

Aitken Spence

Interim Statement

for the three months ended 30th June 2010

Aitken Spence[®]

Aitken Spence PLC

INCOME STATEMENT

For the three months ended 30th June	Group		Company	
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
Revenue	5,662,770	5,057,853	109,077	103,479
Revenue tax	(84,342)	(74,009)	(2,977)	(808)
Net revenue	5,578,428	4,983,844	106,100	102,671
Other operating income	28,055	26,962	156,070	232,957
Changes in inventories of finished goods and work-in-progress	5,587	20,480	–	–
Raw materials and consumables used	(1,956,422)	(1,891,804)	–	–
Employee benefits expense	(689,438)	(565,815)	(52,579)	(35,125)
Depreciation and amortisation expense	(376,198)	(354,823)	(9,920)	(6,554)
Other operating expenses – direct	(1,078,487)	(801,482)	–	–
Other operating expenses – indirect	(797,132)	(739,850)	(37,775)	(46,226)
Profit from operations	714,393	677,512	161,896	247,723
Finance income	109,738	79,294	79,526	77,857
Finance expenses	(193,508)	(274,642)	(90,798)	(113,171)
Net finance expense	(83,770)	(195,348)	(11,272)	(35,314)
Share of associate companies profit	16,663	5,892	–	–
Profit before tax	647,286	488,056	150,624	212,409
Income tax expenses	(46,105)	(54,325)	–	–
Net profit for the period	601,181	433,731	150,624	212,409
Attributable to:				
Equity holders of the parent	439,525	293,851	150,624	212,409
Minority interest	161,656	139,880	–	–
	601,181	433,731	150,624	212,409
Earnings per share – Basic/Diluted (Rs.)	16.24	10.86	5.56	7.85

The above figures are 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, 2010

CONSOLIDATED BALANCE SHEET

As at

	30.06.2010 Rs. '000	30.06.2009 Rs. '000	31.03.2010 Rs. '000
ASSETS			
Non-current assets			
Property, plant and equipment	23,143,122	22,689,737	23,328,896
Leasehold property	1,444,227	1,481,347	1,468,449
Intangible assets	154,275	114,014	154,185
Investment property	28,936	28,936	28,936
Investments in associates	513,747	758,528	767,498
Long term investments	483,936	404,946	483,580
Deferred tax assets	75,129	75,939	56,823
	<u>25,843,372</u>	<u>25,553,447</u>	<u>26,288,367</u>
Current assets			
Inventories	1,462,426	1,325,616	1,393,586
Trade and other receivables	4,851,743	5,377,306	5,344,272
Amounts due from associates	15,643	169,399	125,309
Current investments	4,619	4,557	4,619
Deposits and prepayments	858,899	726,229	490,378
Current tax receivable	133,863	56,529	158,160
Short-term deposits	5,069,166	1,893,201	2,752,209
Cash at bank and in hand	959,036	816,463	824,915
	<u>13,355,395</u>	<u>10,369,300</u>	<u>11,093,448</u>
Assets classified as held for sale	161,663	149,124	161,663
TOTAL ASSETS	<u>39,360,430</u>	<u>36,071,871</u>	<u>37,543,478</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	2,135,140	2,135,140	2,135,140
Reserves	9,300,979	7,251,818	9,317,199
Retained earnings	7,649,664	7,751,989	7,497,445
	<u>19,085,783</u>	<u>17,138,947</u>	<u>18,949,784</u>
Minority interest	5,312,268	4,632,267	4,566,388
Total equity	<u>24,398,051</u>	<u>21,771,214</u>	<u>23,516,172</u>
Non-current liabilities			
Interest bearing liabilities	4,437,336	5,689,064	5,156,762
Deferred tax liabilities	228,211	193,591	223,094
Employee benefits	304,503	249,609	295,266
	<u>4,970,050</u>	<u>6,132,264</u>	<u>5,675,122</u>
Current liabilities			
Trade and other payables	4,082,574	3,743,031	4,190,966
Interest bearing liabilities repayable within one year	1,765,867	1,937,335	1,541,047
Amounts due to associates	5,730	564	2,956
Current tax payable	121,761	112,770	147,326
Final dividend declared	175,932	162,398	-
Short-term bank borrowings	3,840,465	2,212,295	2,469,889
	<u>9,992,329</u>	<u>8,168,393</u>	<u>8,352,184</u>
TOTAL EQUITY AND LIABILITIES	<u>39,360,430</u>	<u>36,071,871</u>	<u>37,543,478</u>
Net Assets per share - (Rs.)	705.15	633.22	700.12

