

Aitken Spence

## **Interim Statements**

*for the three months ended 30th June 2018*

Aitken Spence<sup>®</sup> 

**Aitken Spence PLC**

## INCOME STATEMENTS

For the three months ended 30th June

|   | Group              |                 | Company          |                 |
|---|--------------------|-----------------|------------------|-----------------|
|   | 2018<br>Rs.'000    | 2017<br>Rs.'000 | 2018<br>Rs.'000  | 2017<br>Rs.'000 |
| <b>Revenue</b>  | <b>10,566,730</b>  | 11,634,900      | <b>245,852</b>   | 222,017         |
| Revenue taxes   | <b>(125,372)</b>   | (124,639)       | <b>(4,127)</b>   | (3,785)         |
| <b>Net revenue</b>  | <b>10,441,358</b>  | 11,510,261      | <b>241,725</b>   | 218,232         |
| Other operating income  | <b>53,219</b>      | 95,683          | <b>504,987</b>   | 58,484          |
| Changes in inventories of finished goods and work-in-progress | <b>(1,891)</b>     | 18,973          | —                | —               |
| Raw materials and consumables used                            | <b>(1,921,724)</b> | (3,442,710)     | —                | —               |
| Employee benefits expense                                     | <b>(2,130,274)</b> | (2,024,877)     | <b>(124,093)</b> | (112,401)       |
| Depreciation, amortisation                                    | <b>(699,028)</b>   | (643,114)       | <b>(12,677)</b>  | (13,537)        |
| Other operating expenses-direct                               | <b>(3,299,469)</b> | (2,982,005)     | —                | —               |
| Other operating expenses-indirect                             | <b>(1,721,775)</b> | (1,621,171)     | <b>(99,056)</b>  | (59,042)        |
| <b>Profit from operations</b>                                 | <b>720,416</b>     | 911,040         | <b>510,886</b>   | 91,736          |
| Finance income  | <b>182,626</b>     | 188,180         | <b>209,518</b>   | 197,419         |
| Finance expenses  | <b>(467,762)</b>   | (478,012)       | <b>(265,223)</b> | (233,695)       |
| <b>Net finance expense</b>                                    | <b>(285,136)</b>   | (289,832)       | <b>(55,705)</b>  | (36,276)        |
| Share of profit of equity-accounted investees (net of tax)    | <b>44,543</b>      | 57,068          | —                | —               |
| <b>Profit before tax</b>                                      | <b>479,823</b>     | 678,276         | <b>455,181</b>   | 55,460          |
| Income tax expenses   | <b>(214,314)</b>   | (190,900)       | <b>(19,136)</b>  | 7,958           |
| <b>Profit for the period</b>                                  | <b>265,509</b>     | 487,376         | <b>436,045</b>   | 63,418          |
| <b>Attributable to:</b>                                       |                    |                 |                  |                 |
| Equity holders of the company                                 | <b>210,719</b>     | 354,798         | <b>436,045</b>   | 63,418          |
| Non-controlling interests                                     | <b>54,790</b>      | 132,578         | —                | —               |
| <b>Profit for the period</b>                                  | <b>265,509</b>     | 487,376         | <b>436,045</b>   | 63,418          |
| <b>Earnings per share</b>                                     |                    |                 |                  |                 |
| Basic/Diluted (Rs.)   | <b>0.52</b>        | 0.87            | <b>1.07</b>      | 0.16            |

The above figures are subject to audit.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30th June

|  | Group                 |                  | Company               |                 |
|--|-----------------------|------------------|-----------------------|-----------------|
|  | 2018<br>Rs.'000       | 2017<br>Rs.'000  | 2018<br>Rs.'000       | 2017<br>Rs.'000 |
| <b>Profit for the period</b>   | <b>265,509</b>        | 487,376          | <b>436,045</b>        | 63,418          |
| <b>Other comprehensive income</b>  |                       |                  |                       |                 |
| <b>Items that are or may be reclassified to profit or loss</b>                 |                       |                  |                       |                 |
| Exchange differences on translation of foreign operations                      | 153,354               | 320,886          | –                     | –               |
| Net change in fair value of available-for-sale financial assets                | (2,199)               | 3,977            | (522)                 | 176             |
| Net movement on cash flow hedges   | 279,809               | (474,257)        | –                     | –               |
| Share of other comprehensive income of equity-accounted investees (net of tax) | (18,954)              | 33,403           | –                     | –               |
|  | <u>412,010</u>        | <u>(115,991)</u> | <u>(522)</u>          | <u>176</u>      |
| <b>Other comprehensive income for the period, (net of tax)</b>                 | <b>412,010</b>        | (115,991)        | <b>(522)</b>          | 176             |
| <b>Total comprehensive income for the period</b>                               | <b><u>677,519</u></b> | <u>371,385</u>   | <b><u>435,523</u></b> | <u>63,594</u>   |
| <b>Attributable to:</b>  |                       |                  |                       |                 |
| Equity holders of the company  | 410,023               | 432,170          | 435,523               | 63,594          |
| Non-controlling interests  | 267,496               | (60,785)         | –                     | –               |
| <b>Total comprehensive income for the period</b>                               | <b><u>677,519</u></b> | <u>371,385</u>   | <b><u>435,523</u></b> | <u>63,594</u>   |

