limitless

EXPOLANKA HOLDINGS PLC

INTERIM REPORT

NINE MONTH ENDED 31ST DECEMBER
2019

CEO Message

I am pleased to submit the 3rd quarter Interim Financial Report of your company, reflecting the company's performance for the quarter and the year.

As a business, we are operating in a challenging business environment, with several external factors having impacted our business during the year. However the group remained resilient in its efforts to focus on its core business operations, drive growth and continued to bring in efficiencies in its operations.

Given all the above factors the group was able to record a revenue of Rs. 27.8BN for the quarter, slightly ahead of last year. Inspite of the Margin challenges, the group recorded a Gross Profit of Rs. 4.9BN and a Profit after Tax of Rs. 403MN for the quarter.

Logistics Sector

The performance of the logistics sector of the group was impacted by the challenging external environment. The Air Freight market had recently witnessed its 10th straight month of volume decline on a year on year basis, primarily as a result of trade protectionism strategies and market uncertainties.

In the above backdrop, EFL continued to focus its attention on consolidating its Air Freight operations during the period which has resulted in stability in its operating volumes. The ocean freight segment of the business continued to grow steadily, with renewed focus on this segment of the business. The sector was able to generate a revenue of Rs. 26.5 BN, in line with the performance last year.

Despite Volumes being stable, the Yields of the business saw a decline during the quarter. Nevertheless, the sector was able to generate a Gross Profit of Rs. 4.5BN for the quarter slightly below the performance last year.

The group continued its intended strategy of acquiring customers, focusing on volumes, and devising strategies to optimize yields.
Our ability to remain agile, flexible and remain customer centric has enabled us to sustain our operations during the year.

The Transpacific operations maintained its performance during the quarter, despite margin challenges and all other external factors, enabling the North America trade lane to return stable results during the year. The Intra Asia & Europe Trade Lanes continued to perform to our expectations, augmenting the overall business of the sector.

The Warehouse operations continued to grow consistently during the quarter, further strengthening its operations and delivering profitable returns to the sector. The focus of the business has remained on driving volumes to the operations, efficiency augmented through service innovations.

Following through on an important strategic consideration, the sector has continued to invest into technology and digitization of its operations. Central to this, is the ERP implementation undertaken by the business. The sector is currently focusing on driving value of the ERP investments by implementing efficiencies & building synergies across the operation, which is intended to deliver long term sustainable advantage to the business.

The immediate short term ahead for the group will remain challenging as the global headwinds impacts the industry as a whole will continue to remain in the business, however your company will continue to direct its efforts towards growth, efficiency and innovation over the next several months driving forward its vision of being a leading logistics company.

Leisure Sector

Profit consolidation was the focus of the sectors performance during the quarter. The core corporate travel business segment of the sector continued to remain stable, however the sector has not been able to overcome the challenges faced in the Inbound and Vacation segments of the operation.

The sector delivered, gross profits of Rs. 278MN for the quarter enabling the sector to stabilize its Profit after tax at Rs. 35MN.

Competitive pricing, and slowdown in the inbound and vacation operations are the primary issues faced the sector. The fundamental operations of the business remain strong and the sector is deploying strategies that would overcome this transitionary period.
Looking forward, the sector is focused on driving Customer experience, service portfolio enhancement, digital adoption which are some of the key initiatives undertaken by the sector to augment its positioning further in the market

Investment Sector

Meanwhile, the group's investment sector, which includes the group's export operations, IT services and corporate office contributed a further, Rs. 899 million, towards group turnover during the quarter. The focus continues to remain driving operational and cost efficiencies for the business within the sector.

