

Aitken Spence

Interim Statement

for the three months ended 30th June 2011

Aitken Spence® 

Aitken Spence PLC

INCOME STATEMENTS

For the three months ended 30th June	Group		Company	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
Revenue	5,583,709	5,697,764	123,646	109,077
Revenue tax	(108,610)	(84,342)	(2,218)	(2,977)
Net revenue	5,475,099	5,613,422	121,428	106,100
Other operating income	66,286	28,055	155,619	156,070
Changes in inventories of finished goods and work-in-progress	(3,671)	5,587	–	–
Raw materials and consumables used	(1,263,764)	(1,855,046)	–	–
Employee benefits expense	(739,389)	(689,438)	(56,492)	(52,579)
Depreciation and amortisation expense	(528,502)	(477,574)	(12,084)	(9,920)
Other operating expenses – direct	(1,313,308)	(1,113,481)	–	–
Other operating expenses – indirect	(953,142)	(797,132)	(55,182)	(37,775)
Profit from operations	739,609	714,393	153,289	161,896
Finance income	105,485	109,738	92,683	79,526
Finance expenses	(138,210)	(193,508)	(77,405)	(90,798)
Net finance income/(expense)	(32,725)	(83,770)	15,278	(11,272)
Share of associate companies profit (net of tax)	27,534	16,663	–	–
Profit before tax	734,418	647,286	168,567	150,624
Income tax expenses	(71,567)	(46,105)	–	–
Profit for the year	662,851	601,181	168,567	150,624
Attributable to:				
Equity holders of the parent	550,743	439,525	168,567	150,624
Minority interest	112,108	161,656	–	–
Profit for the year	662,851	601,181	168,567	150,624
Earnings per share* Basic/Diluted (Rs.)	1.36	1.08	0.42	0.37

*Information for 30th June 2010 has been restated to reflect the subdivision of shares in October 2010.

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,
05th August, 2011

GROUP BALANCE SHEET

As at

	30.06.2011 Rs. '000	30.06.2010 Rs. '000 (Re-stated)	31.03.2011 Rs. '000
ASSETS			
Non-current assets			
Property, plant and equipment	24,136,235	23,143,122	23,925,653
Leasehold property	1,330,756	1,444,227	1,359,483
Intangible assets	248,849	154,275	134,026
Investment property	102,721	28,936	102,799
Investments in associates	1,377,389	513,747	1,335,002
Long term investments	473,945	483,936	473,945
Deferred tax assets	137,668	75,129	138,314
	<u>27,807,563</u>	<u>25,843,372</u>	<u>27,469,222</u>
Current assets			
Inventories	1,473,233	1,462,426	1,607,724
Trade and other receivables	3,977,903	4,851,743	4,148,373
Amounts due from associates	5,540	15,643	23,326
Current investments	261,436	4,619	261,436
Deposits and prepayments	825,319	858,899	547,022
Current tax receivable	127,642	133,863	122,298
Short-term deposits	5,522,740	5,069,166	5,047,926
Cash at bank and in hand	1,146,036	959,036	736,009
	<u>13,339,849</u>	<u>13,355,395</u>	<u>12,494,114</u>
Assets classified as held for sale	171,663	161,663	181,489
TOTAL ASSETS	<u>41,319,075</u>	<u>39,360,430</u>	<u>40,144,825</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	2,135,140	2,135,140	2,135,140
Reserves	11,051,747	9,300,979	11,071,652
Retained earnings	8,452,763	7,594,350	8,309,395
	<u>21,639,650</u>	<u>19,030,469</u>	<u>21,516,187</u>
Minority interest	5,047,580	5,312,268	5,129,687
Total equity	<u>26,687,230</u>	<u>24,342,737</u>	<u>26,645,874</u>
Non-current liabilities			
Interest bearing liabilities	4,803,660	4,437,336	4,143,648
Deferred tax liabilities	276,149	283,525	267,078
Employee benefits	343,301	304,503	335,637
	<u>5,423,110</u>	<u>5,025,364</u>	<u>4,746,363</u>
Current liabilities			
Trade and other payables	4,271,521	4,082,574	3,942,187
Interest bearing liabilities repayable within one year	1,828,742	1,765,867	1,718,328
Amounts due to associates	2,324	5,730	482
Current tax payable	169,855	121,761	179,647
Final dividend declared	405,996	175,932	-
Short-term bank borrowings	2,530,297	3,840,465	2,911,944
	<u>9,208,735</u>	<u>9,992,329</u>	<u>8,752,588</u>
TOTAL EQUITY AND LIABILITIES	<u>41,319,075</u>	<u>39,360,430</u>	<u>40,144,825</u>
Net Assets per share - (Rs.)*	53.30	46.87	53.00