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Sgd.
Ms. N. Sivapragasam
Chief Financial Officer

Colombo,
30th July, 2010

COMPANY BALANCE SHEET

As at

	30.06.2010 Rs. '000	30.06.2009 Rs. '000	31.03.2010 Rs. '000
ASSETS			
Non-current assets			
Property, plant and equipment	93,736	50,114	100,177
Investment property	687,606	692,923	688,486
Investments in subsidiaries and joint ventures – unquoted	4,370,616	4,069,978	4,368,728
Investments in subsidiaries – quoted	2,458,287	679,300	679,300
Investments in associates	165,000	335,515	335,515
Long term investments	167,873	174,233	167,873
	<u>7,943,118</u>	<u>6,002,063</u>	<u>6,340,079</u>
Current assets			
Inventories	2,715	2,704	1,791
Trade and other receivables	223,587	110,446	157,922
Amounts due from subsidiaries & joint ventures	1,808,979	2,246,523	2,338,273
Amounts due from associates	4,277	164,670	111,282
Current investments	436	436	436
Deposits and prepayments	47,935	45,874	34,075
Current tax receivable	81,271	43,585	81,271
Short-term deposits	2,230,382	1,179,152	2,146,059
Cash at bank and in hand	125,012	212,231	13,816
	<u>4,524,594</u>	<u>4,005,621</u>	<u>4,884,925</u>
Assets classified as held for sale	57,337	57,237	57,337
TOTAL ASSETS	<u>12,525,049</u>	<u>10,064,921</u>	<u>11,282,341</u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	2,135,140	2,135,140	2,135,140
Reserves	4,352,211	2,310,561	4,352,211
Retained earnings	946,297	1,849,837	1,066,337
Total equity	<u>7,433,648</u>	<u>6,295,538</u>	<u>7,553,688</u>
Non-current liabilities			
Interest bearing liabilities	1,052,000	1,570,000	1,112,000
Employee benefits	41,078	35,074	41,674
	<u>1,093,078</u>	<u>1,605,074</u>	<u>1,153,674</u>
Current liabilities			
Trade and other payables	553,700	358,306	432,669
Interest bearing liabilities repayable within one year	518,000	285,000	508,000
Amounts due to subsidiaries & joint ventures	1,222,246	1,036,261	1,172,263
Amounts due to associates	790	-	209
Final dividend declared	175,932	162,398	-
Short-term bank borrowings	1,527,655	322,344	461,838
	<u>3,998,323</u>	<u>2,164,309</u>	<u>2,574,979</u>
TOTAL EQUITY AND LIABILITIES	<u>12,525,049</u>	<u>10,064,921</u>	<u>11,282,341</u>
Net Assets per share - (Rs.)	274.64	232.60	279.08

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Chief Financial Officer

Colombo,
30th July, 2010

STATEMENT OF CHANGES IN EQUITY

Group

For the three months ended 30th June 2010

	Attributable to equity holders of the parent					
	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000	Minority Interest Rs. '000	Total Equity Rs. '000
Balance as at 01st April 2010	2,135,140	9,317,199	7,497,445	18,949,784	4,566,388	23,516,172
Currency translation difference	-	(16,220)	-	(16,220)	(8,095)	(24,315)
Share of net assets of associate companies	-	-	(2,302)	(2,032)	-	(2,032)
Issue of shares by subsidiaries	-	-	-	-	637,286	637,286
Direct cost on share issue by a subsidiary company	-	-	(14,610)	(14,610)	(5,027)	(19,637)
Net income directly recognised in the equity statement	-	(16,220)	(16,642)	(32,862)	624,164	591,302
Net profit for the period	-	-	439,525	439,525	161,656	601,181
Total recognised income and expenses for the period	-	(16,220)	422,883	406,663	785,820	1,192,483
Dividends for 2009/2010	-	-	(270,664)	(270,664)	-	(270,664)
Dividends paid by subsidiary companies to minority share holders	-	-	-	-	(39,940)	(39,940)
Balance as at 30th June 2010	2,135,140	9,300,979	7,649,664	19,085,783	5,312,268	24,398,051