Hanif Yusoof
Group CEO

05 February 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Un Audited 31.12.2019	Audited 31.03.2019
ASSETS		
Non-current Assets		
Property, plant and equipment	3,167,491,571	3,961,747,782
Right-of-use assets	3,533,142,939	-
Intangible assets	655,015,176	635,099,255
Investment in an associate and joint ventures	260,564,603	237,698,403
Other financial assets	2,535,008	145,023,258
Deferred income tax assets	179,686,520	186,779,308
Prepayments and other assets	322,448,366	234,548,242
	8,120,884,183	5,400,896,248
Current Assets		
Inventories	158,291,073	122,879,282
Trade and other receivables	23,506,791,342	21,302,591,358
Amount due from related parties	32,248,036	47,389,747
Prepayments and other assets	2,101,875,231	1,795,751,200
Other financial assets	187,235,520	194,276,010
Income tax recoverable	413,213,433	275,912,047
Cash and cash equivalents	5,658,189,864	4,456,865,049
	32,057,844,499	28,195,664,693
Total Assets	40,178,728,682	33,596,560,941
EQUITY AND LIABILITIES		
Stated capital	4,097,985,000	4,097,985,000
Reserves	1,131,796,043	983,692,993
Retained earnings	8,805,789,749	9,193,919,473
Equity attributable to equity holders of parent	14,035,570,792	14,275,597,466
Non-controlling Interest	1,584,893,355	1,511,718,909
Total Equity	15,620,464,147	15,787,316,375
Non-current liabilities		
Financing and lease payables	5,820,718,236	1,198,889,432
Deferred income tax liabilities	644,227	482,305
Retirement benefit obligation	555,000,018	514,217,666
	6,376,362,481	1,713,589,403
Current liabilities		
Financing and lease payables	6,784,815,961	4,132,734,967
Trade and other payables	11,193,425,329	11,517,862,977
Amount due to related parties	34,190,546	35,655,019
Income tax liabilities	169,470,218	409,402,200
	18,181,902,054	16,095,655,163
Total Equity and liabilities	40,178,728,682	33,596,560,941
Net asset per share	7.18	7.30

These financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

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Mushtaq Ahamed
Director - Group Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by,

.....
Hanif Yusoof
Director

.....
Sanjay Kulatunga
Director

05th February 2020

CONSOLIDATED INCOME STATEMENT

	Quarter ended 31st December			Nine months ended 31st December		
	Un-Audited 2019	Un-Audited 2018	Change %	Un-Audited 2019	Un-Audited 2018	Change %
Revenue from contracts with customers	27,822,148,614	27,784,994,160	0.13	79,472,596,649	72,716,120,619	9.29
Cost of sales	(22,915,604,284)	(22,602,783,690)	1.38	(64,868,118,523)	(59,083,495,509)	9.79
Gross profit	4,906,544,331	5,182,210,469	(5.32)	14,604,478,126	13,632,625,109	7.13
Other income and gains	64,267,430	217,625,590	(70.47)	349,239,328	530,401,784	(34.16)
Administrative expenses	(3,988,349,759)	(4,077,525,460)	(2.19)	(13,368,129,648)	(10,992,533,432)	21.61
Selling and distribution cost	(264,651,833)	(342,157,803)	(22.65)	(803,111,687)	(931,113,257)	(13.75)
Finance cost	(134,926,575)	(76,519,357)	76.33	(361,309,680)	(186,682,954)	93.54
Finance income	64,456,528	13,711,287	370.10	66,135,360	43,421,798	52.31
Share of results of equity accounted investees	1,211,552	11,029,423	(89.02)	29,689,681	42,111,047	(29.50)
Profit before tax	648,551,673	928,374,150	(30.14)	516,991,480	2,138,230,095	(75.82)
Tax expense	(245,528,550)	(337,394,434)	(27.23)	(622,049,284)	(804,451,392)	(22.67)
Profit for the period	403,023,123	590,979,715	(31.80)	(105,057,804)	1,333,778,703	(107.88)
Attributable to:						
Equity holders of the parent	302,280,293	469,631,432	(35.63)	(374,965,050)	1,065,336,539	(135.20)
Non- Controlling Interest	100,742,830	121,348,283	(16.98)	269,907,247	268,442,164	0.55
	403,023,123	590,979,715		(105,057,804)	1,333,778,703	
Basic earnings per share	0.15	0.24		(0.19)	0.54	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31st December		Nine months ended 31st December	
	Un-Audited 2019 Rs.	Un-Audited 2018 Rs.	Un-Audited 2019 Rs.	Un-Audited 2018 Rs.
Profit for the period	403,023,123	590,979,715	(105,057,804)	1,333,778,703
Other comprehensive income to be reclassified to statement of profit or loss in subsequent periods				
Net Exchange differences on translation of foreign operations	(26,560,464)	706,441,831	136,238,615	966,895,949
Net other comprehensive income to be reclassified to statement of profit or loss in subsequent periods	(26,560,464)	706,441,831	136,238,615	966,895,949
Other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods				
Net (loss)/gain on financial instruments at fair value through OCI	-	(1,581,925)	(2,372,887)	(1,581,925)
Sale of AFS financial Instruments at fair value through OCI	-	-	1,072,649	-
Net other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods	-	(1,581,925)	(1,300,238)	(1,581,925)
Other comprehensive income for the year, net of tax	(26,560,464)	704,859,906	134,938,377	965,314,024
Total comprehensive income for the year, net of tax	376,462,659	1,295,839,622	29,880,574	2,299,092,727
Attributable to:				
Equity holders of the parent	243,906,933	1,174,491,338	(274,155,330)	2,030,650,563
Non-controlling Interest	132,555,725	121,348,283	304,035,904	268,442,164
	376,462,659	1,295,839,622	29,880,574	2,299,092,727

CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 31st December	Un Audited 2019	Un Audited 2018
Cash Flows From / (Used in) Operating Activities		
Profit before Income Tax Expenses	516,991,480	2,138,230,095
Adjustments for,		
Depreciation	1,312,319,260	350,734,320
Amortization	41,438,530	37,108,043
Amortization of prepayment and other assets	77,309,307	42,437,128
Investment Income	(63,746,502)	(26,423,184)
Profit on Sale of Property, Plant and Equipment	(2,114,384)	(8,726,123)
Profit / Loss on Sale of Subsidiaries	8,195,545	-
Dividend Income	(2,388,858)	(16,998,614)
Finance Cost	246,504,327	186,682,954
Share of results of equity accounted investees	(29,689,681)	(42,111,047)
Allowances for Expected Credit Losses	102,807,828	151,484,059
Provision for Defined Benefit Plans	116,466,336	87,363,645
Operating Profit / (Loss) before Working Capital Changes	2,379,506,939	2,899,781,276
(Increase)/Decrease in Inventories	(35,411,791)	19,482,678
(Increase)/Decrease in Trade and Other Receivables	(2,124,362,604)	(5,925,673,836)
(Increase)/Decrease in Prepayments	(394,606,809)	(396,156,271)
Increase/ (Decrease) in Trade and Other Payables	(437,897,680)	3,968,946,052
Cash Generated from Operations	(612,771,946)	566,379,899
Finance Cost paid	(246,504,327)	(186,682,954)
Income Tax Paid	(992,015,574)	(696,576,696)
Defined Benefit Plan Costs paid	(76,065,671)	(90,601,466)
Net Cash From / (Used in) Operating Activities	(1,987,351,397)	(407,481,217)
Cash Flows From / (Used in) Investing Activities		
Investment Income Received	63,746,502	26,423,184
Acquisition of Property, Plant and Equipment	(394,015,146)	(364,048,694)
Net Acquisition of Intangible assets	(43,831,788)	(82,443,824)
Proceeds from Sale of Property, Plant and Equipment	27,161,506	54,451,114
Other current Investments (net)	1,233,627	(24,583,247)
Sales Proceeds from Disposal of Equity Investment	103,931,082	-
Net Acquisition of Subsidiaries, net of Cash Aquired	(15,174,909)	-
Dividend Received	9,212,340	26,591,529
Additions to prepayment and other asset	(87,900,124)	(339,497,026)
Proceeds from Sale of Subsidiaries	7,646,224	-
Net Cash Used in Investing Activities	(378,101,111)	(703,106,964)
Net Cash Flows Used in Financing Activities		
Proceeds From Financing	4,847,552,690	1,727,959,931
Repayment of Financing and Lease	(1,584,758,717)	(312,959,485)
Dividends Paid to Minority Share holders	(182,369,104)	(25,476,882)
Net Cash From / (Used in) Financing Activities	3,080,424,869	1,389,523,564
Effect of Exchange Rate Changes	256,029,615	778,069,702
Net Increase / (Decrease) in Cash and Cash Equivalents	971,001,977	1,057,005,084
Cash and Cash Equivalents at the beginning of the year	4,216,366,784	2,793,673,780
Cash and Cash Equivalents at the end of the year	5,187,368,761	3,850,678,864

