

# MELSTACORP PLC



**INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED**

**30th SEPTEMBER 2018**

**MELSTACORP PLC**  
**STATEMENTS OF COMPREHENSIVE INCOME**

Rs. '000s For the 6 Months ended 30th September,	GROUP			COMPANY		
	Unaudited 2018 Rs. '000	Unaudited 2017 Rs. '000	Variance %	Unaudited 2018 Rs. '000	Unaudited 2017 Rs. '000	Variance %
	<b>Gross Revenue</b>	<b>71,608,952</b>	53,205,471	34.59	<b>102,719</b>	101,255
<b>Net Revenue</b>	<b>43,947,928</b>	21,100,143	108.28	<b>102,719</b>	101,255	1.45
Cost of Sales, Net Benefits Paid and Interest Expenses	<b>(28,401,168)</b>	(15,246,406)	86.28	<b>(901)</b>	(1,295)	(30.41)
<b>Gross Profit</b>	<b>15,546,760</b>	5,853,737	165.59	<b>101,818</b>	99,960	1.86
Other Operating Income	<b>438,499</b>	783,076	(44.00)	<b>535,006</b>	863,718	(38.06)
Distribution Expenses	<b>(1,699,572)</b>	(830,332)	104.69	<b>-</b>	-	-
Administrative Expenses	<b>(8,703,734)</b>	(2,085,074)	317.43	<b>(114,308)</b>	(48,687)	134.78
Other Operating Expenses	<b>(17,574)</b>	(105,773)	(83.39)	<b>-</b>	(9,806)	-
<b>Profit from Operations</b>	<b>5,564,378</b>	3,615,634	53.90	<b>522,516</b>	905,185	(42.28)
Finance Income	<b>1,044,436</b>	715,903	45.89	<b>512,119</b>	462,192	10.80
Finance Cost	<b>(1,678,056)</b>	(957,027)	75.34	<b>(67,575)</b>	(10,311)	555.37
<b>Net Finance Income/(cost)</b>	<b>(633,620)</b>	(241,124)		<b>444,543</b>	451,881	(1.62)
Share of Profit of Equity-Accounted Investees (Net of Tax)	<b>208,624</b>	882,997	(76.37)	<b>-</b>	-	-
Gain on Bargaining Purchases	<b>-</b>	39,403	100.00	<b>-</b>	-	-
<b>Profit before Tax for the Period</b>	<b>5,139,382</b>	4,296,910	19.61	<b>967,059</b>	1,357,066	(28.74)
Income Tax	<b>(2,519,200)</b>	(1,382,455)	82.23	<b>(108,504)</b>	(118,577)	(8.49)
<b>Profit for the Period</b>	<b>2,620,182</b>	2,914,455	(10.10)	<b>858,555</b>	1,238,489	(30.68)
<b>Other Comprehensive Income</b>						
Net Change in Fair Value of Available for Sale Financial Assets	<b>(3,452,963)</b>	2,009,832	(271.80)	<b>(3,026,962)</b>	1,854,477	(263.22)
Net Movement on Cash flow Hedges	<b>(55,255)</b>	-	100.00	<b>-</b>	-	-
Exchange differences on translation of Foreign Operations	<b>1,267,960</b>	-	100.00	<b>-</b>	-	-
Investments	<b>-</b>	9,806	(100.00)	<b>-</b>	9,806	(100.00)
Share of Other Comprehensive Income of Equity-Accounted Investees (Net of Tax)	<b>70,616</b>	(88,831)	(179.49)	<b>-</b>	-	-
<b>Total Other Comprehensive Income</b>	<b>(2,169,642)</b>	1,930,807	(212.37)	<b>(3,026,962)</b>	1,864,283	(262.37)
<b>Total Comprehensive Income for the Period</b>	<b>450,540</b>	4,845,262	(90.70)	<b>(2,168,408)</b>	3,102,772	(169.89)
<b>Profit Attributable to:</b>						
Equity Holders of the Parent	<b>2,271,135</b>	2,926,268	(22.39)	<b>858,556</b>	1,238,489	(30.68)
Non Controlling Interest	<b>349,046</b>	(11,813)	(3,054.76)	<b>-</b>	-	-
<b>Profit for the Period</b>	<b>2,620,182</b>	2,914,455		<b>858,556</b>	1,238,489	(30.68)
<b>Total Comprehensive Income Attributable to:</b>						
Equity Holders of the Parent	<b>(687,098)</b>	4,857,097	(114.15)	<b>(2,168,408)</b>	3,102,772	(169.89)
Non Controlling Interest	<b>1,137,637</b>	(11,835)	(9,712.48)	<b>-</b>	-	-
<b>Total Comprehensive Income for the Period</b>	<b>450,540</b>	4,845,262		<b>(2,168,408)</b>	3,102,772	
<b>Earnings per Share (Rs.)</b>						
Basic Earnings per Share	<b>1.95</b>	2.51	(22.39)	<b>0.74</b>	1.06	(30.68)

