

*Aitken Spence*

**Interim Statement**

*for the three months ended 30th June 2008*

*Aitken Spence*<sup>®</sup> 

**Aitken Spence PLC**



Aitken Spence PLC

## INCOME STATEMENTS

For the three months ended 30th June	Group			Company		
	2008	2007	Change	2008	2007	Change
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
<b>Revenue</b>	<b>6,331,723</b>	5,833,036	8.5	<b>84,012</b>	78,658	6.8
Revenue tax	(131,774)	(72,599)	81.5	–	–	–
<b>Net revenue</b>	<b>6,199,949</b>	5,760,437	7.6	<b>84,012</b>	78,658	6.8
Other operating income	<b>28,775</b>	39,810	(27.7)	<b>47,024</b>	223,982	(79.0)
Changes in inventories of finished goods and work-in-progress	<b>52,756</b>	28,391	85.8	–	–	–
Raw materials and consumables used	(2,962,485)	(2,518,628)	17.6	–	–	–
Employee benefits expense	(453,380)	(506,286)	(10.4)	(32,307)	(27,295)	18.4
Depreciation and amortisation expense	(303,491)	(259,991)	16.7	(5,793)	(4,796)	20.8
Other operating expenses – direct	(1,089,659)	(1,032,711)	5.5	–	–	–
Other operating expenses – indirect	(778,650)	(779,607)	(0.1)	(25,871)	(26,304)	(1.6)
<b>Profit from operations</b>	<b>693,815</b>	731,415	(5.1)	<b>67,065</b>	244,245	(72.5)
Financial income	<b>152,303</b>	78,384	94.3	<b>115,084</b>	126,699	(9.2)
Financial expenses	(282,429)	(252,336)	11.9	(133,218)	(114,706)	16.1
<b>Net financing income/(expense)</b>	<b>(130,126)</b>	(173,952)	(25.2)	<b>(18,134)</b>	11,992	–
Share of associate companies profits	<b>42,126</b>	24,502	71.9	–	–	–
<b>Profit before tax</b>	<b>605,815</b>	581,965	4.1	<b>48,931</b>	256,237	(80.9)
Income tax expense	(47,403)	(67,839)	(30.1)	<b>578</b>	(3,060)	–
<b>Net profit for the period</b>	<b>558,412</b>	514,126	8.6	<b>49,509</b>	253,177	(80.4)
<b>Attributable to:</b>						
Equity holders of the parent	<b>387,181</b>	340,895	13.6	<b>49,509</b>	253,177	(80.4)
Minority interest	<b>171,231</b>	173,231	(1.2)	–	–	–
	<b>558,412</b>	514,126	8.6	<b>49,509</b>	253,177	(80.4)
Earnings per share						
– Basic/Diluted (Rs.)	<b>14.31</b>	12.59	13.7	<b>1.83</b>	9.35	(80.4)

