

Aitken Spence

Interim Statements

for the nine months ended 31st December 2019

Aitken Spence[®] 

Aitken Spence PLC

CONSOLIDATED INCOME STATEMENTS

	Quarter ended		Nine months ended	
	31st December		31st December	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	13,132,942	13,718,712	37,909,338	36,694,897
Revenue taxes	(158,186)	(167,629)	(408,247)	(433,895)
Net revenue	12,974,756	13,551,083	37,501,091	36,261,002
Other operating income	(1,153)	476,314	376,624	955,800
Changes in inventories of finished goods and work-in-progress	145,137	418,493	87,134	554,121
Raw materials and consumables used	(1,550,908)	(2,157,124)	(8,748,914)	(6,495,656)
Employee benefits expense	(2,510,427)	(2,277,070)	(6,942,729)	(6,458,768)
Depreciation and amortisation	(1,133,582)	(739,850)	(3,003,352)	(2,156,910)
Other operating expenses-direct	(4,239,208)	(4,956,166)	(10,612,880)	(12,526,421)
Other operating expenses-indirect	(1,849,668)	(1,862,871)	(4,907,751)	(5,527,419)
Profit from operations	1,834,947	2,452,809	3,749,223	4,605,749
Finance income	176,206	181,752	590,552	552,302
Finance expenses	(872,022)	(481,724)	(2,133,615)	(1,403,085)
Net finance expense	(695,816)	(299,972)	(1,543,063)	(850,783)
Share of profit of equity-accounted investees (net of tax)	119,079	123,261	229,130	258,583
Profit before tax	1,258,210	2,276,098	2,435,290	4,013,549
Income tax expenses	(279,967)	(504,500)	(849,346)	(1,084,716)
Profit for the period	978,243	1,771,598	1,585,944	2,928,833
Attributable to:				
Equity holders of the company	786,946	1,285,091	1,358,939	2,228,452
Non-controlling interests	191,297	486,507	227,005	700,381
Profit for the period	978,243	1,771,598	1,585,944	2,928,833
Earnings per share				
Basic/Diluted (Rs.)	1.94	3.17	3.35	5.49

The above figures are subject to audit.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Quarter ended 31st December		Nine months ended 31st December	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Profit for the period	978,243	1,771,598	1,585,944	2,928,833
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Equity investments at FVOCI – net change in fair value	(774)	-	(2,440)	-
Share of other comprehensive income of equity-accounted investees (net of tax)	-	-	(13)	-
	<u>(774)</u>	<u>-</u>	<u>(2,453)</u>	<u>-</u>
Items that are or may be reclassified to profit or loss				
Exchange differences on translation of foreign operations	(18,934)	1,561,404	426,003	2,543,085
Available-for-sale financial assets – net change in fair value	-	(3,299)	-	(10,050)
Net movement on cash flow hedges	(157,232)	(393,097)	(147,641)	(448,352)
Share of other comprehensive income of equity-accounted investees (net of tax)	39,065	114,149	17,660	184,765
	<u>(137,101)</u>	<u>1,279,157</u>	<u>296,022</u>	<u>2,269,448</u>
Other comprehensive income for the period, (net of tax)	(137,875)	1,279,157	293,569	2,269,448
Total comprehensive income for the period	840,368	3,050,755	1,879,513	5,198,281
Attributable to:				
Equity holders of the company	739,837	2,312,353	1,585,077	3,918,060
Non-controlling interests	100,531	738,402	294,436	1,280,221
Total comprehensive income for the period	840,368	3,050,755	1,879,513	5,198,281

