

Aitken Spence

Interim Statement

for the six months ended 30th September 2008

Aitken Spence[®]

Aitken Spence PLC

CONSOLIDATED INCOME STATEMENT

	Quarter Ended 30th September			Six Months Ended 30th September		
	2008	2007	Change	2008	2007	Change
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Revenue	8,473,322	6,654,230	27.3	14,805,045	12,487,266	18.6
Revenue tax	(19,932)	(76,123)	(73.8)	(151,706)	(148,722)	2.0
Net revenue	8,453,390	6,578,107	28.5	14,653,339	12,338,544	18.8
Other operating income	16,275	60,015	(72.9)	45,051	99,825	(54.9)
Changes in inventories of finished goods and work-in-progress	2,906	(19,712)	-	55,662	8,679	541.3
Raw materials and consumables used	(4,618,708)	(3,053,170)	51.3	(7,581,194)	(5,571,798)	36.1
Employee benefits expense	(543,379)	(471,432)	15.3	(1,051,088)	(977,718)	7.5
Depreciation and amortisation expense	(297,040)	(261,995)	13.4	(600,531)	(521,986)	15.0
Other operating expenses – direct	(1,424,338)	(1,225,472)	16.2	(2,459,667)	(2,258,183)	8.9
Other operating expenses – indirect	(786,508)	(777,914)	1.1	(1,565,158)	(1,557,521)	0.5
Profit from operations	802,598	828,427	(3.1)	1,496,414	1,559,842	(4.1)
Financial income	118,893	106,009	12.2	271,195	184,393	47.1
Financial expenses	(273,415)	(280,116)	(2.4)	(555,843)	(532,452)	4.4
Net financing expense	(154,522)	(174,107)	(11.2)	(284,648)	(348,059)	(18.2)
Share of associate companies profits	(6,731)	8,469	-	35,394	33,336	6.2
Profit before tax	641,345	662,789	(3.2)	1,247,160	1,245,119	0.2
Income tax expense	(69,510)	(49,093)	41.6	(116,913)	(117,297)	(0.3)
Net profit for the period	571,835	613,696	(6.8)	1,130,247	1,127,822	0.2
Attributable to:						
Equity holders of the parent	405,252	416,434	(2.7)	792,434	757,329	4.6
Minority interest	166,583	197,262	(15.6)	337,813	370,493	(8.8)
	571,835	613,696	(6.8)	1,130,247	1,127,822	0.2
Earnings per share – Basic/Diluted (Rs.)	14.97	15.39	(2.7)	29.28	27.98	4.6

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,
31st October, 2008

CONSOLIDATED BALANCE SHEET

As at

	30.09.2008 Rs. '000	30.09.2007 Rs. '000	31.03.2008 Rs. '000
ASSETS			
Non-current assets			
Property, plant and equipment	17,813,193	17,066,997	16,982,305
Leasehold property	1,347,259	—	1,356,987
Intangible assets	122,535	150,969	122,520
Investments property	28,936	28,036	28,936
Investments in associates	797,270	748,622	764,489
Long term investments	284,902	166,646	263,576
Deferred tax asset	32,223	—	39,342
	20,426,318	18,162,170	19,558,155
Current assets			
Inventories	1,457,818	1,198,271	1,304,955
Amount due from associates	131,882	140,678	115,652
Trade and other receivables	6,078,134	5,630,136	6,085,144
Current investments	4,557	4,266	4,554
Deposits and prepayments	678,870	600,156	481,627
Current tax receivable	11,453	12,835	17,764
Short-term deposits	2,114,737	2,955,657	2,596,529
Cash & cash equivalents	1,202,131	686,491	858,862
	11,679,582	11,228,490	11,465,087
Asset held for sale	149,124	—	161,951
TOTAL ASSETS	32,255,024	29,390,660	31,185,193
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated Capital	2,135,140	2,135,140	2,135,140
Reserves	3,641,338	2,724,321	3,587,884
Retained earnings	6,865,168	5,860,115	6,181,000
	12,641,646	10,719,576	11,904,024
Minority interest	3,997,720	3,430,491	3,881,704
Total equity	16,639,366	14,150,067	15,785,728
Non-current liabilities			
Interest bearing liabilities	5,995,848	7,079,982	6,508,062
Deferred tax liability	180,953	233,387	187,272
Retirement benefit obligations	224,160	188,641	208,500
	6,400,961	7,502,010	6,903,834
Current liabilities			
Trade payables	2,115,018	1,519,852	1,836,475
Provisions and other payables	2,012,623	2,128,326	1,945,994
Interest bearing liabilities repayable within one year	2,074,271	1,663,646	2,106,021
Amount due to associates	338	2,158	4,390
Current tax payable	50,511	83,999	92,600
Interim/final dividend declared	—	—	81,199
Short-term bank borrowings	2,961,936	2,340,602	2,428,952
	9,214,697	7,738,583	8,495,631
TOTAL EQUITY AND LIABILITIES	32,255,024	29,390,660	31,185,193

