

l i m i t

EXPOLANKA HOLDINGS PLC

INTERIM REPORT  
SIX MONTH ENDED 30TH SEP 2019

e s s



## CEO Message

---

As we conclude the 2nd Quarter of the current Financial Year, I am pleased to submit our company's performance for the period and the year.

We at Expo have continued to focus on our core business and have maintained our strategy to deliver sustainable growth. As a result of several external factors, the Global markets continued to be challenging; however, we were able to overcome some of these challenges. From an operational perspective your organization was able to generate a Revenue of Rs. 28.7BN (+15% YoY) and a Gross Profit of Rs. 5.08BN (+14% YoY).

An important decision we made during the quarter was to conclude the dispute between RCS Logistics Inc. and ourselves with a full and final payment of UD 6.75 Million without the acceptance of liability. The above non-recurring cost has impaired the financial performance for the quarter and for the year.

### Logistics Sector

The Logistics sector which is the main driver of the group business had a relatively stable quarter from an operational perspective, delivering a Revenue of Rs. 27.5BN (+15% YoY).

The sector saw a consolidation of its Air Freight Business, whilst the Ocean Freight Business maintained its upward momentum enabling the sector to maintain consistency in growth.

Over the last several months, the Industry has been going through a period of volatility which is a result of several external factors, creating a challenging operating environment for the company.

Fluctuation in Prices, challenges in securing capacity, Trade Tensions between US & China which has resulted in a general uncertainty in global trade, and other geo-political factors are some of the key external factors that have impacted the overall Industry.

Being an Agile, flexible organization, the business has been able to counter some of these challenges based on implementing key initiatives in the short and medium term.

During the period, the company has maintained its focus on pursuing its intended strategy of acquiring market share & increasing its customer portfolio, whilst enhancing services to its customers. The Sector was able to deliver a Gross Profit of Rs. 4.7BN (+15% YoY) maintaining the margins during the quarter.

The Transpacific Trade lane continued to perform to our expectations, delivering another quarter of growth. The Far East markets continued to perform well despite all the challenges faced in the region.

Furthermore, the Intra Asia & Europe Trade Lanes continued to augment the performance of the sector delivering a relatively positive performance.

Procurement, an integral component of the business, continued to remain a challenge. Being an area of constant focus, the group continued to engage in pre-emptive strategies which have been implemented over the last several months. This was one of the key reasons, the group was able to maintain Gross Margins during the quarter despite the volatility in pricing.

The Warehouse sector which has seen consistent growth over the last several months maintained its performance during the quarter as well. The sector has been able to realign itself to meet customer demands and service standards, enabling the system to drive growth and bring in operational efficiency.

Despite the above challenges, the sector will direct efforts to maintaining its growth standards, servicing new accounts, augmenting technology where required and enhancing the service portfolio to its customers.

### Leisure Sector

The relatively stable start to the year continued during Q2 for the leisure sector which ended the quarter in line with the previous year.

The sector saw a growth in Gross Profit of +15% YoY recording a GP of Rs. 302MN for the Quarter and delivering a Profit after Tax of Rs. 62MN.

Market conditions continue to evolve where the primary challenge has been the pressure on Margins. Despite the above, the corporate travel segment of the business continued to remain strong, whilst the Inbound and Leisure operations had slowed down during the quarter under review.

Customer experience, service portfolio enhancement and digital adoption are some of the key initiatives undertaken by the sector to continue to reposition the business operation of the firm and to maintain its competitive advantage.

### Investment Sector

Meanwhile, the group's investment sector, which includes the group's export operations, IT services and corporate office contributed a further, Rs. 837 million, towards group turnover during the quarter.

The sector, which carries a part of the group shared services and other cost centers was able to implement vital cost efficiencies within the business during the current year.