The above figures are subject to audit.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>As at</i>	31.12.2019 Rs.'000	31.03.2019 Rs.'000
ASSETS		
Non-current assets		
Property, plant & equipment	77,428,767	71,590,332
Investment properties	1,631,925	1,632,100
Intangible assets	1,045,602	945,468
Biological assets	49,960	49,332
Right-of-use assets	13,019,136	-
Leasehold properties	-	2,214,519
Pre-paid operating leases	-	2,366,966
Investments in equity-accounted investees	6,667,881	6,434,116
Deferred tax assets	742,618	690,924
Other financial assets	786,732	834,096
	<u>101,372,621</u>	<u>86,757,853</u>
Current assets		
Inventories	2,656,081	2,202,047
Pre-paid operating leases	-	76,232
Trade and other receivables	14,038,368	15,143,496
Current tax receivable	233,803	186,158
Deposits and prepayments	1,859,251	2,018,261
Other financial assets	10,067,505	10,515,935
Cash and short-term deposits	5,379,646	7,932,428
	<u>34,234,654</u>	<u>38,074,557</u>
Assets classified as held for sale	1,144,235	164,125
Total Assets	<u>136,751,510</u>	<u>124,996,535</u>
EQUITY AND LIABILITIES		
Equity		
Stated capital	2,135,140	2,135,140
Reserves	23,633,306	23,416,042
Retained earnings	23,986,216	23,899,401
Total equity attributable to equity holders of the company	<u>49,754,662</u>	<u>49,450,583</u>
Non-controlling interests	12,225,164	12,635,237
Total Equity	<u>61,979,826</u>	<u>62,085,820</u>
Non-current liabilities		
Interest-bearing liabilities	43,817,637	29,379,904
Deferred tax liabilities	2,209,679	2,283,840
Employee benefits	1,096,312	1,010,405
Other liabilities	502,502	1,851,909
	<u>47,626,130</u>	<u>34,526,058</u>
Current liabilities		
Interest-bearing liabilities	3,799,163	3,583,499
Trade and other payables	12,133,946	13,307,432
Current tax payable	326,059	436,021
Bank overdrafts and other short-term borrowings	10,886,386	11,057,705
	<u>27,145,554</u>	<u>28,384,657</u>
Total Equity and Liabilities	<u>136,751,510</u>	<u>124,996,535</u>
Net assets per share (Rs.)	122.55	121.80

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.
Deshamanya D.H.S. Jayawardena
Chairman

sgd.
Dr. M. P. Dissanayake
Deputy Chairman and
Managing Director

sgd.
Ms. N. Sivapragasam
Chief Financial Officer

Colombo,
10th February 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31st December 2019

	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
Balance as at 01st April 2019	2,135,140	148,440	10,947,156	8,891,057	3,902,977	(6,747)	(466,841)	23,899,401	49,450,583	12,635,237	62,085,820
Adjustment on initial application of SLFRS 16, net of tax (Note 7)	-	-	-	-	-	-	-	(731,463)	(731,463)	(121,575)	(853,038)
Adjusted balance as at 01st April 2019	2,135,140	148,440	10,947,156	8,891,057	3,902,977	(6,747)	(466,841)	23,167,938	48,719,120	12,513,662	61,232,782
Profit for the period	-	-	-	-	-	-	-	1,358,939	1,358,939	227,005	1,585,944
Other comprehensive income for the period	-	-	-	-	294,575	(2,440)	(65,987)	(10)	226,138	67,431	293,569
Total comprehensive income for the period	-	-	-	-	294,575	(2,440)	(65,987)	1,358,929	1,585,077	294,436	1,879,513
Share of net assets of equity-accounted investees	-	-	-	-	-	-	-	47,604	47,604	-	47,604
Acquisition and changes in non-controlling interest	-	-	-	33	(8,917)	-	-	20,739	11,855	(4,842)	7,013
Final dividends for 2018/2019	-	-	-	-	-	-	-	(608,994)	(608,994)	-	(608,994)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(578,092)	(578,092)
Total contributions and distributions, recognised directly in equity	-	-	-	33	(8,917)	-	-	(540,651)	(549,535)	(582,934)	(1,132,469)
Balance as at 31st December 2019	2,135,140	148,440	10,947,156	8,891,090	4,188,635	(9,187)	(532,828)	23,986,216	49,754,662	12,225,164	61,979,826

