

Aitken Spence

Interim Statement

for the six months ended 30th September 2007

Aitken Spence[®] 

Aitken Spence PLC



Aitken Spence PLC

CONSOLIDATED INCOME STATEMENT

	Quarter ended 30th September			Six months ended 30th September		
	2007 Rs. '000	2006 Rs. '000	Change %	2007 Rs. '000	2006 Rs. '000	Change %
Revenue	6,654,230	4,974,122	33.8	12,487,266	9,362,312	33.4
Revenue tax	(76,123)	(46,450)	63.9	(148,722)	(90,787)	63.8
Net revenue	6,578,107	4,927,672	33.5	12,338,544	9,271,525	33.1
Other operating income	60,015	21,778	175.6	99,825	49,626	101.2
Changes in inventories of finished goods and work-in-progress	(19,712)	(33,339)	(40.9)	8,679	14,118	(38.5)
Raw materials and consumables used	(3,053,170)	(2,127,810)	43.5	(5,571,798)	(4,124,543)	35.1
Employee benefits expense	(471,432)	(326,602)	44.3	(977,718)	(662,035)	47.7
Depreciation and amortisation expense	(261,995)	(238,926)	9.7	(521,986)	(469,121)	11.3
Other operating expenses – direct	(1,225,472)	(892,945)	37.2	(2,258,183)	(1,657,255)	36.3
Other operating expenses – indirect	(777,914)	(610,461)	27.4	(1,557,521)	(1,047,469)	48.7
Operating profits before financing cost	828,427	719,367	15.2	1,559,842	1,374,846	13.5
Financial income	106,009	12,273	763.8	184,393	22,284	727.5
Financial costs	(280,116)	(198,225)	41.3	(532,452)	(371,255)	43.4
Net financing cost	(174,107)	(185,952)	(6.4)	(348,059)	(348,971)	(0.3)
Share of associate companies profit before tax	8,469	(6,393)	(232.5)	35,866	25,070	43.1
Profit before tax	662,789	527,002	25.8	1,247,649	1,050,945	18.7
Income taxation	(49,093)	(49,093)	-	(119,827)	(82,248)	45.7
Net profit for the period	613,696	477,929	28.4	1,127,822	968,697	16.4
Attributable to:						
Equity holders of the parent	416,434	314,043	32.6	757,329	650,113	16.5
Minority interest	197,262	163,886	20.4	370,493	318,584	16.3
	613,696	477,929	33.5	1,127,822	968,697	16.4
Earnings per share						
– Basic/Diluted (Rs.)	15.39	11.60	32.6	27.98	24.02	16.5

The above figures are provisional and subject to audit.

The Chief Financial Officer certifies that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.
D.H.S. Jayawardena
Chairman

Sgd.
J. M. S. Brito
Deputy Chairman &
Managing Director

Sgd.
Ms. N. Sivapragasam
Chief Financial Officer

Colombo,
05th November, 2007



Aitken Spence PLC

CONSOLIDATED BALANCE SHEET

As at	30.09.2007	30.09.2006	31.03.2007
	Rs. '000	Rs. '000	Rs. '000
ASSETS			
Non-current assets			
Property, plant and equipment	17,066,997	16,179,139	16,770,495
Intangible assets	150,969	185,848	159,407
Investments in associates	748,622	704,431	697,111
Long term investments	166,646	192,497	170,098
Investment property	28,936	28,936	28,936
	<u>18,162,170</u>	<u>17,290,851</u>	<u>17,826,047</u>
Current assets			
Inventories	1,198,271	834,751	872,227
Amount due from associates	140,678	98,736	115,133
Trade and other receivables	5,630,136	4,716,062	4,257,000
Current investments	4,266	4,268	4,266
Deposits and prepayments	600,156	807,757	516,953
Short-term deposits	2,955,657	379,915	2,202,740
Cash & cash equivalents	686,491	881,076	533,517
	<u>11,215,655</u>	<u>7,722,565</u>	<u>8,501,836</u>
TOTAL ASSETS	<u>29,377,825</u>	<u>25,013,416</u>	<u>26,327,883</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated Capital	2,135,138	2,135,138	2,135,138
Reserves	2,724,325	2,379,310	2,673,512
Retained earnings	5,860,115	4,638,291	5,122,472
	<u>10,719,576</u>	<u>9,152,739</u>	<u>9,931,122</u>
Minority interest	3,430,491	2,924,388	3,193,710
Total equity	<u>14,150,067</u>	<u>12,077,127</u>	<u>13,124,832</u>
Non-current liabilities			
Interest bearing liabilities	7,079,982	5,919,315	6,423,906
Deferred tax	233,387	215,675	231,124
Retirement benefit obligations	188,641	166,901	177,082
	<u>7,502,010</u>	<u>6,301,891</u>	<u>6,832,112</u>
Current liabilities			
Trade payables	1,519,852	1,096,636	1,204,913
Provisions and other payables	2,128,326	1,161,071	2,033,723
Interest bearing liabilities			
Repayable within one year	1,663,646	1,678,625	1,824,022
Amount due to associates	2,158	3,073	1,528
Provision for taxation	71,164	24,096	93,996
Interim/final dividend declared	-	-	81,199
Short-term bank borrowings	2,340,602	2,670,897	1,131,558
	<u>7,725,748</u>	<u>6,634,398</u>	<u>6,370,939</u>
TOTAL EQUITY AND LIABILITIES	<u>29,377,825</u>	<u>25,013,416</u>	<u>26,327,883</u>