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of parent					Non-controlling Interest	Total Equity
	Stated Capital	Fair Value Reserve of Finance Assets of FVOCI	Foreign Currency Translation Reserve	Retained Earnings	Total		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 1 April 2019	4,097,985,000	(11,864,435)	995,557,428	9,193,919,472	14,275,597,465	1,511,718,909	15,787,316,374
Profit for the period	-	-	-	(374,965,050)	(374,965,050)	269,907,247	(105,057,804)
Other comprehensive income	-	(1,300,238)	136,238,615	-	134,938,377	-	134,938,377
Total comprehensive income	-	(1,300,238)	136,238,615	(374,965,050)	(240,026,673)	269,907,247	29,880,574
Dividend	-	-	-	-	-	(182,369,104)	(182,369,104)
Transfer due to sale of Quarted equity shares	-	13,164,673	-	(13,164,673)	-	-	-
Disposal of Subsidiaries	-	-	-	-	-	(14,363,697)	(14,363,697)
As at 3st Dec 2019	4,097,985,000	-	1,131,796,043	8,805,789,749	14,035,570,792	1,584,893,355	15,620,464,147
As at 1 April 2018	4,097,985,000	-	603,849,826	8,075,240,613	12,777,075,440	1,250,977,852	14,028,053,292
Profit for the period	-	-	-	1,065,336,539	1,065,336,539	268,442,164	1,333,778,703
Other comprehensive income	-	(1,581,925)	966,895,949	-	965,314,024	-	965,314,024
Total comprehensive income	-	(1,581,925)	966,895,949	1,065,336,539	2,030,650,563	268,442,164	2,299,092,727
Dividend	-	-	-	-	-	(25,476,882)	(25,476,882)
Changes in holdings during the year	-	-	-	(2,381,206)	(2,381,206)	2,381,206	-
As at 3st Dec 2018	4,097,985,000	(1,581,925)	1,570,745,775	9,138,195,947	14,805,344,797	1,496,324,339	16,301,669,137

COMPANY STATEMENT OF FINANCIAL POSITION

As at	Un Audited 31.12.2019	Audited 31.03.2019
ASSETS		
Non-current assets		
Property, plant and equipment	29,726,388	24,518,180
Right of Use Assets	32,727,550	-
Intangible assets	2,298,930	1,806,250
Investments in subsidiaries	4,570,327,815	4,570,227,815
Investment in associate	43,990,000	43,990,000
Other investments	-	142,561,786
	4,679,070,683	4,783,104,031
Current assets		
Trade and Other Receivables	2,714,093	4,540,000
Amounts Due from Related Parties	384,475,699	170,934,629
Prepayments	19,114,925	21,696,144
Other Financial assets	486,016	451,656
Cash and cash equivalents	353,113,810	155,779,974
	759,904,543	353,402,404
Total Assets	5,438,975,226	5,136,506,435
EQUITY AND LIABILITIES		
Equity attributable to equity holders of parent		
Stated capital	4,097,985,000	4,097,985,000
Reserves	(13,164,671)	(11,864,435)
Retained earnings/ (losses)	122,125,079	238,138,521
Total equity	4,206,945,408	4,324,259,086
Non-current liabilities		
Financing and lease payables	792,356,743	691,284,493
Retirement benefit obligation	23,508,007	22,958,932
	815,864,750	714,243,425
Current liabilities		
Financing and lease payables	13,805,556	-
Trade and other payables	395,630,077	91,997,265
Amounts Due to Related Parties	6,729,435	6,006,658
	416,165,068	98,003,923
Total equity and liabilities	5,438,975,226	5,136,506,434
Net asset per share	2.15	2.21

These financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

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Mushtaq Ahamed
Director - Group Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by,