For the three months ended 30th June 2009

	Attributable to equity holders of the parent					
	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000	Minority Interest Rs. '000	Total Equity Rs. '000
Balance as at 01st April 2009	2,135,140	7,227,545	7,715,269	17,077,954	4,553,439	21,631,393
Currency translation difference	-	24,273	-	24,273	5,873	30,146
Effect of acquisitions, disposals and change in percentage holding in subsidiaries	-	-	-	-	(4,887)	(4,887)
Net income directly recognised in the equity statement	-	24,273	-	24,273	986	25,259
Net profit for the period	-	-	293,851	293,851	139,880	433,731
Total recognised income and expenses for the period	-	24,273	293,851	318,124	140,866	458,990
Dividends for 2008/2009	-	-	(257,131)	(257,131)	-	(257,131)
Dividends paid by subsidiary companies to minority share holders	-	-	-	-	(62,038)	(62,038)
Balance as at 30th June 2009	2,135,140	7,251,818	7,751,989	17,138,947	4,632,267	21,771,214

STATEMENT OF CHANGES IN EQUITY

Company

For the three months ended 30th June 2010

	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 01st April 2010	2,135,140	4,352,211	1,066,337	7,553,688
Net profit for the period	—	—	150,624	150,624
Total recognised income and expenses for the period	—	—	150,624	150,624
Dividends for 2009/2010	—	—	(270,664)	(270,664)
Balance as at 30th June 2010	2,135,140	4,352,211	946,297	7,433,648

For the three months ended 30th June 2009

	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 01st April 2009	2,135,140	2,310,561	1,894,559	6,340,260
Net profit for the period	—	—	212,409	212,409
Total recognised income and expenses for the period	—	—	212,409	212,409
Dividends for 2008/2009	—	—	(257,131)	(257,131)
Balance as at 30th June 2009	2,135,140	2,310,561	1,849,837	6,295,538

CASH FLOW STATEMENTS

For the three months ended 30th June

	Group		Company	
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
Cash flow from operating activities				
Net profit before taxation	647,286	488,056	150,624	212,409
Adjustment for				
Depreciation & amortisation	376,198	354,823	9,920	6,554
Interest expense	193,508	274,642	90,798	113,171
Profit on sale of property plant and equipment	(544)	(2,707)	–	–
Profit on sale of investments	(11,618)	–	(109,485)	–
Interest income	(109,738)	(79,294)	(79,526)	(77,857)
Share of associate companies' profit after tax	(16,663)	(5,892)	–	–
Provision / (write-back) of bad and doubtful debts	3,025	1,026	(8,610)	(3,000)
Effect of changes in percentage holding in subsidiaries	–	(9,737)	–	–
Effect of subsidiaries acquired during the period	–	(5,934)	–	–
Foreign exchange profit	(12,732)	(18,804)	–	–
Gratuity provision	14,466	13,355	1,269	2,023
	<u>435,902</u>	<u>521,478</u>	<u>(95,634)</u>	<u>40,891</u>
Operating profit before working capital changes	1,083,188	1,009,534	54,990	253,300
(Increase)/decrease in trade and other receivables	599,169	449,857	579,244	(150,433)
(Increase)/decrease in inventories	(68,841)	(42,005)	(924)	(910)
Increase/(decrease) in trade & other payables	(105,617)	(165,833)	171,594	75,807
(Increase)/decrease in deposits & prepayments	(368,521)	(193,709)	(13,860)	(1,095)
	<u>56,190</u>	<u>48,310</u>	<u>736,054</u>	<u>(76,631)</u>
Cash generated from operations	1,139,378	1,057,844	791,044	176,669
Interest paid	(193,508)	(274,642)	(90,798)	(113,171)
Income tax paid	(60,666)	(84,526)	–	–
Gratuity paid	(5,229)	(2,426)	(1,865)	–
	<u>(259,403)</u>	<u>(361,594)</u>	<u>(92,663)</u>	<u>(113,171)</u>
Net cash generated from operating activities	879,975	696,250	698,381	63,498
Cash flow from investing activities				
Investments made during the period	–	–	(1,780,874)	–
Purchase of property, plant and equipment	(214,632)	(409,231)	(2,599)	(3,477)
Proceeds from sale of property, plant and equipment	12,159	14,581	–	–
Proceeds from sale of investment	280,000	–	280,000	–
Dividends and dividend taxes paid by subsidiary companies to outside shareholders	(39,940)	(62,038)	–	–
	<u>(39,940)</u>	<u>(62,038)</u>	<u>–</u>	<u>–</u>
Net cash flow from investing activities	37,587	(456,688)	(1,503,473)	(3,477)

CASH FLOW STATEMENTS – CONTD.

