

Aitken Spence

Interim Statements
for the year ended 31st March 2020

Aitken Spence[®] 

Aitken Spence PLC

CONSOLIDATED INCOME STATEMENTS

	Quarter ended		Year ended	
	31st March		31st March	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	15,561,919	18,986,006	53,471,257	55,680,903
Revenue taxes	(84,420)	(183,938)	(492,667)	(617,833)
Net revenue	15,477,499	18,802,068	52,978,590	55,063,070
Other operating income	473,561	(253,171)	850,185	702,629
Changes in inventories of finished goods and work-in-progress	(75,846)	(256,561)	11,288	297,560
Raw materials and consumables used	(4,184,603)	(4,365,868)	(12,933,517)	(10,861,524)
Employee benefits expense	(2,326,400)	(2,281,088)	(9,269,129)	(8,739,856)
Depreciation, amortisation and impairment of non-financial assets	(1,087,485)	(761,192)	(4,090,837)	(2,918,102)
Other operating expenses-direct	(3,969,470)	(5,501,027)	(14,582,350)	(18,027,448)
Other operating expenses-indirect	(1,855,126)	(1,972,459)	(6,762,877)	(7,499,878)
Profit from operations	2,452,130	3,410,702	6,201,353	8,016,451
Finance income	201,827	205,543	792,379	757,845
Finance expenses	(913,939)	(477,844)	(3,047,554)	(1,880,929)
Net finance expense	(712,112)	(272,301)	(2,255,175)	(1,123,084)
Share of profit of equity-accounted investees (net of tax)	22,354	130,658	251,484	389,241
Profit before tax	1,762,372	3,269,059	4,197,662	7,282,608
Income tax expenses	(461,342)	(426,542)	(1,310,688)	(1,511,258)
Profit for the period	1,301,030	2,842,517	2,886,974	5,771,350
Attributable to:				
Equity holders of the company	1,018,652	1,848,615	2,377,591	4,077,067
Non-controlling interests	282,378	993,902	509,383	1,694,283
Profit for the period	1,301,030	2,842,517	2,886,974	5,771,350
Earnings per share				
Basic/Diluted (Rs.)	2.51	4.55	5.86	10.04

The above figures are subject to audit.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Quarter ended 31st March		Year ended 31st March	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Profit for the period	1,301,030	2,842,517	2,886,974	5,771,350
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation of property, plant and equipment	-	373,720	-	373,720
Actuarial gains / (losses) on defined benefit obligations	168,990	71,917	168,990	71,917
Equity investments at FVOCI – net change in fair value	470	5,600	(1,970)	(4,450)
Share of other comprehensive income of equity-accounted investees (net of tax)	(5,727)	(12,106)	(5,740)	(12,106)
Income tax on other comprehensive income	(31,291)	(104,334)	(31,291)	(104,334)
	132,442	334,797	129,989	324,747
<i>Items that are or may be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations	542,569	(635,506)	968,572	1,907,579
Net movement on cash flow hedges	(143,888)	364,223	(291,529)	(84,129)
Share of other comprehensive income of equity-accounted investees (net of tax)	(16,353)	(48,391)	1,307	136,374
	382,328	(319,674)	678,350	1,959,824
Other comprehensive income for the period, (net of tax)	514,770	15,123	808,339	2,284,571
Total comprehensive income for the period	1,815,800	2,857,640	3,695,313	8,055,921
Attributable to:				
Equity holders of the company	1,376,758	1,871,353	2,961,835	5,789,413
Non-controlling interests	439,042	986,287	733,478	2,266,508
Total comprehensive income for the period	1,815,800	2,857,640	3,695,313	8,055,921