.....
Hanif Yusoof
Director

.....
Sanjay Kulatunga
Director

05th February 2020

COMPANY INCOME STATEMENT

	Quarter ended 31st December			Nine months ended 31st December		
	Un-Audited 2019 Rs.	Un-Audited 2018 Rs.	Change %	Un-Audited 2019 Rs.	Un-Audited 2018 Rs.	Change %
Revenue	31,260,000	26,760,000	16.82%	93,780,000	80,430,000	16.60%
Other income and gains	175,847	198,656	-11.48%	8,407,450	493,263	1604.45%
Administrative expenses	(67,614,361)	(108,703,908)	-37.80%	(195,741,885)	(302,974,139)	-35.39%
Selling and distribution costs	(2,220,364)	(3,863,559)	-42.53%	(10,935,668)	(14,355,360)	-23.82%
Finance Income	7,261	1,745,558	-99.58%	6,846,556	24,992,324	-72.61%
Finance cost	(2,217,798)	(3,033,936)	-26.90%	(10,515,285)	(5,340,011)	96.92%
Profit before tax	(40,609,415)	(86,897,190)	-53.27%	(108,158,832)	(216,753,922)	-50.10%
Income tax expense	-	-	0.00%	(7,854,610)	-	0.00%
Profit for the period	(40,609,415)	(86,897,190)	206.00%	(116,013,442)	(216,753,922)	-46.48%

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31st December		Nine Months ended 31st December	
	Un audited	Un audited	Un audited	Un audited
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Loss for the period	(40,609,415)	(86,897,190)	(116,013,442)	(216,753,922)
Other comprehensive income not to be reclassified to statement of profit/loss in subsequent period				
Loss on financial instruments at fair value through OCI	-	(1,581,925)	(1,300,236.08)	(1,581,925)
Other comprehensive income not to be reclassified to statement of profit/loss in subsequent period	-	(1,581,925)	(1,300,236)	(1,581,925)
Total comprehensive income for the year, net of tax	(40,609,415)	(88,479,115)	(117,313,678)	(218,335,847)

COMPANY STATEMENT OF CASH FLOWS

For the nine months ended 31st December	Un Audited 2019	Un Audited 2018
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Loss before income tax expenses	(108,158,832)	(216,753,920.00)
Adjustments for,		
Depreciation	24,913,148	7,169,689.00
Amortization	588,750	588,750.00
Income from investments	(23,075)	(698,189.00)
Profit / Loss on sale of Investments	1,300,236	(8,000.00)
Dividend Income	(6,823,482)	(24,292,670.00)
Finance Cost	8,021,119	5,340,011.00
Provision for defined benefit plans	1,618,275	1,618,275.00
Operating profit / (loss) before working capital changes	(78,563,861)	(227,036,054.00)
(Increase)/Decrease in trade and other receivables	(211,715,163)	122,321,218.00
(Increase)IDecrease in Amount Due from Related party	2,581,219	(222,837,603.00)
(Increase)/Decrease in Prepayments	2,581,219	2,606,966.00
Increase/(Decrease) in trade and other payables	340,385,821	36,283,743.00
Cash generated from / (used in) operations	52,688,016	(288,661,730.00)
Finance Cost paid	(8,021,119)	(5,340,011.00)
Income Tax Paid	(7,854,610)	-
Defined benefit plan costs paid	(1,069,200)	(425,850.00)
Net cash from / (used in) operating activities	35,743,087	(294,427,591.00)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Investment income received	23,075	-
Acquisition of property, plant and equipment	(20,477,587)	(2,172,622.00)
Proceeds from Sale of Property, Plant and Equipment	(1,081,430)	8,000.00
Acquisition of intangible assets	(1,081,430)	-
Net Other current Investment	(34,360)	188,654.00
Investment in Subsidiaries	(100,000)	-
Sales Proceeds from Disposal of Equity Investment	103,931,082	-
Dividend Received	6,823,482	24,292,670.00
Net cash flows from / (used in) investing activities	89,084,262	23,014,891.00
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Proceeds from financing and lease	90,144,005	281,279,135.00
Repayment of financing and lease	(17,742,928)	-
Net cash flows from / (used in) financing activities	72,401,077	281,279,135.00
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	197,228,426	9,866,435.00
CASH AND CASH EQUIVALENTS AT THE BEGINNING	155,779,974	34,943,014.00
CASH AND CASH EQUIVALENTS AT THE END	353,008,400	44,809,449.00