**MELSTACORP PLC**  
**STATEMENTS OF COMPREHENSIVE INCOME**

Rs. '000s For the quarter ended 30th September,	GROUP			COMPANY		
	Unaudited	Unaudited	Variance	Unaudited	Unaudited	Variance
	2018 Rs. '000	2017 Rs. '000	%	2018 Rs. '000	2017 Rs. '000	%
<b>Gross Revenue</b>	<b>37,093,629</b>	27,170,147	36.52	<b>49,562</b>	50,573	(2.00)
<b>Net Revenue</b>	<b>23,149,185</b>	10,818,114	113.99	<b>49,562</b>	50,573	(2.00)
Cost of Sales, Net Benefits Paid and Interest Expenses	<b>(15,067,602)</b>	(7,606,251)	98.09	<b>(462)</b>	(572)	(19.20)
<b>Gross Profit</b>	<b>8,081,583</b>	3,211,863	151.62	<b>49,100</b>	50,001	(1.80)
Other Operating Income	<b>173,452</b>	503,771	(65.57)	<b>433,388</b>	696,476	(37.77)
Distribution Expenses	<b>(899,264)</b>	(384,870)	133.65	-	-	-
Administrative Expenses	<b>(4,172,637)</b>	(1,186,909)	251.55	<b>(47,901)</b>	(25,076)	91.02
Other Operating Expenses	<b>(11,178)</b>	(35,371)	(68.40)	-	20,442	-
<b>Profit from Operations</b>	<b>3,171,954</b>	2,108,484	50.44	<b>434,588</b>	741,843	(41.42)
Finance Income	<b>606,662</b>	326,737	85.67	<b>233,942</b>	176,327	32.68
Finance Cost	<b>(809,615)</b>	(528,208)	53.28	<b>(35,378)</b>	(8,927)	296.30
<b>Net Finance Income/(cost)</b>	<b>(202,953)</b>	(201,471)	0.74	<b>198,563</b>	167,400	18.62
Share of Profit of Equity-Accounted Investees (Net of Tax)	<b>113,648</b>	722,077	(84.26)	-	-	-
Gain on Bargaining Purchases	-	39,403	100.00	-	-	-
<b>Profit before Taxation</b>	<b>3,082,650</b>	2,668,493	15.52	<b>633,151</b>	909,243	(30.37)
Taxation	<b>(1,384,964)</b>	(789,788)	75.36	<b>(40,610)</b>	(98,054)	(58.58)
<b>Profit for the quarter</b>	<b>1,697,686</b>	1,878,705	(9.64)	<b>592,541</b>	811,189	(26.95)
<b>Other Comprehensive Income</b>						
Net Change in Fair Value of Available for Sale Financial Assets	<b>(1,978,717)</b>	(1,000,817)	97.71	<b>(1,713,134)</b>	(958,790)	78.68
Net Movement on Cash flow Hedges	<b>(335,064)</b>	-	100.00	-	-	-
Exchange differences on translation of Foreign Operations	<b>1,114,606</b>	-	100.00	-	-	-
Reversal of AFS reserve on disposal of AFS Investments	-	(20,442)	(100.00)	-	(20,442)	(100.00)
Share of Other Comprehensive Income of Equity-Accounted Investees (Net of Tax)	<b>89,570</b>	(124,437)	(171.98)	-	-	-
<b>Total Other Comprehensive Income</b>	<b>(1,109,605)</b>	(1,145,696)	(3.15)	<b>(1,713,134)</b>	(979,232)	74.95
<b>Total Comprehensive Income for the quarter</b>	<b>588,082</b>	733,009	(19.77)	<b>(1,120,594)</b>	(168,043)	566.85
<b>Profit Attributable to:</b>						
Equity Holders of the Parent	<b>1,481,793</b>	1,785,767	(17.02)	<b>592,541</b>	811,189	(26.95)
Non Controlling Interest	<b>215,897</b>	92,937	132.31	-	-	-
<b>Profit for the quarter</b>	<b>1,697,691</b>	1,878,704	(9.64)	<b>592,541</b>	811,189	(26.95)
<b>Total Comprehensive Income Attributable to:</b>						
Equity Holders of the Parent	<b>(109,693)</b>	640,064	(117.14)	<b>(1,120,594)</b>	(168,043)	566.85
Non Controlling Interest	<b>697,774</b>	92,945	650.74	-	-	-
<b>Total Comprehensive Income for the quarter</b>	<b>588,082</b>	733,009	(19.77)	<b>(1,120,594)</b>	(168,043)	566.85
<b>Earnings per Share (Rs.)</b>						
Basic Earnings per Share	<b>1.27</b>	1.53	(17.02)	<b>0.51</b>	0.70	(26.95)

