,999	34,016,033
(Increase)/decrease in trade and other receivables	(34,445,058)	40,938,653	(22,092,830)	(2,239,557)	(2,396,326)
(Increase)/decrease in amounts due from related parties	(5,106,315)	260,488	1,599,867	410,049	-
Increase/(decrease) in trade and other payables	16,731,018	(41,489,230)	17,257,738	1,275,351	1,351,706
Increase/(decrease) in amounts due to related parties	11,735,998	-			
Cash generated from/(used in) operations	19,131,965	3,571,219	24,284,221	30,062,842	32,971,414
Gratuity paid	(344,250)				
Finance cost paid	(7,883,568)	(1,103,749)	(2,467,839)	(1,308,839)	(450,714)
Tax paid	-	-	(1,462,461)	(1,464,703)	(3,569,032)
Net cash flows from/ (used in) Operating Activities	10,904,147	2,467,470	20,353,921	27,289,300	28,951,667
Cash flows from / (used in) Investing Activities					
Investments in Property, Plant and Equipment	(3,332,768)		(27,500,000)	-	-
Purchase of intangible assets		-	(2,500,000)		
Investments	(7,370,350)	-	(16,867,833)	(16,782,892)	(33,106,810)
Short term loan (granted)/ recovered	(6,418,107)	170,357	1,122,413	1,290,036	1,482,693
Interest Received		210,344	1,025,502	1,812,325	2,617,095
Net cash flows from/ (used in) Investing Activities	(17,121,225)	380,701	(44,719,919)	(13,680,531)	(29,007,022)
Cash flows from / (used in) Financing Activities					
Net proceed from issue of shares		-	53,850,000	-	-
Proceeds from interest bearing loans and borrowings	16,133,785	-	-	-	-
Dividends paid				-	-
Repayment of interest bearing loans and borrowings	(1,658,480)	(763,302)	(14,477,174)	(4,054,948)	(2,538,905)
Net cash flows from / (used in) Financing Activities	14,475,304	(763,302)	39,372,826	(4,054,948)	(2,538,905)
Net (decrease)/increase in cash and cash equivalents	8,258,227	2,084,869	15,006,828	9,553,821	(2,594,259)
Cash and cash equivalents at the beginning of the year	(18,457,413)	(9,862,626)	(7,777,757)	7,229,071	16,782,892
Cash and cash equivalents at the end of the year	(10,199,186)	(7,777,757)	7,229,071	16,782,892	14,188,633

5.2 Financial Ratios

Ratio	2019/ 20	2020/21 (f)	2021/22 (f)	2022/23 (f)	2023/24 (f)
Revenue Growth	191%	10%	-17%	7%	7%
Gross Profit (GP) Margin	33%	24%	37%	38%	40%
GP growth	447%	-19%	30%	9%	11%
Net Profit (NP) Margin	10%	4%	10%	10%	12%
EBITDA Margin	14%	7%	14%	15%	16%
Return on Equity (ROE)	176%	55%	34%	21%	21%
Net Asset Value per share (LKR)	0.52	0.92	3.14	3.87	4.76
Earnings/ (loss) per share (LKR)	0.92	0.40	0.65	0.73	0.89
Debt/ Equity	144%	29%	5%	2%	1%
Creditor settlement period	74	50	50	50	50
Trade Receivables days	70	60	60	60	60

5.3 Assumptions used in Financial Forecasts

Financial forecasts are based upon assumptions made by the management that would reasonably reflect the future business potential and are based on best estimates. Management has taken into consideration the current business levels, possible impact of macro-economic environment on the business and future capital requirements etc.

List of such assumptions is provided below:

a) Revenue

Revenues for last 2 months of FY 2020/21 and FY 2021/22 have been forecasted by the management in a reasonable manner, whilst considering the current businesses in hand and expected revenues from volumes of cargo to be stored/ handled at the warehouses.

Following revenue composition is considered in the forecast:

Revenue Category	01.02.2021 - 31.03.2021	2021/2022	2022/2023	2023/2024
Inventory Management	33,832,440	183,794,186	196,464,479	210,021,693
Transportation	1,818,948	9,881,408	10,562,606	11,291,489
Value-added & other services	727,579	3,952,563	4,225,043	4,516,596
Total	36,378,968	197,628,157	211,252,128	225,829,777

Decline in revenues for FY 2021/22 is largely due to the reduction in revenues from a key client operating in telecommunication sector. Thereafter, a revenue growth of 7% per annum is estimated which in the opinion of the management is achievable.

b) Cost of Sales

Direct costs that fall under cost of sales are identified into 3 main categories and forecasted as below:

Cost Category	01.02.2021 - 31.03.2021	2021/2022	2022/2023	2023/2024
Facility costs	20,668,306	96,342,445	101,159,568	106,217,546
Labour charges	2,583,538	12,042,806	12,644,946	13,277,193
Other direct costs	2,583,538	12,042,806	12,644,946	13,277,193
Total	25,835,382	120,428,057	126,449,459	132,771,932

Apart from the decline in cost of sales corresponding to the revenue drop in FY 2021/22, an increase of 5% is assumed thereafter (i.e. from FY 2022/23). Direct costs generally escalate due to increase in rent expenses and/ or by increases in labour costs, transportation charges, security charges etc.