Hanif Yusoof  
Group CEO

06 November 2019

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Un Audited 30.09.2019	Audited 31.03.2019
<b>ASSETS</b>		
Non-current Assets		
Property, plant and equipment	3,113,185,591	3,961,747,782
Right-of-use assets	3,694,007,624	-
Intangible assets	667,050,464	635,099,255
Investment in an associate and joint ventures	259,353,051	237,698,403
Other financial assets	2,530,324	145,023,258
Deferred income tax assets	177,349,593	186,779,308
Prepayments and other assets	350,084,155	234,548,242
	8,263,560,802	5,400,896,248
Current Assets		
Inventories	187,419,920	122,879,282
Trade and other receivables	24,576,882,544	21,302,591,358
Amounts due from related parties	40,309,795	47,389,747
Prepayments and other assets	2,132,763,650	1,795,751,200
Other financial assets	208,171,788	194,276,010
Income tax recoverable	408,532,436	275,912,047
Cash and cash equivalents	3,998,920,605	4,456,865,049
	31,553,000,738	28,195,664,693
Total Assets	39,816,561,540	33,596,560,941
<b>EQUITY AND LIABILITIES</b>		
Stated capital	4,097,985,000	4,097,985,000
Reserves	1,158,356,507	983,692,993
Retained earnings	8,503,509,456	9,193,919,473
Equity attributable to equity holders of parent	13,759,850,963	14,275,597,466
Non-controlling Interest	1,659,006,658	1,511,718,909
Total Equity	15,418,857,621	15,787,316,375
Non-current liabilities		
Financing and lease payables	2,887,011,083	1,198,889,432
Deferred income tax liabilities	645,860	482,305
Retirement benefit obligation	538,287,162	514,217,666
	3,425,944,105	1,713,589,403
Current liabilities		
Financing and lease payables	6,944,348,941	4,132,734,967
Trade and other payables	13,821,465,429	11,517,862,977
Amounts due to related parties	26,206,792	35,655,019
Income tax liabilities	179,738,652	409,402,200
	20,971,759,814	16,095,655,163
Total Equity and liabilities	39,816,561,540	33,596,560,941
Net asset per share	7.04	7.30

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

[SIGNED]

.....  
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,

[SIGNED]

.....  
Hanif Yusoof

Director

[SIGNED]

.....  
Sanjay Kulatunga

Director

06<sup>th</sup> November 2019

# CONSOLIDATED INCOME STATEMENT

	Quarter ended 30th September			Six months ended 30th September		
	Un-Audited 2019	Un-Audited 2018	Change %	Un-Audited 2019	Un-Audited 2018	Change %
Revenue from contracts with customers	28,784,978,516	25,069,729,313	14.82	51,650,448,035	44,931,126,459	14.95
Cost of sales	(23,701,386,874)	(20,606,848,003)	15.02	(41,952,514,239)	(36,480,711,819)	15.00
Gross profit	5,083,591,642	4,462,881,310	13.91	9,697,933,796	8,450,414,640	14.76
Other income and gains	163,361,188	260,700,979	(37.34)	284,971,898	312,776,194	(8.89)
Administrative expenses	(5,432,888,754)	(3,656,889,327)	48.57	(9,379,779,888)	(6,915,007,972)	35.64
Selling and distribution cost	(300,455,683)	(286,255,615)	4.96	(538,459,854)	(588,955,454)	(8.57)
Finance cost	(119,078,904)	(55,378,898)	115.03	(226,383,104)	(110,163,597)	105.50
Finance income	1,306,661	29,324,801	(95.54)	1,678,832	29,710,511	(95.35)
Share of results of equity accounted investees	11,889,238	10,759,826	10.50	28,478,129	31,081,624	(8.38)
Profit / (Loss) before tax	(592,274,612)	765,143,076	(177.41)	(131,560,191)	1,209,855,946	(110.87)
Tax expense	(215,049,338)	(304,107,279)	(29.29)	(376,520,734)	(467,056,958)	(19.38)
Profit / (Loss) for the period	(807,323,950)	461,035,797	(275.11)	(508,080,925)	742,798,988	(168.40)
Attributable to:						
Equity holders of the parent	(830,122,668)	348,385,409	(338.28)	(677,245,344)	595,705,107	(213.69)
Non- Controlling Interest	22,798,718	112,650,388	(79.76)	169,164,419	147,093,881	15.00
	(807,323,950)	461,035,797		(508,080,925)	742,798,988	
Basic earnings per share	(0.42)	0.18		(0.35)	0.30	