**MELSTACORP PLC**  
**STATEMENTS OF FINANCIAL POSITION**

As at,	GROUP			COMPANY		
	Unaudited 30-Sep-2018 Rs. '000s	Unaudited 30-Sep-2017 Rs. '000s	Audited 31-Mar-2018 Rs. '000s	Unaudited 30-Sep-2018 Rs. '000s	Unaudited 30-Sep-2017 Rs. '000s	Audited 31-Mar-2018 Rs. '000s
<b>Non-Current Assets</b>						
Property, Plant and Equipment	97,294,262	23,752,680	92,429,232	12,577	5,321	5,159
Investment Property	4,979,536	1,431,040	4,977,365	3,835,050	2,843,652	3,835,050
Goodwill on Acquisition and Other Intangible Assets	11,566,676	2,180,816	11,676,723	124	345	218
Biological Assets	8,378,534	8,085,041	8,299,974	-	-	-
Investments in Subsidiaries	(0)	-	-	59,849,335	44,675,432	59,656,499
Investment in Equity Accounted Investees	5,761,475	28,250,042	5,507,122	-	20,591,167	-
Other Non Current Financial Investments	20,033,394	21,940,478	21,961,563	15,101,237	17,424,061	17,034,491
Deferred Tax Asset	1,771,885	852,702	2,441,921	1,782	1,208	1,781
Finance Lease, Hire Purchases and Operating Lease Receivables	-	1,343,940	-	-	-	-
Advances ,Other Loans and Pre Paid Leases	2,334,318	1,029,453	2,241,358	-	-	-
	<b>152,120,079</b>	<b>88,866,192</b>	<b>149,535,258</b>	<b>78,800,103</b>	<b>85,541,186</b>	<b>80,533,198</b>
<b>Currents Assets</b>						
Inventories	9,893,493	8,310,627	8,906,922	1,037	1,275	1,112
Produce on Bearer Biological Assets	7,702	9,764	8,198	-	-	-
Trade and Other Receivables	22,872,391	11,312,970	31,236,327	271,000	598,808	2,747,791
Finance Lease, Hire Purchases and Operating Lease Receivables	-	2,716,105	-	-	-	-
Advances ,Other Loans and Pre Paid Leases	73,133	181,835	67,466	-	-	-
Amounts due from Related Companies	32,154	48,142	70,758	6,409,085	2,412,004	3,695,336
Other Current Financial Investments	16,271,609	7,844,836	13,855,723	5,483,783	5,399,834	4,084,022
Cash at Bank and Cash in Hand	8,258,459	2,144,405	11,716,173	67,928	6,538	544,088
Assets held for Sale	149,125	-	149,125	-	-	-
	<b>57,558,066</b>	<b>32,568,684</b>	<b>66,010,692</b>	<b>12,232,832</b>	<b>8,418,459</b>	<b>11,072,349</b>
<b>Total Assets</b>	<b>209,678,145</b>	<b>121,434,876</b>	<b>215,545,950</b>	<b>91,032,935</b>	<b>93,959,645</b>	<b>91,605,547</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Stated Capital	89,100,000	89,100,000	89,100,000	89,100,000	89,100,000	89,100,000
Reserve	3,086,639	13,772,782	6,020,905	(4,008,680)	(732,914)	(981,720)
Retained Earnings	(16,911,079)	(29,686,097)	(19,444,692)	3,279,839	3,730,411	2,421,286
Equity Attributable to Equity Holders of the parent	75,275,561	73,186,685	75,676,213	88,371,160	92,097,497	90,539,566
Non Controlling Interest	47,357,151	4,024,603	47,308,931	-	-	-
<b>Total Equity</b>	<b>122,632,711</b>	<b>77,211,288</b>	<b>122,985,144</b>	<b>88,371,160</b>	<b>92,097,497</b>	<b>90,539,566</b>
<b>Non-Current Liabilities</b>						
Interest Bearing Loans and Borrowings	27,099,637	3,658,417	23,355,824	-	-	-
Deferred Tax Liabilities	7,974,552	2,513,611	8,502,210	424,769	103,758	424,769
Employee Benefits	2,936,102	1,711,920	2,861,509	7,322	5,100	6,363
Other Liabilities	2,063,633	380,489	1,244,822	-	-	-
	<b>40,073,924</b>	<b>8,264,437</b>	<b>35,964,365</b>	<b>432,092</b>	<b>108,858</b>	<b>431,132</b>
<b>Current Liabilities</b>						
Trade and Other Payables	26,658,195	16,589,537	28,172,083	72,663	4,850	14,980
Deposit Liabilities	-	3,107,751	-	-	-	-
Other Deferred Liabilities	54,017	79,557	73,186	-	-	-
Amount due to Related Companies	207,458	1,161,965	436,752	308,289	299,946	306,998
Income Tax Payable	1,249,581	561,970	1,486,077	43,991	112,901	12,132
Interest Bearing Loans and Borrowings	4,119,519	2,204,456	7,921,354	-	-	-
Bank Overdrafts and Other Short Term Borrowings	14,682,741	12,253,915	18,506,988	1,804,741	1,335,591	300,739
	<b>46,971,511</b>	<b>35,959,151</b>	<b>56,596,440</b>	<b>2,229,684</b>	<b>1,753,288</b>	<b>634,849</b>
<b>Total Equity and Liabilities</b>	<b>209,678,145</b>	<b>121,434,876</b>	<b>215,545,950</b>	<b>91,032,935</b>	<b>93,959,645</b>	<b>91,605,547</b>
Net Assets per Share (Rs.)	64.59	62.80	64.94	75.83	79.03	77.69

The above unaudited figures are provisional and subject to audit.