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,  
30th July, 2008



Aitken Spence PLC

## CONSOLIDATED BALANCE SHEET

As at	30.06.2008 Rs. '000	30.06.2007 Rs. '000	31.03.2008 Rs. '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17,376,295	16,936,686	16,982,305
Leasehold property	1,344,263	-	1,356,987
Intangible assets	122,520	152,405	122,520
Investments property	28,936	28,936	28,936
Investments in associates	806,616	761,619	764,489
Long term investments	279,077	170,348	263,576
Deferred tax asset	33,663	-	39,342
	<u>19,991,370</u>	<u>18,049,994</u>	<u>19,558,155</u>
<b>Current assets</b>			
Inventories	1,237,780	863,501	1,304,955
Amount due from associates	135,938	118,976	115,652
Trade and other receivables	5,102,760	4,953,731	6,085,144
Current investments	4,557	4,554	4,554
Deposits and prepayments	582,528	531,211	481,627
Current tax receivable	16,157	11,791	17,764
Short-term deposits	2,847,595	2,916,115	2,596,529
Cash & cash equivalents	1,363,422	601,938	858,862
	<u>11,290,737</u>	<u>10,001,817</u>	<u>11,465,087</u>
Asset held for sale	149,124	-	161,951
<b>TOTAL ASSETS</b>	<u>31,431,231</u>	<u>28,051,811</u>	<u>31,185,193</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated Capital	2,135,140	2,135,140	2,135,140
Reserves	3,612,727	2,717,101	3,587,884
Retained earnings	6,459,915	5,408,641	6,181,000
	<u>12,207,782</u>	<u>10,260,882</u>	<u>11,904,024</u>
Minority interest	3,962,967	3,276,983	3,881,704
<b>Total equity</b>	<u>16,170,749</u>	<u>13,537,865</u>	<u>15,785,728</u>
<b>Non-current liabilities</b>			
Interest bearing liabilities	6,316,517	6,610,398	6,508,062
Deferred tax liability	182,743	218,608	187,272
Retirement benefit obligations	213,523	183,696	208,500
	<u>6,712,783</u>	<u>7,012,702</u>	<u>6,903,834</u>
<b>Current liabilities</b>			
Trade payables	1,985,196	1,169,569	1,836,475
Provisions and other payables	1,839,667	2,111,262	1,945,994
Interest bearing liabilities repayable within one year	2,017,517	1,960,857	2,106,021
Amount due to associates	144	3,270	4,390
Current tax payable	121,517	114,549	92,600
Interim/final dividend declared	108,266	94,732	81,199
Short-term bank borrowings	2,475,392	2,047,005	2,428,952
	<u>8,547,699</u>	<u>7,501,244</u>	<u>8,495,631</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>31,431,231</u>	<u>28,051,811</u>	<u>31,185,193</u>

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Chief Financial Officer

Colombo,  
30th July, 2008



Aitken Spence PLC

## COMPANY BALANCE SHEET

As at	30.06.2008 Rs. '000	30.06.2007 Rs. '000	31.03.2008 Rs. '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	42,393	42,888	47,101
Investments property	711,144	715,542	712,206
Investments in subsidiaries and joint ventures – unquoted	4,095,617	3,965,512	4,095,617
Investments in subsidiaries – quoted	679,301	679,300	679,300
Investments in associates	335,515	398,441	335,515
Long term investments	174,733	162,933	159,233
	<u>6,038,703</u>	<u>5,964,616</u>	<u>6,028,972</u>
<b>Current assets</b>			
Inventories	2,913	1,890	1,511
Amount due from subsidiaries	1,692,496	1,635,434	1,459,581
Amount due from associates	124,958	115,155	107,498
Trade and other receivables	150,503	335,894	113,238
Current investments	436	435	436
Deposits and prepayments	22,961	20,614	20,163
Current tax receivable	10,367	-	9,443
Short-term deposits	1,635,666	2,150,936	1,871,220
Cash & cash equivalents	550,251	100,898	60,216
	<u>4,190,551</u>	<u>4,361,256</u>	<u>3,643,306</u>
Asset held for sale	57,237	-	57,237
<b>TOTAL ASSETS</b>	<b>10,286,491</b>	<b>10,325,872</b>	<b>9,729,515</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	2,135,140	2,135,140	2,135,140
Reserves	1,835,012	1,228,868	1,835,012
Retained earnings	1,916,257	2,375,679	1,975,014
<b>Total equity</b>	<b>5,886,409</b>	<b>5,739,687</b>	<b>5,945,166</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	1,855,000	2,185,000	1,990,000
Deferred tax liability	4,061	7,328	4,639
Retirement benefit obligations	28,056	23,306	29,691
	<u>1,887,117</u>	<u>2,215,634</u>	<u>2,024,330</u>
<b>Current liabilities</b>			
Provisions and other payables	373,288	395,071	278,293
Interest bearing liabilities repayable within one year	330,000	275,000	320,000
Amount due to subsidiaries	1,020,313	1,171,936	946,594
Amount due to associates	-	6	-
Current tax payable	-	9,529	-
Interim/final dividend declared	108,266	94,732	81,199
Short-term bank borrowings	681,098	424,277	133,933
	<u>2,512,965</u>	<u>2,370,551</u>	<u>1,760,019</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,286,491</b>	<b>10,325,872</b>	<b>9,729,515</b>