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 30th September Un-Audited 2019 Rs.	Quarter ended 30th September Un-Audited 2018 Rs.	Six months ended 30th September Un-Audited 2019 Rs.	Six months ended 30th September Un-Audited 2018 Rs.
Profit / (Loss) for the period	(807,323,950)	461,035,797	(508,080,925)	742,798,988
Other comprehensive income to be reclassified to statement of profit or loss in subsequent periods				
Net Exchange differences on translation of foreign operations	138,976,477	306,706,887	162,799,079	260,454,118
Net other comprehensive income to be reclassified to statement of profit or loss in subsequent periods	138,976,477	306,706,887	162,799,079	260,454,118
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	-	-	(2,372,887)	-
Sale of financial Instruments at fair value through OCI	1,072,649	-	1,072,649	-
Net other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods	1,072,649	-	(1,300,238)	-
Other comprehensive income for the year, net of tax	140,049,126	306,706,887	161,498,841	260,454,118
Total comprehensive income for the year, net of tax	(667,274,824)	767,742,684	(346,582,084)	1,003,253,106
Attributable to:				
Equity holders of the parent	(690,073,542)	655,092,297	(518,062,265)	856,159,225
Non-controlling Interest	22,798,718	112,650,387	171,480,181	147,093,881
	(667,274,824)	767,742,684	(346,582,084)	1,003,253,106



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September	Un Audited 2019	Un Audited 2018
<b>Cash Flows From / (Used in) Operating Activities</b>		
Profit / (Loss) before Income Tax Expenses	(131,560,191)	1,209,855,946
Adjustments for,		
Depreciation	780,896,975	201,380,952
Amortization	27,550,344	26,552,809
Amortization of prepayment and other assets	51,647,486	27,136,422
Investment Income	(1,347,121)	(12,711,897)
Profit on Sale of Property, Plant and Equipment	(1,013,340)	(8,989,668)
Loss on Sale of Subsidiaries	8,195,545	-
Dividend Income	(331,711)	(16,998,614)
Finance Cost	226,383,104	110,163,597
Share of results of equity accounted investees	(28,478,129)	(31,081,624)
Allowances for Expected Credit Losses	66,313,566	101,008,533
Provision for Defined Benefit Plans	81,169,869	49,543,959
Operating Profit before Working Capital Changes	1,079,426,397	1,655,860,415
(Increase)/Decrease in Inventories	(64,540,638)	39,440,092
(Increase)/Decrease in Trade and Other Receivables	(3,396,860,117)	(4,337,033,687)
(Increase)/Decrease in Prepayments	(399,833,407)	(482,049,547)
Increase/ (Decrease) in Trade and Other Payables	2,358,653,880	3,464,918,787
Cash Generated from Operations	(423,153,885)	341,136,060
Finance Cost paid	(215,244,565)	(110,163,597)
Income Tax Paid	(729,199,033)	(368,207,334)
Defined Benefit Plan Costs paid	(57,944,497)	(26,456,219)
Net Cash From Used in Operating Activities	(1,425,541,980)	(163,691,090)
<b>Cash Flows From / (Used in) Investing Activities</b>		
Investment Income Received	1,347,121	12,711,897
Acquisition of Property, Plant and Equipment	(187,862,264)	(168,652,933)
Net Acquisition of Intangible assets	(41,597,401)	(59,355,185)
Proceeds from Sale of Property, Plant and Equipment	17,959,909	27,420,290
Other current Investments (net)	(19,702,641)	(11,352,108)
Sales Proceeds from Disposal of Equity Investment	103,931,082	-
Net Acquisition of Subsidiaries, net of Cash Acquired	(15,174,909)	-
Dividend Received	7,155,193	24,861,421
Additions to prepayment and other asset	(115,535,913)	(338,029,216)
Proceeds from Sale of Subsidiaries	11,472,644	-
Net Cash Used in Investing Activities	(238,007,179)	(512,395,834)
<b>Cash Flows From / (Used) in Financing Activities</b>		
Proceeds From Financing and Lease	1,780,214,287	533,546,647
Repayment of Financing and Lease	(996,658,318)	(271,217,103)
Dividends Paid to Minority Share holders	(7,512,973)	(5,774,457)
Net Cash From Financing Activities	776,042,996	256,555,087
Effect of Exchange Rate Changes	267,200,460	366,703,845
Net Decrease in Cash and Cash Equivalents	(620,305,703)	(52,827,992)
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	3,596,061,079	2,740,845,788