COMPANY STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.	Fair Value Reserve Of Financial Assets at FVOCI Rs.	Retained Earnings Rs.	Total Rs.
As at 01 April 2019	4,097,985,000	(11,864,435)	238,138,521	4,324,259,086
Loss for the period			(116,013,442)	(116,013,442)
Other comprehensive income		(1,300,236)	-	(1,300,236)
Total comprehensive income		(1,300,236)	(116,013,442)	(117,313,678)
As at 31st December 2019	4,097,985,000	(13,164,671)	122,125,079	4,206,945,408
As at 1 April 2018	4,097,985,000	-	537,552,216	4,635,537,216
Profit for the period	-	-	(216,753,922)	(216,753,922)
Other comprehensive income	-	(1,581,925)	-	(1,581,925)
Total comprehensive income	-	(1,581,925)	(216,753,922)	(218,335,847)
As at 31st December 2018	4,097,985,000	(1,581,925)	320,798,294	4,417,201,369

SEGMENT ANALYSIS OF REVENUE AND PROFIT / (Loss)

Logistics For the nine months ended 31st December	Un-Audited 2019	Un-Audited 2018	Change %
Revenue	75,952,626,112	69,448,188,624	9
Earnings Before finance cost and Tax	967,672,410	2,485,598,323	(61)
Profit / (Loss) before tax	691,427,549	2,351,527,070	(71)
Profit / (Loss) for the period	112,794,151	1,576,556,624	(93)

Leisure For the nine months ended 31st December	Un-Audited 2019	Un-Audited 2018	Change %
Revenue	991,478,070	1,032,447,899	(4)
Earnings Before finance cost and Tax	202,599,627	243,025,518	(17)
Profit before tax	170,154,350	228,682,600	(26)
Profit for the period	138,410,810	198,888,266	(30)

Investment For the nine months ended 31st December	Un-Audited 2019	Un-Audited 2018	Change %
Revenue	2,528,492,467	2,235,484,096	13
Loss Before finance cost and Tax	(291,970,877)	(403,710,792)	(28)
Loss before tax	(344,590,419)	(441,979,575)	(22)
Loss for the period	(356,262,765)	(441,666,188)	(19)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Expolanka Holdings PLC is a public limited Company incorporated and domiciled in Sri Lanka and ordinary shares of the Company are listed on the Colombo Stock Exchange. The interim financial statements of the Group and the Company for the three months ended 31st of December 2019 were authorized for issue by the Board of Directors on 5th of February 2020.

2. Basis for preparation

The interim condensed financial statements of Expolanka Holdings PLC have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 – Interim Financial Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statement for the year ended 31st March 2019.

The presentation and classification of the financial statements of the previous period have been amended. Where relevant, for better presentation and to be comparable with those of the current period.

The interim condensed financial statements are presented in Sri Lankan Rupees (LKR).

3. Comparative Information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and classification of the Financial Statement of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

The Group applied SLFRS 16 with effect from 1 April 2019. Due to the transition method chosen in applying these standards, comparative information throughout these financial statements have not been restated to reflect the requirements of the new standards.

4. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2019, except for the adoption of new standards effective as of 1 April 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.The Group applies, for the first time, SLFRS 16 Leases. As required by LKAS 34, the nature and effect of these changes are disclosed below.