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Chief Financial Officer

Colombo,
31st October, 2008

COMPANY INCOME STATEMENT

	Quarter Ended 30th September			Six Months Ended 30th September		
	2008	2007	Change	2008	2007	Change
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Revenue	61,665	59,811	3.1	145,676	138,469	5.2
Other operating income	370,208	259,860	42.5	417,231	483,842	(13.8)
Employee benefits expense	(32,784)	(29,681)	10.5	(65,091)	(56,976)	14.2
Depreciation and amortisation expense	(5,155)	(4,948)	4.2	(10,948)	(9,744)	12.4
Other operating expenses – indirect	(23,427)	(79,803)	(70.6)	(49,298)	(106,107)	(53.5)
Profit from operations	370,507	205,239	80.5	437,570	449,484	(2.7)
Financial income	112,527	155,813	(27.8)	227,611	292,193	(22.1)
Financial expenses	(146,869)	(155,916)	(5.8)	(280,085)	(280,304)	(0.1)
Net financing income/(expense)	(34,342)	(103)	33,241.5	(52,474)	11,889	-
Profit before tax	336,165	205,136	63.9	385,096	461,373	(16.5)
Income tax expense	(108)	(6,998)	(98.5)	470	(10,058)	-
Net profit for the period	336,057	198,138	69.6	385,566	451,315	(14.6)
Earnings per share						
– Basic/Diluted (Rs.)	12.42	7.32	69.6	14.25	16.67	(14.6)

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Colombo,
31st October, 2008

COMPANY BALANCE SHEET

As at	30.09.2008 Rs. '000	30.09.2007 Rs. '000	31.03.2008 Rs. '000
ASSETS			
Non-current assets			
Property, plant and equipment	53,793	42,146	47,101
Investments property	710,083	714,480	712,206
Investments in subsidiaries and joint ventures – unquoted	4,096,117	3,971,077	4,095,617
Investments in subsidiaries – quoted	679,300	679,300	679,300
Investments in associates	335,515	392,752	335,515
Long term investments	174,233	159,233	159,233
	<u>6,049,041</u>	<u>5,958,988</u>	<u>6,028,972</u>
Current assets			
Inventories	2,312	1,500	1,511
Amount due from subsidiaries	2,030,473	1,212,250	1,459,581
Amount due from associates	124,783	133,453	107,498
Trade and other receivables	130,166	324,798	113,238
Current investments	436	437	436
Deposits and prepayments	32,285	20,242	20,163
Current tax receivable	8,882	-	9,443
Short-term deposits	1,473,109	2,329,866	1,871,220
Cash & cash equivalents	460,057	72,284	60,216
	<u>4,262,503</u>	<u>4,094,830</u>	<u>3,643,306</u>
Asset held for sale	57,237	-	57,237
TOTAL ASSETS	<u>10,368,781</u>	<u>10,053,818</u>	<u>9,729,515</u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	2,135,140	2,135,140	2,135,140
Reserves	1,835,012	1,228,868	1,835,012
Retained earnings	2,252,314	2,574,051	1,975,014
Total equity	<u>6,222,466</u>	<u>5,938,059</u>	<u>5,945,166</u>
Non-current liabilities			
Interest bearing liabilities	1,720,000	2,060,000	1,990,000
Deferred tax	2,684	7,609	4,639
Retirement benefit obligations	31,592	24,927	29,691
	<u>1,754,276</u>	<u>2,092,536</u>	<u>2,024,330</u>
Current liabilities			
Provisions and other payables	407,851	435,773	278,293
Interest bearing liabilities repayable within one year	340,000	300,000	320,000
Amount due to subsidiaries	1,000,800	1,055,890	946,594
Amount due to associates	18	-	-
Current tax payable	-	16,241	-
Interim/final dividend declared	-	-	81,199
Short-term bank borrowings	643,370	215,319	133,933
	<u>2,392,039</u>	<u>2,023,223</u>	<u>1,760,019</u>
TOTAL EQUITY AND LIABILITIES	<u>10,368,781</u>	<u>10,053,818</u>	<u>9,729,515</u>