The above figures are subject to audit.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>As at</i>	31.03.2020 Rs.'000	31.03.2019 Rs.'000
ASSETS		
Non-current assets		
Property, plant & equipment	79,399,616	71,590,332
Investment properties	1,631,839	1,632,100
Intangible assets	1,069,997	945,468
Biological assets	56,275	49,332
Right-of-use assets	13,249,662	-
Leasehold properties	-	2,214,519
Pre-paid operating leases	-	2,366,966
Investments in equity-accounted investees	6,688,625	6,434,116
Deferred tax assets	766,677	690,924
Other financial assets	800,719	834,096
	<u>103,663,410</u>	<u>86,757,853</u>
Current assets		
Inventories	2,834,640	2,202,047
Pre-paid operating leases	-	76,232
Trade and other receivables	15,695,545	15,143,496
Current tax receivable	151,544	186,158
Deposits and prepayments	1,684,261	2,018,261
Other financial assets	10,850,655	10,515,935
Cash and short-term deposits	6,594,267	7,932,428
	<u>37,810,912</u>	<u>38,074,557</u>
Assets classified as held for sale	1,189,650	164,125
Total Assets	<u>142,663,972</u>	<u>124,996,535</u>
EQUITY AND LIABILITIES		
Equity		
Stated capital	2,135,140	2,135,140
Reserves	25,165,268	23,416,042
Retained earnings	23,648,558	23,899,401
Total equity attributable to equity holders of the company	<u>50,948,966</u>	<u>49,450,583</u>
Non-controlling interests	12,355,105	12,635,237
Total Equity	<u>63,304,071</u>	<u>62,085,820</u>
Non-current liabilities		
Interest-bearing loans and borrowings	34,700,410	29,379,904
Lease liabilities	10,360,318	-
Deferred tax liabilities	2,358,017	2,283,840
Employee benefits	884,793	1,010,405
Other liabilities	386,274	1,851,909
	<u>48,689,812</u>	<u>34,526,058</u>
Current liabilities		
Interest-bearing loans and borrowings	3,357,190	3,583,499
Lease liabilities	763,965	-
Trade and other payables	13,281,399	13,307,432
Current tax payable	371,444	436,021
Other financial liabilities	30,005	-
Bank overdrafts and other short-term borrowings	12,866,086	11,057,705
	<u>30,670,089</u>	<u>28,384,657</u>
Total Equity and Liabilities	<u>142,663,972</u>	<u>124,996,535</u>
Net assets per share (Rs.)	125.49	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

Colombo,
21st May 2020

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

sgd.
Ms. N. Sivapragasam
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2020

	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 and IFRIC 23, net of tax (Note 9)	-	-	-	-	-	-	-	(948,697)	(948,697)	(142,608)	(1,091,305)
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)	22,950,704	48,501,886	12,492,629	60,994,515
Profit for the period	-	-	-	-	-	-	-	2,377,591	2,377,591	509,383	2,886,974
Other comprehensive income for the period	-	-	-	-	610,547	(1,773)	(130,296)	105,766	584,244	224,095	808,339
Total comprehensive income for the period	-	-	-	-	610,547	(1,773)	(130,296)	2,483,357	2,961,835	733,478	3,695,313
Share of net assets of equity-accounted investees	-	-	-	-	-	-	-	82,384	82,384	-	82,384
Acquisition and changes in non-controlling interest	-	-	-	33	(8,917)	-	-	20,739	11,855	(4,842)	7,013
Transfer to reserves	-	-	1,279,632	-	-	-	-	(1,279,632)	-	-	-
Final dividends for 2018/2019	-	-	-	-	-	-	-	(608,994)	(608,994)	-	(608,994)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(866,160)	(866,160)
Total contributions and distributions, recognised directly in equity	-	-	1,279,632	33	(8,917)	-	-	(1,785,503)	(514,755)	(871,002)	(1,385,757)
Balance as at 31st March 2020	2,135,140	148,440	12,226,788	8,891,090	4,504,607	(8,520)	(597,137)	23,648,558	50,948,966	12,355,105	63,304,071

For the year ended 31st March 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 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
Adjustment on initial application of SLFRS 9, net of tax	-	-	-	-	-	(37,359)	-	17,321	(20,038)	(4,533)	(24,571)
Adjusted balance as at 01st April 2018	2,135,140	148,440	9,669,422	8,610,352	2,467,348	(2,755)	(429,240)	22,180,990	44,779,697	11,480,436	56,260,133
Profit for the period	-	-	-	-	-	-	-	4,077,067	4,077,067	1,694,283	5,771,350
Other comprehensive income for the period	-	-	-	280,672	1,435,593	(3,992)	(37,601)	37,674	1,712,346	572,225	2,284,571
Total comprehensive income for the period	-	-	-	280,672	1,435,593	(3,992)	(37,601)	4,114,741	5,789,413	2,266,508	8,055,921
Share of net assets of equity-accounted investees	-	-	-	-	-	-	-	80,041	80,041	-	80,041
Acquisition and changes in non-controlling interest	-	-	-	33	36	-	-	19,351	19,420	(19,420)	-
Transfer to reserves	-	-	1,277,734	-	-	-	-	(1,277,734)	-	-	-
Final dividends for 2017/2018	-	-	-	-	-	-	-	(811,992)	(811,992)	-	(811,992)
Interim dividends for 2018/2019	-	-	-	-	-	-	-	(405,996)	(405,996)	-	(405,996)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,092,287)	(1,092,287)
Total contributions and distributions, recognised directly in equity	-	-	1,277,734	33	36	-	-	(2,396,330)	(1,118,527)	(1,111,707)	(2,230,234)
Balance as at 31st March 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