For the nine months ended 31st December 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
Balance as at 01st April 2018	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	-	-	-	-	-	-	-	2,228,452	2,228,452	700,381	2,928,833
Other comprehensive income for the period	-	-	-	-	1,900,045	(10,050)	(200,387)	-	1,689,608	579,840	2,269,448
Total comprehensive income for the period	-	-	-	-	1,900,045	(10,050)	(200,387)	2,228,452	3,918,060	1,280,221	5,198,281
Share of net assets of equity-accounted investees	-	-	-	-	-	-	-	45,170	45,170	-	45,170
Acquisition and changes in non-controlling interest	-	-	-	-	35	-	-	(795)	(760)	760	-
Transfer to reserves	-	-	30	-	-	-	-	(30)	-	-	-
Final dividends for 2017/2018	-	-	-	-	-	-	-	(811,992)	(811,992)	-	(811,992)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(621,623)	(621,623)
Total contributions and distributions, recognised directly in equity	-	-	30	-	35	-	-	(767,647)	(767,582)	(620,863)	(1,388,445)
Balance as at 31st December 2018	2,135,140	148,440	9,669,452	8,610,352	4,367,428	24,554	(629,627)	23,624,474	47,950,213	12,144,327	60,094,540

COMPANY INCOME STATEMENTS

	Quarter ended 31st December		Nine months ended 31st December	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Revenue	154,521	182,110	614,903	613,465
Revenue taxes	(1,868)	(2,959)	(9,134)	(10,215)
Net revenue	152,653	179,151	605,769	603,250
Other operating income	277,630	1,406,945	1,339,559	2,207,560
Employee benefits expense	(151,677)	(132,980)	(405,468)	(355,231)
Depreciation and amortisation	(15,789)	(10,018)	(39,902)	(32,891)
Other operating expenses-indirect	(77,625)	(58,784)	(294,847)	(232,335)
Profit from operations	185,192	1,384,314	1,205,111	2,190,353
Finance income	188,626	206,805	624,514	615,454
Finance expenses	(373,917)	(311,673)	(1,107,272)	(871,167)
Net finance expense	(185,291)	(104,868)	(482,758)	(255,713)
Profit/(loss) before tax	(99)	1,279,446	722,353	1,934,640
Income tax expenses	(32,105)	(75,014)	(42,490)	(125,544)
Profit/(loss) for the period	(32,204)	1,204,432	679,863	1,809,096
Earnings/(loss) per share				
Basic/Diluted (Rs.)	(0.08)	2.97	1.67	4.46

The above figures are subject to audit.

COMPANY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Quarter ended 31st December		Nine months ended 31st December	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Profit/(loss) for the period	(32,204)	1,204,432	679,863	1,809,096
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Equity investments at FVOCI – net change in fair value	<u>(365)</u>	-	<u>(2,717)</u>	-
	(365)	-	(2,717)	-
<i>Items that are or may be reclassified to profit or loss</i>				
Available-for-sale financial assets – net change in fair value	-	(4,495)	-	(6,026)
	-	(4,495)	-	(6,026)
Other comprehensive income for the period, (net of tax)	(365)	(4,495)	(2,717)	(6,026)
Total comprehensive income/(loss) for the period	<u>(32,569)</u>	<u>1,199,937</u>	<u>677,146</u>	<u>1,803,070</u>

The above figures are subject to audit.