SLFRS 16 supersedes SLAS 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under SLFRS 16 is substantially unchanged under SLAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SLAS 17. Therefore, SLFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted SLFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

	Group	Company
Assets		
Right-of-use assets	3,533,142,939	35,722,806
Property, plant and equipment	(835,006,470)	(10,681,575)
Total Assets	2,698,136,469	25,041,230
Liabilities		
Financing and lease payables	2,774,966,736	27,110,634
Total Liabilities	2,774,966,736	27,110,634
Total Net Assets	(76,830,268)	(2,069,404)
Total Adjustment on Equity		
Retained earnings	(69,936,981)	(2,069,404)
Reserves	(587,904)	
Non-controlling Interest	(6,305,382)	
Total Equity	(76,830,268)	(2,069,404)

a). Nature of the effect of adoption of SLFRS 16

The Group has lease contracts for various items such as lands, offices, warehouses, retail stores and vehicles. Property leases are the major asset included in the right of use assets category, typically made for in between 1 to 30 years of lease term and have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. On adoption of SLFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of the transition date.

Leases previously classified as finance leases

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. 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 based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of SLFRS 16, which have been applied from the date of initial application:

Right of use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Amounts recognised in the statement of financial position and income statement set out below, are the carrying amounts of the Group's right of use assets and lease liabilities and the movements for the period ended 31st December 2019.

Amounts in LKR Mn	Right-Of-Use Assets				Lease Liabilities
	Leasehold Properties	Motor Vehicles	Plant & Machinery	Total	
Opening Balance	-	-	-	-	142
Additions	3,639	-	20	3,659	3,342
Transfers	738	3	74	815	-
Depreciation	(966)	(2)	(22)	(988)	-
Disposal	-	1	(2)	(1)	-
Acquisition of Subsidiaries	1	-	-	1	-
Interest Accrued	-	-	-	-	11
Payments	-	-	-	-	(525)
Exchange translation difference	51	-	1	52	65
Closing Balance	3,460	4	71	3,538	3,035

NOTES TO THE FINANCIAL STATEMENTS

Share Information

5.1 Public share holding

The percentage of shares held by the public as at 31st of Dececmber 2019 was

Issued Share Capital as at 31st December 2019	1,954,915,000
Less	
Parent Company	1,333,141,210
Subsidiaries or Associate Companies of Parent	0
Subsidiaries or Associate Companies	0
Directors shareholding	147,021,464
Key Management Personnel	24,000
Spouses & Children under 18 of Directors	0
Chief Executive Officer's Shareholding (included in Directors shareholding)	0
CEO's Spouse & Children(included in Spouses & Children under 18 of Directors)	0
Public Holding	**474,728,326**
Public Holding as a % of Issued Share Capital	**24.28%**
Total No. of Shareholders representing the Public Holding as at 31st December 2019	**7,018**

5.2 Directors share holdings

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

	31.12.2019	30.09.2019
	No of Shares	No of Shares
Naosuke Kawasaki	Nil	Nil
Hanif Yusoof	147,021,464	147,021,464
Yoshifumi Matsubara	Nil	Nil
Sanjay Kulatunga	Nil	Nil
Harsha Amarasekera	Nil	Nil
Motonori Matzusono	Nil	Nil

5.3 Twenty largest shareholders of the Company are as follows;

	Name of the Share Holder	As at 31 December 19	%	As at 30 Sep 19	%
1	SG HOLDINGS GLOBAL PTE.LTD	1,333,141,210	68.19%	1,333,141,210	68.19%
2	CACEIS BANK, LUXEMBOURG BRANCH-BAR-CA GLOBAL MASTER FUND LP	173,811,433	8.89%	173,811,433	8.89%
3	MR. H. YUSOOF	147,021,464	7.52%	147,021,464	7.52%
4	BBH-MATTHEWS EMERGING ASIA FUND	94,231,424	4.82%	94,231,424	4.82%
5	MR. F. KASSIM	23,560,811	1.21%	23,560,811	1.21%
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	9,499,000	0.49%	9,499,000	0.49%
7	E.W. BALASURIYA & CO. (PVT) LTD	7,591,805	0.39%	7,591,805	0.39%
8	J.B. COCOSHELL (PVT) LTD	6,654,288	0.34%	10,161,962	0.52%
9	MR. S. KASSIM	5,401,559	0.28%	5,401,559	0.28%
10	MRS. V. SARASWATHI	4,036,860	0.21%	4,036,860	0.21%
11	EMPLOYEES TRUST FUND BOARD	3,486,700	0.18%	3,486,700	0.18%
12	HALLSVILLE TRADING GROUP INC.	3,000,000	0.15%	3,000,000	0.15%
13	MR. M.H. OMAR	2,898,660	0.15%	2,898,660	0.15%
14	HATTON NATIONAL BANK PLC- ASTRUE ALPHA FUND	2,672,654	0.14%	2,757,905	0.14%
15	DEUTSCHE BANK AG AS TRUSTEE TO CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND	2,622,016	0.13%	2,622,016	0.13%
16	MR. K.A.S.R. NISSANKA	2,000,000	0.10%	4,500,000	0.23%
17	MR. A.M. WEERASINGHE	1,956,966	0.10%	1,956,966	0.10%
18	MISS. N.T.M.S. COORAY	1,821,011	0.09%	1,821,011	0.09%
19	JANASHAKTHI INSURANCE PLC - NON PAR	1,780,100	0.09%	1,780,100	0.09%
20	BANK OF CEYLON	1,716,193	0.09%	1,716,193	0.09%