COMPANY INCOME STATEMENTS

	Quarter ended		Year ended	
	31st March		31st March	
	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	199,771	192,998	814,674	806,463
Revenue taxes	-	(3,078)	(9,134)	(13,293)
Net revenue	199,771	189,920	805,540	793,170
Other operating income	1,078,932	693,596	2,418,491	2,901,156
Employee benefits expense	(101,296)	(121,157)	(506,764)	(476,388)
Depreciation, amortisation and impairment (losses) / reversals of non-financial assets	(8,207)	(67,634)	(48,109)	(100,525)
Other operating expenses-indirect	(81,444)	(201,475)	(376,291)	(433,810)
Profit from operations	1,087,756	493,250	2,292,867	2,683,603
Finance income	195,745	216,213	820,259	831,667
Finance expenses	(385,722)	(355,740)	(1,492,994)	(1,226,907)
Net finance expense	(189,977)	(139,527)	(672,735)	(395,240)
Profit before tax	897,779	353,723	1,620,132	2,288,363
Income tax expenses	22,312	46,576	(20,178)	(78,968)
Profit for the period	920,091	400,299	1,599,954	2,209,395
Earnings per share				
Basic/Diluted (Rs.)	2.27	0.99	3.94	5.44

The above figures are subject to audit.

COMPANY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Quarter ended 31st March		Year ended 31st March	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Profit for the period	920,091	400,299	1,599,954	2,209,395
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Actuarial gains / (losses) on defined benefit obligations	18,142	13,963	18,142	13,963
Equity investments at FVOCI – net change in fair value	470	1,401	(2,247)	(4,625)
Income tax on other comprehensive income	(4,855)	(3,434)	(4,855)	(3,434)
Other comprehensive income for the period, (net of tax)	13,757	11,930	11,040	5,904
Total comprehensive income/(loss) for the period	933,848	412,229	1,610,994	2,215,299

The above figures are subject to audit.

COMPANY STATEMENTS OF FINANCIAL POSITION

<i>As at</i>	31.03.2020	31.03.2019
	Rs.'000	Rs.'000
ASSETS		
Non-current assets		
Property, plant & equipment	129,617	155,627
Investment properties	3,422,396	3,426,085
Intangible assets	18,583	8,229
Investments in subsidiaries	11,723,777	10,148,778
Investments in equity-accounted investees	2,786,545	2,786,545
Deferred tax assets	299,501	299,592
Other financial assets	21,654	40,568
	<u>18,402,073</u>	<u>16,865,424</u>
Current assets		
Inventories	3,172	2,058
Trade and other receivables	3,947,170	3,606,397
Current tax receivable	25,499	146,307
Deposits and prepayments	96,982	93,576
Other financial assets	10,141,146	10,268,044
Cash and short-term deposits	1,478,385	2,036,706
	<u>15,692,354</u>	<u>16,153,088</u>
Assets classified as held for sale	72,237	72,237
Total Assets	<u>34,166,664</u>	<u>33,090,749</u>
EQUITY AND LIABILITIES		
Equity		
Stated capital	2,135,140	2,135,140
Reserves	12,175,797	10,898,187
Retained earnings	2,566,361	3,038,249
Total Equity	<u>16,877,298</u>	<u>16,071,576</u>
Non-current liabilities		
Interest-bearing liabilities	2,826,859	2,757,893
Employee benefits	66,214	80,576
	<u>2,893,073</u>	<u>2,838,469</u>
Current liabilities		
Interest-bearing liabilities	182,626	1,303,220
Trade and other payables	7,094,876	7,207,918
Other financial liabilities	27,275	-
Bank overdrafts and other short-term borrowings	7,091,516	5,669,566
	<u>14,396,293</u>	<u>14,180,704</u>
Total Equity and Liabilities	<u>34,166,664</u>	<u>33,090,749</u>
Net assets per share (Rs.)	41.57	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,
21st May 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 year ended 31st March 2020