*Information for 30th June 2010 has been restated to reflect the subdivision of shares in October 2010.

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05th August, 2011

COMPANY BALANCE SHEET

As at

	30.06.2011 Rs. '000	30.06.2010 Rs. '000	31.03.2011 Rs. '000
ASSETS			
Non-current assets			
Property, plant and equipment	206,734	93,736	209,129
Investment property	675,121	687,606	675,888
Investments in subsidiaries and joint ventures – unquoted	4,666,255	4,370,616	4,599,972
Investments in subsidiaries – quoted	2,458,287	2,458,287	2,458,287
Investments in associates	165,000	165,000	165,000
Long term investments	167,873	167,873	167,873
	<u>8,339,270</u>	<u>7,943,118</u>	<u>8,276,149</u>
Current assets			
Inventories	3,155	2,715	1,755
Trade and other receivables	318,879	223,587	274,359
Amounts due from subsidiaries & joint ventures	2,097,506	1,808,979	2,003,004
Amounts due from associates	3,825	4,277	8,143
Current investments	436	436	436
Deposits and prepayments	35,977	47,935	23,205
Current tax receivable	109,659	81,271	109,659
Short-term deposits	3,437,992	2,230,382	2,700,285
Cash at bank and in hand	136,468	125,012	20,554
	<u>6,143,897</u>	<u>4,524,594</u>	<u>5,141,400</u>
Assets classified as held for sale	70,837	57,337	70,837
TOTAL ASSETS	<u>14,554,004</u>	<u>12,525,049</u>	<u>13,488,386</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	2,135,140	2,135,140	2,135,140
Reserves	5,737,726	4,352,211	5,737,726
Retained earnings	829,891	946,297	1,067,320
Total equity	<u>8,702,757</u>	<u>7,433,648</u>	<u>8,940,186</u>
Non-current liabilities			
Interest bearing liabilities	1,964,000	1,052,000	844,000
Employee benefits	49,858	41,078	46,936
	<u>2,013,858</u>	<u>1,093,078</u>	<u>890,936</u>
Current liabilities			
Trade and other payables	476,305	553,700	334,209
Interest bearing liabilities repayable within one year	588,000	518,000	568,000
Amounts due to subsidiaries & joint ventures	2,349,994	1,222,246	1,940,706
Amounts due to associates	1,487	790	45
Final dividend declared	405,996	175,932	-
Short-term bank borrowings	15,607	1,527,655	814,304
	<u>3,837,389</u>	<u>3,998,323</u>	<u>3,657,264</u>
TOTAL EQUITY AND LIABILITIES	<u>14,554,004</u>	<u>12,525,049</u>	<u>13,488,386</u>
Net Assets per share - (Rs.)*	21.44	18.31	22.02

*Information for 30th June 2010 has been restated to reflect the subdivision of shares in October 2010.