5.4. Stated capital

Stated capital is represented by the number of shares in issue as given below;

As at	31st December 2019	30th September 2019
Ordinary Shares	1,954,915,000	1,954,915,000

5.5. Earnings per share

Earnings per share have been calculated for all periods based on the number of shares in issue as at the end of each period.

5.6. Market price per share

For the three months ended 31st December	2019 RS	2018 RS
Highest	5.40	4.30
Lowest	4.80	3.80
Last Traded	5.10	4.00

5.7. Float Adjusted Market Capitalization

As at	31.12.2019	30.09.2019
Public shareholding (%)	24.28%	24.28%
Public Shareholders	7,018	6,947
Float adjusted market capitalization	2,420,732,146.20	2,468,197,482.40

Expolanka Holdings PLC complies with the Minimum Public Holding requirement under option 4 as listed out in section 7B (a) of CSE Listing Rules.

5.8 Contingencies, capital and other commitments

There has been no significant change in the nature of the contingencies, capital and other commitments, which were disclosed in the Annual Report for the year ended 31 March 2019.

• Expolanka USA LLC

At a mediation held in New Jersey USA, resolved to conclude the dispute between RCS Logistics Inc and ourselves with a full and final payment of USD 6.75 Million without the acceptance of liability.

Accordingly, the interim financial statements of Expolanka Holdings PLC has recorded a provision on this behalf under administrative expenses.

• Indemnification of VAT Liability – APIIT

During the period, Expolanka Holdings PLC has divested the investment in APIIT and all indemnities have been withdrawn along with the sale.

5.9 Events after the reporting period

There has been no events subsequent to the reporting period, which require disclosure in the interim condensed financial statements.

CORPORATE INFORMATION

Name of Company
Expolanka Holdings PLC

Legal Form
The Company is a Public Limited Liability Company. Incorporated in Sri Lanka on 05th March 2003 as a Private Limited Liability Company under the Companies Act No. 17 of 1982 and re-registered on 11th November 2008 as a Public Limited Liability Company under the Companies Act No 07 of 2007. Currently ordinary shares have been listed on the Colombo Stock Exchange.

Company Registration Number
P B 744

Board of Directors

Naosuke Kawasaki – Chairman
Hanif Yusoof – Chief Executive Officer
Yoshifumi Matsubara
Harsha Amarasekera
Sanjay Kulatunga
Motonori Matzusono

Registered office of the Company
10, Milepost Avenue,
Colombo 03
Sri Lanka

Audit Committee
Sanjay Kulatunga – Chairman
Harsha Amarasekera

CORPORATE INFORMATION

Remuneration Committee

Harsha Amarasekera – Chairman

Sanjay Kulatunga

Contact Details

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CORPORATE INFORMATION

Bankers

Amana Bank
Bank of Ceylon
Commercial Bank
Habib Bank
Hatton National Bank
Hong Kong and Shanghai Banking Corporation
ICICI Bank Limited
Muslim Commercial Bank
National Development Bank
Nations Trust Bank
Pan Asia Bank Corporation
Peoples Bank
People's Leasing Finance PLC
Sampath Bank
Seylan Bank

Standard Chartered Bank

Company Secretaries

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