	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
Adjustment on initial application of IFRIC 23 (Note 9)	-	-	-	(196,278)	(196,278)
Adjusted balance as at 01st April 2019	2,135,140	10,917,492	(19,305)	2,841,971	15,875,298
Profit for the period	-	-	-	1,599,954	1,599,954
Other comprehensive income for the period	-	-	(2,022)	13,062	11,040
Total comprehensive income for the period	-	-	(2,022)	1,613,016	1,610,994
Transfer to general reserve	-	1,279,632	-	(1,279,632)	-
Final Dividends for 2018/2019	-	-	-	(608,994)	(608,994)
Balance as at 31st March 2020	2,135,140	12,197,124	(21,327)	2,566,361	16,877,298

For the year ended 31st March 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 2018	2,135,140	9,639,788	(12,661)	3,313,384	15,075,651
Adjustment on initial application of SLFRS 9, net of tax	-	-	(2,495)	1,109	(1,386)
Adjusted balance as at 01st April 2018	2,135,140	9,639,788	(15,156)	3,314,493	15,074,265
Profit for the period	-	-	-	2,209,395	2,209,395
Other comprehensive income for the period	-	-	(4,149)	10,053	5,904
Total comprehensive income for the period	-	-	(4,149)	2,219,448	2,215,299
Transfer to general reserve	-	1,277,704	-	(1,277,704)	-
Final dividends for 2017/2018	-	-	-	(811,992)	(811,992)
Interim dividends for 2018/2019	-	-	-	(405,996)	(405,996)
Balance as at 31st March 2019	2,135,140	10,917,492	(19,305)	3,038,249	16,071,576

STATEMENTS OF CASH FLOWS

<i>For the year ended 31st March</i>	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Cash flow from operating activities				
Profit before taxation	4,197,662	7,282,608	1,620,132	2,288,363
Adjustments for				
Depreciation and amortisation	4,112,097	2,903,256	48,109	47,001
Interest expense	2,857,834	1,680,144	1,484,982	1,222,137
(Gain) / loss on disposal of property plant and equipment	16,519	(59,035)	17,672	(2,234)
Gain on disposal of group investments	(54)	(800)	(54)	(800)
Gain on disposal of equity securities – at FVTPL	-	(510)	-	(509)
Loss on disposal of equity securities – at FVOCI	-	5,556	-	-
Interest income	(792,379)	(757,845)	(820,259)	(831,667)
Share of profit of equity-accounted investees (net of tax)	(251,484)	(389,241)	-	-
Impairment losses of investments in subsidiaries and equity-accounted investees	-	45,406	-	53,524
Impairment reversals of inventories	(21,260)	(30,560)	-	-
Impairment losses / (reversals) and write offs of trade & other receivables	158,761	(59,159)	-	58,925
Net foreign exchange (gain) / loss	482,627	495,589	188,164	223,969
Provision for retirement benefit obligations	189,907	200,225	14,626	21,415
	<u>6,752,568</u>	<u>4,033,026</u>	<u>933,240</u>	<u>791,761</u>
Operating profit before working capital changes	10,950,230	11,315,634	2,553,372	3,080,124
(Increase)/decrease in trade and other receivables	(689,783)	(1,547,864)	(340,773)	1,119,880
(Increase)/decrease in inventories	(611,333)	(645,325)	(1,114)	121
(Increase)/ decrease in deposits & prepayments	125,751	(537,848)	(3,406)	6,593
Increase/(decrease) in trade and other payables	111,413	627,848	23,639	1,237,417
Increase/(decrease) in other liabilities	(163,620)	549,892	-	-
	<u>(1,227,572)</u>	<u>(1,553,297)</u>	<u>(321,654)</u>	<u>2,364,011</u>
Cash generated from / (used in) operations	9,722,658	9,762,337	2,231,718	5,444,135
Interest paid	(2,579,363)	(1,684,997)	(1,459,043)	(1,217,088)
Income tax paid	(1,370,236)	(1,395,112)	(100,412)	(11,593)
Retirement benefit obligations paid	(151,690)	(178,056)	(10,847)	(61,875)
	<u>(4,101,289)</u>	<u>(3,258,165)</u>	<u>(1,570,302)</u>	<u>(1,290,556)</u>
Net cash flow from operating activities	5,621,369	6,504,172	661,416	4,153,579
Cash flow from investing activities				
Interest received from deposits	791,139	762,734	819,851	831,820
Investment in subsidiaries and equity-accounted investees	(24,202)	(128,590)	(1,575,000)	(2,296,535)
Investment in equity and debt securities	(20,849)	(20,236)	(20,849)	(20,236)
Net cash flow on divestment of subsidiaries	-	(14,024)	-	-
Purchase of property, plant and equipment	(9,811,758)	(11,556,526)	(27,978)	(66,232)
Purchase of intangible assets	(131,442)	(23,113)	(18,458)	(5,276)
Purchase of biological assets	(8,502)	(6,501)	-	-
Proceeds from disposal of property, plant and equipment	26,867	109,246	-	5,890
Proceeds from sale of equity and debt securities	67,500	92,886	54,167	52,662
Proceeds / (purchase) of other financial assets and liabilities (net)	(368,869)	(3,214,109)	105,471	(3,794,075)
Final liquidation proceeds of subsidiary	54	800	54	800
Dividends paid to non-controlling interests	(866,160)	(1,092,287)	-	-
Dividends received from equity-accounted investees	99,959	577,641	-	-
	<u>(10,246,263)</u>	<u>(14,512,079)</u>	<u>(662,742)</u>	<u>(5,291,182)</u>
Net cash flow from investing activities	(10,246,263)	(14,512,079)	(662,742)	(5,291,182)