The above figures are subject to audit.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| <i>As at</i>  | <b>30.06.2018</b><br>Rs.'000 | <b>31.03.2018</b><br>Rs.'000 |
|---|------------------------------|------------------------------|
| <b>ASSETS</b>   |                              |                              |
| <b>Non-current assets</b>   |                              |                              |
| Property, plant & equipment                                       | 61,507,317                   | 59,274,780                   |
| Investment properties   | 1,632,360                    | 1,632,360                    |
| Intangible assets   | 894,797                      | 890,378                      |
| Biological assets   | 46,690                       | 47,293                       |
| Leasehold properties  | 2,040,940                    | 2,023,903                    |
| Pre-paid operating leases   | 2,238,277                    | 2,241,358                    |
| Investments in equity-accounted investees                         | 6,335,157                    | 6,334,455                    |
| Deferred tax assets   | 568,007                      | 563,391                      |
| Other financial assets  | 856,095                      | 873,340                      |
|   | <u>76,119,640</u>            | <u>73,881,258</u>            |
| <b>Current assets</b>   |                              |                              |
| Inventories   | 1,733,302                    | 1,526,162                    |
| Pre-paid operating leases   | 68,580                       | 67,466                       |
| Trade and other receivables                                       | 10,033,516                   | 13,557,531                   |
| Current tax receivable  | 224,164                      | 243,352                      |
| Deposits and prepayments  | 1,770,098                    | 1,480,413                    |
| Other current assets  | 8,505,188                    | 7,300,814                    |
| Cash and short-term deposits                                      | 6,515,764                    | 9,636,419                    |
|   | <u>28,850,612</u>            | <u>33,812,157</u>            |
| Assets classified as held for sale                                | 149,125                      | 149,125                      |
| <b>Total Assets</b>   | <u>105,119,377</u>           | <u>107,842,540</u>           |
| <b>EQUITY AND LIABILITIES</b>                                     |                              |                              |
| <b>Equity</b>   |                              |                              |
| Stated capital  | 2,135,140                    | 2,135,140                    |
| Reserves  | 20,700,260                   | 20,500,926                   |
| Retained earnings   | 21,562,315                   | 22,163,669                   |
| <b>Total equity attributable to equity holders of the company</b> | <u>44,397,715</u>            | <u>44,799,735</u>            |
| Non-controlling interests   | 11,645,288                   | 11,484,969                   |
| <b>Total Equity</b>   | <u>56,043,003</u>            | <u>56,284,704</u>            |
| <b>Non-current liabilities</b>                                    |                              |                              |
| Interest-bearing liabilities                                      | 21,215,622                   | 19,683,396                   |
| Deferred tax liabilities  | 1,995,768                    | 1,949,193                    |
| Employee benefits   | 1,085,930                    | 1,046,605                    |
| Other liabilities   | 964,555                      | 881,272                      |
|   | <u>25,261,875</u>            | <u>23,560,466</u>            |
| <b>Current liabilities</b>  |                              |                              |
| Interest-bearing liabilities                                      | 3,512,332                    | 5,780,868                    |
| Trade and other payables  | 11,140,092                   | 12,604,616                   |
| Current tax payable   | 376,519                      | 454,427                      |
| Final dividend declared   | 811,992                      | -                            |
| Bank overdrafts and other short-term borrowings                   | 7,973,564                    | 9,157,459                    |
|   | <u>23,814,499</u>            | <u>27,997,370</u>            |
| <b>Total Equity and Liabilities</b>                               | <u>105,119,377</u>           | <u>107,842,540</u>           |
| <b>Net assets per share (Rs.)</b>                                 | <u>109.36</u>                | 110.35                       |

*The above figures are subject to audit.*

*The Chief Financial Officer certifies that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.*