The above amounts are excluding depreciation charges.

c) Other Income

Forecasted other income represent the investment income, assuming that the surplus cash generated from operations would be invested at a rate of 6% p.a., in a suitable investment opportunity as decided by the Company. It is assumed that 50% of the surplus cash at the financial year end will be channeled to such investments.

It is reasonably believed that such investments could be made from FY 21/22 onwards. From FY 2022/23, this income is calculated based on the 'Investments' balance appearing at the end of each preceding FY. This component also includes the interest accrued on loans granted to related parties.

Shareholders will be benefited by way of interest income earned on surplus funds so invested until the same is re-invested in core business activities.

d) Administrative Expenses

Company expects a growth of approximately 24% in admin expenses during the FY 2021/22 in comparison to FY 2020/21. An increase in staff salaries and related costs compared to current FY, further driven by new recruitments planned would cause this increase, together with general increases in overheads. A growth of 9% on average is assumed from FY 2022/2023 onwards where no major change in cost structures is expected by the management.

e) Finance cost

Together with settlement of a loan as proposed and reduction in bank overdraft facilities in the upcoming financial years, interest cost is expected to reduce notably. However, there could be interest charges on overdraft balances from time to time depending on cash flow fluctuations where an O/D interest of approximately LKR 100,000 is forecasted per month in FY 2021/22 (in addition to loan interest), which is expected to decline further thereafter.

f) Taxation

The Company is liable for income tax at the rate of 14% on taxable profits, which is the corporate income tax rate applicable for SMEs. There are no tax concessions enjoyed by the Company at present, however, in the event a listing is obtained in the CSE prior to 31st December 2021, CWL will avail for a 50% reduction in tax rate for the year of assessment 2021/22 as proposed in the National Budget of 2021.

g) Depreciation and amortization

Following rates have been applied for the computation of depreciation and amortization.

Racking & Pallets	6.7%
Warehouse machineries	20.0%
Motor Vehicle	20%
Furniture & Fittings	20%
Office Equipment	20%
Computer Hardware	20%
Accounting Software	20%
WMS	20%

h) Working capital

By the end of FY 2020/21, a 60 days trade receivable period and a 50 days creditor settlement period is expected as the general norm.

6.0 THE TEAM

Rohan Senewiratne – Founder | Managing Director

A veteran in the Sri Lankan capital markets industry with over 28 years' experience across Regulatory Organizations (Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange) and market intermediary institutions (Securities Brokerage Firms and Unit Trusts) in his career. Rohan is a Director / Shareholder of ACP, with corporate experience across multiple industries and institutions.

Rohan joined the capital markets industry in 1992 as a Management Trainee of the Colombo Stock Exchange. In 1994, he joined Lanka Securities (Pvt) Limited (a joint venture stockbroking firm between Bank of Ceylon and Merchant Bank of Sri Lanka) as an Investment Advisor and rose to the level of Director Sales in 2001. In 2003, he joined Lanka ORIX Securities (Pvt) Limited (former subsidiary of Lanka ORIX Leasing Company PLC) as an Executive Director. During his career in stockbroking, he has successfully structured many strategic transactions (listed and unlisted) and has offered investment advice to clients ranging from local retail investors to global foreign funds functioning in Frontier Markets sphere.

In 2008 Rohan joined the Global Service Delivery Centre of HSBC in Colombo, its Hedge Funds and Traditional Funds Administration division as Vice President Operations and subsequently rose to the level of VP / Country Head, HSBC Securities Services COE Colombo in 2011.

Rohan joined the capital markets regulator, Securities and Exchange Commission of Sri Lanka as Consultant - Special Projects in 2013. He was instrumental in development and implementation of the first ever USD denominated investment product in the Sri Lankan capital market (Dollar Bond Fund Unit Trusts) during his tenure at SEC.

Rohan is a Graduate / Passed Finalist of Association of Business Executives UK and also graduated with a Masters Degree in Business Administration from University of Wales in 2008.