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30th July, 2008



Aitken Spence PLC

## STATEMENT OF CHANGES IN EQUITY

### Group

For the three months ended 30th June 2008

	Attributable to equity holders of the parent				Minority interest Rs. '000	Total Equity Rs. '000
	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000		
<b>Balance as at 01st April 2008</b>	2,135,140	3,587,883	6,181,000	11,904,023	3,881,705	15,785,728
Currency translation difference	-	24,844	-	24,844	18,168	43,528
<b>Net income directly recognised in the equity statement</b>	-	24,844	-	24,844	18,168	43,528
Net profit for the period	-	-	387,181	387,181	171,231	558,412
<b>Total recognised income and expenses for the period</b>	-	24,844	387,181	412,025	189,915	601,940
Final dividend 2007/2008	-	-	(108,266)	(108,266)	-	(108,266)
Subsidiary dividend to minority share holders	-	-	-	-	(108,653)	(108,653)
<b>Balance as at 30th June 2008</b>	<b>2,135,140</b>	<b>3,612,727</b>	<b>6,459,915</b>	<b>12,207,782</b>	<b>3,962,967</b>	<b>16,170,749</b>

For the three months ended 30th June 2007

	Attributable to equity holders of the parent				Minority interest Rs. '000	Total Equity Rs. '000
	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000		
<b>Balance as at 01st April 2007</b>	2,135,140	2,673,510	5,122,472	9,931,122	3,193,710	13,12,832
Associate company share of net assets	-	-	40,006	40,006	-	40,006
Currency translation difference	-	43,591	-	43,591	25,327	68,918
<b>Net income directly recognised in the equity statement</b>	-	43,591	40,006	83,597	25,327	108,924
Net profit for the period	-	-	340,895	340,895	173,231	514,126
<b>Total recognised income and expenses for the period</b>	-	43,591	380,901	424,492	198,558	623,050
Final Dividend 2006/2007	-	-	(94,732)	(94,732)	-	(94,732)
Subsidiary dividend to minority share holders	-	-	-	-	(115,285)	(115,285)
<b>Balance as at 30th June 2007</b>	<b>2,135,140</b>	<b>2,717,101</b>	<b>5,408,641</b>	<b>10,260,882</b>	<b>3,276,983</b>	<b>13,537,865</b>



Aitken Spence PLC

## STATEMENT OF CHANGES IN EQUITY

Company  
For the three months ended 30th June 2008

	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
<b>Balance as at 01st April 2008</b>	2,135,140	1,835,012	1,975,014	5,945,166
Net profit for the period	—	—	49,509	49,509
<b>Total recognised income and expenses for the period</b>	—	—	49,509	49,509
Final dividend 2007/2008	—	—	(108,266)	(108,266)
<b>Balance as at 30th June 2008</b>	<u>2,135,140</u>	<u>1,835,012</u>	<u>1,916,257</u>	<u>5,886,409</u>

For the three months ended 30th June 2007

	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
<b>Balance as at 01st April 2007</b>	2,135,140	1,228,868	2,217,234	5,581,242
Net profit for the period	—	—	253,177	253,177
<b>Total recognised income and expenses for the period</b>	—	—	253,177	253,177
Final dividend 2006/2007	—	—	(94,732)	(94,732)
<b>Balance as at 30th June 2007</b>	<u>2,135,140</u>	<u>1,228,868</u>	<u>2,375,679</u>	<u>5,739,687</u>