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Colombo,
05th August, 2011

STATEMENT OF CHANGES IN EQUITY

Group

For the three months ended 30th June 2011

	Attributable to equity holders of the parent					
	Stated Capital	Reserves	Retained Earnings	Total	Minority Interest	Total Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April 2011	2,135,140	11,071,652	8,309,395	21,516,187	5,129,687	26,645,874
Currency translation difference	-	(19,905)	-	(19,905)	(11,170)	(31,075)
Share of net assets of associate companies	-	-	(2,035)	(2,035)	(3,203)	(5,238)
Effect of acquisitions, disposals and change in percentage holding in subsidiaries	-	-	656	656	(40,761)	(40,105)
Net income directly recognised in the equity statement	-	(19,905)	(1,379)	(21,284)	(55,134)	(76,418)
Profit for the year	-	-	550,743	550,743	112,108	662,851
Total recognised income and expenses for the year	-	(19,905)	549,364	529,459	56,974	586,433
Dividends for 2010/2011	-	-	(405,996)	(405,996)	-	(405,996)
Dividends paid by subsidiary companies to minority share holders	-	-	-	-	(139,081)	(139,081)
Balance as at 30th June 2011	2,135,140	11,051,747	8,452,763	21,639,650	5,047,580	26,687,230

For the three months ended 30th June 2010

	Attributable to equity holders of the parent					
	Stated Capital	Reserves	Retained Earnings	Total	Minority Interest	Total Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	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
Prior period adjustments *	-	-	(55,314)	(55,314)	-	(55,314)
Balance as at 01st April 2010 (Restated)	2,135,140	9,317,199	7,442,131	18,894,470	4,566,388	23,460,858
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
Profit for the year	-	-	439,525	439,525	161,656	601,181
Total recognised income and expenses for the year	-	(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	7,594,350	19,030,469	5,312,268	24,342,737

* Prior period adjustments represents the effect of application of deferred taxation as per SLAS 14 Income Taxes (Revised 2005) to entities enjoying a tax holiday period under Board of Investment law, as recommended by the "Deferred Tax council ruling for BOI companies" issued by The Institute of Chartered Accountants of Sri Lanka.

STATEMENT OF CHANGES IN EQUITY

Company

For the three months ended 30th June 2011

	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 01st April 2011	2,135,140	5,737,726	1,067,320	8,940,186
Profit for the year	–	–	168,567	168,567
Total recognised income and expenses for the year	–	–	168,567	168,567
Dividends for 2010/2011	–	–	(405,996)	(405,996)
Balance as at 30th June 2011	2,135,140	5,737,726	829,891	8,702,757

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
Profit for the year	–	–	150,624	150,624
Total recognised income and expenses for the year	–	–	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

CASH FLOW STATEMENTS

For the three months ended 30th June

	Group		Company	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
Cash flow from operating activities				
Net profit before taxation	734,418	647,286	168,567	150,624
Adjustment for				
Depreciation & amortisation	528,502	376,198	12,084	9,920
Interest expense	124,295	193,508	76,195	90,798
Gain on sale of property plant & equipment	(24,627)	(544)	(1,696)	–
Gain on sale of investments	–	(11,618)	–	(109,485)
Interest income	(105,485)	(109,738)	(92,683)	(79,526)
Share of associate companies' profit after tax	(27,534)	(16,663)	–	–
Provision/(write-back) of bad and doubtful debts	53,275	3,025	–	(8,610)
Effect of changes in percentage holding in subsidiaries	8,477	–	–	–
Foreign exchange gain	(37,751)	(12,732)	–	–
Provision for retirement benefit obligations	20,456	14,466	2,922	1,269
	<u>539,608</u>	<u>435,902</u>	<u>(3,178)</u>	<u>(95,634)</u>
Operating profit before working capital changes	1,274,026	1,083,188	165,389	54,990
(Increase)/decrease in trade and other receivables	134,981	599,169	(134,704)	579,244
(Increase)/decrease in inventories	134,491	(68,841)	(1,400)	(924)
Increase/(decrease) in trade & other payables	331,175	(105,617)	552,825	171,594
(Increase)/decrease in deposits & prepayments	(278,297)	(368,521)	(12,772)	(13,860)
	<u>322,350</u>	<u>56,190</u>	<u>403,949</u>	<u>736,054</u>
Cash generated from operations	1,596,376	1,139,378	569,338	791,044
Interest paid	(124,295)	(193,508)	(76,195)	(90,798)
Income tax paid	(82,698)	(60,666)	–	–
Retirement benefit obligations paid	(14,875)	(5,229)	–	(1,865)
	<u>(221,868)</u>	<u>(259,403)</u>	<u>(76,195)</u>	<u>(92,663)</u>
Net cash flow from operating activities	1,374,508	879,975	493,143	698,381
Cash flow from investing activities				
Investments made during the period	(63,509)	–	(66,283)	(1,780,874)
Acquisition of subsidiaries	(265,753)	–	–	–
Purchase of property, plant and equipment	(609,765)	(214,632)	(8,813)	(2,599)
Purchase of investment property	(108)	–	(108)	–
Proceeds from disposal of property, plant and equipment	29,841	12,159	1,696	–
Proceeds from disposal of investments	–	280,000	–	280,000
Proceeds on retirement of assets held for sale	9,826	–	–	–
Dividends and dividend taxes paid by subsidiary companies to outside shareholders	(139,081)	(39,940)	–	–
	<u>(1,038,549)</u>	<u>37,587</u>	<u>(73,508)</u>	<u>(1,503,473)</u>
Net cash flow from investing activities				