# 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	9,193,919,473	14,275,597,466	1,511,718,909	15,787,316,375	
Profit / (Loss) for the period	-	-	-	(677,245,344)	(677,245,344)	169,164,419	(508,080,925)	
Other comprehensive income	-	(1,300,238)	162,799,079	-	161,498,841	-	161,498,841	
Total comprehensive income	-	(1,300,238)	162,799,079	(677,245,344)	(515,746,503)	169,164,419	(346,582,084)	
Dividend	-	-	-	-	-	(7,512,973)	(7,512,973)	
Transfer due to sale of Quoted equity shares	-	13,164,673	-	(13,164,673)	-	-	-	
Disposal of Subsidiaries	-	-	-	-	-	(14,363,697)	(14,363,697)	
As at 30th Sep 2019	4,097,985,000	-	1,158,356,507	8,503,509,456	13,759,850,963	1,659,006,658	15,418,857,621	
As at 1 April 2018	4,097,985,000	-	603,849,826	8,075,240,615	12,777,075,441	1,250,977,852	14,028,053,293	
Profit for the period	-	-	-	595,705,107	595,705,107	147,093,881	742,798,988	
Other comprehensive income	-	-	260,454,118	-	260,454,118	-	260,454,118	
Total comprehensive income	-	-	260,454,118	595,705,107	856,159,225	147,093,881	1,003,253,106	
Dividend	-	-	-	-	-	(5,774,457)	(5,774,457)	
Changes in holdings during the year	-	-	-	(2,379,095)	(2,379,095)	2,379,095	-	
As at 30th Sep 2018	4,097,985,000	-	864,303,944	8,668,566,627	13,630,855,571	1,394,676,371	15,025,531,942	

## COMPANY STATEMENT OF FINANCIAL POSITION

As at	Un Audited 30.09.2019	Audited 31.03.2019
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	11,660,746	24,518,180
Right of Use Assets	34,518,537	-
Intangible assets	2,495,180	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
	<u>4,662,992,278</u>	<u>4,783,104,031</u>
Current assets		
Trade and Other Receivables	4,600,000	4,540,000
Amounts Due from Related Parties	312,621,680	170,934,629
Prepayments	23,972,502	21,696,144
Other Financial assets	588,216	451,656
Cash and cash equivalents	263,291,975	155,779,974
	<u>605,074,373</u>	<u>353,402,404</u>
<b>Total Assets</b>	<u><b>5,268,066,651</b></u>	<u><b>5,136,506,435</b></u>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to equity holders of parent		
Stated capital	4,097,985,000	4,097,985,000
Reserves	-	(11,864,435)
Retained earnings	149,569,823	238,138,521
<b>Total equity</b>	<u><b>4,247,554,823</b></u>	<u><b>4,324,259,086</b></u>
Non-current liabilities		
Financing and lease payables	469,136,405	691,284,493
Retirement benefit obligation	22,968,582	22,958,932
	<u>492,104,987</u>	<u>714,243,425</u>
Current liabilities		
Financing and lease payables	11,019,930	-
Trade and other payables	510,657,476	91,997,265
Amounts Due to Related Parties	6,729,435	6,006,658
	<u>528,406,841</u>	<u>98,003,923</u>
<b>Total equity and liabilities</b>	<u><b>5,268,066,651</b></u>	<u><b>5,136,506,434</b></u>
<b>Net asset per share</b>	<b>2.17</b>	<b>2.21</b>