Sgd.  
D.H.S. Jayawardena  
Chairman

Colombo,  
09th August 2018

Sgd.  
J.M.S. Brito  
Deputy Chairman and  
Managing Director

Sgd.  
Ms. N. Sivapragasam  
Chief Financial Officer

## COMPANY STATEMENT OF FINANCIAL POSITION

| <i>As at</i>                                    | <b>30.06.2018</b><br>Rs.'000 | <b>31.03.2018</b><br>Rs.'000 |
|---|------------------------------|------------------------------|
| <b>ASSETS</b>                                   |                              |                              |
| <b>Non-current assets</b>                       |                              |                              |
| Property, plant & equipment                     | 124,979                      | 134,565                      |
| Investment properties                           | 3,428,244                    | 3,428,933                    |
| Intangible assets                               | 5,918                        | 5,592                        |
| Investments in subsidiaries                     | 8,995,933                    | 7,995,933                    |
| Investments in equity-accounted investees       | 2,711,379                    | 2,711,379                    |
| Deferred tax assets                             | 303,115                      | 303,115                      |
| Other financial assets                          | 82,469                       | 95,194                       |
|   | <u>15,652,037</u>            | <u>14,674,711</u>            |
| <b>Current assets</b>                           |                              |                              |
| Inventories                                     | 2,249                        | 2,179                        |
| Trade and other receivables                     | 3,641,002                    | 4,786,472                    |
| Current tax receivable                          | 197,000                      | 213,054                      |
| Deposits and prepayments                        | 67,851                       | 100,169                      |
| Other financial assets                          | 7,568,169                    | 6,459,242                    |
| Cash and short-term deposits                    | 1,307,966                    | 1,094,468                    |
|   | <u>12,784,237</u>            | <u>12,655,584</u>            |
| Assets classified as held for sale              | 57,237                       | 57,237                       |
|   | <u>28,493,511</u>            | <u>27,387,532</u>            |
| <b>Total Assets</b>                             |                              |                              |
| <b>EQUITY AND LIABILITIES</b>                   |                              |                              |
| <b>Equity</b>                                   |                              |                              |
| Stated capital                                  | 2,135,140                    | 2,135,140                    |
| Reserves  | 9,626,605                    | 9,627,127                    |
| Retained earnings                               | 2,937,437                    | 3,313,384                    |
| <b>Total Equity</b>                             | <u>14,699,182</u>            | <u>15,075,651</u>            |
| <b>Non-current liabilities</b>                  |                              |                              |
| Interest-bearing liabilities                    | 1,116,320                    | 1,254,628                    |
| Employee benefits                               | 142,522                      | 134,999                      |
|   | <u>1,258,842</u>             | <u>1,389,627</u>             |
| <b>Current liabilities</b>                      |                              |                              |
| Interest-bearing liabilities                    | 1,355,880                    | 1,287,811                    |
| Trade and other payables                        | 6,290,920                    | 5,842,265                    |
| Final dividend declared                         | 811,992                      | -                            |
| Bank overdrafts and other short-term borrowings | 4,076,695                    | 3,792,178                    |
|   | <u>12,535,487</u>            | <u>10,922,254</u>            |
| <b>Total Equity and Liabilities</b>             | <u>28,493,511</u>            | <u>27,387,532</u>            |
| <b>Net assets per share (Rs.)</b>               | <b>36.21</b>                 | <b>37.13</b>                 |

The above figures are subject to audit.

The Chief Financial Officer certifies that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.  
D.H.S. Jayawardena  
Chairman

Colombo,  
09th August 2018

Sgd.  
J.M.S. Brito  
Deputy Chairman and Managing Director

Sgd.  
Ms. N. Sivapragasam  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30th June 2018

|   | Attributable to equity holders of the company |                        |                  |                     |                              |                    |                         |                   |                   |                           |                   |
|---|---|------------------------|------------------|---------------------|------------------------------|--------------------|-------------------------|-------------------|-------------------|---------------------------|-------------------|
|   | Stated capital                                | Other capital reserves | General reserves | Revaluation reserve | Exchange fluctuation reserve | Fair value reserve | Cash flow hedge reserve | Retained earnings | Total             | Non-controlling interests | Total equity      |
|   | Rs '000                                       | Rs '000                | Rs '000          | Rs '000             | Rs '000                      | Rs '000            | Rs '000                 | Rs '000           | Rs '000           | Rs '000                   | Rs '000           |
| <b>Balance as at 01st April 2018</b>  | 2,135,140                                     | 148,440                | 9,669,422        | 8,610,352           | 2,467,348                    | 34,604             | (429,240)               | 22,163,669        | 44,799,735        | 11,484,969                | 56,284,704        |
| Profit for the period   | -   | -                      | -                | -                   | -                            | -                  | -                       | 210,719           | 210,719           | 54,790                    | 265,509           |
| Other comprehensive income for the period                                   | -   | -                      | -                | -                   | 76,445                       | (2,199)            | 125,058                 | -                 | 199,304           | 212,706                   | 412,010           |
| <b>Total comprehensive income for the period</b>                            | -   | -                      | -                | -                   | 76,445                       | (2,199)            | 125,058                 | 210,719           | 410,023           | 267,496                   | 677,519           |
| Acquisition and changes in non-controlling interest                         | -   | -                      | -                | -                   | -                            | -                  | -                       | (51)              | (51)              | 51                        | -                 |
| Transfer to reserves  | -   | -                      | 30               | -                   | -                            | -                  | -                       | (30)              | -                 | -                         | -                 |
| Final dividends for 2017/2018   | -   | -                      | -                | -                   | -                            | -                  | -                       | (811,992)         | (811,992)         | -                         | (811,992)         |
| Dividends paid to non-controlling interests                                 | -   | -                      | -                | -                   | -                            | -                  | -                       | -                 | -                 | (107,228)                 | (107,228)         |
| <b>Total contributions and distributions, recognised directly in equity</b> | -   | -                      | 30               | -                   | -                            | -                  | -                       | (812,073)         | (812,043)         | (107,177)                 | (919,220)         |
| <b>Balance as at 30th June 2018</b>   | <b>2,135,140</b>                              | <b>148,440</b>         | <b>9,669,452</b> | <b>8,610,352</b>    | <b>2,543,793</b>             | <b>32,405</b>      | <b>(304,182)</b>        | <b>21,562,315</b> | <b>44,397,715</b> | <b>11,645,288</b>         | <b>56,043,003</b> |