CASH FLOW STATEMENTS – CONTD.

For the three months ended 30th June

	Group		Company	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
Cash flow from financing activities				
Interest received from deposits	105,485	109,738	92,683	79,526
Proceeds from interest bearing liabilities	1,235,756	–	1,200,000	–
Repayment of interest-bearing liabilities	(442,481)	(473,745)	(60,000)	(50,000)
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)
Net cash flow from financing activities	898,760	158,910	1,232,683	(65,206)
Net increase/(decrease) in cash and cash equivalents	1,234,719	1,076,472	1,652,318	(870,298)
Cash and cash equivalents at the beginning of the period (Note A)	2,903,760	1,111,265	1,906,535	1,698,037
Cash and cash equivalents at the end of the period	4,138,479	2,187,737	3,558,853	827,739
Cash and cash equivalents at the end of the period				
Cash at bank and in hand	1,146,036	959,036	136,468	125,012
Short term deposits	5,522,740	5,069,166	3,437,992	2,230,382
Short-term bank borrowings	(2,530,297)	(3,840,465)	(15,607)	(1,527,655)
Cash and cash equivalent at the end of the period	4,138,479	2,187,737	3,558,853	827,739
Note A - Cash and cash equivalents at the beginning of the period				
Cash at bank and in hand	736,009	824,915	20,554	13,816
Short term deposits	5,047,926	2,752,209	2,700,285	2,146,059
Bank loans and overdrafts	(2,911,944)	(2,469,889)	(814,304)	(461,838)
Cash and cash equivalent as previously reported	2,871,991	1,107,235	1,906,535	1,698,037
Effect of exchange rate changes	31,769	4,030	–	–
Cash and cash equivalents as restated	2,903,760	1,111,265	1,906,535	1,698,037

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	
	2011	2010	2011	2010	2011	2010	2011	2010
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Tourism Sector*	2,333,421	1,889,803	8,617	6,627	201,487	145,378	2,123,317	1,737,798
Cargo Logistics Sector	1,297,352	1,080,090	57,917	88,800	32,428	44,261	1,207,007	947,029
Strategic Investments*	2,165,576	2,826,318	57,557	49,814	15,750	10,176	2,092,269	2,766,328
Services Sector	355,435	468,227	34,659	35,615	3,794	3,646	316,982	428,966
Total revenue with associates	6,151,784	6,264,438	158,750	180,856	253,459	203,461	5,739,575	5,880,121
Share of associate company revenue	(155,866)	(182,357)	–	–	–	–	(155,866)	(182,357)
Total Revenue	5,995,918	6,082,081	158,750	180,856	253,459	203,461	5,583,709	5,697,764