COMPANY STATEMENTS OF FINANCIAL POSITION

<i>As at</i>	31.12.2019	31.03.2019
	Rs.'000	Rs.'000
ASSETS		
Non-current assets		
Property, plant & equipment	125,204	155,627
Investment properties	3,424,019	3,426,085
Intangible assets	20,224	8,229
Investments in subsidiaries	11,723,778	10,148,778
Investments in equity-accounted investees	2,786,545	2,786,545
Deferred tax assets	274,342	299,592
Other financial assets	21,184	40,568
	<u>18,375,296</u>	<u>16,865,424</u>
Current assets		
Inventories	2,819	2,058
Trade and other receivables	3,816,248	3,606,397
Current tax receivable	137,596	146,307
Deposits and prepayments	65,438	93,576
Other financial assets	9,328,654	10,268,044
Cash and short-term deposits	1,522,100	2,036,706
	<u>14,872,855</u>	<u>16,153,088</u>
Assets classified as held for sale	72,237	72,237
Total Assets	<u>33,320,388</u>	<u>33,090,749</u>
EQUITY AND LIABILITIES		
Equity		
Stated capital	2,135,140	2,135,140
Reserves	10,895,470	10,898,187
Retained earnings	3,109,118	3,038,249
Total Equity	<u>16,139,728</u>	<u>16,071,576</u>
Non-current liabilities		
Interest-bearing liabilities	2,698,605	2,757,893
Employee benefits	90,463	80,576
	<u>2,789,068</u>	<u>2,838,469</u>
Current liabilities		
Interest-bearing liabilities	734,122	1,303,220
Trade and other payables	6,766,033	7,207,918
Bank overdrafts and other short-term borrowings	6,891,437	5,669,566
	<u>14,391,592</u>	<u>14,180,704</u>
Total Equity and Liabilities	<u>33,320,388</u>	<u>33,090,749</u>
Net assets per share (Rs.)	39.75	39.59

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.
Deshamanya D.H.S. Jayawardena
Chairman

Colombo,
10th February 2020

sgd.
Dr. M. P. Dissanayake
Deputy Chairman and
Managing Director

sgd.
Ms. N. Sivapragasam
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31st December 2019

	Stated capital	General reserve	Fair value reserve	Retained earnings	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2019	2,135,140	10,917,492	(19,305)	3,038,249	16,071,576
Profit for the period	-	-	-	679,863	679,863
Other comprehensive income for the period	-	-	(2,717)	-	(2,717)
Total comprehensive income for the period	-	-	(2,717)	679,863	677,146
Final Dividends for 2018/2019	-	-	-	(608,994)	(608,994)
Balance as at 31st December 2019	2,135,140	10,917,492	(22,022)	3,109,118	16,139,728

For the nine months ended 31st December 2018

	Stated capital	General reserve	Fair value reserve	Retained earnings	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2018	2,135,140	9,639,788	(12,661)	3,313,384	15,075,651
Profit for the period	-	-	-	1,809,096	1,809,096
Other comprehensive income for the period	-	-	(6,026)	-	(6,026)
Total comprehensive income for the period	-	-	(6,026)	1,809,096	1,803,070
Final dividends for 2017/2018	-	-	-	(811,992)	(811,992)
Balance as at 31st December 2018	2,135,140	9,639,788	(18,687)	4,310,488	16,066,729