I certify that the Financial Statements have been prepared & presented in compliance with the requirements of Companies Act No. 07 of 2007.

sgd/-

D.M.Welikandage  
Manager-Finance

The Directors are responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the board

sgd/-

D.H.S.Jayawardena  
Chairman

sgd/-

A.L.Gooneratne  
Managing Director

MELSTACORP PLC  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP

	Attributable to equity holders of parent											Non controlling interest	Total equity	
	Stated	Revaluation	Capital	Reserve	General	Exchange fluctuation	Timber	Available for sale	Investment	Cash Flow Hedge Reserve	Retained Earnings/ (Losses)			Total
	capital Rs.'000	reserve Rs.'000	reserve Rs.'000	fund Rs.'000	reserve Rs.'000	reserve Rs.'000	reserve Rs.'000	reserve Rs.'000	fund Rs.'000	Rs.'000	Rs.'000			Rs.'000
Balance as at 1st April 2017	89,100,000	7,256,767	12,137	14,499	710,214	944,140	920,163	2,572,252	-	-	(33,449,856)	68,080,316	3,216,565	71,296,881
<b>Total Comprehensive Income for the Period</b>														
Profit for the Period	-	-	-	-	-	-	-	-	-	-	2,926,268	2,926,268	(11,813)	2,914,455
<b>Other Comprehensive Income</b>														
Net Change in Fair Value of Available for Sale Financial Assets	-	-	-	-	-	-	-	1,991,631	-	-	-	1,991,631	(22)	1,991,609
Defined Benefit Plan Actuarial Gains (Losses) (Net Of Tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of AFS reserve on disposal of AFS Investments	-	-	-	-	-	-	-	28,029	-	-	-	28,029	-	28,029
Share of Other Comprehensive Income of Equity-Accounted Investees (Net of Tax)	-	-	-	-	-	60,501	-	978	-	(150,310)	-	(88,831)	-	(88,831)
<b>Total Other Comprehensive Income for the period</b>	-	-	-	-	-	60,501	-	2,020,638	-	(150,310)	-	1,930,829	(22)	1,930,807
<b>Total Comprehensive Income for the period</b>	-	-	-	-	-	60,501	-	2,020,638	-	(150,310)	2,926,268	4,857,097	(11,835)	4,845,262
<b>Transactions with owners directly recorded in the Equity</b>														
Dividends paid to Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	(11)	(11)
Transferred From/To Retained Earnings	-	(19,962)	-	-	1,320	-	27,449	-	-	-	(8,807)	-	-	-
Acquisition of Non Controlling Interest of Subsidiaries	-	-	-	-	-	-	-	-	-	-	249,271	249,271	(366,855)	(117,584)
Acquisition of control over equity accounted investees	-	(335,758)	-	-	-	-	(261,266)	-	-	-	597,024	-	1,186,739	1,186,739
<b>Total Contributions by and Distributions to Owners</b>	-	(355,720)	-	-	1,320	-	(233,817)	-	-	-	837,488	249,271	819,873	1,069,144
Balance as at 30th September 2017	89,100,000	6,901,047	12,137	14,499	711,534	1,004,641	686,346	4,592,890	-	(150,310)	(29,686,100)	73,186,684	4,024,604	77,211,288

MELSTACORP PLC  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP

	Attributable to equity holders of parent											Non controlling interest	Total equity	
	Stated	Revaluation	Capital	Reserve	General	Exchange fluctuation	Timber	Available for sale	Investment	Cash Flow Hedge Reserve	Retained Earnings/ (Losses)			Total
	capital Rs.'000	reserve Rs.'000	reserve Rs.'000	fund Rs.'000	reserve Rs.'000	reserve Rs.'000	reserve Rs.'000	reserve Rs.'000	fund Rs.'000	Rs.'000	Rs.'000			Rs.'000
<b>Balance as at 1st April 2018</b>	89,100,000	7,010,625	(227,614)	20,491	(7,488,411)	944,140	1,317,586	4,444,088	-	-	(19,444,692)	75,676,213	47,308,931	122,985,144
<b>Total Comprehensive Income for the Period</b>														
Profit for the Period	-	-	-	-	-	-	-	-	-	-	2,271,135	2,271,135	349,046	2,620,182
<b>Other Comprehensive Income</b>														
Net Change in Fair Value of Available for Sale Financial Assets	-	-	-	-	-	-	-	(3,418,240)	-	-	-	(3,418,240)	(34,723)	(3,452,963)
Net Movement on Cash flow Hedges	-	-	-	-	-	-	-	-	-	(12,373)	-	(12,373)	(42,882)	(55,255)
Exchange differences on translation of Foreign Operations	-	-	-	-	-	437,000	-	-	-	-	-	437,000	830,960	1,267,960
Actuarial Gain/(Losses) on retirement benefit obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of Other Comprehensive Income of Equity-Accounted Investees (Net of Tax)	-	-	-	-	-	35,380	-	-	-	-	-	35,380	35,236	70,616
Income Tax on Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Comprehensive Income for the period</b>	-	-	-	-	-	472,380	-	(3,418,240)	-	(12,373)	-	(2,958,233)	788,591	(2,169,642)
<b>Total Comprehensive Income for the period</b>	-	-	-	-	-	472,380	-	(3,418,240)	-	(12,373)	2,271,135	(687,098)	1,137,637	450,540
<b>Transactions with owners directly recorded in the Equity</b>														
Dividends paid to Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	(614,716)	(614,716)
Share of Net Assets of Equity Accounted Investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred From/To Retained Earnings	-	-	-	-	15	-	23,952	-	-	-	(23,967)	-	-	-
Effects of Business Combinations of Equity accounted Investes	-	-	-	-	-	-	-	-	-	-	6,509	6,509	388	6,898
Acquisition of Non Controlling Interest of Subsidiaries	-	-	-	-	-	-	-	-	-	-	279,935	279,935	(475,091)	(195,155)
Acquisition of control over equity accounted investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Contributions by and Distributions to Owners</b>	-	-	-	-	15	-	23,952	-	-	-	262,477	286,445	(1,089,418)	(802,973)
<b>Balance as at 30th September 2018</b>	89,100,000	7,010,625	(227,614)	20,491	(7,488,396)	1,416,520	1,341,538	1,025,848	-	(12,373)	(16,911,079)	75,275,561	47,357,151	122,632,711