* Includes Associate Companies

(b) Profit

For the three months ended 30th June	Profit from operations		Profit/(loss) before tax*		Non cash expenses		Income tax expenses	
	2011	2010	2011	2010	2011	2010	2011	2010
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Tourism Sector	154,084	12,646	151,589	(8,860)	50,546	8,330	5,960	(3,458)
Cargo Logistics Sector	237,480	128,681	239,433	124,925	12,783	9,606	54,266	44,614
Strategic Investments	202,823	304,559	197,727	262,821	6,138	4,381	2,440	(234)
Services Sector	145,222	268,507	145,669	268,400	4,264	3,784	8,901	5,183
	739,609	714,393	734,418	647,286	73,731	26,101	71,567	46,105

* 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 rights/debenture issues by the group companies.
- A first & final ordinary dividend of Rs. 1.00 per share for the year ended 31st March 2011 was paid on 08th July 2011, after it was approved at the Annual General Meeting on the 29th June 2011. The total dividend payment for the year ended 31st March 2011 amounted to Rs. 405,996,045/-.
- 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 2011.
- There were no material events that occurred after the balance sheet date that require adjustments to or disclosure in the 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

	30.06.2011
1. Stated Capital	
Number of shares represented by the stated capital	405,996,045
(30.06.2010 - 27,066,403)	
Percentage of shares held by the Public	53.86%
2. Shares Traded	
Market Price per Share – Last traded (Rs.)	137.60
Market Price per Share – Highest (Rs.)	169.50
Market Price per Share – Lowest (Rs.)	133.00

3. Share Holding of Directors

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

Name of Director	Position	30.06.2011	31.03.2011
D.H.S. Jayawardena	Chairman	Nil	Nil
J.M.S. Brito	Deputy Chairman/Managing Director	288,495	288,495
R.M. Fernando	Director	Nil	Nil
G.M. Perera	Director	Nil	Nil
M. P. Dissanayake	Director	Nil	Nil
G.C. Wickremasinghe	Director	7,308,240	7,308,240
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 Shareholdings

The twenty largest shareholding as at 30th June 2011, are as follows:

	Share holding	%
1. Distilleries Company of Sri Lanka PLC	90,606,925	22.32
Commercial Bank of Ceylon PLC / Distilleries Company of Sri Lanka PLC	23,122,000	5.70
2. Rubicond Enterprises Limited	65,990,145	16.25
3. Employees Provident Fund	26,036,835	6.41
4. Sri Lanka Insurance Corporation Ltd-General Fund	26,032,575	6.41
5. Sri Lanka Insurance Corporation Ltd-Life Fund	18,000,000	4.43
6. HSBC International Nominees Limited – BPSS LDN- Aberdeen Asia Pacific Fund	17,192,300	4.24
7. HSBC International Nominees Limited-BPSS LUX- Aberdeen Global-Asian Smaller Companies Fund	12,397,500	3.05
8. HSBC International Nominees Limited -SSBT- Aberdeen Institutional Commingled funds, LLC	10,129,500	2.50
9. Mr. G. C. Wickremasinghe	7,308,240	1.80
10. Placidrange Holdings Limited	5,521,500	1.36
11. HSBC International Nominees Limited- BP2S LONDON-Aberdeen New DA	4,503,555	1.11
12. HSBC International Nominees Limited- BPSS LDN-Aberdeen Investment Fund- ICVC Aberdeen Emerging Markets Fund	4,342,500	1.07
13. Milford Exports (Ceylon) Limited	4,321,500	1.06
14. HSBC International Nominees Limited- BPSS LUX-Aberdeen Global-Emerging Markets Equity Fund	4,311,000	1.06
15. Mellon Bank N.A.-Florida Retirement System	4,164,200	1.03
16. HSBC International Nominees Limited - SSBT -Janus Overseas Fund	3,768,000	0.93
17. Stassen Exports Limited	3,244,500	0.80
18. Ms. A.T. Wickremasinghe	3,211,975	0.79
19. Ms. K. Fernando	3,135,070	0.77
20. Mr. G. Wickremasinghe	3,019,000	0.74

DIRECTORS

D. H. S. Jayawardena – *Chairman*

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

Dr. R. M. Fernando

G. M. Perera

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

REGISTERED OFFICE

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