Chandana Wijesundara – Vice President – Investment Banking

After completing a successful career spanning over 9 years at the Colombo Stock Exchange (CSE), Chandana joined Atarah Capital Partners in February 2020. His experience encompasses Corporate Finance / Investment Banking, complemented with vast experience on end-to-end process of public listing of securities gained whilst holding key responsibilities at the Listings Division of the CSE. He was a member of the regulatory teams that launched the Multi Currency Board and the Empower Board (for SME's) as listing platforms and has been involved in many other regulatory process implementations and revisions with ample exposure to capital market related practices, laws and regulations. He has been a key resource person representing CSE at various forums conducted to promote listing of securities amongst prospective issuers.

Chandana also possesses hands on experience in Financial Reporting and Auditing where he carried out numerous tasks during statutory audits at Ernst & Young for over 3 years. Formally qualified with a Bachelor of Business Management (Finance) Special Degree (2nd Lower) from University of Kelaniya Sri Lanka, Chandana is also an Affiliate of Association of Chartered Certified Accountants (ACCA) UK.

7.0 DISCLAIMER

Valuation model of this report has been prepared by ACP based on the analysis of historical financial statements, both audited and unaudited of Chrissworld Limited and the forecasts and assumptions provided by the management of the Company. The financial forecasts are based on several assumptions and judgements of significance subjectivity. Therefore, such information should not be considered as a guarantee or representation, expressed or implied of the future achievements of the company and are subject to change according to the Company's ability to execute its business plans and may vary depending on the macro-economic conditions prevailing time-to-time.

ACP's independent verifications were limited to analysis of historical financial statements of the company, present operational structure and use of professional judgement as regard to the assumptions disclosed under section of 'Discounted cashflows'. ACP has not independently verified the accuracy of forecasted results and assumptions made by the management of CWL other than comparison of such information to the past trends and inquiries on future plans in place to achieve the expected results.

ACP assumes no responsibility over the omission of information furnished by the Company. The industry information included in this report are based on external information sources mentioned therein and ACP has not independently verified such information.

Accordingly, the information and results should not be considered as a representation made by ACP and does not by any mean is a guarantee of future achievements of the Company. ACP does not accept any liability of a loss incurred by any person by acting or not acting based on the information presented in this Report. The recipients of this report are expected to make their own analysis and judgments considering the historical financial information and macro-economic factors that could affect the present and future operations of the Company.

The value recommendation provided in this report is valid for a period of 3 months from the date of the final Prospectus, provided no material changes are taking place in the Company's operating environment during the aforesaid period.

We also confirm that we are neither a related party of the applicant entity as defined in Sri Lanka Accounting Standards, nor has a significant interest or financial connection with the applicant entity or to its affiliated entities.

Date: 25.02.2021

ANNEXURE 5 – MEMBERS AND TRADING MEMBERS OF THE CSE

Acuity stockbrokers (Pvt) Ltd. No. 53, No. 53, Dharmapala Mawatha, Colombo 3. +94 11 2 206 206 +94 11 2 206 298 / 9	Asha Securities Limited No.60, 5th Lane, Colombo 03. +94 11 2 429 100 +94 11 2 429 199
Asia Securities (Private) Limited 4th Floor, Lee Hedges Tower, No.349, Galle Road, Colombo 3. +94 11 7 722 000 +94 11 258 4864	Assetline Securities (Private) Limited* No.120, 120A, Pannipitiya Road, Battaramulla. +94 11 4 700 100 +94 11 4 700 101, +94 11 4 700 112
Bartleet Religare Securities (Private) Limited Level "G", "Bartleet House", 65, Braybrooke Place, Colombo 2. +94 11 5 220 200 +94 11 2 434 985	Candor Equities Limited 46/58 Nawam Mawatha, Colombo 02. +94 11 2 359 100 +94 11 2 305 522
Capital Alliance Securities (Private) Limited Level 5, "Millennium House", 46/58 Navam Mawatha, Colombo 2. +94 11 2 317 777 +94 11 2 3177 88	Capital Trust Securities (Private) Limited 42, Mohamed Macan Markar Mawatha, Colombo 3. +94 11 2 174 174 / +94 11 2 174 175 +94 11 2 174 173
CT CLSA Securities (Private) Limited 4-14, Majestic City, 10, Station Road, Colombo 04. +94 11 2 552 290 -4 +94 11 2 552 289	Enterprise Ceylon Capital (Private) Limited No.73/1, Dharmapala Mawatha, Colombo 7 +94 112 445 644 , 112 301 861/2
First Capital Equities (Private) Limited No. 2, Deal Place, Colombo 03. +94 11 2 639 898 +94 11 5 736 264	First Guardian Equities (Private) Limited 32nd Floor, East Tower, World Trade Centre, Colombo 1. +94 11 5 884 400 (Hunting) +94 11 5 884 401
J B Securities (Private) Limited No. 150, 150, St. Joseph Street, Colombo 14. +94 11 2 490 900 +94 11 2 430 070	John Keells Stockbrokers (Private) Limited 186, Vauxhall Street, Colombo 2. +94 11 2 306 250 +94 11 2 342 068
Lanka Securities (Private) Limited 228/1, Galle Road, Colombo 04. +94 11 4 706 757 / +94 11 2 554 942 +94 11 4 706 767	LOLC Securities Limited No. 481, T.B.Jayah Mawatha, Colombo 10. +94 11 5 889 889 +94 11 2 662 883