MELSTACORP PLC  
STATEMENTS OF CHANGES IN EQUITY

COMPANY	Stated capital Rs.'000	Revaluation reserve Rs.'000	Available for sale reserve Rs.'000	Retained earnings/(losses) Rs.'000	Total Rs.'000
<b>Balance as at 1st April 2017</b>	<b>89,100,000</b>	<b>111,691</b>	<b>(2,708,886)</b>	<b>2,491,923</b>	<b>88,994,728</b>
Profit for the Period	-	-	-	1,238,489	1,238,489
<b>Other Comprehensive Income</b>					-
Net change in fair value of available for sale financial assets	-	-	1,854,477	-	1,854,477
Reversal of AFS reserve on disposal of AFS Investments	-	-	9,806	-	9,806
<b>Total Other Comprehensive Income for the period</b>	<b>-</b>	<b>-</b>	<b>1,864,283</b>	<b>-</b>	<b>1,864,283</b>
<b>Total Comprehensive Income for the period</b>	<b>-</b>	<b>-</b>	<b>1,864,283</b>	<b>1,238,489</b>	<b>3,102,772</b>
<b>Transactions with Owners of the Company directly recognized into Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 30th September 2017</b>	<b>89,100,000</b>	<b>111,691</b>	<b>(844,603)</b>	<b>3,730,412</b>	<b>92,097,497</b>
<b>Balance as at 1st April 2018</b>	<b>89,100,000</b>	<b>111,691</b>	<b>(1,093,409)</b>	<b>2,421,284</b>	<b>90,539,566</b>
Profit for the Period	-	-	-	858,555	858,555
<b>Other Comprehensive Income</b>					-
Net change in fair value of available for sale financial assets	-	-	(3,026,962)	-	(3,026,962)
Actuarial Gain/(Losses) on retirement benefit obligations	-	-	-	-	-
Income tax on other comprehensive income	-	-	-	-	-
<b>Total Other Comprehensive Income for the period</b>	<b>-</b>	<b>-</b>	<b>(3,026,962)</b>	<b>-</b>	<b>(3,026,962)</b>
<b>Total Comprehensive Income for the period</b>	<b>-</b>	<b>-</b>	<b>(3,026,962)</b>	<b>858,555</b>	<b>(2,168,408)</b>
<b>Transactions with Owners of the Company directly recognized into Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 30th September 2018</b>	<b>89,100,000</b>	<b>111,691</b>	<b>(4,120,371)</b>	<b>3,279,838</b>	<b>88,371,160</b>