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

[SIGNED]  
.....  
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,

[SIGNED]  
.....  
Hanif Yusoof  
Director

[SIGNED]  
.....  
Sanjay Kulatunga  
Director

06<sup>th</sup> November 2019



## COMPANY INCOME STATEMENT

	Quarter ended 30th September			Six months ended 30th September		
	Un-Audited 2019 Rs.	Un-Audited 2018 Rs.	Change %	Un-Audited 2019 Rs.	Un-Audited 2018 Rs.	Change %
Revenue from contracts with Customers	31,260,000	26,835,000	16.49%	62,520,000	53,670,000	16.49%
Other income and gains	8,233,787	257,433	3098.42%	8,231,603	294,607	2694.09%
Administrative expenses	(68,604,882)	(104,361,500)	-34.26%	(128,127,524)	(194,270,231)	-34.05%
Selling and distribution costs	(6,207,273)	(6,893,349)	-9.95%	(8,715,304)	(10,491,800)	-16.93%
Finance Income	4,432,977	20,177,267	-78.03%	6,839,295	23,246,767	-70.58%
Finance cost	(5,533,774)	(1,710,595)	223.50%	(8,297,487)	(2,306,075)	259.81%
Loss before tax	(36,419,165)	(65,695,744)	-44.56%	(67,549,417)	(129,856,732)	-47.98%
Income tax expense	(7,854,610)	-	0.00%	(7,854,610)	-	0.00%
Loss for the period	(44,273,775)	(65,695,744)	-32.61%	(75,404,027)	(129,856,732)	2111.16%

## COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 30th September Un audited 2019 Rs.	Quarter ended 30th September Un audited 2018 Rs.	Six Months ended 30th September Un audited 2019 Rs.	Six Months ended 30th September Un audited 2018 Rs.
Loss for the period	(44,273,775)	(65,695,744)	(75,404,027)	(129,856,732)
Other comprehensive income not to be reclassified to statement of profit/loss in subsequent period				
Loss on financial instruments at fair value through OCI	-	-	(2,372,887)	-
Sale of financial instruments at fair value through OCI	1,072,649	-	1,072,649	-
Other comprehensive income not to be reclassified to statement of profit/loss in subsequent period	1,072,649	-	(1,300,238)	-
Total comprehensive income for the year, net of tax	(43,201,126)	(65,695,744)	(76,704,265)	(129,856,732)



## COMPANY STATEMENT OF CASH FLOWS

For the six months ended 30th September

Un Audited 2019

Un Audited 2018

### CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES

Loss before income tax expenses	(67,549,417)	(64,160,988)
Adjustments for,		
Depreciation	11,724,350	2,369,925
Amortization	392,500	196,250
Income from investments	(15,813)	(6,534)
Loss on sale of Investments	1,300,236	-
Dividend Income	(6,823,482)	(3,069,500)
Finance Cost	8,297,487	595,479
Provision for defined benefit plans	1,078,850	539,425
Operating loss before working capital changes	(51,595,289)	(63,535,943)
(Increase)/Decrease in trade and other receivables	(141,747,051)	(215,280,470)
(Increase)/Decrease in Prepayments	(2,276,358)	(30,908,894)
Increase/(Decrease) in trade and other payables	455,413,220	163,495,597
Cash generated from / (used in) operations	259,794,522	(146,229,710)
Finance Cost paid	(8,297,487)	(595,479)
Income Tax Paid	(7,854,610)	-
Defined benefit plan costs paid	(1,069,200)	(80,850)
Net cash from / (used in) operating activities	242,573,225	(146,906,039)

### CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES

Investment income received	15,813	6,534
Acquisition of property, plant and equipment	(432,119)	(3,440,920)
Acquisition of intangible assets	(1,081,430)	-
Net Other current Investment	(136,560)	-
Investment in Subsidiaries	(100,000)	-
Sales Proceeds from Disposal of Equity Investment	103,931,082	-
Dividend Received	6,823,482	3,069,500
Net cash flows from / (used in) investing activities	109,020,268	(364,886)

### CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES

Proceeds from financing and lease	-	125,217,317
Repayment of financing and lease	(244,081,492)	-
Net cash flows from / (used in) financing activities	(244,081,492)	125,217,317

NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS 107,512,001 (22,053,608)

CASH AND CASH EQUIVALENTS AT THE BEGINNING 155,779,974 34,882,581  
 CASH AND CASH EQUIVALENTS AT THE END 263,291,975 12,828,973