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Colombo,
05th November, 2007



Aitken Spence PLC

COMPANY INCOME STATEMENT

	Quarter ended 30th September			Six months ended 30th September		
	2007	2006	Change	2007	2006	Change
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Revenue	59,811	46,235	29.4	138,469	105,807	30.9
Other operating income	259,860	116,321	123.4	483,842	131,691	267.4
Employee benefits expense	(29,681)	(25,655)	15.7	(56,976)	(48,970)	16.3
Depreciation and amortisation expense	(4,948)	(4,584)	7.9	(9,744)	(9,167)	6.3
Other operating expenses – indirect	(79,803)	(39,016)	(104.5)	(106,107)	(61,312)	73.1
Operating profits Before financing cost	205,239	93,301	120	449,484	118,049	280.8
Financial income	155,813	41,847	272.3	292,193	63,396	360.9
Financial costs	(155,916)	(68,101)	128.9	(280,304)	(95,843)	192.5
Net financing cost	(103)	(26,254)	(99.6)	11,889	(32,447)	(136.6)
Profit before tax	205,136	67,047	206.0	461,373	85,602	439.0
Income taxation	(6,998)	293	-	(10,058)	616	-
Net profit for the period	198,138	67,340	194.2	451,315	86,218	423.5
Earnings per share – Basic/Diluted (Rs.)	7.32	2.49	194.0	16.67	3.19	422.7

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Aitken Spence PLC

COMPANY BALANCE SHEET

As at	30.09.2007 Rs. '000	30.09.2006 Rs. '000	31.03.2007 Rs. '000
ASSETS			
Non-current assets			
Property, plant and equipment	42,146	42,138	46,419
Investments in subsidiaries and joint ventures – unquoted	3,971,077	4,122,137	3,965,512
Investments in subsidiaries – quoted	679,300	679,300	679,300
Investments in associates	392,752	398,441	398,441
Long term investments	159,233	185,331	162,932
Investment property	714,480	718,763	716,604
	<u>5,958,988</u>	<u>6,146,110</u>	<u>5,969,208</u>
Current assets			
Inventories	1,500	1,237	1,420
Amount due from subsidiaries	1,212,250	2,392,739	2,209,426
Amount due from associates	133,453	86,803	108,731
Trade and other receivables	324,798	119,877	348,249
Current investments	437	139	147
Deposits and prepayments	20,242	11,543	28,119
Short-term deposits	2,329,866	172,726	1,333,645
Cash & cash equivalents	72,284	81,561	28,214
	<u>4,094,830</u>	<u>2,866,625</u>	<u>4,057,951</u>
TOTAL ASSETS	10,053,818	9,012,735	10,027,159
EQUITY AND LIABILITIES			
Equity			
Stated capital	2,135,138	2,135,138	2,135,138
Reserves	1,228,870	1,007,891	1,228,870
Retained earnings	2,574,051	1,939,368	2,217,234
Total equity	5,938,059	5,082,397	5,581,242
Non-current liabilities			
Interest bearing liabilities	2,060,000	1,400,000	2,310,000
Deferred tax	7,609	8,881	7,047
Retirement benefit obligations	24,927	19,160	22,975
	<u>2,092,536</u>	<u>1,428,041</u>	<u>2,340,022</u>
Current liabilities			
Provisions and payables	435,773	263,379	346,852
Interest bearing liabilities repayable within one year	300,000	200,000	250,000
Amount due to subsidiaries	1,055,890	1,610,261	1,388,687
Amount due to associates	-	-	34
Provision for taxation	16,243	4,176	16,540
Interim/final dividend declared	-	-	81,199
Short-term bank borrowings	215,319	424,481	22,583
	<u>2,023,223</u>	<u>2,502,297</u>	<u>2,105,895</u>
TOTAL EQUITY AND LIABILITIES	10,053,818	9,012,735	10,027,159