**MELSTACORP PLC**  
**STATEMENTS OF CASH FLOWS**

For the 6 Months ended 30th September,

	GROUP		COMPANY	
	2018 Rs. '000	2017 Rs. '000	2018 Rs. '000	2017 Rs. '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Profit before Taxation</b>	<b>5,139,382</b>	4,296,910	<b>967,057</b>	1,357,066
<b>Adjustment for</b>				
Depreciation and amortization of PPE,Biological assets and intangible assets	<b>2,892,196</b>	1,210,898	<b>788</b>	720
Provision for gratuity	<b>193,246</b>	47,941	<b>959</b>	784
Interest Expenses	<b>1,553,896</b>	953,070	<b>26,393</b>	10,311
Interest income	<b>(893,618)</b>	(637,785)	<b>(512,119)</b>	(415,482)
Dividend income	<b>(124,882)</b>	(149,324)	<b>(520,658)</b>	(801,160)
(Gain) / loss on Disposal of Property, Plant and Equipment	<b>(54,964)</b>	(15,268)	-	-
Provision/ (Reversal of provisions) for Inventories	<b>7,322</b>	(24,278)	-	-
Provision/(Reversal) for Bad & Doubtful Debts and impairment	<b>30,213</b>	84,757	-	-
Gain on bargaining purchases	-	(39,403)	-	-
Share of profit of equity-accounted investees (net of tax)	<b>(208,624)</b>	(882,997)	-	-
Gain on Fair value of investment in equity accounted investees	-	(119,365)	-	-
(Gain)/ Loss on disposal of other financial investments	<b>(22,704)</b>	(147,895)	<b>(9,770)</b>	(52,747)
Gain on disposal of Group Investments	-	-	<b>(4,578)</b>	-
Deferred income recognized	<b>(5,215)</b>	(13,724)	-	-
(Gain) / loss on Change in Fair Value of Biological Assets	<b>(42,345)</b>	(22,987)	-	-
	<b>41,236</b>	(70,065)	<b>41,182</b>	(46,710)
(Gain)/loss on change in fair value of financial assets at fair value through profit or loss				
<b>Operating Profit before Working Capital Changes</b>	<b>8,505,137</b>	4,470,485	<b>(10,746)</b>	52,782
(Increase)/Decrease in Inventories	<b>(993,397)</b>	(1,019,377)	<b>75</b>	(356)
(Increase)/Decrease in Receivables	<b>6,376,299</b>	(5,266)	<b>(73,358)</b>	62,269
(Increase)/Decrease in Related Party Receivable and Payable	<b>(190,690)</b>	297,343	<b>290,591</b>	(68,427)
Increase/(Decrease) in Payables	<b>(1,513,888)</b>	3,390,242	<b>57,683</b>	1,493
<b>Cash Generated from Operations</b>	<b>12,183,461</b>	7,133,427	<b>264,244</b>	47,761
Dividend Received	<b>149,769</b>	241,023	<b>520,658</b>	248,475
Interest Paid	<b>(1,990,371)</b>	(953,070)	<b>(23,250)</b>	(10,311)
Income Tax Paid	<b>(2,632,154)</b>	(2,295,972)	<b>(76,645)</b>	(346,747)
Retiring Gratuity Paid	<b>(126,238)</b>	(44,733)	<b>0</b>	-
<b>Net Cash Flow from Operating Activities</b>	<b>7,584,467</b>	4,080,675	<b>685,008</b>	(60,822)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Acquisition of equity accounted investees	-	(484,528)	-	(497,906)
Proceeds from disposal of group investments	<b>6,898</b>	-	<b>6,898</b>	-
Investment in Subsidiaries	<b>(195,155)</b>	(408,001)	<b>(195,155)</b>	(408,001)
Proceeds from disposal of subsidiaries	<b>2,550,150</b>	-	<b>2,550,150</b>	-
Loans disbursed to Subsidiaries	-	-	<b>(4,181,784)</b>	(1,324,985)
Loans settled by Subsidiaries	-	-	<b>1,375,827</b>	-
Net proceed from disposal/(Acquisition)of Other Investments	<b>(3,959,212)</b>	(1,006,303)	<b>(2,524,883)</b>	(1,264,424)
Acquisition of Property, Plant & Equipment and intangible assets	<b>(5,484,229)</b>	(941,718)	<b>(8,111)</b>	(268)
Additions of Mature and Immature Plantations	<b>(74,296)</b>	(119,634)	-	-
Proceeds on Disposal of Property, Plant & Equipment	<b>109,890</b>	46,977	-	-
Interest Received	<b>893,618</b>	637,785	<b>311,883</b>	1,126,544
<b>Net Cash Flow Used in Investing Activities</b>	<b>(6,152,337)</b>	(2,275,422)	<b>(2,665,175)</b>	(2,369,040)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Short Term Borrowings from Subsidiaries	-	-	-	1,087,207
Repayment of short term borrowings to subsidiaries	-	-	-	(300,333)
Laon and borrowings Received	<b>6,089,781</b>	1,048,532	-	-
Repayments of loan and borrowings	<b>(7,345,519)</b>	(3,728,289)	-	-
Receipt of deferred Income	<b>804,856</b>	5,338	-	-
Dividend paid by subsidiaries to minority share holders	<b>(614,716)</b>	(11)	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>(1,065,598)</b>	(2,674,430)	-	786,874
<b>Net Increase/Decrease in Cash &amp; Cash Equivalent during the period</b>	<b>366,533</b>	(869,177)	<b>(1,980,167)</b>	(1,642,988)
<b>Cash &amp; Cash Equivalents</b>				
At the beginning of the year	<b>(6,790,815)</b>	(8,817,275)	<b>243,349</b>	313,935
Net Cash and Cash Equivalents of Acquisition of Subsidiaries	-	(423,058)	-	-
Net movement during the period	<b>366,533</b>	(869,177)	<b>(1,980,167)</b>	(1,642,988)
<b>At the end of the year (Note A)</b>	<b>(6,424,282)</b>	(10,109,510)	<b>(1,736,818)</b>	(1,329,053)
<b>Note A-Cash and Equivalents are as follows</b>				
Short Term Deposits	<b>7,024,895</b>	1,150,022	<b>57,023</b>	4,567
Cash in Transit	<b>182,332</b>	96,812	-	-
Cash in Hand & Bank	<b>1,051,233</b>	897,571	<b>10,905</b>	1,971
Bank overdrafts and other short term borrowings	<b>(14,682,741)</b>	(12,253,915)	<b>(1,804,741)</b>	(1,335,591)
	<b>(6,424,282)</b>	(10,109,510)	<b>(1,736,818)</b>	(1,329,053)