For the three months ended 30th June 2017

|   | Attributable to equity holders of the company |                        |                  |                     |                              |                    |                         |                   |                   |                           |                   |
|---|---|------------------------|------------------|---------------------|------------------------------|--------------------|-------------------------|-------------------|-------------------|---------------------------|-------------------|
|   | Stated capital                                | Other capital reserves | General reserves | Revaluation reserve | Exchange fluctuation reserve | Fair value reserve | Cash flow hedge reserve | Retained earnings | Total             | Non-controlling interests | Total equity      |
|   | Rs '000                                       | Rs '000                | Rs '000          | Rs '000             | Rs '000                      | Rs '000            | Rs '000                 | Rs '000           | Rs '000           | Rs '000                   | Rs '000           |
| <b>Balance as at 01st April 2017</b>  | 2,135,140                                     | 148,440                | 7,976,675        | 6,580,537           | 2,110,655                    | 33,072             | -                       | 20,492,912        | 39,477,431        | 11,315,985                | 50,793,416        |
| Profit for the period   | -   | -                      | -                | -                   | -                            | -                  | -                       | 354,798           | 354,798           | 132,578                   | 487,376           |
| Other comprehensive income for the period                                   | -   | -                      | -                | -                   | 285,359                      | 3,977              | (211,964)               | -                 | 77,372            | (193,363)                 | (115,991)         |
| <b>Total comprehensive income for the period</b>                            | -   | -                      | -                | -                   | 285,359                      | 3,977              | (211,964)               | 354,798           | 432,170           | (60,785)                  | 371,385           |
| Transfer to general reserve   | -   | -                      | 2,922            | -                   | -                            | -                  | -                       | (2,922)           | -                 | -                         | -                 |
| Final Dividends for 2016/2017   | -   | -                      | -                | -                   | -                            | -                  | -                       | (202,998)         | (202,998)         | -                         | (202,998)         |
| Dividends paid to non-controlling interests                                 | -   | -                      | -                | -                   | -                            | -                  | -                       | -                 | -                 | (21,446)                  | (21,446)          |
| <b>Total contributions and distributions, recognised directly in equity</b> | -   | -                      | 2,922            | -                   | -                            | -                  | -                       | (205,920)         | (202,998)         | (21,446)                  | (224,444)         |
| <b>Balance as at 30th June 2017</b>   | <b>2,135,140</b>                              | <b>148,440</b>         | <b>7,979,597</b> | <b>6,580,537</b>    | <b>2,396,014</b>             | <b>37,049</b>      | <b>(211,964)</b>        | <b>20,641,790</b> | <b>39,706,603</b> | <b>11,233,754</b>         | <b>50,940,357</b> |

## COMPANY STATEMENT OF CHANGES IN EQUITY

For the three months ended 30th June 2018

|  | Stated<br>capital       | General<br>reserve      | Fair<br>value<br>reserve | Retained<br>earnings    | Total                    |
|--|-------------------------|-------------------------|--------------------------|-------------------------|--------------------------|
|  | Rs.'000                 | Rs.'000                 | Rs.'000                  | Rs.'000                 | Rs.'000                  |
| <b>Balance as at 01st April 2018</b>             | 2,135,140               | 9,639,788               | (12,661)                 | 3,313,384               | 15,075,651               |
| Profit for the period                            | –                       | –                       | –                        | 436,045                 | 436,045                  |
| Other comprehensive income for the period        | –                       | –                       | (522)                    | –                       | (522)                    |
| <b>Total comprehensive income for the period</b> | –                       | –                       | (522)                    | 436,045                 | 435,523                  |
| Final Dividends for 2017/2018                    | –                       | –                       | –                        | (811,992)               | (811,992)                |
| <b>Balance as at 30th June 2018</b>              | <b><u>2,135,140</u></b> | <b><u>9,639,788</u></b> | <b><u>(13,183)</u></b>   | <b><u>2,937,437</u></b> | <b><u>14,699,182</u></b> |

For the three months ended 30th June 2017

|  | Stated<br>capital       | General<br>reserve      | Fair<br>value<br>reserve | Retained<br>earnings    | Total                    |
|--|-------------------------|-------------------------|--------------------------|-------------------------|--------------------------|
|  | Rs.'000                 | Rs.'000                 | Rs.'000                  | Rs.'000                 | Rs.'000                  |
| <b>Balance as at 01st April 2017</b>             | 2,135,140               | 7,949,963               | (12,473)                 | 3,338,642               | 13,411,272               |
| Profit for the period                            | –                       | –                       | –                        | 63,418                  | 63,418                   |
| Other comprehensive income for the period        | –                       | –                       | 176                      | –                       | 176                      |
| <b>Total comprehensive income for the period</b> | –                       | –                       | 176                      | 63,418                  | 63,594                   |
| Final dividends for 2016/2017                    | –                       | –                       | –                        | (202,998)               | (202,998)                |
| <b>Balance as at 30th June 2017</b>              | <b><u>2,135,140</u></b> | <b><u>7,949,963</u></b> | <b><u>(12,297)</u></b>   | <b><u>3,199,062</u></b> | <b><u>13,271,868</u></b> |