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Chief Financial Officer

Colombo,
31st October, 2008

STATEMENT OF CHANGES IN EQUITY

Group

For the six months ended 30th September 2008

	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 2008	2,135,140	3,587,884	6,181,000	11,904,024	3,881,704	15,785,728
Currency translation difference	—	53,454	—	53,454	40,310	93,764
Net income directly recognised in the equity statement	—	53,454	—	53,454	40,310	93,764
Net profit for the period	—	—	792,434	792,434	337,813	1,130,247
Total recognised income and expenses for the period	—	53,454	790,934	844,388	378,123	1,222,511
Final dividend 2007/2008	—	—	(108,266)	(108,266)	—	(108,266)
Subsidiary dividend to minority share holders	—	—	—	—	(262,107)	(262,107)
Balance as at 30th September 2008	2,135,140	3,641,338	6,865,168	12,641,646	3,997,720	16,639,366

For the six months ended 30th September 2007

	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 2007	2,135,140	2,673,510	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	823,375	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	2,135,140	2,724,321	5,860,115	10,719,576	3,430,491	14,150,067

STATEMENT OF CHANGES IN EQUITY

Company

For the six months ended 30th September 2008

	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 01st April 2008	2,135,140	1,835,012	1,975,014	5,945,166
Net profit for the period	—	—	385,566	385,566
Total recognised income and expenses for the period	—	—	385,566	385,566
Final dividend 2007/2008	—	—	(108,266)	(108,266)
Balance as at 30th September 2008	<u>2,135,140</u>	<u>1,835,012</u>	<u>2,252,314</u>	<u>6,222,466</u>

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	2,135,140	1,228,868	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	<u>2,135,140</u>	<u>1,228,868</u>	<u>2,574,051</u>	<u>5,938,059</u>

CASH FLOW STATEMENTS

For the six months ended 30th September

	Group		Company	
	2008 Rs. '000	2007 Rs. '000	2008 Rs. '000	2007 Rs. '000
Cash flow from operating activities				
Net profit before taxation	1,247,160	1,245,119	385,096	461,373
Adjustment for				
Depreciation & amortisation	600,531	521,987	10,948	9,744
Interest expense	555,843	532,452	280,087	279,906
Profit on sale of property plant & equipment	(16,609)	(16,130)	(27)	(53)
Profit on sale of investments	-	(24,635)	-	(36,598)
Profit on retirement of assets held for sale	(511)	-	-	-
Interest income	(271,196)	(184,393)	(227,611)	(292,193)
Share of associate companies' profit after tax	(35,394)	(33,336)	-	-
Foreign exchange profit	(18,663)	(43,043)	-	-
Gratuity provision	24,280	23,879	3,088	3,241
	<u>838,281</u>	<u>774,251</u>	<u>66,485</u>	<u>(35,953)</u>
Operating profit before working capital changes	2,085,441	2,021,900	451,581	425,420
(Increase)/decrease in trade and other receivables	(9,220)	(1,199,795)	(605,104)	995,902
Increase in inventories	(152,863)	(326,044)	(801)	(80)
Increase/(decrease) in trade & other payables	341,120	410,167	183,784	(244,018)
(Increase)/decrease in deposits & prepayments	(197,243)	(83,203)	(12,123)	7,876
	<u>(18,206)</u>	<u>(1,198,875)</u>	<u>(434,244)</u>	<u>759,680</u>
Cash generated from operations	2,067,235	823,025	17,337	1,185,100
Interest paid	(555,843)	(532,452)	(280,087)	(279,906)
Income tax paid	(151,892)	(90,121)	(924)	(9,793)
Gratuity payment	(8,620)	(12,319)	(1,188)	(1,289)
	<u>(716,355)</u>	<u>(634,892)</u>	<u>(282,199)</u>	<u>(290,988)</u>
Net cash generated from/(used in) operating activities	1,350,880	188,133	(264,862)	894,112
Cash flow from investing activities				
Investments made during the period	(21,328)	-	(15,500)	(5,855)
Purchase of property, plant & equipment	(1,448,776)	(641,344)	(15,583)	(3,514)
Proceeds from sale of property, plant & equipment	25,202	24,561	92	219
Proceeds from sale of investment	-	45,740	-	45,988
Proceeds on retirement of assets held for sale	13,338	-	-	-
Dividends and dividend taxes paid by subsidiary companies to outside shareholders	(262,107)	(190,986)	-	-
Dividends received from associate companies	2,615	4,178	-	-
	<u>(1,691,056)</u>	<u>(757,851)</u>	<u>(30,991)</u>	<u>36,838</u>

CASH FLOW STATEMENTS – CONTD.