STATEMENTS OF CASH FLOWS

	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
<i>For the nine months ended 31st December</i>				
Cash flow from operating activities				
Profit before taxation	2,435,290	4,013,549	722,353	1,934,640
Adjustments for				
Depreciation and amortisation	3,003,352	2,156,910	39,902	32,891
Interest expense	1,998,992	1,262,117	1,102,366	869,207
Gain on disposal of property plant and equipment	(8,812)	(52,318)	-	(2,234)
Gain on disposal of group investments	(54)	-	(54)	-
Interest income	(590,552)	(552,302)	(624,514)	(615,454)
Share of profit of equity-accounted investees (net of tax)	(229,130)	(258,583)	-	-
Impairment losses and write offs of trade & other receivables	37,247	19,068	-	-
Net foreign exchange (gain) / loss	129,266	550,494	103,974	342,653
Provision for retirement benefit obligations	177,385	178,648	15,699	22,570
	4,517,694	3,304,034	637,373	649,633
Operating profit before working capital changes	6,952,984	7,317,583	1,359,726	2,584,273
(Increase)/decrease in trade and other receivables	1,088,908	1,222,331	(209,851)	1,057,694
(Increase)/decrease in inventories	(454,034)	(766,231)	(761)	(2,246)
(Increase)/ decrease in deposits & prepayments	(49,239)	(811,749)	28,138	22,279
Increase/(decrease) in trade and other payables	(1,085,371)	473,613	(354,535)	996,616
Increase/(decrease) in other liabilities	(47,392)	626,281	-	-
	(547,128)	744,245	(537,009)	2,074,343
Cash generated from operations	6,405,856	8,061,828	822,717	4,658,616
Interest paid	(1,213,284)	(1,771,741)	(1,061,114)	(834,609)
Income tax paid	(889,041)	(894,846)	(8,530)	(6,422)
Retirement benefit obligations paid	(93,996)	(46,993)	(5,812)	(811)
	(2,196,321)	(2,713,580)	(1,075,456)	(841,842)
Net cash flow from operating activities	4,209,535	5,348,248	(252,739)	3,816,774
Cash flow from investing activities				
Interest received from deposits	591,128	554,958	624,240	613,416
Investment in subsidiaries and equity-accounted investees	(24,202)	(2,000)	(1,575,000)	(1,677,000)
Investment in equity and debt securities	(20,849)	(20,080)	(20,849)	(20,080)
Purchase of property, plant and equipment	(8,011,356)	(7,234,793)	(950)	(5,775)
Purchase of intangible assets	(116,103)	(20,252)	(18,458)	(5,275)
Purchase of biological assets	(1,336)	(4,547)	-	-
Proceeds from disposal of property, plant and equipment	33,073	85,381	-	(4,354)
Proceeds from sale of equity and debt securities	55,000	33,359	41,667	20,833
Proceeds / (purchase) of other financial assets and liabilities (net)	443,600	(2,418,645)	937,239	(2,876,111)
Final liquidation proceeds of subsidiary	54	-	54	-
Dividends paid to non-controlling interests	(578,092)	(621,623)	-	-
Dividends received from equity-accounted investees	75,071	284,703	-	-
	(7,554,012)	(9,363,539)	(12,057)	(3,954,346)
Net cash flow from investing activities	(7,554,012)	(9,363,539)	(12,057)	(3,954,346)

STATEMENTS OF CASH FLOWS – CONTD.

	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
<i>For the nine months ended 31st December</i>				
Cash flow from operating activities				
Proceeds from interest-bearing liabilities	4,814,409	12,252,536	-	2,644,822
Repayment of interest-bearing liabilities	(3,199,674)	(8,096,338)	(777,128)	(824,204)
Purchase of own shares by subsidiary companies	7,027	-	-	-
Dividends paid to equity holders of the parent	(696,344)	(807,666)	(696,344)	(807,666)
Net cash flow from financing activities	925,418	3,348,532	(1,473,472)	1,012,952
Net decrease in cash and cash equivalents	(2,419,059)	(666,759)	(1,738,268)	875,380
Cash and cash equivalents at the beginning of the period (Note A)	(3,087,681)	539,438	(3,631,069)	(2,676,177)
Cash and cash equivalents at the end of the period	(5,506,740)	(127,321)	(5,369,337)	(1,800,797)
Cash and cash equivalents at the end of the period				
Cash at bank and in hand & deposits	5,379,646	7,206,942	1,522,100	2,193,841
Short-term bank borrowings	(10,886,386)	(7,334,263)	(6,891,437)	(3,994,638)
Cash and cash equivalent at the end of the period	(5,506,740)	(127,321)	(5,369,337)	(1,800,797)
Note A				
Cash and cash equivalents at the beginning of the period				
Cash at bank and in hand & deposits	7,932,428	9,636,419	2,036,706	1,094,468
Short-term bank borrowings	(11,057,705)	(9,157,459)	(5,669,566)	(3,792,178)
Cash and cash equivalent as previously reported	(3,125,277)	478,960	(3,632,860)	(2,697,710)
Effect of exchange rate changes	37,596	60,478	1,791	21,533
Cash and cash equivalent as restated	(3,087,681)	539,438	(3,631,069)	(2,676,177)