Nation Lanka Equities (Private) Limited No.44, Guildford Crescent, Colombo 07. +94 11 488 9061-3/ +94 11 789 8302 +94 11 268 8899	Navara Securities (Private) Limited* No. 12B Gregory's Road, Colombo 7. +94 11 2 358 700 / 20 +94 11 5 005 551
NDB Securities (Private) Limited Level 2, NDB Capital Building, No. 135, Bauddhaloka Mawatha, Colombo 4. +94 11 2 131 000 +94 11 2 314 181	Richard Pieris Securities (Private) Limited No.310, High Level Road, Nawinna, Maharagama. +94 11 4 310 500 +94 11 2 802 385
SC Securities (Private) Limited 5th Floor, 26 B, Alwis Place, Colombo 3. +94 11 4 711 000 / +94 11 4 711 001 +94 11 2 394 405	SMB Securities (Private) Limited No. 02, Gower Street, Colombo 5. +94 11 5 388 138 +94 11 2 550 100
Softlogic Stockbrokers (Private) Limited Level 16, One Galle Face Tower, Colombo 02. +94 11 7 277 000 +94 11 7 277 099	Somerville Stockbrokers (Private) Limited 1A, Park Way, Park Road +94 11 2 502 852 / +94 11 2 502 854 / +94 11 2 502 858 / +94 11 2 502 862 +94 11 2 502 852
Taprobane Securities (Private) Limited 2nd Floor, No. 10, Gothami Road, Colombo 08. +94 11 5 328 200 / +94 11 5 328 100 +94 11 5 328 177	TKS Securities (Private) Limited * 4th Floor, No. 245, Dharmapala Mawatha, Colombo 7. +94 11 7 857 799 +94 11 7 857 857

* Inactivated Operations as per Stockbroker Rules.

'In terms of the Stockbroker Rules, Stockbrokers which have Inactivated their operations cannot open client accounts, and such Broker Firms shall not be permitted to transact on the CSE on behalf of clients.'

ANNEXURE 6 – CUSTODIAN BANKS

Bank of Ceylon 11th Floor, 04, Bank of Ceylon Mawatha, Colombo 01. T: +94 11 204064	Commercial Bank of Ceylon PLC Commercial House, 21, Bristol Street, Colombo 01. T: +94 11 2440010
Citi Bank, N A 65 C, Dharmapala Mawatha, Colombo 07. T: +94 11 4794728	Hatton National Bank PLC HNB towers, 479, T.B. Jayah Mawatha, Colombo 10. T: +94 11 2661762
Deutsche Bank AG 86, Galle Road, Colombo 03. T: +94 11 2447062, +94 11 2438057	Nations Trust Bank PLC 256, Sri Ramanathan Mawatha, Colombo 15. T: +94 11 4313131
Hong Kong and Shanghai Banking Corporation Limited 24, Sir Baron Jayathilake Mawatha, Colombo 01. T: +94 11 2325435, +94 11 2446591, +94 11 2446303	People's Bank Head Office – Treasury, 5th Floor, 75, Sir Chittampalam A Gardiner Mawatha, Colombo 02. T: +94 11 2206782
Pan Asia Banking Corporation PLC 450, Galle Road, Colombo 03. T: +94 11 2565565	Sampath Bank PLC 110, Sir James Peiris Mawatha, Colombo 02. T: +94 11 5331458, +94 114730662
Public Bank Berhad 340, R A De Mel Mawatha, Colombo 03. T: +94 11 2576289, +94 11 7290200, +94 11 7290207	Standard Chartered Bank 37, York Street, Colombo 01. T: +94 11 42480450
Seylan Bank PLC Level 08, Ceylinco Seylan Towers, 90, Galle Road, Colombo 03. T: +94 11 4701812, +94 11 4701819	State Bank of India 16, Sir Baron Jayathilake Mawatha, Colombo 01. T: +94 11 4622350
Union Bank of Colombo PLC 64A, Galle Road, Colombo 03. T: +94 11 2374205	

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