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Colombo,
05th November, 2007

STATEMENT OF CHANGES IN EQUITY

Group

For the six months ended 30th September 2007

	Attributable to equity holders of the parent			Total	Minority interest	Total Equity
	Stated capital	Reserves	Retained Earnings			
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April 2007	2,135,138	2,673,512	5,122,472	9,931,122	3,193,710	13,124,832
Associate company share of net assets	-	-	40,006	40,006	-	40,006
Unclaimed dividends transferred to reserves	-	-	234	234	-	234
Currency translation difference	-	50,811	34,806	85,617	57,274	142,891
Net income directly recognised in the equity statement	-	50,811	75,046	125,857	57,274	183,131
Net profit for the period	-	-	757,329	757,329	370,493	1,127,822
Total recognised income and expenses for the period	-	50,811	832,375	883,186	427,767	1,310,953
Final dividend 2006/2007	-	-	(94,732)	(94,732)	-	(94,732)
Subsidiary dividend to minority share holders	-	-	-	-	(190,986)	(190,986)
Balance as at 30th September 2007	<u>2,135,138</u>	<u>2,724,323</u>	<u>5,860,115</u>	<u>10,719,576</u>	<u>3,430,491</u>	<u>14,150,067</u>

For the six months ended 30th September 2006

	Attributable to equity holders of the parent			Total	Minority interest	Total Equity
	Stated capital	Reserves	Retained Earnings			
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April 2006-Restated	2,135,138	2,370,385	4,029,744	8,535,267	2,681,032	11,216,299
Negative goodwill written back	-	-	36,678	36,678	-	36,678
Adjusted balance	2,135,138	2,370,385	4,066,422	8,571,945	2,681,032	11,252,977
Currency translation difference	-	12,384	16,488	28,872	13,180	42,052
Effect of changes in percentage holding in subsidiaries	-	(3,459)	-	(3,459)	(2,464)	(5,923)
Net income directly recognised in the equity statement	-	8,925	16,488	25,413	10,716	36,129
Net profit for the period	-	-	650,113	650,113	318,584	968,697
Total recognised income and expenses for the period	-	8,925	666,601	675,526	329,300	1,004,826
Final Dividend 2005/2006	-	-	(94,732)	(94,732)	-	(94,732)
Subsidiary dividend to minority share holders	-	-	-	-	(85,944)	(85,944)
Balance as at 30th September 2006	<u>2,135,138</u>	<u>2,379,310</u>	<u>4,638,291</u>	<u>9,152,739</u>	<u>2,924,388</u>	<u>12,077,127</u>



Aitken Spence PLC

STATEMENT OF CHANGES IN EQUITY

Company
For the Six months ended 30th September 2007

	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 01st April 2007	2,135,138	1,228,870	2,217,234	5,581,242
Unclaimed dividends transferred to reserves	—	—	234	234
Net income directly recognised in the equity statement	—	—	234	234
Net profit for the period	—	—	451,315	451,315
Total recognised income and expenses for the period	—	—	451,549	451,549
Final dividend 2006/2007	—	—	(94,732)	(94,732)
Balance as at 30th September 2007	2,135,138	1,228,870	2,574,051	5,938,059

For the six months ended 30th September 2006

	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 01st April 2006	2,135,138	1,007,891	1,947,882	5,090,911
Net profit for the period	—	—	86,218	86,218
Total recognised income and expenses for the period	—	—	86,218	86,218
Final dividend 2005/2006	—	—	(94,732)	(94,732)
Balance as at 30th September 2006	2,135,138	1,007,891	1,939,368	5,082,397