## STATEMENTS OF CASH FLOWS

| <i>For the three months ended 30th June</i>                           | <b>Group</b>                  |                               | <b>Company</b>                |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | <b>2018</b><br><b>Rs.'000</b> | <b>2017</b><br><b>Rs.'000</b> | <b>2018</b><br><b>Rs.'000</b> | <b>2017</b><br><b>Rs.'000</b> |
| <b>Cash flow from operating activities</b>                            |                               |                               |                               |                               |
| Profit before taxation  | 479,823                       | 678,276                       | 455,181                       | 55,460                        |
| <b>Adjustments for</b>  |                               |                               |                               |                               |
| Depreciation and amortisation   | 699,028                       | 643,114                       | 12,677                        | 13,537                        |
| Interest expense  | 418,363                       | 444,304                       | 265,040                       | 233,191                       |
| Gain on disposal of property plant and equipment                      | (38,546)                      | (1,153)                       | (1,127)                       | –                             |
| Interest income   | (182,626)                     | (188,180)                     | (209,518)                     | (197,419)                     |
| Share of profit of equity-accounted investees (net of tax)            | (44,543)                      | (57,068)                      | –                             | –                             |
| Impairment losses and write offs of trade & other receivables         | 5,387                         | 18,421                        | –                             | –                             |
| Net foreign exchange (gain)/loss                                      | 71,548                        | 203,142                       | 39,544                        | 26,505                        |
| Provision for retirement benefit obligations                          | 57,572                        | 59,708                        | 7,523                         | 5,661                         |
|   | <u>986,183</u>                | <u>1,122,288</u>              | <u>114,139</u>                | <u>81,475</u>                 |
| <b>Operating profit before working capital changes</b>                | <b>1,466,006</b>              | <b>1,800,564</b>              | <b>569,320</b>                | <b>136,935</b>                |
| (Increase)/decrease in trade and other receivables                    | 3,511,649                     | 2,860,145                     | 1,144,200                     | (330,419)                     |
| (Increase)/decrease in inventories                                    | (207,140)                     | 71,580                        | (70)                          | (885)                         |
| (Increase)/decrease in deposits and prepayments                       | (289,685)                     | (96,155)                      | 32,318                        | 14,206                        |
| Increase/(decrease) in trade and other payables                       | (1,403,816)                   | (1,543,965)                   | 464,567                       | 137,454                       |
|   | <u>1,611,008</u>              | <u>1,291,605</u>              | <u>1,641,015</u>              | <u>(179,644)</u>              |
| <b>Cash generated from / (used in) operations</b>                     | <b>3,077,014</b>              | <b>3,092,169</b>              | <b>2,210,335</b>              | <b>(42,709)</b>               |
| Interest paid   | (482,954)                     | (442,809)                     | (245,720)                     | (231,670)                     |
| Income tax paid   | (235,669)                     | (136,472)                     | (3,081)                       | (15,640)                      |
| Retirement benefit obligations paid                                   | (18,281)                      | (28,124)                      | –                             | –                             |
|   | <u>(736,904)</u>              | <u>(607,405)</u>              | <u>(248,801)</u>              | <u>(247,310)</u>              |
| <b>Net cash flow from operating activities</b>                        | <b>2,340,110</b>              | <b>2,484,764</b>              | <b>1,961,534</b>              | <b>(290,019)</b>              |
| <b>Cash flow from investing activities</b>                            |                               |                               |                               |                               |
| Interest received from deposits                                       | 182,509                       | 188,153                       | 209,679                       | 197,419                       |
| Investment in subsidiaries  | –                             | –                             | (1,000,000)                   | –                             |
| Purchase of property, plant and equipment                             | (2,555,294)                   | (1,186,959)                   | (3,547)                       | (1,013)                       |
| Purchase of intangible assets   | (2,870)                       | (219)                         | (930)                         | (149)                         |
| Purchase of biological assets   | (709)                         | (2,025)                       | –                             | –                             |
| Proceeds from disposal of property, plant and equipment               | 62,922                        | 3,065                         | 2,875                         | –                             |
| Proceeds from sale of equity and debt securities                      | 23,395                        | 11,428                        | 12,500                        | 11,428                        |
| Proceeds / (purchase) of other financial assets and liabilities (net) | (1,205,627)                   | 836,359                       | (1,108,115)                   | (265,372)                     |
| Dividends paid to non-controlling interests                           | (107,228)                     | –                             | –                             | –                             |
| Dividends received from equity-accounted investees                    | 24,888                        | (21,446)                      | –                             | –                             |
|   | <u>(3,578,014)</u>            | <u>(171,644)</u>              | <u>(1,887,538)</u>            | <u>(57,687)</u>               |