NOTES TO THE FINANCIAL STATEMENTS

1. Segment analysis

1.1 Segment analysis of Group revenue and profit

	Tourism sector		Maritime & freight logistics sector		Strategic investments		Services sector		Total	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
<i>For the nine months ended 31st December</i>										
Total revenue generated	18,774,968	20,323,927	9,087,404	8,787,437	14,430,936	11,491,489	1,516,761	1,823,336	43,810,069	42,426,189
Less : Inter-segmental revenue	86,867	17,462	222,327	220,816	360,852	353,173	200,955	204,942	871,001	796,393
Less : Intra-segmental revenue	1,409,883	1,448,872	388,167	312,851	599,894	524,309	52,963	51,683	2,450,907	2,337,715
Total revenue with equity-accounted investees	17,278,218	18,857,593	8,476,910	8,253,770	13,470,190	10,614,007	1,262,843	1,566,711	40,488,161	39,292,081
Share of equity-accounted investees' revenue	(180,338)	(285,816)	(1,406,658)	(1,313,729)	(978,862)	(975,452)	(12,965)	(22,187)	(2,578,823)	(2,597,184)
Revenue from external customers	17,097,880	18,571,777	7,070,252	6,940,041	12,491,328	9,638,555	1,249,878	1,544,524	37,909,338	36,694,897
Profit from operations	750,214	1,416,081	1,436,832	1,211,362	1,286,987	1,704,768	275,190	273,538	3,749,223	4,605,749
Finance income	474,776	451,632	55,036	34,560	34,431	50,442	26,309	15,668	590,552	552,302
Finance expenses	(1,441,819)	(860,856)	(110,350)	(77,104)	(548,585)	(438,721)	(32,861)	(26,404)	(2,133,615)	(1,403,085)
Share of profit / (loss) of equity - accounted investees (net of tax)	(184,328)	(109,677)	368,718	282,998	42,273	89,914	2,467	(4,652)	229,130	258,583
Profit / (loss) before tax	(401,157)	897,180	1,750,236	1,451,816	815,106	1,406,403	271,105	258,150	2,435,290	4,013,549
Income tax expense	(413,722)	(473,847)	(249,516)	(287,393)	(135,381)	(267,389)	(50,727)	(56,087)	(849,346)	(1,084,716)
Profit / (loss) for the period	(814,879)	423,333	1,500,720	1,164,423	679,725	1,139,014	220,378	202,063	1,585,944	2,928,833

1.2 Segment analysis of Group assets

	Tourism sector		Maritime & freight logistics sector		Strategic investments		Services sector		Total	
	31.12.2019 Rs.'000	31.03.2019 Rs.'000	31.12.2019 Rs.'000	31.03.2019 Rs.'000	31.12.2019 Rs.'000	31.03.2019 Rs.'000	31.12.2019 Rs.'000	31.03.2019 Rs.'000	31.12.2019 Rs.'000	31.03.2019 Rs.'000
<i>As at</i>										
Segment assets	77,340,264	71,753,972	12,978,514	11,160,372	40,408,813	37,560,224	4,741,350	4,745,571	135,468,941	125,220,139
Investments in equity accounted investees	835,528	1,027,595	4,461,824	4,064,690	1,321,733	1,295,502	48,796	46,329	6,667,881	6,434,116
Goodwill on consolidation	-	-	-	-	-	-	-	-	920,118	906,066
Assets classified as held for sale	-	-	-	-	-	-	-	-	1,144,235	164,125
Eliminations / adjustments	-	-	-	-	-	-	-	-	(7,449,665)	(7,727,911)
Total assets	78,175,792	72,781,567	17,440,338	15,225,062	41,730,546	38,855,726	4,790,146	4,791,900	136,751,510	124,996,535

NOTES TO THE FINANCIAL STATEMENTS - CONTD.

1. Basis of preparation

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.

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 7.

The offshore headquarter companies in the hotels sector, changed their presentation currency from Sri Lankan Rupees (LKR) to United States Dollar (USD) with effect from 1st April 2018 to reflect the companies predominant operating currency in their financial statements. The Group information presented for the nine months ended 31 December 2018 has been adjusted where relevant to incorporate changes identified due to the above change.