For the three months ended 30th June

	Group		Company	
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
Cash flow from financing activities				
Interest received from deposits	109,738	79,294	79,526	77,857
Repayment of interest-bearing liabilities	(473,745)	(459,420)	(50,000)	(135,000)
Proceeds from minority share holders on issue of shares by subsidiaries	637,286	-	-	-
Direct cost on share issue by a subsidiary company	(19,637)	-	-	-
Dividends paid	(94,732)	(94,732)	(94,732)	(94,732)
Net cash flow from financing activities	158,910	(474,858)	(65,206)	(151,875)
Net increase/(decrease) in cash and cash equivalents	1,076,472	(235,296)	(870,298)	(91,855)
Cash and cash equivalents at the beginning of the period (Note A)	1,111,265	732,665	1,698,037	1,160,894
Cash and cash equivalents at the end of the period	2,187,737	497,369	827,739	1,069,039
Cash and cash equivalents at the end of the period				
Cash at bank and in hand	959,036	816,463	125,012	212,231
Short term deposits	5,069,166	1,893,201	2,230,382	1,179,152
Short-term bank borrowings	(3,840,465)	(2,212,295)	(1,527,655)	(322,344)
Cash and cash equivalent at the end of the period	2,187,737	497,369	827,739	1,069,039
Note A - Cash and cash equivalents at the beginning of the period				
Cash at bank and in hand	824,915	828,351	13,816	21,189
Short term deposits	2,752,209	2,020,290	2,146,059	1,255,632
Bank loans and overdrafts	(2,469,889)	(2,161,657)	(461,838)	(115,927)
Cash and cash equivalent as previously reported	1,107,235	686,984	1,698,037	1,160,894
Effect of exchange rate changes	4,030	45,681	-	-
Cash and cash equivalents as restated	1,111,265	732,665	1,698,037	1,160,894

NOTES TO THE FINANCIAL STATEMENTS

Segment Analysis of Group Revenue and Profit

(a) Revenue

For the three months ended 30th June	Total revenue generated		Inter-segmental revenue		Intra-segmental revenue		Revenue from external customers	
	2010	2009	2010	2009	2010	2009	2010	2009
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Tourism Sector*	1,889,803	1,506,792	6,627	3,362	145,378	125,917	1,737,798	1,377,513
Cargo Logistics Sector	1,045,096	843,123	88,800	86,456	44,261	47,383	912,035	709,284
Strategic Investments*	2,826,318	2,887,719	49,814	49,911	10,176	12,929	2,766,328	2,824,879
Services Sector	468,227	421,174	35,615	29,379	3,646	3,246	428,966	388,549
Total revenue with associates	6,229,444	5,658,808	180,856	169,108	203,461	189,475	5,845,127	5,300,225
Share of associate company revenue	(182,357)	(242,372)	-	-	-	-	(182,357)	(242,372)
Total Revenue	6,047,087	5,416,436	180,856	169,108	203,461	189,475	5,662,770	5,057,853

* Includes Associate Companies

(b) Profit

For the three months ended 30th June	Profit/(loss) from operations		Profit/(loss) before tax*		Non cash expenses		Income tax expenses	
	2010	2009	2010	2009	2010	2009	2010	2009
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Tourism Sector	12,646	(85,670)	(8,860)	(188,722)	8,330	7,933	(3,458)	13,494
Cargo Logistics Sector	128,681	130,439	124,925	134,934	9,606	3,058	44,614	32,754
Strategic Investments	405,935	475,987	364,197	384,899	4,381	3,893	(234)	5,424
Services Sector	167,131	156,756	167,024	156,945	3,784	2,822	5,183	2,653
	714,393	677,512	647,286	488,056	26,101	17,706	46,105	54,325

* Includes Associate Companies

NOTES TO THE FINANCIAL STATEMENTS - CONTD.