## STATEMENTS OF CASH FLOWS – CONTD.

| <i>For the three months ended 30th June</i>                       | <b>Group</b>                  |                               | <b>Company</b>                |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | <b>2018</b><br><b>Rs.'000</b> | <b>2017</b><br><b>Rs.'000</b> | <b>2018</b><br><b>Rs.'000</b> | <b>2017</b><br><b>Rs.'000</b> |
| <b>Cash flow from financing activities</b>                        |                               |                               |                               |                               |
| Proceeds from interest-bearing liabilities                        | <b>2,338,001</b>              | –                             | –                             | –                             |
| Repayment of interest-bearing liabilities                         | <b>(3,028,024)</b>            | (1,072,447)                   | <b>(143,608)</b>              | (275,448)                     |
| Dividends paid to equity holders of the parent                    | <b>(26)</b>                   | (502,776)                     | <b>(26)</b>                   | (502,776)                     |
| <b>Net cash flow from financing activities</b>                    | <b>(690,049)</b>              | (1,575,223)                   | <b>(143,634)</b>              | (778,224)                     |
| <b>Net increase/(decrease) in cash and cash equivalents</b>       | <b>(1,927,953)</b>            | 737,897                       | <b>(69,638)</b>               | (1,125,930)                   |
| Cash and cash equivalents at the beginning of the period (Note A) | <b>470,153</b>                | (2,362,601)                   | <b>(2,699,091)</b>            | (1,859,178)                   |
| <b>Cash and cash equivalents at the end of the period</b>         | <b>(1,457,800)</b>            | (1,624,704)                   | <b>(2,768,729)</b>            | (2,985,108)                   |
| <b>Cash and cash equivalents at the end of the period</b>         |                               |                               |                               |                               |
| Cash at bank and in hand & deposits                               | <b>6,515,764</b>              | 4,931,676                     | <b>1,307,966</b>              | 570,075                       |
| Short-term bank borrowings  | <b>(7,973,564)</b>            | (6,556,380)                   | <b>(4,076,695)</b>            | (3,555,183)                   |
| <b>Cash and cash equivalent at the end of the period</b>          | <b>(1,457,800)</b>            | (1,624,704)                   | <b>(2,768,729)</b>            | (2,985,108)                   |
| <b>Note A</b>   |                               |                               |                               |                               |
| <b>Cash and cash equivalents at the beginning of the period</b>   |                               |                               |                               |                               |
| Cash at bank and in hand & deposits                               | <b>9,636,419</b>              | 6,032,612                     | <b>1,094,468</b>              | 1,400,611                     |
| Short-term bank borrowings  | <b>(9,157,459)</b>            | (8,427,318)                   | <b>(3,792,178)</b>            | (3,260,932)                   |
| <b>Cash and cash equivalent as previously reported</b>            | <b>478,960</b>                | (2,394,706)                   | <b>(2,697,710)</b>            | (1,860,321)                   |
| Effect of exchange rate changes                                   | <b>(8,807)</b>                | 32,105                        | <b>(1,381)</b>                | 1,143                         |
| <b>Cash and cash equivalent as restated</b>                       | <b>470,153</b>                | (2,362,601)                   | <b>(2,699,091)</b>            | (1,859,178)                   |

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Segment analysis

#### 1.1 Segment analysis of Group revenue and profit

| For the three months ended 30th June                                | Tourism sector   |                  | Maritime & logistics sector |                  | Strategic investments |                  | Services sector |                 | Total             |                   |
|---|------------------|------------------|-----------------------------|------------------|-----------------------|------------------|-----------------|-----------------|-------------------|-------------------|
|   | 2018<br>Rs.'000  | 2017<br>Rs.'000  | 2018<br>Rs.'000             | 2017<br>Rs.'000  | 2018<br>Rs.'000       | 2017<br>Rs.'000  | 2018<br>Rs.'000 | 2017<br>Rs.'000 | 2018<br>Rs.'000   | 2017<br>Rs.'000   |
| Total revenue generated   | 5,379,616        | 5,163,102        | 2,718,730                   | 2,404,159        | 3,527,302             | 5,200,775        | 601,712         | 474,807         | 12,227,360        | 13,242,843        |
| Less: Inter-segmental revenue                                       | 5,632            | 3,518            | 81,925                      | 89,715           | 149,756               | 134,522          | 71,485          | 63,111          | 308,798           | 290,866           |
| Less: Intra-segmental revenue                                       | 411,409          | 422,896          | 76,935                      | 89,092           | 177,273               | 196,031          | 16,779          | 23,253          | 682,396           | 731,272           |
| Total revenue with equity-accounted investees                       | 4,962,575        | 4,736,688        | 2,559,870                   | 2,225,352        | 3,200,273             | 4,870,222        | 513,448         | 388,443         | 11,236,166        | 12,220,705        |
| Share of equity-accounted investees' revenue                        | (66,108)         | (60,615)         | (408,231)                   | (306,352)        | (194,262)             | (217,677)        | (835)           | (1,161)         | (669,436)         | (585,805)         |
| <b>Revenue from external customers</b>                              | <b>4,896,467</b> | <b>4,676,073</b> | <b>2,151,639</b>            | <b>1,919,000</b> | <b>3,006,011</b>      | <b>4,652,545</b> | <b>512,613</b>  | <b>387,282</b>  | <b>10,566,730</b> | <b>11,634,900</b> |
| Profit / (loss) from operations                                     | (71,799)         | 48,264           | 366,694                     | 297,445          | 334,395               | 475,588          | 91,126          | 89,743          | 720,416           | 911,040           |
| Finance income  | 150,748          | 133,420          | 11,250                      | 11,945           | 18,713                | 40,559           | 1,915           | 2,256           | 182,626           | 188,180           |
| Finance expenses  | (281,117)        | (274,797)        | (24,927)                    | (27,675)         | (154,597)             | (171,502)        | (7,121)         | (4,038)         | (467,762)         | (478,012)         |
| Share of profit / (loss) of equity-accounted investees (net of tax) | (59,458)         | (56,945)         | 83,280                      | 89,803           | 24,470                | 31,474           | (3,749)         | (7,264)         | 44,543            | 57,068            |
| <b>Profit / (loss) before tax</b>                                   | <b>(261,626)</b> | <b>(150,058)</b> | <b>436,297</b>              | <b>371,518</b>   | <b>222,981</b>        | <b>376,119</b>   | <b>82,171</b>   | <b>80,697</b>   | <b>479,823</b>    | <b>678,276</b>    |
| Income tax expense  | (92,845)         | (83,251)         | (85,614)                    | (77,980)         | (21,416)              | (12,058)         | (14,439)        | (17,611)        | (214,314)         | (190,900)         |
| <b>Profit / (loss) for the period</b>                               | <b>(354,471)</b> | <b>(233,309)</b> | <b>350,683</b>              | <b>293,538</b>   | <b>201,565</b>        | <b>364,061</b>   | <b>67,732</b>   | <b>63,086</b>   | <b>265,509</b>    | <b>487,376</b>    |