STATEMENTS OF CASH FLOWS – CONTD.

<i>For the year ended 31st March</i>	Group		Company	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Cash flow from financing activities				
Proceeds from interest-bearing loans and borrowings	5,892,822	14,011,202	-	2,686,200
Repayment of interest-bearing loans and borrowings	(3,019,088)	(8,514,176)	(1,287,613)	(1,391,701)
Payment of lease liabilities	(744,118)	-	-	-
Issue of shares by subsidiaries	7,027	-	-	-
Dividends paid to equity holders of the parent	(745,675)	(1,073,867)	(745,675)	(1,073,867)
Net cash flow from financing activities	1,390,968	4,423,159	(2,033,288)	220,632
Net increase/(decrease) in cash and cash equivalents	(3,233,926)	(3,584,748)	(2,034,614)	(916,971)
Cash and cash equivalents at the beginning of the period (Note A)	(3,037,893)	459,471	(3,578,517)	(2,715,889)
Cash and cash equivalents at the end of the period	(6,271,819)	(3,125,277)	(5,613,131)	(3,632,860)
Cash and cash equivalents at the end of the period				
Cash at bank and in hand & deposits	6,594,267	7,932,428	1,478,385	2,036,706
Short-term bank borrowings	(12,866,086)	(11,057,705)	(7,091,516)	(5,669,566)
Cash and cash equivalent at the end of the period	(6,271,819)	(3,125,277)	(5,613,131)	(3,632,860)
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	87,384	(19,489)	54,343	(18,179)
Cash and cash equivalent as restated	(3,037,893)	459,471	(3,578,517)	(2,715,889)