- 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.
- There was no material change in the use of funds raised through the debenture issue.
- The Company paid an interim dividend of Rs. 3.50 per share for the year ended 31st March 2010 on 19th May 2010. The Board of Directors recommended Rs. 6.50 per share as a final ordinary dividend for the year ended 31st March 2010, which was paid on 08th July 2010, after it was approved at the Annual General Meeting on the 29th June 2010. The total dividend payment for the year ended 31st March 2010 amounted to Rs. 270,664,030/-.
- During the quarter under review the Company divested its shares in Hayleys Plantation Services Ltd., (the holding company of Talawakelle Tea Estates PLC) an associate company, for a total consideration of Rs. 280 million. There was no material gain or loss resulting from the transaction to the Group. The profit recognised by the Company during the quarter is Rs. 109 million.
- During the period under review Aitken Spence Hotel Holdings PLC, the holding company of the Group's hotels successfully concluded a rights issue of one new share for every four held at an issue price of Rs. 260/- per share to raise funds to finance future investments. Aitken Spence PLC invested Rs. 1.8 billion in the rights issue and retained its effective holding in the above company.
- There were no liabilities for management fees or any other similar expenditure not provided for in the interim financial statements.
- During the period under review there was no significant change in the nature of the contingent liabilities, disclosed in the annual report for the year ended 31 March 2010.
- Subsequent to the balance sheet date, there were no events that occurred which require adjustments or disclosure in the interim financial statements.
- The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The presentation and classification of the financial statements of the previous period have been adjusted where relevant, for better presentation and to be comparable with year end reporting.

NON FINANCIAL INFORMATION

	30.06.2010
1. Stated Capital	
Number of shares represented by the stated capital	27,066,403
(30.06.2009 and 31.03.2010 - 27,066,403)	
Percentage of shares held by the Public	52.92%
2. Shares Traded	
Market Price per Share – Last traded (Rs.)	1,607.75
Market Price per Share – Highest (Rs.)	1,650.00
Market Price per Share – Lowest (Rs.)	1,340.00

3. Share Holding of Directors

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

Name of Director	Position	30.06.2010	31.03.2010
D.H.S. Jayawardena	Chairman	Nil	Nil
J.M.S. Brito	Deputy Chairman/Managing Director	19,233	19,233
R.M. Fernando	Director	Nil	Nil
G.M. Perera	Director	Nil	Nil
M. P. Dissanayake	Director	Nil	Nil
G.C. Wickremasinghe	Director	487,216	487,216
C.H. Gomez	Director	Nil	Nil
N.J. de Silva Deva Aditya	Director	Nil	Nil
V.M. Fernando	Director	Nil	Nil
R.N. Asirwatham	Director	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS - CONTD.

4. Substantial Share holdings

The twenty largest shareholding as at 30th June 2010, are as follows:

Name of the Share Holder	Share holding	%
Distilleries Company of Sri Lanka Limited	4,890,955	18.07
Rubicond Enterprises Limited	4,399,343	16.25
Sri Lanka Insurance Corporation Ltd-General Fund	2,935,505	10.85
HSBC International Nominees Limited – SNFE-Arisaig India Fund Limited	2,512,700	9.28
HSBC International Nominees Limited – BPSS LDN- Aberdeen Asia Pacific Fund	1,155,400	4.27
Employees Provident Fund	1,044,389	3.86
HSBC International Nominees Limited-BPSS LUX- Aberdeen Global-Asian Smaller Companies Fund	826,500	3.05
HSBC International Nominees Limited-SSBT- Aberdeen Delaware Business Trust	736,900	2.72
Ceylon Guardian Investment Trust PLC A/C # 01	581,700	2.15
Mr. G. C. Wickremasinghe	487,216	1.80
Placidrange Holdings Limited	368,100	1.36
Mellon Bank N.A.-Florida Retirement System	310,000	1.15
HSBC International Nominees Limited -SSBTL- Aberdeen New Dawn Investment Trust XCC6	300,237	1.11
HSBC International Nominees Limited -BPSS LDN- Aberdeen Investment Fund - ICVC Aberdeen Emerging Markets Fund	289,500	1.07
Milford Exports (Ceylon) Limited	288,100	1.06
HSBC International Nominees Limited -BPSS LUX- Aberdeen Global-Emerging Markets Equity Fund	287,400	1.06
CB London S/A The RBS As Department of FS Indian Subcontinent Fund as S/F of first State Investments ICVC	262,825	0.97
HSBC International Nominees Limited - JPMCB-SCOTTISH ORL SML TR GTI 6018	250,000	0.92
HSBC International Nominees Limited -HSBC Bank PLC - CMG First State Global Umbrella Fund PLC- CMG First State Indian Subcontinent Fund	226,288	0.84
Stassen Exports Limited	216,300	0.80

DIRECTORS

D. H. S. Jayawardena – *Chairman*

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Dr. M. P. Dissanayake

G. C. Wickremasinghe

C. H. Gomez

N. J. de Silva Deva Aditya

V. M. Fernando

R. N. Asirwatham

SECRETARY

R. E. V. Casie Chetty

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