#### 1.2 Segment analysis of Group assets

| As at                                     | Tourism sector        |                       | Maritime & logistics sector |                       | Strategic investments |                       | Services sector       |                       | Total                 |                       |
|---|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 30.06.2018<br>Rs.'000 | 31.03.2018<br>Rs.'000 | 30.06.2018<br>Rs.'000       | 31.03.2018<br>Rs.'000 | 30.06.2018<br>Rs.'000 | 31.03.2018<br>Rs.'000 | 30.06.2018<br>Rs.'000 | 31.03.2018<br>Rs.'000 | 30.06.2018<br>Rs.'000 | 31.03.2018<br>Rs.'000 |
| Segment assets                            | 59,208,315            | 63,890,431            | 11,162,469                  | 10,209,845            | 29,831,070            | 29,483,972            | 4,551,197             | 4,062,292             | 104,753,051           | 107,646,540           |
| Investments in equity-accounted investees | 1,101,543             | 1,161,000             | 4,052,657                   | 3,988,331             | 1,087,169             | 1,087,587             | 93,788                | 97,537                | 6,335,157             | 6,334,455             |
| Goodwill on consolidation                 | –                     | –                     | –                           | –                     | –                     | –                     | –                     | –                     | 859,650               | 853,060               |
| Assets classified as held for sale        | –                     | –                     | –                           | –                     | –                     | –                     | –                     | –                     | 149,125               | 149,125               |
| Eliminations / adjustments                | –                     | –                     | –                           | –                     | –                     | –                     | –                     | –                     | (6,977,606)           | (7,140,640)           |
| <b>Total assets</b>                       | <b>60,309,858</b>     | <b>65,051,431</b>     | <b>15,215,126</b>           | <b>14,198,176</b>     | <b>30,918,239</b>     | <b>30,571,559</b>     | <b>4,644,985</b>      | <b>4,159,829</b>      | <b>105,119,377</b>    | <b>107,842,540</b>    |

## NOTES TO THE FINANCIAL STATEMENTS - CONTD.

2. The Financial Statements of the company and those consolidated with such for the interim period have been prepared on the same basis as the most recent audited financial statements and are in compliance with Sri Lanka Accounting Standards - LKAS 34 - Interim Financial Reporting.
3. The final ordinary dividend of Rs. 2.00 per share for the year ended 31st March 2018 was paid on 10th July 2018, after it was approved at the Annual General Meeting on the 29th June 2018. Total dividend paid was Rs. 811,992,090.
4. There were no liabilities for management fees or any other similar expenditure not provided for in the interim financial statements.
5. During the period under review there were no material change in the nature of contingent liabilities disclosed in the annual report for the year ended 31st March 2018.
6. There were no material events that occurred after the reporting date that require adjustments to or disclosure in the financial statements.
7. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year except for changes described in note 8. These changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31st March 2019.

The presentation and classification of the financial statements of the previous period have been adjusted where relevant, for better presentation and to be comparable with current reporting.

### 8. New accounting standards and interpretations

#### 8.1. SLFRS 9 – Financial Instruments

The final version of SLFRS 9 - Financial Instruments that replaces LKAS 39 - Financial Instruments: Recognition and Measurement and all previous versions of SLFRS 9. This standard brings together all three aspects of the accounting for the financial instruments i.e. classification and measurement, impairment and hedge accounting. SLFRS 9 is effective for financial periods beginning on or after 1st January 2018. SLFRS 9 requires retrospective application of the standard except for hedge accounting where requirements are generally applied prospectively with some limited exceptions.

However the Institute of Chartered Accountants of Sri Lanka has issued a “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements” in which the companies were granted with an option to prepare interim financial statements continuing with the application of LKAS 39 with disclosures on impact to the statement of comprehensive income for the period if SLFRS 9 had been applied during financial year commencing on or after 1st January 2018.

The Group having opted to use the exemption granted under the above SoAT, prepared the Interim Financial Statements for the quarter ended 30th June 2018 based on LKAS 39.

Based on the high-level impact assessment of all three aspects of SLFRS 9 on the group companies, the Group concluded that the impact of the new standard on its financial statements are not material.

#### 8.2. SLFRS 15 – Revenue from Contracts with Customers

SLFRS 15 became effective for financial periods beginning on or after 1st January 2018. This accounting standard supersedes LKAS 11 Construction Contract, LKAS 18 Revenue and revenue relate IFRICs and SICs and establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group adopted SLFRS 15 with effect from the beginning of the current financial year -1st April 2018 using the full retrospective method and has recognised revenue for the three months ended 30th June 2017 (comparative period) and 2018 based on this standard.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim consolidated financial statements of the Group.