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

2. Dividends paid

The final ordinary dividend of Rs. 1.50 per share for the year ended 31st March 2019 was paid on 9th July 2019, after it was approved at the Annual General Meeting on the 28th June 2019. Total dividend paid was Rs. 608,994,067.50.

3. Fair value measurement and related fair value disclosures

As at reporting date there were no significant differences in the comparison made between fair value and carrying value of financial assets and liabilities, from what was disclosed in the annual report for the year ending 31st March 2019. There were no transfers between different levels of fair value hierarchy or changes to assets classes classified on recurring and non-recurring basis. Valuation techniques or significant unobservable inputs used for measuring level 2 and level 3 fair values remains unchanged from 31st March 2019.

During the period under review there were no transfers in and out of level 3 financial instrument measurement and any change in fair values are captured in the statement of other comprehensive income.

Unquoted equity shares that are subjected to level 3 of fair value measurement hierarchy, were revalued as at the reporting date. Fair value would not significantly vary if one or more unobservable inputs used for valuation were changed.

4. Contingencies, capital and other commitments

There were no liabilities for management fees or any other similar expenditure not provided for in the interim financial statements.

During the period under review there were no material change in the nature of contingencies and other commitments, which were disclosed in the annual report for the year ended 31st March 2019.

5. Events after the reporting period

There were no material events that occurred after the reporting date that require adjustments to or disclosure in the financial statements.

6. Assets classified as held for sale

The carrying value of the leasehold rights of Raafushi Island was classified under "Assets held for sale" during period under review, consequent to the decision made by Ace Resorts (Pvt) Ltd to dispose its lease.

7. New accounting standards and interpretations

SLFRS 16 – Leases

SLFRS 16 Leases, replaces the previous leasing guidance, including LKAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC -15 Operating leases – Incentives and SIC-27 Evaluating the Substance of transactions involving the legal form of a lease. SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a one single balance sheet model similar to the accounting for finance leases under LKAS 17.

As prescribed by this standard, the Group recognise an asset (right-of-use asset) representing its right to use the underlying assets and lease liability representing its obligation to make lease payments. Subsequently on an on going basis the Group will be recognising the interest expense on the lease liability and the depreciation expense on the right-of-use asset, separately.

Nature of the effect of adoption of SLFRS 16

The Group has lease contracts for various assets such as land, building, vehicles and equipment. Land leases are the major assets included in the right-of-use asset category, typically made up to 99 years of lease term and have extension options. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value items. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Initial application

The Group initially adopted SLFRS 16 from 01 April 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at the date of initial application (i.e. 01 April 2019). Accordingly the information presented for 2018/2019 has not been restated, i.e. it is presented, as previously reported, under LKAS 17 and related interpretations. Additionally, the disclosure requirements in SLFRS 16 have not generally been applied to comparative information.

NOTES TO THE FINANCIAL STATEMENTS - CONTD.

The following table summarises the impact of transition to SLFRS 16 - "Leases" as at 01 April 2019.

	Rs.'000
Assets	
Property, plant & equipment	50,668
Right-of-use assets	12,104,171
Leasehold properties	(2,214,519)
Pre-paid operating leases	(2,443,198)
Investments in equity-accounted investees	(9,732)
Deferred tax assets	78,532
Deposits and prepayments	(208,249)
Total Assets	<u>7,357,673</u>
Equity	
Retained earnings	(731,463)
Non-controlling interests	(121,575)
	<u>(853,038)</u>
Liabilities	
Interest bearing liabilities	9,034,623
Deferred tax liabilities	(169,143)
Other liabilities	(654,004)
Other payables	(765)
	<u>8,210,711</u>
Total Equity & Liabilities	<u>7,357,673</u>

Leases previously classified as leasehold properties and pre-paid operating leases

For leases previously classified as leasehold properties and pre-paid operating leases, the Group recognised the carrying amount of the lease asset immediately before transition as the carrying amount of the right-of-use asset. The requirements of SLFRS 16 was applied to these leases from 1 April 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised on the initial application based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Impact for the period

As a result of applying SLFRS 16, the Group recognised Rs. 13.0 billion as right-of-use assets and Rs. 10.2 billion as lease liabilities as at 31 December 2019 in the statement of financial position. Also, in relation to those leases under SLFRS 16, the Group recognised Rs. 680.9 million of depreciation charges and Rs. 485.1 million of interest costs during the nine months ended 31 December 2019 instead of operating lease expenses in the income statement. Therefore, the additional impact on the income statement due to the application of this standard for the period under review is Rs. 105.0 million.