For the six months ended 30th September

	Group		Company	
	2008 Rs. '000	2007 Rs. '000	2008 Rs. '000	2007 Rs. '000
Cash flow from financing activities				
Interest received from deposits	271,196	184,393	227,611	292,193
Proceeds from interest bearing liabilities	543,377	1,407,862	-	-
Repayment of interest bearing borrowings	(1,109,355)	(1,346,056)	(250,000)	(200,000)
Dividends paid	(189,465)	(175,588)	(189,465)	(175,588)
Net cash generated from/(used in) financing activities	(484,247)	70,611	(211,854)	(83,395)
Net increase/(decrease) in cash and cash equivalents	(824,423)	(499,107)	(507,707)	847,555
Cash and cash equivalents at the beginning of the period (Note A)	1,179,355	1,800,653	1,797,503	1,339,276
Cash and cash equivalents at the end of the period	354,932	1,301,546	1,289,796	2,186,831
Cash and cash equivalents at the end of the period				
Cash at bank and in hand	1,202,131	686,491	460,057	72,284
Short-term deposits	2,114,737	2,955,657	1,473,109	2,329,866
Short-term bank borrowings	(2,961,936)	(2,340,602)	(643,370)	(215,319)
Cash and cash equivalent at end of the period	354,932	1,301,546	1,289,796	2,186,831
Note A - Cash and cash equivalents at the beginning of the period				
Cash at bank and in hand	858,862	533,517	60,216	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)
Cash & cash equivalent as previously reported	1,026,439	1,604,699	1,797,503	1,339,276
Effect of exchange rate changes	152,916	195,954	-	-
Cash & cash equivalents as restated	1,179,355	1,800,653	1,797,503	1,339,276

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	
	2008	2007	2008	2007	2008	2007	2008	2007
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Tourism sector *	3,547,571	3,140,476	15,310	3,831	260,631	165,865	3,271,630	2,970,780
Cargo Logistics sector *	1,925,133	1,973,541	156,545	142,072	103,581	110,747	1,665,007	1,720,722
Strategic Investments *	10,651,965	8,387,474	80,372	94,858	29,208	20,294	10,542,385	8,272,322
Total revenue with associates	16,124,669	13,501,491	252,227	240,761	393,420	296,906	15,479,022	12,963,824
Share of associate company revenue	(673,977)	(476,558)	-	-	-	-	(673,977)	(476,558)
Total Revenue	15,450,692	13,024,933	252,227	240,761	393,420	296,906	14,805,045	12,487,266

* Includes Associate Companies

(b) Profit

For the six months ended 30th September	Profits from operations		Profit before tax		Non-cash expenses		Income tax	
	2008	2007	2008	2007	2008	2007	2008	2007
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Tourism sector *	111,999	253,264	(32,179)	119,920	7,249	8,340	20,172	27,316
Cargo Logistics sector *	262,853	200,633	264,604	187,405	6,942	20,793	56,772	35,362
Strategic Investments *	1,121,562	1,105,945	1,014,735	937,794	10,135	64,217	39,969	54,619
	1,496,414	1,559,842	1,247,160	1,245,119	24,326	93,350	116,913	117,297

* Includes Associate Companies

1.2 Geographical Segment

For the six months ended 30th September	Total revenue generated		Profit before tax	
	2008	2007	2008	2007
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lanka	12,672,946	10,309,801	998,297	957,775
Asia and Africa	2,777,746	2,715,132	248,863	287,344
	15,450,692	13,024,933	1,247,160	1,245,119

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. 200 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

	30-09-2008	30-09-2007	31-03-2008
Shares traded			
Market Price per Share – Last traded (Rs.)	430.00	344.00	430.00
Market Price per Share – Highest (Rs.)	525.00	350.00	430.00
Market Price per Share – Lowest (Rs.)	430.00	329.00	256.00
Net Asset Value per Share – Group (Rs.)	467.07	396.05	439.81
Dividend per share (Rs.)	-	-	7.00
Debt/Equity Ratio	0.49	0.62	0.42
Quick Asset Ratio (times)	1.11	1.30	1.20
Interest Cover	5.88	4.71	5.78

DIRECTORS

D. H. S. Jayawardena – *Chairman*

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

Dr. R. M. Fernando

G. M. Perera – *(appointed w.e.f. 1st September 2008)*

G. C. Wickremasinghe

R. Sivarathnam – *(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

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