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	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
<i>For the year ended 31st March</i>										
Total revenue generated	27,096,321	31,252,506	11,956,237	11,976,770	20,850,104	18,335,907	1,855,056	2,575,117	61,757,718	64,140,300
Less : Inter-segmental revenue	140,337	22,048	332,188	343,418	477,685	464,318	266,280	269,382	1,216,490	1,099,166
Less : Intra-segmental revenue	2,247,594	2,483,493	516,466	474,659	716,753	722,934	70,332	73,300	3,551,145	3,754,386
Total revenue with equity-accounted investees	24,708,390	28,746,965	11,107,583	11,158,693	19,655,666	17,148,655	1,518,444	2,232,435	56,990,083	59,286,748
Share of equity-accounted investees' revenue	(277,532)	(427,977)	(1,887,921)	(1,782,833)	(1,336,162)	(1,371,967)	(17,211)	(23,068)	(3,518,826)	(3,605,845)
Revenue from external customers	24,430,858	28,318,988	9,219,662	9,375,860	18,319,504	15,776,688	1,501,233	2,209,367	53,471,257	55,680,903
Profit from operations	1,744,218	3,785,371	1,835,608	1,761,512	2,319,888	2,177,541	301,639	292,027	6,201,353	8,016,451
Finance income	628,001	619,671	95,227	48,055	32,003	67,092	37,148	23,027	792,379	757,845
Finance expenses	(2,108,287)	(1,175,089)	(166,119)	(95,041)	(732,687)	(572,416)	(40,461)	(38,383)	(3,047,554)	(1,880,929)
Share of profit / (loss) of equity - accounted investees (net of tax)	(279,248)	(133,568)	488,665	411,272	42,579	119,340	(512)	(7,803)	251,484	389,241
Profit / (loss) before tax	(15,316)	3,096,385	2,253,381	2,125,798	1,661,783	1,791,557	297,814	268,868	4,197,662	7,282,608
Income tax expense	(581,788)	(936,582)	(389,075)	(399,560)	(281,213)	(102,626)	(58,612)	(72,490)	(1,310,688)	(1,511,258)
Profit / (loss) for the period	(597,104)	2,159,803	1,864,306	1,726,238	1,380,570	1,688,931	239,202	196,378	2,886,974	5,771,350

1.2 Segment analysis of Group assets

	Tourism sector		Maritime & freight logistics sector		Strategic investments		Services sector		Total	
	31.03.2020 Rs.'000	31.03.2019 Rs.'000	31.03.2020 Rs.'000	31.03.2019 Rs.'000	31.03.2020 Rs.'000	31.03.2019 Rs.'000	31.03.2020 Rs.'000	31.03.2019 Rs.'000	31.03.2020 Rs.'000	31.03.2019 Rs.'000
<i>As at</i>										
Segment assets	79,833,964	71,753,972	13,104,222	11,160,372	44,288,784	37,560,224	4,443,220	4,745,571	141,670,190	125,220,139
Investments in equity accounted investees	740,822	1,027,595	4,598,024	4,064,690	1,303,963	1,295,502	45,816	46,329	6,688,625	6,434,116
Goodwill on consolidation	-	-	-	-	-	-	-	-	941,835	906,066
Assets classified as held for sale	-	-	-	-	-	-	-	-	1,189,650	164,125
Eliminations / adjustments	-	-	-	-	-	-	-	-	(7,826,328)	(7,727,911)
Total assets	80,574,786	72,781,567	17,702,246	15,225,062	45,592,747	38,855,726	4,489,036	4,791,900	142,663,972	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 9.

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

The Board of Directors of the Company resolved to recommend a final ordinary dividend of Rs. 1.25 per share for the year 2019/2020 to be approved at the Annual General Meeting.

There were no other 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. Amendments to the income tax law announced by the Government

The income tax provision for the Company and the Group for the Financial Year 2019-2020 is calculated in accordance with the notice issued by the Department of Inland Revenue on the instructions of the Ministry of Finance on 12th February 2020 on the subject "Implementation of Proposed Changes to the Inland Revenue Act, No. 24 of 2017" and further amended by the notice issued by the Department of Inland Revenue dated on 8th April 2020. The Company and the Group has adopted the above on the basis that formal amendments to the Inland Revenue Act No 24 of 2017 would be made in the near future. In addition, the Company and the Group has calculated and remitted the income tax payments for the Financial year 2019-2020 on the same basis.

The Company and the Group has computed deferred taxes at the rates as legislated in the Inland Revenue Act, No. 24 of 2017, as per the guidelines issued by the CA Sri Lanka on "Application of Tax Rates in Measurement of deferred Tax" issued in 2015.

8. Impact due to the COVID – 19

The outbreak of COVID 19 has caused disruption to many local and global business and economic activities. The Group has been closely monitoring the impact of the pandemic on the Group's business operations as at year end and also in the immediate future. Commencing from the latter part of the financial year this global health hazard had an adverse impact on many of the Group's operations. Some of the companies in certain sectors operated on a reduced scale, while the companies in the tourism sector have temporarily ceased operations after the year end. Some companies involved in essential services such the Maritime and Freight Logistics, Power Generation and Plantations operated as usual. Most of the back-office operations of the Group continued to function remotely and/or in the workplaces as required.