NOTES TO THE FINANCIAL STATEMENTS - CONTD.

NON FINANCIAL INFORMATION

31.12.2019

1. Stated Capital

Number of shares represented by the stated capital (31.03.2019 - 405,996,045)	405,996,045
Number of Public Shareholders	5,396
Percentage of shares held by the Public	45.69%
Floated adjusted market capitalisation - Rs.'000	8,624,834

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.)	47.00
Market Price per Share - Highest (Rs.)	51.00
Market Price per Share - Lowest (Rs.)	44.00

3. Shareholding of Directors

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

	Name of Director	Position	31.12.2019	31.03.2019
1	Deshamanya D.H.S. Jayawardena	Chairman	Nil	Nil
2	Dr. M. P. Dissanayake	Deputy Chairman and Managing Director	Nil	Nil
3	Dr. R.M. Fernando	Director	Nil	Nil
4	Ms. D.S.T. Jayawardena	Director	27,839	27,839
5	Mr. J.M.S. Brito	Director	505,495	505,495
6	Mr. G.C. Wickremasinghe	Director	7,308,240	7,308,240
7	Mr. C.H. Gomez	Director	Nil	Nil
8	Mr. N. J. de Silva Deva Aditya	Director	Nil	Nil
9	Mr. R.N. Asirwatham	Director	1,000	1,000
10	Mr. A.L. Gooneratne	Alternate Director to Mr. N.J. de Silva Deva Aditya	Nil	Nil

4. Substantial Shareholdings

The twenty largest shareholding as at 31st December 2019 are as follows ;

	Name of the Share Holder	Shareholding	%
1	Melstacorp PLC	204,314,171	50.32
2	Rubicond Enterprises Limited	65,990,145	16.25
3	Employees' Provident Fund	20,590,978	5.07
4	Mr. G.C. Wickremasinghe	7,308,240	1.80
5	Placidrange Holdings Limited	5,521,500	1.36
6	Renuka Hotels Limited	5,479,990	1.35
7	Milford Exports (Ceylon) (Pvt) Limited	5,114,500	1.26
8	Stassen Exports (Pvt) Limited	3,244,500	0.80
9	Ms. A.T. Wickremasinghe	3,211,975	0.79
10	Mrs. K. Fernando	3,135,070	0.77
11	Mr. G.Wickremasinghe	3,019,090	0.74
12	Northern Trust Company S/A Hosking Global Fund PLC	2,657,507	0.65
13	Employees Trust Fund Board	2,621,870	0.65
14	Bank of Ceylon No. 1 Account	2,596,230	0.64
15	National Savings Bank	2,493,516	0.61
16	SSBT-Retail Employees Superannuation Trust	1,742,951	0.43
17	Seylan Bank PLC / W.D.N.H. Perera	1,457,397	0.36
18	Hatton National Bank PLC-Candor Opportunities Fund	1,400,000	0.34
19	Sampath Bank PLC / Dr. T. Senthilvel	1,350,663	0.33
20	Mr. A.B. Rodrigo	1,284,720	0.32

NOTES TO THE FINANCIAL STATEMENTS - CONTD.

CORPORATE INFORMATION

as at 31st December 2019

DIRECTORS

Deshamanya D.H.S. Jayawardena - Chairman
Dr. M. P. Dissanayake - Deputy Chairman and Managing Director
Dr. R.M. Fernando
Miss. D.S.T. Jayawardena
Mr. J.M.S. Brito
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.