Aitken Spence PLC

CASH FLOW STATEMENTS

For the six months ended 30th September

	Group		Company	
	2007 Rs. '000	2006 Rs. '000	2007 Rs. '000	2006 Rs. '000
CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before taxation	1,247,649	1,050,945	461,373	85,602
Adjustment for				
Depreciation & amortisation	521,987	469,121	9,744	9,167
Interest expense	532,452	371,255	279,906	95,843
(Profit)/Loss on sale of property plant & equipment	(16,130)	(11,922)	(53)	-
Effect of changes in percentage holding in subsidiaries	-	(5,923)	-	-
Profit on sale investments	(24,635)	(3,374)	(36,598)	-
Interest income	(184,393)	(22,284)	(292,193)	(63,396)
Share of associate companies' profit before tax	(35,866)	(25,070)	-	-
Provision/write-off for bad and doubtful debts	-	9,444	-	-
Foreign exchange (profit)/loss	(43,043)	(29,369)	-	(2,530)
Gratuity provision	23,879	18,955	3,241	2,008
	<u>774,251</u>	<u>770,833</u>	<u>(35,953)</u>	<u>41,092</u>
Operating profit before working capital changes	2,021,900	1,821,778	425,420	126,694
(Increase)/decrease in trade and other receivables	(1,199,795)	(272,055)	995,902	(210,922)
(Increase)/decrease in inventories	(326,044)	(140,012)	(80)	(254)
Increase/(decrease) in trade & other payables	410,167	(264,211)	(244,018)	(129,669)
(Increase)/decrease in deposits & prepayments	(83,203)	(461,431)	7,876	(8,679)
	<u>(1,198,875)</u>	<u>(1,137,709)</u>	<u>759,680</u>	<u>(349,524)</u>
Cash generated from operations	823,025	684,069	1,185,100	(222,830)
Interest paid	(532,452)	(371,255)	(279,906)	(95,843)
Income tax paid	(90,121)	(91,030)	(9,793)	(5,056)
Gratuity payment	(12,319)	(6,711)	(1,289)	(181)
	<u>(634,892)</u>	<u>(468,996)</u>	<u>(290,988)</u>	<u>(101,080)</u>
Net cash flow from operating activities	188,133	215,073	894,112	(323,910)
Cash flow from investing activities				
Investments made during the year	-	-	(5,855)	(3,050)
Purchase of property, plant & equipment	(641,344)	(1,175,032)	(3,514)	(2,175)
Proceeds from sale of property, plant & equipment	24,561	12,407	219	-
Proceeds from sale of investments	45,740	24,111	45,988	19,799
Dividends and dividend taxes paid by subsidiary companies				
Companies to outside shareholders	(190,986)	(85,944)	-	-
Dividends received from associate companies	4,178	5,468	-	-
	<u>(757,851)</u>	<u>(1,218,990)</u>	<u>36,838</u>	<u>14,574</u>



Aitken Spence PLC

CASH FLOW STATEMENTS – CONTD.

For the six months ended 30th September

	Group		Company	
	2007 Rs. '000	2006 Rs. '000	2007 Rs. '000	2006 Rs. '000
Cash flow from financing activities				
Interest received from deposits	184,393	22,284	292,193	63,396
Proceeds from interest bearing liabilities	1,407,862	1,362,266	–	1,000,000
Repayment of interest bearing borrowings	(1,346,056)	(1,165,821)	(200,000)	(400,000)
Dividends paid	(175,588)	(175,545)	(175,588)	(175,545)
Net cash from financing activities	70,611	43,184	(83,395)	487,851
Net increase/(decrease) in cash and cash equivalents	(499,107)	(960,733)	847,555	178,515
Cash and cash equivalents at the beginning of the period (Note A)	1,800,653	(449,173)	1,339,277	(348,709)
Cash and cash equivalents at the end of the period	1,301,546	(1,409,906)	2,186,833	(170,194)
Cash and cash equivalents at end of the period				
Cash at bank and in hand	686,491	881,076	72,284	81,561
Short-term deposits	2,955,657	379,915	2,329,866	172,726
Short-term bank borrowings	(2,340,602)	(2,670,897)	(215,319)	(424,481)
Cash and cash equivalent at end of period	1,301,546	(1,409,906)	2,186,831	(170,194)
Note A - Cash and cash equivalents at the beginning of the period				
Cash at bank and in hand	533,517	418,055	28,214	19,869
Short-term deposits	2,202,740	616,495	1,333,645	69,330
Bank loans and overdrafts	(1,131,558)	(1,593,312)	(22,583)	(440,438)
Cash & cash equivalent as previously reported	1,604,699	(558,762)	1,339,276	(351,239)
Effect of exchange rate changes	195,954	109,589	–	2,530
Cash & cash equivalents as restated	1,800,653	(449,173)	1,339,276	(348,709)