Aitken Spence PLC

## CASH FLOW STATEMENTS

For the three months ended 30th June

	Group		Company	
	2008 Rs. '000	2007 Rs. '000	2008 Rs. '000	2007 Rs. '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before taxation	605,815	581,965	48,931	256,237
<b>Adjustment for</b>				
Depreciation & amortisation	303,491	259,991	5,793	4,795
Interest expense	282,429	252,336	133,218	124,314
Profit on sale of property plant & equipment	(9,637)	(7,832)	-	(17)
Profit on retirement of assets held for sale	(511)	-	-	-
Interest income	(152,303)	(78,384)	(115,084)	(136,380)
Share of associate companies' profit after tax	(42,126)	(24,502)	-	-
Foreign exchange profit	(16,037)	(27,519)	-	-
Gratuity provision	11,825	12,972	1,544	1,620
	<u>377,131</u>	<u>387,062</u>	<u>25,471</u>	<u>(5,668)</u>
<b>Operating profit before working capital changes</b>	<b>982,946</b>	<b>969,027</b>	<b>74,402</b>	<b>250,569</b>
(Increase)/decrease in trade and other receivables	962,099	(700,593)	(287,641)	579,923
(Increase)/decrease in inventories	67,174	8,726	(1,401)	(470)
Increase/(decrease) in trade & other payables	38,147	44,008	168,713	(168,669)
(Increase)/decrease in deposits & prepayments	(100,901)	(14,258)	(2,799)	7,505
	<u>966,519</u>	<u>(662,117)</u>	<u>(128,128)</u>	<u>418,289</u>
<b>Cash generated from operations</b>	<b>1,949,465</b>	<b>306,910</b>	<b>(48,726)</b>	<b>668,858</b>
Interest paid	(282,429)	(252,336)	(133,218)	(124,314)
Income tax paid	(15,729)	(71,754)	(923)	(9,789)
Gratuity payment	(6,802)	(6,358)	(3,179)	(1,289)
	<u>(304,960)</u>	<u>(330,448)</u>	<u>(137,320)</u>	<u>(135,392)</u>
<b>Net cash flow from operating activities</b>	<b>1,644,505</b>	<b>(23,538)</b>	<b>(186,046)</b>	<b>533,466</b>
<b>Cash flow from investing activities</b>				
Investments made during the period	(15,503)	(538)	(15,500)	(289)
Purchase of property, plant & equipment	(706,706)	(323,066)	(23)	(302)
Proceeds from sale of property, plant & equipment	12,336	12,481	-	116
Proceeds on retirement of assets held for sale	13,338	-	-	-
Dividends and dividend taxes paid by subsidiary companies to outside shareholders	(108,653)	(115,285)	-	-
	<u>(805,188)</u>	<u>(426,408)</u>	<u>(15,523)</u>	<u>(475)</u>



Aitken Spence PLC

## CASH FLOW STATEMENTS – CONTD.

For the three months ended 30th June

	Group		Company	
	2008 Rs. '000	2007 Rs. '000	2008 Rs. '000	2007 Rs. '000
<b>Cash flow from financing activities</b>				
Interest received from deposits	152,303	78,384	115,084	136,380
Proceeds from interest bearing liabilities	267,584	845,642	–	–
Repayment of interest bearing borrowings	(538,847)	(612,481)	(125,000)	(100,000)
Dividends paid	(81,199)	(81,090)	(81,199)	(81,090)
<b>Net cash from flow financing activities</b>	<b>(200,159)</b>	<b>230,455</b>	<b>(91,115)</b>	<b>(44,710)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>639,158</b>	<b>(219,491)</b>	<b>(292,684)</b>	<b>488,281</b>
Cash and cash equivalents at the beginning of the period (Note A)	1,096,467	1,690,539	1,797,503	1,339,276
<b>Cash and cash equivalents at the end of the period</b>	<b>1,735,625</b>	<b>1,471,048</b>	<b>1,504,819</b>	<b>1,827,557</b>
<b>Cash and cash equivalents at the end of the period</b>				
Cash at bank and in hand	1,363,422	601,938	550,251	100,898
Short-term deposits	2,847,595	2,916,115	1,635,666	2,150,936
Short-term bank borrowings	(2,475,392)	(2,047,005)	(681,098)	(424,277)
<b>Cash and cash equivalent at end of the period</b>	<b>1,735,625</b>	<b>1,471,048</b>	<b>1,504,819</b>	<b>1,827,557</b>
<b>Note A - Cash and cash equivalents at the beginning of the period</b>				
Cash at bank and in hand	858,862	533,517	60,219	28,214
Short-term deposits	2,596,529	2,202,740	1,871,220	1,333,645
Bank loans and overdrafts	(2,428,952)	(1,131,558)	(133,933)	(22,583)
<b>Cash &amp; cash equivalent as previously reported</b>	<b>1,026,439</b>	<b>1,604,699</b>	<b>1,797,503</b>	<b>1,339,279</b>
Effect of exchange rate changes	70,028	85,840	–	–
<b>Cash &amp; cash equivalents as restated</b>	<b>1,096,467</b>	<b>1,690,539</b>	<b>1,797,503</b>	<b>1,339,276</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 1. Segment Analysis of Group Revenue and Profit