Group has implemented all possible measures for the safety of the staff employed in all locations operating, adhering to Government and health authority guidelines and rules.

Considering the global economic impact of the virus and its effect on the Group, adjustments have been made to certain reported balances as at 31st March 2020. The Group is closely monitoring the liquidity position of all subsidiaries and is availing itself of the concessions granted by lending institutions to certain sectors, while servicing other existing debt requirements and managing the working capital.

NOTES TO THE FINANCIAL STATEMENTS - CONTD.

The Group has considered the “Guidance Notes on Accounting Considerations of the COVID 19 Outbreak (updated on 11th May 2020)” and “FREQUENTLY ASKED QUESTIONS (FAQs) on Guidance Notes on Accounting Considerations of the COVID 19 Outbreak (updated on 11th May 2020)” issued by CA Sri Lanka, when preparing these financial statements.

9. New accounting standards and interpretations

9.1 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.

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	12,104,175
Leasehold properties	(2,214,519)
Pre-paid operating leases	(2,443,198)
Investments in equity-accounted investees	845
Deferred tax assets	79,566
Deposits and prepayments	(208,249)
Total Assets	<u>7,369,288</u>
Equity	
Retained earnings	(751,487)
Non-controlling interests	(142,417)
	<u>(893,904)</u>
Liabilities	
Interest bearing liabilities	9,034,626
Deferred tax liabilities	(116,665)
Other liabilities	(654,004)
Other payables	(765)
	<u>8,263,192</u>
Total Equity & Liabilities	<u>7,369,288</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTD.

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. 13.2 billion as right-of-use assets and Rs. 11.1 billion as lease liabilities as at 31 March 2020 in the statement of financial position. Also, in relation to those leases under SLFRS 16, the Group recognised Rs. 926.8 million of depreciation charges and Rs. 685.1 million of interest costs during the year ended 31 March 2020 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. 140.0 million.

9.2 IFRIC 23 – Uncertainty over income tax treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 - Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Group has applied significant judgement in identifying uncertainties over income tax treatments and has considered each uncertain tax treatment separately and used the approach that would predict the resolution of the uncertainty.

Upon adoption of the interpretation, except for the uncertain income tax positions recognised in the equity of Rs. 197.4 million under initial application, the Group determined that its tax treatments will be accepted by the taxation authorities.

NOTES TO THE FINANCIAL STATEMENTS - CONTD.

NON FINANCIAL INFORMATION

31.03.2020

1. Stated Capital

Number of shares represented by the stated capital (31.03.2019 - 405,996,045)	405,996,045
Number of Public Shareholders	5,406
Percentage of shares held by the Public	45.68%
Floated adjusted market capitalisation - Rs.'000	5,693,631

As the floated adjusted market capitalisation is over 5.0 billion, Aitken Spence PLC complies under option 3 with the minimum public holding requirement.

2. Shares Traded

Market Price per Share - Last traded (Rs.)	30.80
Market Price per Share - Highest (Rs.)	47.00
Market Price per Share - Lowest (Rs.)	29.00

3. Shareholding of Directors

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

	Name of Director	Position	31.03.2020	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	525,495	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 March 2020 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	East West Properties PLC	3,493,663	0.86
9	Stassen Exports (Pvt) Limited	3,244,500	0.80
10	Ms. A.T. Wickremasinghe	3,211,975	0.79
11	Mrs. K. Fernando	3,135,070	0.77
12	Mr. G.Wickremasinghe	3,019,090	0.74
13	Northern Trust Company S/A Hosking Global Fund PLC	2,657,507	0.65
14	Employees Trust Fund Board	2,621,870	0.65
15	Bank of Ceylon No. 1 Account	2,596,230	0.64
16	National Savings Bank	2,493,516	0.61
17	SSBT-Retail Employees Superannuation Trust	1,742,951	0.43
18	Sampath Bank PLC / Dr. T. Senthilverl	1,350,663	0.33
19	Mr. A.B. Rodrigo (Deceased)	1,284,720	0.32
20	Sri Lanka Insurance Corporation Limited - Life Fund	1,263,348	0.31

NOTES TO THE FINANCIAL STATEMENTS - CONTD.

CORPORATE INFORMATION

as at 31st March 2020

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.