**MELSTACORP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

**SEGMENTAL INFORMATION**

*For the 6 Months ended 30th September,*

**(a) Turnover**

	<b>GROUP</b>	
	<b>2018</b>	2017
	<b>Rs.'000</b>	Rs.'000
Beverages	<b>42,003,718</b>	47,215,623
Plantations	<b>2,422,350</b>	1,752,419
Telecommunications	<b>1,599,044</b>	1,461,636
Financial services	<b>1,553,185</b>	1,778,880
Diversified	<b>24,030,656</b>	996,913
<b>Gross Turnover</b>	<b>71,608,952</b>	53,205,471
Turnover based Taxes	<b>(27,661,024)</b>	(32,105,328)
<b>Net Turnover</b>	<b>43,947,928</b>	21,100,143

**(b) Industry Segment Profit**

Beverages	<b>4,209,395</b>	2,934,369
Plantations	<b>(56,639)</b>	306,334
Telecommunications	<b>(844,577)</b>	(777,307)
Financial services	<b>192,381</b>	245,143
Diversified	<b>1,430,198</b>	665,971
	<b>4,930,759</b>	3,374,510
Share of Associate Company Profits	<b>208,624</b>	882,997
Gain on Bargaining Purchases	-	39,403
<b>Net Profit Before Tax</b>	<b>5,139,382</b>	4,296,910
Taxation	<b>(2,519,200)</b>	(1,382,455)
<b>Net Profit After Tax</b>	<b>2,620,182</b>	2,914,455

**MELSTACORP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

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- 1 The interim Financial Statements have been prepared in accordance with the Accounting Policies set out in the most recent Annual Report and are in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting.
  
- 2 Where appropriate, the previous year's presentation has been amended to conform to current year classifications.
  
- 3 **Amount due from the Secretary to the Treasury o/a of SLIC Shares**

As per the Judgment delivered by the Supreme Court of the Democratic Socialist Republic of Sri Lanka on June 2009 it was declared and directed that the shares of SLIC purported to have been sold to Distilleries Consortium on 11th April 2003 along with any shares purchased from employees as per SSPA shall be deemed to have been held for and on behalf of the Secretary to the Treasury.

As directed by the said judgment, the Secretary to the Treasury returned the money that was paid by Group Subsidiary Milford Holdings (Pvt) Limited (MHL) to purchase shares from SLIC.

**In respect of Profits Earned**

Further, MHL was entitled to retain the profits of SLIC derived by MHL from 11 April 2003 to 04st June 2009 in lieu of the interest for the aforesaid investment. The Secretary to the Treasury was directed to cause profits of SLIC to be computed and audited from the date of the last audited Balance Sheet of SLIC to 04th June 2009 to enable MHL to obtain such profits.

However, Secretary to the Treasury has not yet determined the value of profits to be retained by the MHL; hence no adjustments were made to the Financial Statements in this regards.

- 4 **Impact of Revival of Underperforming Enterprises and Underutilized Assets Act – Pelwatte Sugar Industries PLC Group (PSIP)**

Consequent to the enactment and passage of the above Act of Parliament on 9 November 2011, the state officials are occupying the land leased to PSIP and running the operations of PSIP and its related companies. Subsequently a Compensation Tribunal was formed as required by the Act. Without assuming any liability or without any prejudice to, or impact on its rights, PSIP has submitted a claim to the Compensation Tribunal.

On 13 March 2013 Commercial High Court of Western Province (Colombo Civil) issued a winding-up order of Pelwatte Sugar Industries PLC. The Court has appointed P.E.A. Jayewickreme and G.J. David, as the Liquidators.

Since our group is deprived of participating in controlling the financial, operating policies and other relevant activities, the financial statements of PSIP have been deconsolidated from the group financial statements of DCSL PLC in year 2013/14. The investment made in PSIP is classified as a fully impaired long term investment in the group.

**5 Non Financial Information**

		<b>30-Sep-2018</b>	<b>30-Sep-2017</b>	<b>31-Mar-2018</b>
Net Assets Value per Share	- Group (Rs)	64.59	49.43	62.80
	- Company (Rs)	75.83	79.03	77.69
Market Price per Share	- Last Traded Rs)	50.00	58.60	58.20
	- Highest (Rs)	54.00	69.50	70.00
	- Lowest (Rs)	47.70	58.00	57.60

**6** 1,165,398,072 ordinary shares represent the Stated Capital , 1,000 shares of which are Non-Voting.

**7 Earnings per Share**

The Number of shares (1,165,398,072) held as at 30 September 2018 have been used for the purpose of Calculation of Earnings per Share.

**8 Business Combinations**

**8.1 Acquisition of Non Controlling Interest**

Melstacorp PLC has acquired 3,790,554 shares in Aitken Spence PLC. As a result, the percentage Holding has increased from 49.17% to 50.10%.

**8.2 Changes in Percentage Holding in Subsidiaries**

Melstacorp PLC has disposed 312,805 share in DCSL PLC durring the period and resulted a dilution of percentage holding from 92.463% to 92.455%

**9 Contingent Liabilities**

There has not been a significant change in the nature of the contingent liabilities which were disclosed in the Annual Report for the year ended 31 March 2018.

**10 Comparative Figures**

Due to the Consolidation of Aitken Spence PLC and Madulsima Plantations PLC (which were recognized as Equity Accounted Investees in 2017/18) , a significant change can be seen in all Income Statement Captions when compaired with Comparative figures.