Aitken Spence PLC

NOTES TO THE FINANCIAL STATEMENTS

1. Segment Analysis of Group Revenue and Profit

1.1 Business Segment

(a) Revenue

For the six months ended 30th September	Total Revenue Generated		Inter-Segmental Revenue		Intra-Segmental Revenue		Revenue from External customers	
	2007	2006	2007	2006	2007	2006	2007	2006
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Tourism Sector *	3,140,476	2,186,388	3,831	12,943	165,865	61,698	2,970,780	2,111,747
Cargo Logistics Sector *	1,973,541	1,459,222	142,072	123,606	110,747	72,870	1,720,722	1,211,755
Strategic Investments *	8,387,474	6,420,953	94,858	66,580	20,294	23,169	8,272,322	6,038,810
Total revenue with associates	13,501,491	10,066,563	240,761	203,129	296,906	157,737	12,963,824	9,362,312
Share of associate company revenue	(676,558)	(343,385)	-	-	-	-	(476,558)	-
Total Revenue	13,024,933	9,723,178	240,761	203,129	296,906	157,737	12,487,266	9,362,312

* Includes Associate Companies

(b) Profit

For the six months ended 30th September	Operating profits before financing cost		Profit before tax		Non-Cash Expenses		Income Tax	
	2007	2006	2007	2006	2007	2006	2007	2006
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Tourism Sector *	253,264	123,398	119,920	29,592	8,340	9,778	27,316	49,966
Cargo Logistics Sector *	200,633	127,647	187,405	98,173	20,793	12,112	35,362	20,979
Strategic Investments *	1,105,945	1,123,801	940,324	927,180	64,217	6,511	57,149	11,303
	1,559,842	1,374,846	1,247,649	1,050,945	93,350	28,401	119,827	82,248

* Includes Associate Companies

1.2 Geographical Segment

For the six months ended 30th September	Total Revenue Generated		Profit before tax	
	2007	2006	2007	2006
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lanka	10,821,792	8,437,630	1,069,550	910,486
South Asia (Maldives, Bangladesh & India)	2,203,141	1,285,548	178,099	140,459
	13,024,933	9,723,178	1,247,649	1,050,945



Aitken Spence PLC

NOTES TO THE FINANCIAL STATEMENTS - *CONTD.*

1. The Financial Statements of the company and those consolidated with such for the interim period have been prepared on the same basis as the most recent audited financial statements adjusted for the impact of the revised Sri Lanka Accounting Standards applicable for the period.
2. During the period under review the Group disposed its investment in Aventis Pharma Ltd., an associate Company, and the resulted profit on disposal is included under other operating income.
3. The Company redeemed unquoted debentures to the value Rs. 200 million during the period under review.
4. Subsequent to the Balance Sheet date a subsidiary of Aitken Spence PLC., acquired Vadhuo Island Resort, in the Republic of Maldives for a sum of USD 13.0 million.
5. The company paid the recommended Rs. 3.50 per share as a final ordinary dividend for the year ended 31st March 2007, after it was approved at the Annual General Meeting on the 28th June 2007. The total final dividend payment amounted to Rs. 94,732,411/-.

NON FINANCIAL INFORMATION

	30-09-2007	30-09-2006	31-03-2007
Shares traded			
Market Price per Share – Last traded (Rs.)	344.00	312.00	380.00
Market Price per Share – Highest (Rs.)	350.00	320.00	400.00
Market Price per Share – Lowest (Rs.)	329.00	275.00	270.00
Net Asset Value per Share – Group (Rs.)	521.32	446.21	366.92
Dividend per share (Rs.)	-	-	6.50
Debt/Equity Ratio	0.62	0.49	0.49
Quick Asset Ratio (times)	1.30	1.04	1.33
Interest Cover	4.71	4.11	4.93

DIRECTORS

D. H. S. Jayawardena – *Chairman*

J. M. S. Brito – *Deputy Chairman & Managing Director*

Dr. R. M. Fernando

G. C. Wickremasinghe

R. Sivaratnam

C. H. Gomez

N. J. de S. Deva Aditya

SECRETARY

R. E. V. Casie Chetty

REGISTERED OFFICE

Aitken Spence Towers
305, Vauxhall Street,
Colombo 2,
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