## 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			(75,404,027)	(75,404,027)
Other comprehensive income		(1,300,238)	-	(1,300,236)
Total comprehensive income		(13,164,673)	(75,404,027)	(76,704,263)
Transfer due to sale of quoted equity shares		13,164,673	(13,164,673)	-
As at 30th September 2019	4,097,985,000	-	149,569,823	4,247,554,823
As at 1 April 2018	4,097,985,000	-	537,552,216	4,635,537,216
			-	
Profit for the period	-	-	(129,856,732)	(129,856,732)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(129,856,732)	(129,856,732)
As at 30th September 2018	4,097,985,000	-	407,695,484	4,505,680,484

## SEGMENT ANALYSIS OF REVENUE AND PROFIT / (Loss)

Logistics			
For the six months ended 30th September	Un-Audited 2019	Un-Audited 2018	Change %
Revenue	49,369,490,766	42,857,818,849	15
Earnings Before finance cost and Tax	144,816,732	1,403,760,223	(90)
Profit / (Loss) before tax	(19,191,534)	1,325,773,531	(101)
Profit / (Loss) for the period	(363,454,969)	866,895,296	(142)

Leisure			
For the six months ended 30th September	Un-Audited 2019	Un-Audited 2018	Change %
Revenue	651,547,406	672,632,397	(3)
Earnings Before finance cost and Tax	145,517,549	148,985,896	(2)
Profit before tax	124,180,603	141,119,183	(12)
Profit for the period	103,595,650	132,940,460	(22)

Investment			
For the six months ended 30th September	Un-Audited 2019	Un-Audited 2018	Change %
Revenue	1,629,409,863	1,400,675,212	16
Loss Before finance cost and Tax	(195,511,370)	(232,726,577)	(16)
Loss before tax	(236,549,261)	(257,036,768)	(8)
Loss for the period	(248,221,607)	(257,036,768)	(3)

## 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 six months ended 30th of September 2019 were authorized for issue by the Board of Directors on 6th of November 2019.

### 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 recognized 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').

## NOTES TO THE FINANCIAL STATEMENTS

	Group	Company
<b>Assets</b>		
Right-of-use assets	3,694,007,623	34,518,537
Property, plant and equipment	(859,594,787)	(8,587,061)
Total Assets	2,834,412,836	25,931,476
<b>Liabilities</b>		
Financing and lease payables	2,887,230,675	27,434,997
Total Liabilities	2,887,230,675	27,434,997
<b>Total Net Assets</b>	(52,817,839)	(1,503,521)
<b>Total Adjustment on Equity</b>		
Retained earnings	(57,405,801)	(1,503,521)
Reserves	(567,955)	-
Non-controlling Interest	5,155,918	-
<b>Total Equity</b>	(52,817,839)	(1,503,521)

### 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 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 30 September 2019.

Amounts in LKR Mn	Right-Of-Use Assets				Lease Liabilities
	Leasehold Properties	Motor Vehicles	Plant & Machinery	Total	
Opening Balance	-	-	-	-	142
Additions	3,347	-	15	3,362	3,342
Transfers	738	42	74	854	-
Depreciation	(564)	(2)	(12)	(578)	-
Disposal	-	(4)	(1)	(5)	-
Acquisition of Subsidiaries	1	-	-	1	-
Interest Accrued	-	-	-	-	11
Payments	-	-	-	-	(525)
Exchange translation difference	59	-	1	60	65
Closing Balance	3,581	36	77	3,694	3,035



## NOTES TO THE FINANCIAL STATEMENTS

### Share Information

#### 5.1 Public share holding

The percentage of shares held by the public as at 30th of September 2019 was

<b>Issued Share Capital as at 30th September 2019</b>	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
<b>Public Holding</b>	<b>474,728,326</b>
<b>Public Holding as a % of Issued Share Capital</b>	<b>24.28%</b>
<b>Total No. of Shareholders representing the Public Holding as at 30th of September 2019</b>	<b>6,947</b>

#### 5.2 Directors share holdings

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

	30.09.2019	30.06.2019
	No of Shares	No of Shares
<b>Naosuke Kawasaki</b>	Nil	Nil
<b>Hanif Yusoof</b>	147,021,464	147,021,464
<b>Yoshifumi Matsubara</b>	Nil	Nil
<b>Sanjay Kulatunga</b>	Nil	Nil
<b>Harsha Amarasekera</b>	Nil	Nil
<b>Motonori Matzusono</b>	Nil	Nil