**11 Events occurring after the reporting period**

Subsequent to the reporting period, no circumstances have arisen which would require adjustment to or disclosure in the financial statements.

**Top 20 Shareholders – 30 September 2018**

<b>Rank</b>	<b>Name</b>	<b>No of shares</b>	<b>%</b>
1	MILFORD EXPORTS (CEYLON) (PVT) LIMITED	497,882,000	42.722
2	LANKA MILK FOODS (CWE) LIMITED	151,846,000	13.030
3	MR. M.A. YASEEN	121,061,451	10.388
4	COMMERCIAL BANK OF CEYLON PLC/L.E.M.YASEEN	52,200,000	4.479
5	BNYMSANV RE-NEON LIBERTY LORIKEET MASTER FUND LP	51,724,381	4.438
6	CACEIS BANK, LUXEMBOURG BRANCH-BARCA GLOBAL MASTER FUND LP	32,900,196	2.823
7	NORTHERN TRUST COMPANY S/A KUROTO FUND LP	23,400,491	2.008
8	MRS. L.E.M. YASEEN	21,906,604	1.880
9	COMMERCIAL BANK OF CEYLON PLC/M.A.YASEEN	16,000,000	1.373
10	LAHUGALA PLANTATION (PRIVATE) LIMITED	14,782,240	1.268
11	BNYMSANV RE-CONSILIUM FRONTIER EQUITY FUND,L.P.	13,745,754	1.179
12	MRS. S.M. CHRYSOSTOM	11,390,000	0.977
13	STASSEN EXPORTS (PVT) LIMITED	8,456,800	0.726
14	CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	7,734,233	0.664
15	MR. D.HASITHA .S. JAYAWARDENA	7,531,332	0.646
16	GOLDMAN SACHS AND COMPANY S/A OLD WELL EMERGING MARKETS MASTER FUND, L.P.	6,497,537	0.558
17	SSBT-PARAMETRIC TAX-MANAGED EMERGING MARKETS FUND	6,203,001	0.532
18	SSBT-PARAMETRIC EMERGING MARKETS FUND	6,101,508	0.524
19	MCSSEN RANGE PRIVATE LIMITED	5,459,864	0.468
20	CEYLON INVESTMENT PLC A/C # 02	4,980,244	0.427
		<b>1,061,803,636</b>	<b>91.111</b>
	Others	103,593,436	8.889
	Total	<b>1,165,397,072</b>	<b>100.000</b>

Percentage of Shares held by the public	42.88
Total No. of share holders who hold the public holding	10,698

**Float Adjusted Market Capitalization**

The Public Holding of the Company as at 30th September 2018 was 42.88% comprising of 10,698 shareholders and the Float adjusted Market Capitalization of Rs.24,984,045,000/-. Interm of Rule 7.13 1(a) of the listing rule of CSE , the Company Qualifies with the Minimum Public Holding Requirement under the Option One.

**Directors' Share Holdings as at 30 September 2018**

	<b>No of Shares</b>	<b>%</b>
Mr. D. H. S. Jayawardena	Nil	Nil
Mr.A.L. Gooneratne	Nil	Nil
Mr. C. R. Jansz	Nil	Nil
Mr. N. De S. Deva Aditya	Nil	Nil
Mr. K. J. Kahanda	Nil	Nil
Dr. A. N. Balasuriya	Nil	Nil
Mr. D. Hasitha S. Jayawardena	7,531,332	0.646
Mr.R. Seevaratnam	Nil	Nil
Ms. V. J. Senaratne (Alternate Director to Mr. N.De.S.Deva Aditya)	Nil	Nil

**MELSTACORP PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**CORPORATE INFORMATION**

**NAME OF COMPANY**

Melstacorp PLC

No.110, Norris Canal Road,  
Colombo 10, Sri Lanka.  
Tel: 011-5900300,  
Fax: 011-5900333 Web: www.melsta.com

**COMPANY REGISTRATION NUMBER**

PB 11755 PQ

**BOARD OF DIRECTORS**

Mr.D. H. S.Jayawardena - Chairman  
Mr. A. L. Gooneratne - Managing Director  
Mr.C. R. Jansz  
Mr.N. De S. Deva Aditya  
Capt. K. J. Kahanda  
Dr.A. N. Balasuriya  
Mr. D. Hasitha S. Jayawardena  
Mr.R. Seevaratnam  
Ms.V. J. Senaratne (Alternate Director to Mr.N. De S. Deva Aditya)

**COMPANY SECRETARY**

Messrs. Coporate Services (Private) Limited  
No.216, De Saram Road,  
Colombo 10.

**AUDITORS**

Messrs. KPMG  
Chartered Accountants  
No.32A, Sir Mohamed Macan Marker Mawatha,  
Colombo 03, Sri Lanka.

**REGISTRARS**

Central Depository Systems (Private) Limited  
Registrar Services and Corporate Actions Unit  
No.341/5, Kotte Road,  
Rajagiriya, Sri Lanka.

**BANKERS**

Commercial Bank of Ceylon PLC  
DFCC Bank PLC  
Bank of Ceylon  
Hatton National Bank PLC