#### 1.1 Business Segment

##### (a) Revenue

For the three months ended 30th June	Total revenue generated		Inter-segmental revenue		Intra-segmental revenue		Revenue from external customers	
	2008 Rs. '000	2007 Rs. '000	2008 Rs. '000	2007 Rs. '000	2008 Rs. '000	2007 Rs. '000	2008 Rs. '000	2007 Rs. '000
Tourism sector *	1,668,724	1,433,111	4,959	6,228	126,566	72,527	1,537,198	1,354,356
Cargo Logistics sector *	860,790	990,584	74,504	73,162	53,557	55,504	732,728	861,918
Strategic Investments *	4,411,534	3,853,675	4,304	3,414	7,131	4,265	4,400,100	3,845,996
Total revenue with associates	6,941,048	6,277,370	83,767	82,804	187,254	132,296	6,670,026	6,062,270
Share of associate company revenue	(338,303)	(229,233)	-	-	-	-	(338,303)	(229,233)
<b>Total Revenue</b>	<b>6,602,745</b>	<b>6,048,137</b>	<b>83,767</b>	<b>82,804</b>	<b>187,254</b>	<b>132,296</b>	<b>6,331,723</b>	<b>5,833,037</b>

\* Includes Associate Companies

##### (b) Profit

For the three months ended 30th June	Profits from operations		Profit before tax		Non-cash expenses		Income tax	
	2008 Rs. '000	2007 Rs. '000	2008 Rs. '000	2007 Rs. '000	2008 Rs. '000	2007 Rs. '000	2008 Rs. '000	2007 Rs. '000
Tourism sector *	46,379	76,637	(25,036)	8,308	8,588	7,487	9,293	8,288
Cargo Logistics sector *	94,205	80,616	88,992	77,817	3,850	17,250	27,155	38,493
Strategic Investments *	553,231	574,162	541,859	495,840	5,803	7,374	10,955	21,058
	<b>693,815</b>	<b>731,415</b>	<b>605,815</b>	<b>581,965</b>	<b>18,241</b>	<b>32,111</b>	<b>47,403</b>	<b>67,839</b>

\* Includes Associate Companies

#### 1.2 Geographical Segment

For the three months ended 30th June	Total revenue generated		Profit before tax	
	2008 Rs. '000	2007 Rs. '000	2008 Rs. '000	2007 Rs. '000
Sri Lanka	5,235,828	4,735,043	486,013	447,017
Asia and Africa	1,366,917	1,313,094	119,802	134,948
	<b>6,602,645</b>	<b>6,048,137</b>	<b>605,815</b>	<b>581,965</b>

## 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 and are in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.
2. The Company redeemed unquoted debentures to the value Rs. 100 million during the period under review.
3. The company paid on 04th July 2008 the recommended Rs. 4.00 per share as a final ordinary dividend for the year ended 31st March 2008, after it was approved at the Annual General Meeting on the 27th June 2008. The total final dividend payment amounted to Rs. 108,265,612/-.
4. The accounting policies have been consistently applied by the Group and are consistent with those used in previous year. Comparative information relating to the share of associate company income tax in the income statement and the current tax receivable in the balance sheet have been reclassified to confirm to the current years presentation.

### NON FINANCIAL INFORMATION

	<b>30-06-2008</b>	30-06-2007	31-03-2008
<b>Shares traded</b>			
Market Price per Share – Last traded (Rs.)	<b>525.00</b>	336.00	430.00
Market Price per Share – Highest (Rs.)	<b>560.00</b>	380.00	430.00
Market Price per Share – Lowest (Rs.)	<b>430.00</b>	330.00	256.00
Net Asset Value per Share – Group (Rs.)	<b>451.04</b>	379.11	439.81
Dividend per share (Rs.)	-	-	7.00
Debt/Equity Ratio	<b>0.39</b>	0.49	0.42
Quick Asset Ratio (times)	<b>1.18</b>	1.22	1.20
Interest Cover	<b>5.96</b>	4.37	5.78

## **DIRECTORS**

D. H. S. Jayawardena – *Chairman*

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

Dr. R. M. Fernando

G. C. Wickremasinghe

R. Sivaratnam – *(deceased on 18th July 2008)*

C. H. Gomez

N. J. de S. Deva Aditya

V. M. Fernando – *(appointed w.e.f. 1st May 2008)*

## **SECRETARY**

R. E. V. Casie Chetty

## **REGISTERED OFFICE**

Aitken Spence Towers  
305, Vauxhall Street,  
Colombo 2,  
Sri Lanka.