## NOTES TO THE FINANCIAL STATEMENTS - CONTD.

### NON FINANCIAL INFORMATION

**30.06.2018**

#### 1. Stated Capital

|   |             |
|---|-------------|
| Number of shares represented by the stated capital (31.03.2018 - 405,996,045) | 405,996,045 |
| Number of Public Shareholders   | 4,867       |
| Percentage of shares held by the Public                                       | 46.10%      |
| Floated adjusted market capitalisation - Rs.'000                              | 9,639,425   |

As the floated adjusted market capitalisation is over 7.5 billion, Aitken Spence PLC complies under option 2 with the minimum public holding requirement.

#### 2. Shares Traded

|  |       |
|--|-------|
| Market Price per Share - Last traded (Rs.) | 51.50 |
| Market Price per Share - Highest (Rs.)     | 56.50 |
| Market Price per Share - Lowest (Rs.)      | 49.80 |

#### 3. Shareholding of Directors

The number of shares held by the Board of Directors are as follows ;

| Name of Director             | Position  | 30.06.2018 | 31.03.2018 |
|------------------------------|---|------------|------------|
| 1 D.H.S. Jayawardena         | Chairman  | Nil        | Nil        |
| 2 J.M.S. Brito               | Deputy Chairman and Managing Director               | 505,495    | 505,495    |
| 3 R.M. Fernando              | Director  | Nil        | Nil        |
| 4 D.S.T. Jayawardena         | Director  | 27,839     | 27,839     |
| 5 G.C. Wickremasinghe        | Director  | 7,308,240  | 7,308,240  |
| 6 C.H. Gomez                 | Director  | Nil        | Nil        |
| 7 N. J. de Silva Deva Aditya | Director  | Nil        | Nil        |
| 8 R.N. Asirwatham            | Director  | 1,000      | 1,000      |
| 9 A.L. Gooneratne            | Alternate Director to Mr. N.J. de Silva Deva Aditya | Nil        | Nil        |

#### 4. Substantial Shareholdings

The twenty largest shareholding as at 30th June 2018 are as follows ;

|    | Name of the Share Holder  | Shareholding | %     |
|----|---|--------------|-------|
| 1  | Melstacorp PLC  | 203,414,171  | 50.10 |
| 2  | Rubicond Enterprises Limited  | 65,990,145   | 16.25 |
| 3  | Employees' Provident Fund   | 20,590,978   | 5.07  |
| 4  | HSBC International Nominees Limited-BPSS LUX-Aberdeen Global-Asian Smaller Companies Fund         | 9,775,090    | 2.41  |
| 5  | Mr. G.C. Wickremasinghe   | 7,308,240    | 1.80  |
| 6  | Placidrange Holdings Limited  | 5,521,500    | 1.36  |
| 7  | Renuka Hotels Limited   | 5,479,990    | 1.35  |
| 8  | Milford Exports (Ceylon) (Pvt) Limited  | 4,321,500    | 1.06  |
| 9  | HSBC International Nominees Limited -BP2S London-Aberdeen Asia Smaller Companies Investment Trust | 3,400,000    | 0.84  |
| 10 | Northern Trust Company S/A Hosking Global Fund PLC  | 3,346,602    | 0.82  |
| 11 | Stassen Exports (Pvt) Limited   | 3,244,500    | 0.80  |
| 12 | Ms. A.T. Wickremasinghe   | 3,211,975    | 0.79  |
| 13 | Mrs. K. Fernando  | 3,135,070    | 0.77  |
| 14 | Mr. G.Wickremasinghe  | 3,019,090    | 0.74  |
| 15 | Employees Trust Fund Board  | 2,621,870    | 0.65  |
| 16 | Bank of Ceylon No. 1 Account  | 2,596,230    | 0.64  |
| 17 | National Savings Bank   | 2,493,516    | 0.61  |
| 18 | Seylan Bank PLC / W.D.N.H. Perera   | 2,100,000    | 0.52  |
| 19 | The Ceylon Guardian Investment Trust PLC A/c No. 02   | 1,674,000    | 0.41  |
| 20 | The Ceylon Investment PLC A/c No. 02  | 1,674,000    | 0.41  |

## NOTES TO THE FINANCIAL STATEMENTS - CONTD.

### CORPORATE INFORMATION

*as at 30th June 2018*

#### **DIRECTORS**

Deshamanya D.H.S. Jayawardena - Chairman

Mr. J.M.S. Brito - Deputy Chairman and Managing Director

Dr. R.M. Fernando

Miss. D.S.T. Jayawardena

Mr. G.C. Wickremasinghe

Mr. C.H. Gomez

Mr. N.J. de Silva Deva Aditya

Mr. R.N. Asirwatham

Mr. A.L. Gooneratne (Alternate Director to Mr. N.J. de Silva Deva Aditya)

#### **SECRETARIES**

Aitken Spence Corporate Finance (Private) Limited.

#### **REGISTERED OFFICE**

Aitken Spence Tower II

315, Vauxhall Street,

Colombo 02,

Sri Lanka.