## NOTES TO THE FINANCIAL STATEMENTS

### 5.3 Twenty largest shareholders of the Company are as follows;

	Name of the Share Holder	As at 30 September 19	%	As at 30 June 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	J.B. COCOSHELL (PVT) LTD	10,161,962	0.52%	11,161,962	0.57%
7	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	9,499,000	0.49%	9,499,000	0.49%
8	E.W. BALASURIYA & CO. (PVT) LTD	7,591,805	0.39%	7,591,805	0.39%
9	MR. S. KASSIM	5,401,559	0.28%	5,401,559	0.28%
10	MR. K.A.S.R. NISSANKA	4,500,000	0.23%	4,500,000	0.23%
11	MRS. V. SARASWATHI	4,036,860	0.21%	4,036,860	0.21%
12	EMPLOYEES TRUST FUND BOARD	3,486,700	0.18%	3,486,700	0.18%
13	HALLSVILLE TRADING GROUP INC.	3,000,000	0.15%	3,000,000	0.15%
14	MR. M.H. OMAR	2,898,660	0.15%	2,898,660	0.15%
15	HATTON NATIONAL BANK PLC- ASTRUE ALPHA FUND	2,757,905	0.14%	2,502,305	0.13%
16	DEUTSCHE BANK AG AS TRUSTEE TO CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND	2,622,016	0.13%	42,375	0.002%
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%	-	-
19	JANASHAKTHI INSURANCE PLC - NON PAR	1,780,100	0.09%	-	-
20	BANK OF CEYLON	1,716,193	0.09%	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 5.4. Stated capital

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

As at	30th September 2019	30th June 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 30 September	2019 RS	2018 RS
Highest	6.30	4.30
Lowest	4.90	3.80
Last Traded	5.20	4.00

### 5.7. Float Adjusted Market Capitalization

As at	30.09.2019	30.06.2019
Public shareholding (%)	24.28%	24.28%
Public Shareholders	6,947	6,956
Float adjusted market capitalization	2,468,197,482.40	2,705,951,458.20

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

### 6. 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 except for below:

#### • Expolanka USA LLC

At a mediation held in New Jersey USA, it was resolved to conclude the dispute between RCS Logistics Inc and Expolanka USA LLC 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.

### 7. 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 05<sup>th</sup> March 2003 as a Private Limited Liability Company under the Companies Act No. 17 of 1982 and re-registered on 11<sup>th</sup> 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 Matzuso

### **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**

P. O. Box 1162

10, Milepost Avenue

Colombo 03

Sri Lanka

Telephone : +94 11 4659500

Facsimile : +94 11 4659565

Internet : [www.expolanka.com](http://www.expolanka.com)

### **Contact for Media**

Marketing, Corporate Communications & CSR

Expolanka Holdings PLC

15 A, Clifford Avenue

Colombo 03

Sri Lanka

Telephone : +94 11 4659500

Facsimile : +94 11 4659565

Web : [www.expolanka.com](http://www.expolanka.com)

### **Investor Relations**

Expolanka Holdings PLC

15 A, Clifford Avenue

Colombo 03

Sri Lanka

Telephone : +94 11 4659500

Facsimile : +94 11 4659565

Web : [www.expolanka.com](http://www.expolanka.com)

E mail : [investor@expolanka.com](mailto:investor@expolanka.com)

## 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**

SSP Corporate Services (Private) Limited  
P V 931  
101, Inner Flower Road  
Colombo 03  
Sri Lanka

Telephone : +94 11 2573894, +94 11 2576871  
Facsimile : +94 11 2573609

### **Company Auditors**

Ernst and Young  
Chartered Accountants  
201, De Seram Place  
P. O. Box 101  
Colombo 10  
Sri Lanka



#15 A, Clifford Avenue, Colombo 3, Sri Lanka

Tel: +94 11 4659500 | Fax: +94 11 4659565 | Email: [investor@expolanka.com](mailto:investor@expolanka.com)

[www.expolanka.com](http://www.expolanka.com)